5:12-29 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA: 5:12-29 et al. (Casino Control Act--amendment to junkets)

LAWS OF: 1983 CHAPTER: 41

Bill No: A1945

Sponsor(s): Fortunato and others

Date Introduced: Oct. 18, 1982

Committee: Assembly: ///

Senate: State Govt., Federal & Interstate Relations & Veterans Affairs

Amended during passage: Yes // Amendments during passage denoted by asterisks

Date of Passage: Assembly: Oct. 25, 1982

Senate: Dec. 2, 1982

Date of Approval: Jan. 27, 1983

Following statements are attached if available:

Sponsor statement:		Yes	// (Below)
Committee statement:	Assembly	///	No
	Senate	Yes	//
Fiscal Note:		///	No
Veto Message:		///	No
Message on Signing:		Yes	//

Following were printed:

Reports:	Yes	No
Hearings:	Yes	No

Sponsor's statement:

This bill makes changes in the provisions of the "Casino Control Act" (P.L. 1977, c.110; C.5:12-1 et seq.) concerning casino junkets in order to facilitate the organization and use of junkets without jeopardizing regulatory and law enforcement interests and standards.

(over)

Discussion of junkets in:

974.90 G191 1981r — New Jersey. Casino Control Commission. Secial meeting on regulations..., held 2-23-81 & 2-24-81. Atlantic City, 1981. (See especially pp. 160 - 183; 237 - 241)

974.90 G191 1981a — New Jersey. Legislature. Assembly. State Government, Federal & Interstate Relations and Veterans Affairs. Public hearing, held 4-15-81 & 4-27-81. Trenton, 1981.

974.90 G191 1981 — New Jersey. Casino Control Commission. Permanent Committee on Regulation and Legislation. Report on public hearings of 2-23-81 & 2-24-81. Trenton, 1981. (See pp. 20-21)

Attached: Donnelly, John, "Junkets--Regulation of Casino Marketing Under the Casino Control Act," 6 Seton Hall Legislative Journal 71 (Summer, 1982)

41 83

1-27-83

[OFFICIAL COPY REPRINT]

ASSEMBLY, No. 1945

STATE OF NEW JERSEY

INTRODUCED OCTOBER 18, 1982

By Assemblymen FORTUNATO, RILEY, SCHUBER and LaCORTE

AN ACT concerning casino junkets and amending and supplementing P. L. 1977, c. 110.

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

1. Section 29 of P. L. 1977, c. 110 (C. 5:12-29) is amended to read as follows:

29. "Junket"—An arrangement **[**or arrangements**]** the *[primary]* purpose of which is to induct any person, *selected or approved for participation therein on the basis of his ability to satisfy a financial qualification obligation related to his ability or willingness to gamble or on any other basis related to his propensity to gamble,* to come to a licensed casino hotel for the purpose of gambling and pursuant to which, and as consideration for which, **[**over $200.00**]** *any or all* of the cost of transportation, food, lodging, **[**and**]** entertainment *and other services and items of value* for said person is directly or indirectly paid by a casino licensee or employee or agent thereof. **[**for purposes of this act, the furnishing of any of the above items on a complimentary basis shall be deemed to constitute the indirect payment for such items in the amount of the retail price normally charged for such items.**]**

2. (New section) "Complimentary service or item"—A service *or item* provided at no cost or at a reduced price. The furnishing of a complimentary service or item by a casino licensee shall be deemed to constitute the indirect payment for the service or item by the casino licensee, and shall be valued in an amount based upon the retail price normally charged by the casino licensee for the service

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

***—Assembly committee amendments adopted October 18, 1982.**

or item. The value of a complimentary service or item not normally offered for sale by a casino licensee or provided by a third party on behalf of a casino licensee shall be the cost to the casino licensee of providing the service or item as determined in accordance with the rules of the commission.

*3. (New section) "Junket enterprise"—Any person who employs or otherwise engages the services of a junket representative in connection with a junket to a licensed casino, regardless of whether or not those activities occur within the State of New Jersey.

4. (New section) "Junket representative"—Any natural person who negotiates the terms of, engages in the referral, procurement or selection of persons who may participate in, or accompanies for purposes of monitoring or evaluating the participants on, any junket to a licensed casino, regardless of whether or not those activities occur within the State of New Jersey; provided, however, that the term shall not include any person who does not receive any direct or indirect compensation from any person for performing those services, other than the same complimentary services and items of value provided by a casino licensee to other participants pursuant to the terms of the particular junket.*

[3.] *5.* Section 89 of P. L. 1977, c. 110 (C. 5:12–89) is amended to read as follows:

89. Licensing of Casino Key Employees. a. No person may be employed as a casino key employee unless he is the holder of a valid casino key employee license issued by the commission.

b. Each applicant must, prior to the issuance of any casino key employee license, produce information, documentation and assurances concerning the following qualification criteria:

(1) Each applicant for a casino key employee license shall produce such information, documentation and assurances as may be required to establish by clear and convincing evidence the financial stability, integrity and responsibility of the applicant, including but not limited to bank references, business and personal income and disbursements schedules, tax returns and other reports filed with governmental agencies, and business and personal accounting and check records and ledgers. In addition, each applicant shall, in writing, authorize the examination of all bank accounts and records as may be deemed necessary by the commission or the division.

(2) Each applicant for a casino key employee license shall produce such information, documentation and assurances as may be required to establish by clear and convincing evidence the applicant's reputation for good character, honesty and integrity. Such information shall include, without limitation, data pertaining to

family, habits, character, criminal and arrest record, business activities, financial affairs, and business, professional and personal associates, covering at least the 10-year period immediately preceding the filing of the application. Each applicant shall notify the commission of any civil judgments obtained against such applicant pertaining to antitrust or security regulation laws of the Federal Government, of this State or of any other state, jurisdiction, province or country. In addition, each applicant shall, upon request of the commission or the division, produce letters of reference from law enforcement agencies having jurisdiction in the applicant's place of residence and principal place of business, which letters of reference shall indicate that such law enforcement agencies do not have any pertinent information concerning the applicant, or if such law enforcement agency does have information pertaining to the applicant, shall specify what that information is. If the applicant has been associated with gaming or casino operations in any capacity, position or employment in a jurisdiction which permits such activity, the applicant shall, upon request of the commission or division, produce letters of reference from the gaming or casino enforcement or control agency which shall specify the experiences of such agency with the applicant, his associates and his participation in the gaming operations of that jurisdiction; provided, however, that if no such letters are received from the appropriate law enforcement agencies within 60 days of the applicant's request therefor, the applicant may submit a statement under oath that he is or was during the period such activities were conducted in good standing with such gaming or casino enforcement or control agency.

(3) Each applicant shall produce such information, documentation and assurances as may be required to establish by clear and convincing evidence that the applicant has sufficient business ability and casino experience as to establish the reasonable likelihood of success and efficiency in the particular position involved.

