

LEGISLATIVE HISTORY CHECKLIST

NJSA: 5:12-29 et al (Casinos-- amendments on junkets, complimentary services and credit)

LAWS OF: 1987 **CHAPTER:** 426

BILL NO: A3570

Sponsor(s): Schuber and DiGaetano

Date Introduced: December 18, 1986

Committee: **Assembly:** Independent and Regional Authorities
Senate: Institutions, Health and Welfare

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

Date of Passage: **Assembly:** June 29, 1987
Senate: December 10, 1987

Date of Approval: January 16, 1988

following statements are attached if available:

Sponsor statement: Yes

Committee statement: **Assembly** Yes
Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: Yes

974.90 New Jersey. Legislature.
 G191 General Assembly. Independent and Regional Authorities.
 1987 Public meeting on . . . A3570, held
 1-12-87, 2-5-87, 2-27-87.

See newspaper clippings-- attached:

"Casino package signed and sealed," 1-15-88 Star Ledger.
 "Casinos: nix credit changes," 2-28-87 The Press.

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426

1-16-88

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ASSEMBLY, No. 3570

STATE OF NEW JERSEY

INTRODUCED DECEMBER 18, 1986

By Assemblymen SCHUBER and DiGAETANO

AN ACT concerning casino junkets, complimentary services, and credit, *and* amending P. L. 1977, c. 110***[**, and repealing section 3 of P. L. 1983, c. 41]**]**.*

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

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

3 29. "Junket"—An arrangement the purpose of which is to induce
4 any person, selected or approved for participation therein on the
5 basis of his ability to satisfy a financial qualification obligation
6 related to his ability or willingness to gamble or on any other
7 basis related to his propensity to gamble, to come to a licensed
8 casino hotel for the purpose of gambling and pursuant to which,
9 and as consideration for which, any or all of the cost of transporta-
10 tion, food, lodging, *and* entertainment **[and other services and**
11 **items of value]** for said person is directly or indirectly paid by a
12 casino licensee or employee or agent thereof.

1 *2. Section 24 of P. L. 1977, c. 110 (C. 5:12-24) is amended to
2 read as follows:

3 24. "Gross Revenue"—The Total of all sums, including checks
4 received by a casino licensee pursuant to section 101 of this act,
5 whether collected or not, actually received by a casino licensee
6 from gaming operations, less only the total of all sums paid out
7 as winnings to patrons and a deduction for uncollectible gaming
8 receivables not to exceed the lesser of a reasonable provision for
9 uncollectible patron checks received from gaming operations 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.

Matter printed in italics *thus* is new matter.

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

*—Assembly committee amendments adopted June 22, 1987.

24 (3) The check is presented to the cashier or his representative
 25 and is exchanged only for a credit slip or slips which total an
 26 amount equal to the amount for which the check is drawn, which
 27 slip or slips may be presented for chips at a gaming table; and

28 (4) The regulations concerning check cashing procedures are
 29 observed by the casino licensee and its employees and agents.

30 Nothing in this subsection shall be deemed to preclude the estab-
 31 lishment of an account by any person with a casino licensee by a
 32 deposit of cash or recognized traveler's check or other cash equiva-
 33 lent, or to preclude the withdrawal, either in whole or in part, of
 34 any amount contained in such account.