(4) Each applicant shall be a resident of the State of New Jersey prior to the issuance of a casino key employee license*; provided, however, that upon petition by the holder of a casino license, the commission may waive this residency requirement for any applicant whose particular position will require him to be employed outside the State.*

The commission may also, by regulation, require that all applicants for casino key employee licenses be residents of this State for a period not to exceed six months immediately prior to the issuance of such license, but application may be made prior to the

expiration of the required period of residency. The commission shall, by resolution, waive the required residency period for an applicant upon a showing that the residency period would cause undue hardship upon the casino licensee which intends to employ said applicant, or upon a showing of other good cause.

c. The commission shall endorse upon any license issued hereunder the particular positions as defined by this act or by regulation which the licensee is qualified to hold.

d. The commission shall deny a casino key employee license to any applicant who is disqualified on the basis of the criteria contained in section 86 of this act.

e. Upon petition by the holder of a casino license or the holder of a temporary casino permit, the commission may, no earlier than 30 days after the date of the petition, issue a temporary license to an applicant for a casino key employee license, provided that:

(1) The applicant for the casino key employee license has filed a complete application as required by the commission;

(2) The division certifies to the commission that the complete casino key employee license application as specified in paragraph (1) of this subsection has been in the possession of the division for at least 30 days;

(3) The information provided by the applicant indicates that the applicant meets the requirements of subsection b. (3) of this section;

(4) The petition for a temporary casino key employee license certifies, and the commission finds, that an existing casino key employee position of the petitioner is vacant and that the issuance of a temporary key employee license is necessary to fill the said vacancy on an emergency basis to continue the efficient operation of the casino, and that such circumstances are extraordinary and not designed to circumvent that normal licensing procedures of this act;

(5) The division does not object to the issuance of the temporary casino key employee license.

In the event that an applicant for a casino key employee license is the holder of a valid casino employee license issued pursuant to section 90 of this act, and if the provisions of paragraphs (1), (2), (3), and (5) of this subsection are satisfied, the commission may issue a temporary casino key employee license upon petition by the holder of a casino license or the holder of a temporary casino permit, if the commission finds the issuance of a casino key employee license will be delayed by necessary investigations and the said temporary casino key employee license is necessary for the operations of the casino.

Unless otherwise terminated pursuant to this act, any temporary casino key employee license issued pursuant to this subsection shall expire six months from the date of its issuance, and shall be renewable by the commission, in the absence of objection by the division as specified in paragraph (5) of this subsection, for one additional three-month period.

[4.] *6.* Section 94 of P. L. 1977, c. 110 (C. 5:12–94) is amended to read as follows:

94. Approval and Denial of Registrations and Licenses Other Than Casino Licenses. a. Upon the filing of an application for any license or registration required by this act other than a casino license, and after submission of such supplemental information as the commission may require, the commission shall request the division to conduct such investigation into the qualification of the applicant, and the commission shall conduct such hearings concerning the qualification of the applicant in accordance with its regulations as may be necessay to determine qualification for such license or registration.

b. After such investigation, the commission may either deny the application or grant a license to or accept the registration of an applicant whom it determines to be qualified to hold such license or registration.

c. The commission shall have the authority to deny any application pursuant to the provisions of this act. When an application is denied, the commission shall prepare and file its order denying such application with the general reasons therefor, and if requested by the applicant, shall further prepare and file a statement of the reasons for the denial, including the specific findings of facts.

d. When the commission grants an application, the commission may limit or place such restrictions thereupon as it may deem necessary in the public interest. Licenses shall be granted and registrations approved for a term of one year; provided, however, that all casino employee licenses [and] , gaming school resident director, instructor, principal employee and sales representative licenses [and] , casino service industry licenses issued pursuant subsection c. of section 92 of P. L. 1977, c. 110 (C. 5:12–92c.), *and junket representative and junket enterprise licenses issued pursuant to section 102 of P. L. 1977, c. 110 (C. 5:12–102)* shall be granted for a term of three years; and that casino hotel employee registration shall remain in effect unless revoked, suspended, limited, or otherwise restricted by the commission in accordance with the provisions of P. L. 1977, c. 110 (C. 5:12–1 et seq.).

e. After an application is submitted to the commission, final

action of the commission shall be taken within 90 days after completion of all hearings and investigations and the receipt of all information required by the commission.

[5.] *7.* Section 102 of P. L. 1977, c. 110 (C. 5:12–102) is amended to read as follows:

102. Junkets and Complimentary Services. a. No junkets may be organized or permitted except in accordance with the provisions of this act. No person may act as a junket representative *or junket enterprise* except in accordance with this section. [For purposes of this section, the term "junket representative" shall mean any person who is responsible for or directly engaged in the creation, organization, or operation of a junket, regardless of whether or not such junket is engaged in or organized within the State of New Jersey] *Notwithstanding any other provisions of this act, junket enterprises engaged in activities governed by this section shall not be subject to the provisions of sections 92 and 104 b. of this act (C. 5:12–92 and 104 b.) with regard to those activities unless otherwise directed by the commission pursuant to subsection k. of this section.*

b. A junket representative shall be licensed as a casino [key] employee in accordance with the provisions of this act; provided, however, that said licensee need not be a resident of this State. *Any person who holds a current and valid casino key employee license or casino employee license in a position directly related to gaming activity may act as a junket representative while employed by a casino licensee without further endorsement of his license.* no casino licensee *or junket enterprise* may employ or otherwise engage a junket representative who is not so licensed.

*[*For the purposes of this section, the term "junket representative" shall mean any natural person who negotiates the terms of, engages in the referral, procurement or selection of persons who may participate in, or accompanies for purposes of monitoring or evaluating the participants on, any junket to a licensed casino, regardless of whether or not those activities occur within the State of New Jersey; provided, however, that the term shall not include any person who does not receive any direct or indirect compensation from any person for performing those services, other than the same complimentary services and items of value provided by a casino licensee to other participants pursuant to the terms of the particular junket.]*

c. A junket enterprise shall be licensed in accordance with the provisions of this section prior to conducting any business whatsoever with a casino licensee, its employees or agents. A junket

enterprise, as well as such of its owners, management and supervisory personnel and other principal employees as the commission may consider appropriate for qualification, must qualify under the standards, except residency, established for qualification of a casino employee under this act. No casino licensee or junket enterprise may employ or otherwise engage the services of a junket enterprise who is not so licensed.

*[*For the purposes of this section, a "junket enterprise" shall mean any person who employs or otherwise engages the services of a junket representative in connection with a junket to a licensed casino, regardless of whether or not those activities occur within the State of New Jersey.]* Notwithstanding the foregoing, any licensed junket representative who is the sole owner and operator of a junket enterprise shall not be required to be licensed as a junket enterprise pursuant to this section if his junket representative license is endorsed as such.*

d. Prior to the issuance of any license required by this section, an applicant for licensure shall submit to the jurisdiction of the State of New Jersey and shall demonstrate to the satisfaction of the commission that he is amenable to service of process within this State. Failure to establish or maintain compliance with the requirements of this subsection shall constitute sufficent cause for the denial, suspension or revocation of any license issued pursuant to this section.

e. An applicant for junket representative or junket enterprise licensure may be issued a temporary license by the commission provided that:

(1) The applicant for licensure has filed a complete application as required by the commission;

(2) The division either certifies to the commission that the complete application for licensure as specified in paragraph (1) of this subsection has been in the possession of the division for at least 45 days or agrees to allow the commission to consider the application in some lesser time; and

(3) The division does not object to the temporary licensure of the applicant; provided, however, that failure of the division to object prior to the temporary licensure of the applicant shall not be construed to reflect in any manner upon the qualifications of the applicant for licensure.

In addition to any other authority granted by this act, the commission shall have the authority, upon receipt of a representation by the division that it possesses information which raises a reasonable possibility that a junket representative or enterprise does not

qualify for licensure, to immediately suspend, limit or condition any temporary license issued pursuant to this subsection pending a hearing on the qualification of the junket representative or enterprise in accordance with the provisions of this act. Unless otherwise agreed by the commission and the junket representative or enterprise, such a hearing shall be initiated no later than 60 days after commission receipt of a demand for the hearing from the junket representative or enterprise.

Unless otherwise terminated pursuant to this act, any temporary license issued pursuant to this subsection shall expire 12 months from the date of its issuance, and shall be renewable by the commission, in the absence of an objection by the division as specified in paragraph (3) of this subsection, for one additional six month period.

f. Every agreement concerning junkets entered into by a casino licensee and a junket representative or junket enterprise shall be deemed to include a provision for its termination without liability on the part of the casino licensee, if the commission orders the termination upon the suspension, limitation, conditioning, denial or revocation of the licensure of the junket representative or junket enterprise in accordance with the provisions of this act. Failure to expressly include such a condition in the agreement shall not constitute a defense in any action brought to terminate the agreement.

[c.**]** *g.* A casino licensee shall be responsible for the conduct of any junket representative **or junket enterprise** associated with it and for the terms and conditions of any junket engaged in on its premises, regardless of the **[**employment status of any junket representative associated therewith**]***fact that the junket may involve persons not employed by such a casino licensee.*

[d. Each casino licensee shall either:

(1) Submit to the commission, in accordance with its rules, a report in advance of any junket which shall include the names of the participants, the terms of the junket, the origin and dates of the junket, and such other information as may be required by the commission, including, without limitation, acknowledgments by the participants that they understand the terms of the particular junket; or

(2) Submit to the commission, in accordance with its rules, proposals for junkets, which proposals may be approved by the commission for continued use upon the condition that no material aspect of any proposal will be changed except as to participants and that quarterly reports regarding such junkets shall be submitted to the commission, including such information as it may require.**]**

[e.**]** *h.* A casino licensee shall be responsible for any violation or deviation from the terms of a junket. Notwithstanding any other provisions of this act, the commission may, after hearings in accordance with this act, order restitution to junket participants, assess penalties for such violations or deviations, prohibit future junkets by the casino licensee, *junket enterprise* or junket representatives, and order such further relief as it deems appropriate.

i. The commission shall, by regulation, prescribe methods, procedures and forms for the delivery and retention of information concerning the conduct of junkets by casino licensees. Without limitation of the foregoing, each casino licensee, in accordance with the rules of the commission, shall:

(1) Maintain on file a report describing the operation of any junket engaged in on its premises, which report may include acknowledgments by the participants, signed on the date of arrival, that they understand the terms of the particular junket;

(2) Submit to the commission and division a report on those arrangements which would be junkets but for the fact that those arrangements do not include a selection or approval of participants in accordance with the terms of section 29 of P. L. 1977, c. 110 (C. 5:12–29); and

(3) Submit to the commission and division a list of all its employees who are acting as junket representatives but whose licenses are not endorsed as such.

j. Each casino licensee, junket represenative or junket enterprise shall, in accordance with the rules of the commission, file a report with the division with respect to each list of junket patrons or potential junket patrons purchased directly or indirectly by the casino licensee, junket representative or enterprise.

*k. The commission shall have the authority to determine, either by regulation or upon petition by the holder of a casino *[licensee]* *license*, that a type of arrangement otherwise included within the definition of "junket" established by section 29 of P. L. 1977, c. 110 (C. 5:12–29) shall not require compliance with any or all of the requirements of this section. The commission shall seek the opinion of the division prior to granting any exemption. In granting exemptions, the commission shall consider such factors as the nature, volume and significance of the particular type of arrangement, and whether the exemption would be consistent with the public policies established by this act. *In applying the provisions of this subsection, the commission may condition, limit, or restrict any exemption as the commission may deem appropriate.**

l. No junket enterprise or junket representative or person acting as a junket representative may:

(1) Engage in efforts to collect upon checks that have been returned by banks without full and final payment; or

(2) Exercise approval authority with regard to the authorization or issuance of credit pursuant to section 101 of P. L. 1977, c. 110 (C. 5:12–101).

[f.**]** *m.* Each casino licensee shall maintain a regulated complimentary service account and shall submit a quarterly report to the commission based upon such account and covering all complimentary services offered or engaged in by the licensee during the immediately preceding quarter. Such reports shall include identification of the regulated complementary services and their respective costs, the number of persons by category of service who received same, and such other information as the commission may require.

[g.**]** *n.* As used in this subsection "person" means any State officer or employee subject to financial disclosure by law or executive order and any other State officer or employee with responsibility for matters affecting casino activity; any special State officer or employee with responsibility for matters affecting casino activity; the Governor; any member of the Legislature or full-time member of the Judiciary; any full-time professional employee of the Office of the Governor, or the Legislature; the head of a principal department; the assistant or deputy heads of a principal department, including all assistant and deputy commissioners; the head of any division of a principal department; any member of the governing body, or the municipal judge or the municipal attorney of a municipality wherein a casino is located; any member of or attorney for the planning board or zoning board of adjustment of a municipality wherein a casino is located, or any professional planner or consultant regularly employed or retained by such planning board or zoning board of adjustment.

No casino applicant or licensee shall provide directly or indirectly to any person, any complimentary service or discount which is other than such service or discount that is offered to members of the general public in like circumstance.

o. (1) Any person who, on the effective date of this 1982 amendatory and supplementary act, holds a current and valid junket representative license or a casino service industry license pursuant to subsection a. of section 92 of P. L. 1977, c. 110 (C. 5:12–92) authorizing the conduct of junket activities, shall be considered licensed in accordance with the provisions of this section as a junket representative or junket enterprise, respectively, for the remaining term of their current license.

(2) Any person who, prior to the effective date of this 1982 amendatory and supplementary act, has filed a complete application as required by the commission for a junket representative casino key employee license or a casino service industry license pursuant to subsection a. of section 92 of P. L. 1977, c. 110 (C. 5:12-92) authorizing the conduct of junket activities, may be issued a temporary license in accordance with the provisions of this section as a junket representative or junket enterprise, respectively, if the commission finds that the requirements of paragraphs (1) through (3) of subsection e. of this section have been satisfied.