35 c. When a casino licensee or other person licensed under this
 36 act, or any person acting on behalf of or under any arrangement
 37 with a casino licensee or other person licensed under this act, cashes
 38 a check in conformity with the requirements of subsection b. of this
 39 section, the casino licensee shall cause the deposit of such check in
 40 a bank for collection [or payment within (1) seven banking days
 41 of the date of the transaction for a check in an amount less than
 42 \$1,000.00; (2) 14 banking days of the date of the transaction for a
 43 check of at least \$1,000.00 but less than \$2,500.00; or (3) 90 bank-
 44 ing days of the date of the transaction for a check of \$2,500.00 or
 45 more] **[within two banking days after the date of the trans-*
 46 *action]* **or payment within (1) seven calendar days of the date*
 47 *of the transaction for a check in an amount of \$1,000.00 or less;*
 48 *(2) 14 calendar days of the date of the transaction for a check in*
 49 *an amount greater than \$1,000.00 but less than or equal to \$5,000.00;*
 50 *or (3) 45 calendar days of the date of the transaction for a check*
 51 *in an amount greater than \$5,000.00*. Notwithstanding the fore-
 52 going, the drawer of the check may redeem the check by exchang-
 53 ing cash or chips in an amount equal to the amount for which the
 54 check is drawn; or he may redeem the check in part by exchanging
 55 cash or chips and another check which meets the requirements of
 56 subsection b. of this section for the difference between the original
 57 check and the cash or chips tendered; or he may issue one check
 58 which meets the requirements of subsection b. of this section in an
 59 amount sufficient to redeem two or more checks drawn to the order
 60 of the casino licensee. If there has been a partial redemption or a
 61 consolidation in conformity with the provisions of this subsection,
 62 the newly issued check shall be delivered to a bank for collection or
 63 payment within the period herein specified. No casino licensee or
 64 any person licensed under this act, and no person acting on behalf
 65 of or under any arrangement with a casino licensee or other person

97 5:12-100 k.) or upon a withdrawal of funds from an account estab-
 98 lished in accordance with the provisions of subsection b. of this
 99 section **or is drawn by a casino licensee for winnings from slot*
 99A *machine payoffs** ;

100 (2) The check is identifiable in a manner approved by the com-
 101 mission as a check issued for a purpose listed in paragraph (1)
 102 of this subsection;

103 (3) The check is dated, but not postdated;

104 (4) The check is presented to the cashier or the cashier's repre-
 105 sentative by the original payee and its validity is verified by the
 106 drawer; and

107 (5) The regulations concerning check cashing procedures are ob-
 108 served by the casino licensee and its employees and agents.

109 No casino licensee shall issue a check for the purpose of making
 110 a loan or otherwise providing or allowing any advance or credit
 111 to a person to enable the person to take part in gaming activity
 112 as a player.

1 ***[3.]*** *5.* Section 102 of P. L. 1977, c. 110 (C. 5:12-102) is
 2 amended to read as follows:

3 102. Junkets and Complimentary Services. a. No junkets may
 4 be organized or permitted except in accordance with the provisions
 5 of this act. **[No person may act as a junket representative or junket**
 6 **enterprise except in accordance with this section. Notwithstanding**
 7 **any other provisions of this act, junket enterprises engaged in**
 8 **activities governed by this section shall not be subject to the**
 9 **provisions of sections 92 and 104b. of this act (C. 5:12-92 and**
 10 **5:12-104b.) with regard to those activities, unless otherwise**
 11 **directed by the commission pursuant to subsection k. of this sec-**
 12 **tion.]** ***[No junket to a licensed casino establishment shall be orga-**
 13 **nized or conducted except by an employee of a casino licensee who**
 14 **holds a current and valid casino key employee license and is em-**
 15 **ployed by the casino licensee in a position directly related to**
 16 **gaming activity and who is authorized by the casino licensee to**
 17 **act as a junket representative. A casino key employee licensed**
 18 **pursuant to this section need not be a resident of this State.]** *No
 18A person may act as a junket representative or junket enterprise ex-
 18B cept in accordance with this section. Notwithstanding any other
 18C provisions of P. L. 1977, c. 110 (C. 5:12-1 et seq.), junket enter-
 18D prises engaged in activities governed by this section shall not be
 18E subject to the provisions of section 92 and subsection b. of section
 18F 104 of P. L. 1977, c. 110 (C. 5:12-92 and C. 5:12-104) with regard
 18G to those activities, unless otherwise directed by the commission
 18H pursuant to subsection k. of this section*.