(3) Any person who, prior to the effective date of this 1982 amendatory and supplementary act, has filed a complete application as required by the commission for a junket representative casino employee license or a junket enterprise license, may be issued a temporary license in accordance with the provisions of this section as a junket representative or junket enterprise, respectively, if the commission finds that the requirements of paragraphs (2) and (3) of subsection e. of this section have been satisfied.

[6.] *8.* This act shall take effect immediately.

issued a temporary license in accordance with the provisions of this section as a junket representative or junket enterprise, respectively, if the commission finds that the requirements of paragraphs (2) and (3) of subsection e. of this section have been satisfied.

6. This act shall take effect immediately.

STATEMENT

This bill makes changes in the provisions of the "Casino Control Act" (P. L. 1977, c. 110; C. 5:12–1 et seq.) concerning casino junkets in order to facilitate the organization and use of junkets without jeopardizing regulatory and law enforcement interests and standards.

SENATE STATE GOVERNMENT, FEDERAL AND INTERSTATE RELATIONS AND VETERANS AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1945

[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: NOVEMBER 8, 1982

This bill changes the provisions of the "Casino Control Act" (P. L. 1977, c. 110; C. 5:12-1 et seq.) concerning casino junkets in order to facilitate the organization and use of junkets without jeopardizing regulatory and law enforcement interests and standards.

At present, a "junket" is defined as an arrangement for transportation, food, lodging, and entertainment which costs over $200.00 and is paid for by a casino licensee and the purpose of which is to induce "any person" to gamble at a licensed casino.

This bill removes the $200.00 threshold and redefines junket to be an arrangement, of whatever cost, for persons "selected or approved for participation therein on the basis of **[**the person's**]** ability to satisfy a financial qualification obligation related to his ability or willingness to gamble or on any other basis related to his propensity to gamble. . . ."

The bill also removes the present requirement that casino licensees must submit advance reports on junkets, including information on participants, terms or other relevant information, and instead requires that each casino licensee maintain on file a report on any junket engaged in on its premises. This report "may include the acknowledgments by the participants, signed on the date of arrival, that they understand the terms of the particular junket." Also to be reported are any arrangements that would qualify as junkets except for the fact that the basis for the selection of participants is different from that for junkets.

The bill differentiates between a "junket representative" and a "junket enterprise" and requires licensure for both. The former is any "natural person" who "negotiates the terms of, engages in the referral, procurement or selection of persons who may participate in, or accompanies for purposes of monitoring or evaluating the participants on, any junket to a licensed casino, regardless of whether or not those activities occur within the State of New Jersey. . . ." A "junket enterprise" is a business which, or a natural person who, "employs or

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

otherwise engages the services of a junket representative in connection with a junket to a licensed casino, regardless of whether or not those activities occur within the State of New Jersey." The period of licensure in both instances is three years.

The bill specifically prohibits a junket representative or a junket enterprise from authorizing or issuing credit for gambling and from collecting on bad checks.

Other provisions of the bill include:

1. An applicant for junket representative or junket enterprise licensure must submit to the jurisdiction of New Jersey and demonstrate to the satisfaction of the Casino Control Commission that the applicant "is amenable to service of process within this State."

2. The holder of a casino key employee license or a gaming-related casino employee license may act as a junket representative for a casino licensee.

3. A casino licensee, junket representative, or junket enterprise must report the purchase of a list of junket patrons or potential patrons.

4. Temporary licenses may be issued to junket representatives and junket enterprises for a period of 12 months with one six-month extension.

5. The commission may exempt junket arrangements from compliance with the requirements concerning junkets but "may condition, limit, or restrict any exemption as the commission may deem appropriate."

The Casino Control Commission and the Division of Gaming Enforcement support this legislation.

OFFICE OF THE GOVERNOR

RELEASE: IMMEDIATELY CONTACT: CARL GOLDEN

THURSDAY, JANUARY 27, 1983

Governor Thomas H. Kean today signed legislation revising the regulations governing casino junkets and requiring the licensing of individuals or enterprises engaged in the business of organzing such junkets.

The legislation, A-1945, sponsored by Assemblyman Buddy Fortunato, D-Essex, also specifically prohibits a junket representative or a junket enterprise from authorizing or issuing credit for gambling and from collecting on bad checks.

The licensing provisions apply to individuals who organize junkets, either as one who negotiates the terms of a junket, or a business which engages the services of an organizer. The licensing will be for a three-year period.

The bill also changes existing law by removing the requirement that casino licensees must submit advance information on participants in junkets. It requires, instead, that each casino licensee maintain a report on any junket to the casino.

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JUNKETS—REGULATION OF CASINO MARKETING UNDER THE CASINO CONTROL ACT

by John M. Donnelly

The word "junket" evokes thoughts of politicians on "fact finding" missions to Southern France or similar opulent excursions at the taxpayers' expense. Indeed, the term is perceived to carry negative connotations regardless of the context in which it is used.[1] Moreover, the persistent tendency within the law-enforcement community to equate junkets with strong-arm methods of debt collection discourages an objective examination of this marketing tool.[2]

The regulation of junkets in New Jersey reflects this negative perception. Junkets are stringently controlled under the Casino Control Act (the "Act") and applicable regulations.[3] This extensive governmental intrusion of New Jersey government into what is simply a casino marketing tool has not been prompted by New Jersey gaming experience.[4] Rather, it is founded entirely upon the Nevada junket experience which occurred before the regulation of the practice in that state. Additionally, the New Jersey regulatory approach to junkets is redundant; those evils sought to

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[1] Its pejorative use as a needless trip by a politician at public expense is apparently confined to the United States. *See* M. MATHEWS, AMERICANISMS 135 (abr. ed. 1951). H. L. Mencken traces its first political use to 1886. H. L. MENCKEN, THE AMERICAN LANGUAGE 298 (Supp. I 1952).

[2] *See, e.g., Public Hearing on S. Res. 1780 Before Senate Judiciary Comm.*, 197th N.J. Legis., 2d Sess. 29-30 (March 2, 1977) (statement of Captain Justin Dintino, New Jersey State Police); *Special Meeting on Regulations Before the New Jersey Casino Control Comm'n* 164, 178-79 (February 23, 1981) [hereinafter cited as *Special Meeting*]; New Jersey Council of Churches, Statement on Amendments to the Casino Control Act, Assembly State Government Comm. 4 (April 15, 1981).

[3] Junkets are defined in N.J. STAT. ANN. § 5:12-29 (West Supp. 1981-1982) and are substantively addressed under N.J. STAT. ANN. § 5:12-102 (West Supp. 1981-1982). N.J. ADMIN. CODE tit. 19 § 45-1.8 (1981) implements and augments the statutory provisions. Additionally, the Casino Control Commission has adopted interim procedures further regulating junkets. *See* NEW JERSEY CASINO CONTROL COMM'N, INTERIM PROCEDURES FOR CERTAIN CASINO MARKETING AND JUNKET ACTIVITIES (August 19, 1981).

[4] There have been no formal or informal allegations of improper junket activity during the first four years of casino gaming in New Jersey. *Special Meeting*, *supra* note 2, at 178.

The junket patron's contribution to the economic well-being of casinos and the state is not likely to be debated.[14] However, the presumed consequences of junket activity are subject to differing opinions. The evils generally associated with junkets can be categorized under the headings of credit, collections, and consumer protection.

Credit, Collections, and Consumer Protection

Casino credit is often cited as a major area of potential abuse by junket representatives. The concern is that junket representatives and junketeers could somehow misuse the credit system to defraud the casinos. The Director of the New Jersey Division of Gaming Enforcement summarized this concern in the following manner:

> [A] junketeer and members of the junket can establish credit on prior occasions using fictitious names and pay the credit off thereby building up their reputation with the casino. After they have established a good reputation with the casino, they can return on another junket. On this occasion, the casino can advance the individuals on the junket substantial amounts of credit only to have them walk off with the credit they have received.[15]

The Director failed to state his basis for finding a causal relationship between junkets and this type of credit fraud. Indeed, the possible occurrence of the casino scam related above is in no way encouraged by junket activity.[16] The reporting aspects of junket regulation and the casino operators' own interest in a return on investment should serve to discourage the combination of a junket and a credit scam.[17] By law, credit transactions in New Jersey are performed exclusively by licensed casino

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[14] Former New Jersey Attorney General Zazzali, while characterizing junkets as a "serious potential threat to the integrity of gaming operations," granted that they were "unquestionably a profitable and effective marketing tool for the casino industry." Remarks of Attorney General James R. Zazzali Before the Assembly State Government Comm. 7 (April 15, 1981).

[15] *Special Meeting*, *supra* note 2, at 166.

[16] A credit scam identical to that described by the Director, *see* note 15 *supra* and accompanying text, is alleged to have occurred at Bally's Park Place, Caesars Boardwalk Regency, and Resorts International Hotel Casino. No one of the alleged perpetrators was on a junket. State v. David Israel Appelbaum, No. SGJ 78-81-1 (State Grand Jury, October 1, 1981).

[17] Casino executives closely monitor the play of junket participants to determine if they warrant future junket invitations. Furthermore, the regulations governing junkets require the submission of guests manifests, acknowledgment forms, and quarterly reports on all junket activity. N.J. ADMIN. CODE tit. 19 § 45-1.8(b)(1), (c) (1981). These provisions serve to frustrate attempts at anonymity.

be avoided by explicit junket regulation are effectively nullified by other provisions of the Act.

These overlapping junket provisions are primarily responsible for the absence of any meaningful junket activity in Atlantic City.[5] Until these regulations are altered, Atlantic City will not experience any significant junket trade or that junket trade generated will not be profitable.[6]

The Contribution of Junkets to the Goals of the Act

A determination of the appropriate means to regulate junkets requires an inquiry into the goals sought to be achieved and the evils sought to be avoided by the legislature in its promulgation of the junket sections of the Act. A close examination of this statutory scheme indicates that it neither promotes the intended goals nor thwarts the evils contemplated by the legislature.

The purpose of the Casino Control Act was explicitly set forth in the "declaration of policy" preamble to the Act. There, the legislature stated that casino gaming had been approved by New Jersey voters for the dual purpose of revitalizing the New Jersey resort and convention industry and redeveloping Atlantic City.[7] These goals were to be achieved through the introduction of a limited number of casinos in major hotel and convention facilities.[8] A strict regulatory framework was required to maintain the public's confidence in the licensed facilities.[9]

The goals stated above have not yet been realized. Atlantic City casinos have not overcome the "boom and bust" cycle that has character-

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[5] By February of 1981, almost three years after the opening of the first Atlantic City casino, only 28 junket proposals had been approved by the Casino Control Commission. *Special Meeting*, *supra* note 2, at 171.

[6] Casino executives estimate that casino expenditures for complimentary services should not exceed 10% of a casino's gross revenue. The cumulative average expenditure of eight operating Atlantic City casinos for complimentary services averaged 10.31% of their respective gaming revenues. DIVISION OF EVALUATION AND CONTROL, NEW JERSEY CASINO CONTROL COMM'N, REPORT ON RESORTS INTERNATIONAL HOTEL, INC.'S APPLICATION FOR RENEWAL OF ITS CASINO LICENSE vol. 1, table II. Thus, a junket patron must lose over $2,000 to make profitable a casino's expenditure of $200 per junket patron. Since house odds in many games are less than 1%, a casino's recapture of junket expenses is difficult. When the costs of regulation are added to a casino's expenditures, junket business becomes even less profitable. *See* note 12 *infra* and accompanying text.

[7] N.J. STAT. ANN. § 5:12-1(b)(1) to (4) (West Supp. 1981-1982).

[8] N.J. STAT. ANN. § 5:12-1(b)(5) (West Supp. 1981-1982).

[9] N.J. STAT. ANN. § 5:12-1(b)(6) to (9), (13) (West Supp. 1981-1982).

ized the business since its inauguration. Summer profits are rapidly eroded by off-season losses culminating in tepid annual reports.[10] The dilemma is easily stated yet difficult to resolve. An acceptable return on investment can be generated only if the casinos become year-round resorts. To attract the convention business necessary to a year-round resort, the casinos must provide approximately twice the number of first-class rooms currently available.[11] Yet, the casinos must show an acceptable return on investment to attract the investment capital to construct the additional hotel rooms, a goal the Atlantic City casinos are far from reaching.[12]

The junket is a vital element in the revitalization of Atlantic City because it represents a means of breaking this cycle. The purpose of a casino junket is to bring high-betting gamblers to the casino. Once these gamblers are in the casino and betting, the house odds will, over a statistically significant period, assure the casino an acceptable rate of return on the junket. Thus, successful junkets could help to offset the seasonal deficit.

The junket participant is desirable for other reasons. This type of patron is, in many cases, a new customer from a distant city who would not have traveled to Atlantic City but for the junket. Further, the junket participant is usually a person who frequently gambles and presumably can afford to do so. The junket participant is thereby a more desirable gaming participant to both the casinos and the state than the casual or spontaneous gambler.[13]

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[10] All but one of the casinos registered a profit for the third quarter (summer) of 1981. Performance prior to that quarter was dismal. Four of the six operating casinos posted a net loss during the first quarter of 1981; four of the seven casinos operating during the five-month period ending May 31, 1981, remained in the red. Kenneth S. Uston 120 (N.J. Casino Control Comm'n, July 16, 1981) (statement of Francis X. Fee).

[11] Lampen, *The Role of Legalized Gambling in New Jersey as a Stimulus for Tourism and Urban Redevelopment: A Regulator's Viewpoint*, 6 SETON HALL LEGISLATIVE JOURNAL 55, 64 (1982).

[12] A huge investment is necessary to construct a casino hotel in New Jersey because of the legislative mandate that each hotel contain a minimum number of rooms (500) and public space. *See generally* N.J. STAT. ANN. §§ 5:12-27, -83 (West Supp. 1981-1982). Thus, even the spectacular gross revenues enjoyed by some New Jersey casinos have not translated into an acceptable return on investment.