43K *Notwithstanding the foregoing, any licensed junket representa-*
43L *tive who is the sole owner and operator of a junket enterprise*
43M *shall not be required to be licensed as a junket enterprise pursuant*
43N *to this section if his junket representative license is endorsed as*
43O *such.**

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

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

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

57 (2) The division either certifies to the commission that the com-
58 pleted application for licensure as specified in paragraph (1) of
59 this subsection has been in the possession of the division for at least
60 45 days or agrees to allow the commission to consider the applica-
61 tion in some lesser time; and

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

67 In addition to any other authority granted by this act, the
68 commission shall have the authority, upon receipt of a representa-
69 tion by the division that it possesses information which raises a
70 reasonable possibility that a junket representative or enterprise
71 does not qualify for licensure, to immediately suspend, limit or
72 condition any temporary license issued pursuant to this subsection,
73 pending a hearing on the qualifications of the junket representative
74 or enterprise, in accordance with the provisions of this act. Unless
75 otherwise agreed by the commission and the junket representative
76 or enterprise, such a hearing shall be initiated no later than 60
77 days after commission receipt of a demand for the hearing from
78 the junket representative or enterprise.

79 Unless otherwise terminated pursuant to this act, any temporary
80 license issued pursuant to this subsection shall expire 12 months

110 limitation of the foregoing, each casino licensee, in accordance with
111 the rules of the commission, shall:

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

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

121 (3) Submit to the commission and division a list of all its
122 employees who are [acting] **[authorized to act]* *acting** as
123 junket representatives [but whose licenses are not endorsed as
124 such] **but whose licenses are not endorsed as such**.

125 j. Each casino licensee[, junket representative or junket enter-
126 prise]*, *junket representative or junket enterprise** shall, in ac-
127 cordance with the rules of the commission, file a report with the
128 division with respect to each list of junket patrons or potential
129 junket patrons purchased directly or indirectly by the casino li-
129A censee[, junket representative or enterprise] **[or any of its em-*
129B *ployees authorized to act as junket representatives]* **, *junket*
129C *representative or enterprise**.

130 k. The commission shall have the authority to determine, either
131 by regulation, or upon petition by the holder of a casino license,
132 that a type of arrangement otherwise included within the definition
133 of "junket" established by section 29 of P. L. 1977, c. 110 (C.
134 5:12-29) shall not require compliance with any or all of the re-
135 quirements of this section. The commission shall seek the opinion
136 of the division prior to granting any exemption. In granting ex-
137 emptions, the commission shall consider such factors as the nature,
138 volume and significance of the particular type of arrangement, and
139 whether the exemption would be consistent with the public policies
140 established by this act. In applying the provisions of this subsec-
141 tion, the commission may condition, limit, or restrict any exemption
142 as the commission may deem appropriate.

143 l. No [junket enterprise or junket representative or] **junket*
144 *enterprise or junket representative or** person acting as a junket
144A representative may:

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

147 (2) Exercise approval authority with regard to the authoriza-

185 to be maintained by the casino licensee. For the purposes of this
 186 paragraph, all noncash gifts presented to a patron or the patron's
 187 spouse within any five-day period shall be considered a single non-
 188 cash gift.* ***[For those complimentary services which are permitted,**
 189 **each]***

190 *Each* casino licensee shall maintain a regulated complimentary
 191 service account*, for those complimentary services which are permitted
 192 pursuant to this section,* and shall submit a quarterly report to the
 193 commission based upon such account and covering all compli-
 194 mentary services offered or engaged in by the licensee during the
 195 immediately preceding quarter. Such reports shall include identifica-
 196 tion of the regulated complimentary services and their respective
 197 costs, the number of persons by category of service who received
 198 the same, and such other information as the commission may
 199 require.