[13] The Casino Control Act was aimed at precisely this tourist-gambler. *See generally* N.J. STAT. ANN. § 5:12-1(b)(1) to (7) (West Supp. 1981-1982).

Indeed, junkets in Nevada have been declared "economically beneficial to the State." REGS. OF THE NEV. GAMING COMM'N AND STATE GAMING CONTROL BOARD § 25.010 (1980) [hereinafter cited as NEV. REGS.]

employees with functions unrelated to junkets. Junket representatives are strictly forbidden from participating in the credit decisions of the casinos.[18] The junket is, in sum, the least likely vehicle for a credit scam.

A second area of concern often cited as justification for the extraordinary regulation of junkets is debt collection. Junkets are said to invite fraudulent debt collection by junket representatives who may either fail to report the collection to the casino or otherwise encourage the improper deviation of funds. The Director of the Division of Gaming Enforcement has expressed this concern:

> [A] junket representative could act as a collection agent for the payment of outstanding credit obligations incurred by players, an unscrupulous junket operator, with or without the knowledge or consent of the casino, could keep the payments for himself and report them as uncollected to the casino. Although the casino does not receive the full amount of credit owed, it still gets the benefit of the tax write-off on the uncollectable debt.
>
> If, on the other hand, the casino itself is working in conjunction with the junket operator, casino management and the junket operator can agree to receive the collected funds and not record them.[19]

Simply stated, the combination of junkets and collections raise two expressed fears: (1) is that a junket representative could collect a debt and refrain from reporting the collection to his benefit or, in the context of tax write-offs, to the mutual benefit of the representative and a casino; and (2) that a junket representative and a casino, working in concert, could receive the collected funds and not record them.

Apparently, these fears are rooted in the Nevada gaming experience. There, unlicensed independent junket representatives are authorized to collect casino debts.[20] However, the provisions of the New Jersey Casino Control Act render the realization of these fears a virtual impossibility. Debt collection and junket activities are totally segregated by the Act. Collection activities in New Jersey are limited, in unmistakable terms, to

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[18] N.J. STAT. ANN. § 5:12-101 (West Supp. 1981-1982).

[19] *Special Meeting*, *supra* note 2, at 167.

[20] NEV. REGS., *supra* note 13, § 25.040. This practice could lead to the expressed concern.

licensed casino employees, casino key employees, or attorneys.[21] Thus, the stated fears lack any reasonable nexus with junket activities.

Even assuming that junket representatives were allowed to engage in debt collection, their failure to report the full amount collected would be rapidly discovered by casino management through management's continual attempts to collect from patrons who had already paid their debts. Likewise, a scheme between a casino employee and a collection agent to refrain from recording money received from debt collection would not go unnoticed since the regulations require, "at a minimum," the concurrence of "the Chief Executive Officer, . . . Vice-President of Casino Operations, . . . and Controller" before any bad debts may be written off.[22] Furthermore, all bad-debt accounts must be maintained "by accounting department employees with no incompatible functions"[23] and must be available for inspection by the Division and Commission for seven years.[24] Improper debt collection is, in short, an imaginary evil that evaporates when the checks and balances of the Casino Control Act are applied.[25]

The final area of expressed regulatory concern is consumer protection. The two advisory boards that assisted the legislature in drafting the Casino Control Act noted that other jurisdictions had experienced the misrepresentation of junket terms by unscrupulous promoters, damaging the resorts' reputation.[26]

As with the other expressed evils, the New Jersey statute addresses the possibility of fraudulent or misleading junket promotions. The casino licensees, and not junket representatives, are held "responsible for any violation or deviation from the terms of a junket" under section 102[27] of

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[21] N.J. STAT. ANN. § 5:12-101(e) (West Supp. 1981-1982) provides as follows:

> No person other than one licensed as a casino key employee or as a casino employee may engage in efforts to collect upon checks that have been returned by banks without full and final payment, except that an attorney-at-law representing a casino licensee may bring action for such collection.

See also N.J. ADMIN. CODE tit. 19 § 45-1.29 (1981).

[22] N.J. ADMIN. CODE tit. 19 § 45-1.29(j) (1981).

[23] N.J. ADMIN. CODE tit. 19 § 45-1.29(c) (1981).

[24] N.J. ADMIN. CODE tit. 19 § 45-1.5(c)(4) (1981).

[25] The concern of collection efforts accompanied by threats or physical coercion is unfounded since junket representatives are forbidden to engage in debt collection. *See* note 21 *supra.*

[26] COMMISSION OF INVESTIGATION, REPORT AND RECOMMENDATIONS ON CASINO GAMBLING at 14-E (April 1977); STAFF POLICY GROUP ON CASINO GAMBLING, SECOND INTERIM REPORT 37 (February 1977).

[27] N.J. STAT. ANN. § 5:12-102(e) (West Supp. 1981-1982).

the Act. The Commission has the authority to implement a variety of remedies, including restitution to defrauded junket participants, or prohibition of future junkets in order to enforce section 102.[28] Deviations from accepted commercial practice can, therefore, be controlled effectively under the Commission's consumer protection authority.

The Act, through a coordinated system of regulation, protects against the evils generally associated with junkets. Since its articulated purposes are served elsewhere, the usefulness of the junket section of the Act is questionable. An examination of these sections demonstrates that they serve only to obstruct an otherwise innocuous casino marketing activity.

The Overregulation of Junkets

The junket provisions of the Act stress procedural regulation more than substantive regulation. Indeed, of the numerous regulatory provisions directly governing junkets, two procedural requirements have discouraged any financially significant junket activity in Atlantic City. These provisions require that (1) each person who is "responsible for or directly engaged in the creation, organization, or operation of a junket" be licensed as a casino key employee;[29] and (2) all terms and participants of each junket be reported in advance of its arrival.[30] An amendment of these provisions would greatly enhance the ability of New Jersey casinos to operate junkets without reducing the integrity of the substantive provisions of the Act.

The requirement that all persons in any way associated with junkets be licensed as casino key employees imposes the greater hardship of the two provisions. Licensure as a casino key employee is a massive undertaking requiring the completion of an application of approximately 100 pages, an average waiting period of over one year, and a significant financial expenditure.[31] Many small tour operators, capable of sending a limited number of junket patrons to Atlantic City, are unwilling to expend the time and money on such a limited venture.[32] Furthermore,

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[28] *Id.*

[29] N.J. STAT. ANN. § 5:12-102(a), (b) (West Supp. 1981-1982).

[30] N.J. STAT. ANN. § 5:12-102(d) (West Supp. 1981-1982).

[31] The minimum investigation fee charged to casino key employees by the Division of Gaming Enforcement is $500.00. However, the fee is unlimited since the party being investigated must pay for his investigation. Some individual fees have exceeded $30,000.

[32] A temporary casino key employee license, which is available to junket representatives, rarely can be achieved in less than ten months. N.J. STAT. ANN. § 5:12-89(e) (West Supp. 1981-1982). A plenary license generally takes one to two years.

many established Nevada junket representatives are unwilling to devote the time, effort, and money necessary to obtain a New Jersey key employee license.