200 n. As used in this subsection, "person" means any State officer
 201 or employee subject to financial disclosure by law or executive
 202 order and any other State officer or employee with responsibility
 203 for matters affecting casino activity; any special State officer or
 204 employee with responsibility for matters affecting casino activity;
 205 the Governor; any member of the Legislature or full-time member
 206 of the Judiciary; any full-time professional employee of the Office
 207 of the Governor, or the Legislature; members of the Casino
 208 Reinvestment Development Authority; the head of a principal
 209 department; the assistant or deputy heads of a principal depart-
 210 ment, including all assistant and deputy commissioners; the head
 211 of any division of a principal department; any member of the
 212 governing body, or the municipal judge or the municipal attorney
 213 of a municipality wherein a casino is located; any member of or
 214 attorney for the planning board or zoning board of adjustment of
 215 a municipality wherein a casino is located, or any professional
 216 planner or consultant regularly employed or retained by such
 217 planning board or zoning board of adjustment.

218 No casino applicant or licensee shall provide directly or indi-
 219 rectly to any person any complimentary service or discount which
 220 is other than such service or discount that is offered to members
 221 of the general public in like circumstance.

222 o. **[(1)]** Any person who, on the effective date of this **[1983]**
 223 ***[1986]* *1987*** amendatory ***[and supplementary]*** act, holds a
 224 current and valid *temporary or plenary* junket representative
 225 license or a **[casino service industry license pursuant to subsection**
 226 **a. of section 92 of P. L. 1977, c. 110 (C. 5:12-92)]** junket enter-
 227 prise license authorizing the conduct of junket activities, shall be

196 activities, shall be considered licensed in accordance with the pro-
 197 visions of this section [as a junket representative or junket enter-
 198 prise, respectively,] for the remaining term of their current license.

199 [(2) Any person who, prior to the effective date of this 1983
 200 amendatory and supplementary act, has filed a completed applica-
 201 tion as required by the commissioner for a junket representative
 202 casino key employee license or a casino service industry license
 203 pursuant to subsection a. of section 92 of P. L. 1977, c. 110 (C.
 204 5:12-92) authorizing the conduct of junket activities, may be issued
 205 a temporary license in accordance with the provisions of this section
 206 as a junket representative or junket enterprise, respectively, if
 207 the commission finds that the requirements of paragraphs (1)
 208 through (3) of subsection e. of this section have been satisfied.

209 (3) Any person who, prior to the effective date of this 1983 amen-
 210 datory and supplementary act, has filed a completed application
 211 as required by the commission for a junket representative casino
 212 employee license or a junket enterprise license, may be issued a
 213 temporary license in accordance with the provisions of this section
 214 as a junket representative or junket enterprise, respectively, if the
 215 commission finds that the requirements of paragraphs (2) and (3)
 216 of subsection e. of this section have been satisfied.]

1 4. Section 3 of P. L. 1983, c. 41 (C. 5:12-29.1) is repealed.

1 5. This act shall take effect immediately.

STATEMENT

This bill changes the present statutory provisions regarding junkets, complimentary services, and credit. It (1) requires all junket agents to be direct employees of a casino, rather than independent contractors, and licensed to casino key employee standards; (2) limits the issuance of complimentary services to on-site room, food, beverage, and entertainment; transportation; and bus coupon-type programs (cash and gift complimentaries would thus be prohibited); and (3) eliminates the present hold periods for checks accepted by casinos and requires all checks to be deposited within two business days after the date of the transaction.

Section 3 of P. L. 1983, c. 41 defining "junket enterprise" is repealed.

GAMBLING—CASINOS

Amends "Casino Control Act" concerning junkets, complimentary services, and credit.

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ASSEMBLY INDEPENDENT AND REGIONAL
AUTHORITIES COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3570

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 22, 1987

The Assembly Independent and Regional Authorities Committee reports favorably Assembly Bill No. 3570 with committee amendments.

As amended, this bill requires all junket agents to be licensed as casino key employees. The bill also provides for a transition period of 90 days during which time junket agents may continue to engage in junket activities provided an application for licensure is filed with the commission within the 90-day period. Under current law, junket agents must be licensed at the level of casino employee.

The bill modifies the existing hold periods for checks accepted by casinos by requiring the number of days in a hold period to be calculated on the basis of calendar days rather than banking days and to require that hold periods vary from seven calendar days for amounts less than \$1,000.00 to 14 calendar days for amounts from \$1,000.00 to \$5,000.00 and 45 calendar days for amounts over \$5,000.00.