The framers of the Act had not intended to subject those associated with junkets to the extraordinary requirements of casino key employee licensure. The two policy groups reporting on the proposed Act prior to its finalization recognized the limitations to be imposed on the authority of New Jersey junket representatives. Both groups recommended that junket representatives be licensed as casino employees, not as casino key employees.[33]

The imposition of casino key employee status on junket representatives was apparently based upon a misconception of the role that junket representatives would play in New Jersey.[34] Although it may be reasonable to require individuals engaged in credit and collection to fulfill the criteria of a casino key employee licensee, there is little justification for applying this licensure standard to New Jersey junket representatives who are limited by statute to the performance of duties more akin to travel agents than traditional junket representatives. Requiring these individuals to satisfy the requirements of casino key employee licensure adds to the bureaucratic tangle but contributes little to the state's security.

The second provision imposing a hardship on prospective junket representatives requires advance reporting of the origin, date, and terms of any junket, and the names of the participants.[35] The regulations implementing this section call for an advance notice of fifteen calendar days.[36] The fifteen day notice provision is unrealistic and unnecessary.[37] Although casinos plan many junkets far in advance of their arrival, special events, such as the signing of a prize fight, require less lead time. Often, casino operators possess only a handful of names fifteen days before the junket. The list, therefore, must be constantly updated until a true list is obtained on the day of arrival. Even then, the accuracy of the final list is

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[33] COMMISSION OF INVESTIGATION, REPORT AND RECOMMENDATIONS ON CASINO GAMBLING at 14-E to 15-E (recommending some "license"); STAFF POLICY GROUP ON CASINO GAMBLING, SECOND INTERIM REPORT 36-38 (February 1977) (recommending casino employee standard of licensure).

[34] Key licensure by definition is only required for those persons in a casino with "supervisory capacity or empowered to make discretionary decisions which regulate casino operation." N.J. STAT. ANN. § 5:12-9 (West Supp. 1981-1982).

[35] N.J. STAT. ANN. § 5:12-102(d)(1) (West Supp. 1981-1982).

[36] N.J. ADMIN. CODE tit. 19 § 45-1.8(b)(1) (1981).

[37] The Commission's legal staff has interpreted this language literally, requiring that even the patron who contacts a casino and initiates a visit must be registered as a junket. Obviously, the 15-day requirement cannot be met if a patron calls on the day of the trip.

questionable since many junket participants are reluctant to provide their real names and addresses to state authorities.

In addition to the annoyance it generates, the prefiling requirement is of dubious value. Any fraud concerning the establishment of false credit lines would require several visits to a casino.[38] A review of guest manifests after the arrival of junkets would provide adequate notice to prevent consummation of the fraud. Furthermore, any informed individual intent on defrauding a casino would register under an assumed name or would register at the last moment to avoid detection. The prefiling of junket names does little more than generate lists.[39] Nevada has acknowledged this reality by requiring only quarterly filings on junkets.[40]

The goals of the Casino Control Act can be fulfilled without the impediments discussed above. Proposed statutory revisions which would serve to strictly regulate New Jersey junkets yet avoid needless formalities are included in the Appendix.[41] These proposed amendments include revisions to the two sections discussed above and other minor adjustments to facilitate casino marketing.

Explanation of Proposed Amendments

In the proposed amendments, the term "junkets" is deleted and replaced with the neutral term "casino tours."[42] The term "casino tour" serves to distinguish the Atlantic City junket from traditional versions, more accurately reflects the nature of the transaction, and eliminates the negative connotation generally associated with the word "junket."

The proposed amendments, as in the existing statute, include a fixed threshold amount which must be exceeded before the provisions become operative.[43] The present figure of $200 of retail value is so low as to include as a junket virtually every trip made from out-of-state. The regulation of a $200 transaction in a New Jersey casino that annually processes

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[38] Individuals recently indicted for participating in a credit scam are alleged to have visited the casino several times over a period of months before the scam was set into operation. State v. David Israel Appelbaum, No. SGJ 78-81-1 (State Grand Jury, October 1, 1981).

[39] The unlikelihood that law enforcement officials would have the time to review the lists of prefiled names in the event of significant junket arrivals in Atlantic City illustrates the impracticality of this requirement.

[40] NEV. REGS., *supra* note 13, § 25.030.

[41] Appendix, *infra* at 82-83.

[42] *Id.* (proposed statutory amendments N.J. STAT ANN. §§ 5:12-29, -102(a) to (g) (West Supp. 1981-1982).

[43] Appendix, *infra* at 82 (proposed statutory amendment N.J. STAT. ANN. § 5:12-29 (West Supp. 1981-1982)).

over $150 million in gross gaming revenues is not cost efficient. Therefore, a $1,000 threshold based upon cost is suggested.[44]

The public's interest in the proper licensure of junket representatives and in the registering of junket activities, as previously discussed,[45] could be fully protected by precautions less stringent than those currently in effect. A registration system similar to that applied to vendors dealing with casinos would suffice.[46] A junket representative's departure from statutory standards of conduct would result in the immediate suspension and possible removal of the junket representative from an approved list.[47]

The proposed amendments require that a potential junket representative file for a license with the Commission prior to engaging in junket activity.[48] This is a stricter safeguard than any imposed on junket representatives under the Nevada system.[49] However, rather than requiring all individuals associated with a junket to satisfy a casino key employee criteria,[50] it is suggested that the required licensure vary with the actual function performed. For example, each casino should be required to employ at least one "casino tour representative."[51] The purpose of this amendment is to ensure that each casino have in its employ a knowledge-

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[44] *Id.*

[45] *See* notes 31-40 *supra* and accompanying text.

[46] Appendix, *infra* at 83 (proposed statutory amendments N.J. STAT. ANN. § 5:12-102(*d*), (*e*) (West Supp. 1981-1982)). The Casino Control Commission has adopted procedures that permit non-gaming related vendors to transact and continue business with casinos if they have filed a form pursuant to section 92(c) of the Act. N.J. STAT. ANN. § 5:12-92(c) (West Supp. 1981-1982). These vendors are then placed on a vendor registration list and any casino may transact business with them.

[47] Appendix, *infra* at 83 (proposed statutory amendment N.J. STAT. ANN. § 5:12-102(*e*) (West Supp. 1981-1982)).

[48] Appendix, *infra* at 82, 83 (proposed statutory amendments N.J. STAT. ANN. § 5:12-102(a), (*c*) (West Supp. 1981-1982)).

[49] Nevada does not license junket representatives. In lieu of a license, a junket representative is required to provide information including the representative's name, address, fingerprints, and proposed agreement with the casino. NEV. REGS., *supra* note 13, § 25.040(1), (2). If Nevada authorities believe that a junket representative is engaging in improper activity they "may at any time determine that a finding of suitability of a junket representative by the [State gaming] commission is required." NEV. REGS., *supra* note 13, § 25.050(3). If the junket representative is deemed to be unsuitable, his filing is cancelled and he is prohibited from engaging in any further business with Nevada casinos. *Id.*

[50] Among the individuals subject to the requirements of casino key employee licensure are (1) associates of third party vendors; (2) field agents; (3) employees of a casino licensee; and (4) field agents of casino licensees. NEW JERSEY CASINO CONTROL COMM'N, INTERIM PROCEDURES FOR CERTAIN CASINO MARKETING AND JUNKET ACTIVITIES 7,8,11-12 (August 19, 1981).

[51] Appendix, *infra* at 82 (proposed statutory amendment N.J. STAT. ANN. § 5:12-102(*b*) (West Supp. 1981-1982)).

able source of junket information. The casino tour representative should be required to fulfill the criteria for a casino key employee due to the high degree of accountability required of this position.[52] Conversely, the proposed amendments reduce the requirements that must be fulfilled by individuals referring potential junket participants to casinos.[53]

Finally, the reporting sections of the Act are revised to provide for the submission of the guest manifest upon the arrival of the junket.[54] Daily filings should meet all legitimate law enforcement needs.

Conclusion

The proposed amendments do not disturb the substantive provisions of the existing law. Casino tour operators may not engage in credit or collection activities,[55] and casinos continue to be responsible for all casino tours set for their facility.[56] The suggested changes to the Act would meet the requirements of the various law enforcement agencies while relieving the casinos of much of the burdensome paperwork currently associated with junkets. These amendments neither alter the actual degree of control imposed upon junkets nor discourage them, as do procedures in effect at this time. Implementation would speed the recovery of Atlantic City, yet not threaten the integrity of casino gaming.

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[52] Appendix, *infra* at 83 (proposed statutory amendment N.J. STAT. ANN. § 5:12-102(*c*) (West Supp. 1981-1982)).

[53] Appendix, *infra* at 83 (proposed statutory amendment N.J. STAT. ANN. § 5:12-102(*c*), (*d*) (West Supp. 1981-1982)).

The proposed amendments resolve the incongruity between the licensing standards required of casino hotel employees and third-party independent contractors. All employees of a hotel casino engaged in junket activity have been required to hold casino key employee licenses. N.J. STAT. ANN. § 5:12-102(a), (b) (West Supp. 1981-1982). However, third-party independent contractors were permitted, by statute, to employ, in junket activity, field agents who had received only casino hotel employee licenses. The Commission's Interim Procedures rectified this situation. NEW JERSEY CASINO CONTROL COMM'N, INTERIM PROCEDURES FOR CERTAIN CASINO MARKETING AND JUNKET ACTIVITIES 8, 11-12 (August 19, 1981). The Commission continues to require any person referring a potential junket participant to a casino to hold a casino key employee license. GNAC, Corp., and Coraline Service Co. (N.J. Casino Control Comm'n, August 21, 1981). The proposed amendments place independent junketeers and employees on the same footing, treating both functionally as sales representatives subject to the casino hotel employee licensing standard. Appendix, *infra* at 83 (proposed statutory amendment N.J. STAT. ANN. § 5:12-102(*c*), (*d*) (West Supp. 1981-1982)).

[54] Appendix, *infra* at 83 (proposed statutory amendment N.J. STAT. ANN. § 5:12-102(*f*) (West Supp. 1981-1982)).

[55] *See generally* N.J. STAT. ANN. § 5:12-101 (West Supp. 1981-1982).

[56] Appendix, *infra* at 82, 83 (proposed statutory amendment N.J. STAT. ANN. § 5:12-102(*b*), (*g*) (West Supp. 1981-1982)).

Appendix

*Proposed Statutory Amendments**

5:12-29. "[Junket] *Casino Tours*"

[An] *A prior* arrangement or arrangements the primary purpose of which is to induce any person to come to a licensed casino hotel for the purpose of gambling and pursuant to which, and as consideration for which, over [$200.00] *$1,000.00* of the cost *to the casino licensee* of transportation, food, lodging, and entertainment for said person is directly or indirectly paid by a casino licensee or employee or agent thereof. For purposes of this act, the furnishing of any of the above items on a complimentary basis shall be deemed to constitute the indirect payment for such items [in the amount of the retail price normally charged for such items].

5:12-102. [Junkets] *Casino Tours* and Complimentary Services

a. No [junkets] *casino tours* may be organized or permitted except in accordance with the provisions of this act. No person may act as a [junket] *casino tour* representative except in accordance with this section. For purposes of this section, the term "[junket] *casino tour* representative" shall mean any person who is responsible for or directly engaged in the creation, organization, or operation of a [junket] *casino tour*, regardless of whether or not such [junket] *casino tour* is engaged in or organized within the State of New Jersey.

[b. A junket representative shall be licensed as a casino key employee in accordance with the provisions of this act; provided, however, that said licensee need not be a resident of this State. No casino licensee may employ or otherwise engage a junket representative who is not so licensed.]

b. [c.] A casino licensee shall be responsible for the conduct of any [junket representative associated with it and for the terms and conditions of any junket engaged in on] *casino tour to* its premises regardless of the employment status of any [junket representative] *person* associated therewith. *Each casino engaged in casino tour activity shall employ at least one licensed casino tour representative.*

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* Explanation--Matter enclosed in bold-faced brackets [thus] in the proposed amendments is intended to be omitted.

Matter printed in italics *thus* is new matter.

c. The casino tour representative shall be responsible for the creation, organization, and operation of all casino tours and shall be licensed as a casino key employee; all other employees working at the direction of the casino tour representative must be licensed as casino hotel employees.

d. All persons or organizations engaged in the creation, organization, or operation of casino tours and not employees of a casino licensee shall complete and file a casino service industry license application pursuant to Section 92(c) of this act, and shall register with the commission as casino tour agents.

e. The commission shall publish a list of registered casino tour agents. The casino hotel may only transact tour business with registered casino tour agents or appropriately licensed employees. Casino tour agents may be suspended or excluded from the register upon appropriate action by the commission.

f. [d.] Each casino licensee shall either:

(1) Submit to the commission, in accordance with its rules, a report [in advance] of any [junket] *casino tour* which shall include the names of the participants, the terms of the [junket] *casino tour,* the origin and dates of the [junket] *casino tour*, and such other information as may be required by the commission, including, without limitation, acknowledgments by the participants that they understand the terms of the particular [junket] *casino tour*; or

(2) Submit to the commission, in accordance with its rules, proposals for [junkets] *casino tours,* which proposals may be approved by the commission for continued use upon the condition that no material aspect of any proposal will be changed except as to participants and that quarterly reports regarding such [junkets] *casino tours* shall be submitted to the commission, including such information as it may require.

g. [e.] A casino licensee shall be responsible for any violation or deviation from the terms of a [junket] *casino tour.* Notwithstanding any other provisions of this act, the commission may, after hearings in accordance with this act, order restitution to [junket] *casino tour* participants, assess penalties for such violations or deviations, prohibit future [junkets] *casino tours* by the casino licensee or [junket] *casino tour* representatives, and order such further relief as it deems appropriate.