The bill also establishes a method for computing the hold period for a check.

Under present law, the hold periods vary from seven banking days for amounts under \$1,000.00, to 14 banking days for amounts from \$1,000.00 but less than \$2,500.00, and to 90 banking days for amounts over \$2,500.00.

The bill also limits the types of complimentary items which may be offered by prohibiting casino licensees from offering complimentary items or services unless:

(a) the complimentary consists of room, food, beverage or entertainment expenses are provided directly to the patron by the licensee or indirectly on behalf of the licensee by a third party;

(b) the complimentary consists of documented transportation expenses provided directly to the patron or indirectly on behalf of the licensee by a third party;

(c) the complimentary consists of coins, tokens, cash or other items or services provided through a bus-coupon type program or other approved complimentary distribution program;

(d) the complimentary consists of non-cash gifts up to \$2,000.00 per trip provided to the patron except that such gifts in excess of \$2,000.00 must be supported by proper documentation.

Under current practices, significant cash complimentaries are provided to patrons on an individual basis other than through bus-coupon type programs or other approved distribution programs; transportation expenses are currently provided to patrons without proper documentation and casino licensees are not currently required to maintain documentation such as player ratings prior to disbursement of non-cash gifts to patrons.

The bill permits a casino licensee to accept a patron check and to give cash or cash equivalents for a check if it is drawn by a casino licensee for winnings from slot machine payoffs. Under current law, such checks may not be exchanged for cash or cash equivalents by a casino licensee.

SENATE INSTITUTIONS, HEALTH AND WELFARE
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 3570

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with Senate committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 9, 1987

The Senate Institutions, Health and Welfare Committee favorably reports Assembly Bill No. 3570 OCR with committee amendments.

As amended, this bill modifies the current hold periods for checks accepted by casinos by requiring the number of days in a hold period to be calculated on the basis of calendar days rather than banking days and to require that hold periods vary from seven calendar days for amounts less than \$1,000.00, to 14 calendar days for amounts from \$1,000.00 to \$5,000.00 and to 45 calendar days for amounts over \$5,000.00.

Under current law, the hold periods vary from seven banking days for amounts under \$1,000.00, to 14 banking days for amounts from \$1,000.00 but less than \$2,500.00, and to 90 banking days for amounts over \$2,500.00.

The bill also permits a casino licensee to accept a patron check and to give cash or cash equivalents for a check if it is drawn by a casino licensee for winnings from slot machine payoffs. Under current law, such checks may not be exchanged for cash or cash equivalents by a casino licensee.

This bill further requires all junket agents to be licensed as casino key employees, and the bill provides that persons who currently hold a plenary license to conduct junket activities shall be considered licensed for the purposes of this act until the expiration of their current license. For persons who hold a temporary license, the bill provides for a transition period of 90 days during which time these persons may continue to engage in junket activities provided an application for licensure is filed with the commission within the 90-day period. Under current law, junket agents must be licensed as casino employees.

The bill also limits the types of complimentary items which may be offered by prohibiting casino licensees from offering complimentary items or services unless the complimentary consists of:

(a) room, food, beverage or entertainment expenses that are provided directly to the patron and his guests by the licensee or indirectly on behalf of the licensee by a third party;

(b) documented transportation expenses provided directly to the patron and his guests or indirectly on behalf of the licensee by a third party;

(c) coins, tokens, cash or other items or services provided through a bus-coupon type program or other approved complimentary distribution program; or

(d) noncash gifts provided to the patron and his guests, except that gifts in excess of \$2,000.00 must be supported by proper documentation.

As amended, this bill is identical to Senate Bill No. 2894 Sca (Codey), which the committee also reported favorably on this date. The committee amended the bill to clarify that the conditions under which complimentary services may be offered apply to a patron's guests, as well as the patron, and the establish a transition procedure for persons who hold current plenary licenses to conduct junket activities, to obtain the new licenses required in the bill.
