

5:12-95.1 and 5:12-95.2

LEGISLATIVE HISTORY CHECKLIST

NJSA 5:12-95.1 and 5:12-95.2; (Casino Control Act--temporary permits--
Repeals 5:12-95.1 to 5:12-95.11 prohibit issuance after 12-31-81)

LAWS 1980 CHAPTER 110

Bill No. A1201

Sponsor(s) Jackman, Karcher and Doyle

Date Introduced Feb. 21, 1980

Committee: Assembly State Govt., Federal and Interstate Relations & Veterans Affairs
Senate -----

Amended during passage Yes ~~No~~ Assembly Committee Substitute
(OCR) enacted. Amendments
denoted by asterisks.

Date of Passage: Assembly June 9, 1980
Senate June 26, 1980

Date of approval Sept. 16, 1980

Following statements are attached if available:

Sponsor statement	Yes	No
Committee Statement: Assembly	Yes	No
Senate	Yes	No
Fiscal Note	Yes	No
Veto Message	Yes	No
Message on signing	Yes	No

Following were printed:

Reports	Yes	No
Hearings	Yes	No

974.90 New Jersey. Legislature. Assembly. State Government, Federal and
G191 Interstate Relations and Veterans Affairs Committee.
1980c Public hearing, held 4-9-80. Trenton, 1980.

6/22/81

[OFFICIAL COPY REPRINT]
 ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 1201

STATE OF NEW JERSEY

ADOPTED MAY 19, 1980

Sponsored by Assemblyman JACKMAN

AN ACT concerning temporary casino permits, amending and supplementing P. L. 1978, c. 7, and repealing sections 21 through 30 of P. L. 1978, c. 7.

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

1 1. Section 21 of P. L. 1978, c. 7 (C. 5:12-95.1) is amended to
 2 read as follows:

3 21. Eligibility and Requirements. Notwithstanding any other
 4 provision of the Casino Control Act, the commission may grant a
 5 temporary casino permit upon the filing by a casino license applicant
 6 of a formal request for same in accordance with such rules and
 7 regulations as may be promulgated by the commission and when, by
 8 the affirmative vote of four members, it finds by clear and con-
 9 vincing evidence:

10 a. That the applicant is a **[corporate entity]** *person, as defined*
 11 *in section 37 of P. L. 1977, c. 110 (C. 5:12-37);*

12 b. That statements of compliance pursuant to section 81 of P. L.
 13 1977, c. 110 (C. 5:12-81) have been issued to the applicant with
 14 respect to sections 82, 84(e), 85(a) and 85(b) **of P. L. 1977, c. 110*
 15 *(C. 5:12-82, 84(e), 85(a) and (b))* if the applicant is a corporation,*
 16 *and *section* 85(e) *of P. L. 1977, c. 110 (C. 5:12-85(e))* if the*
 16A *applicant is other than a corporation *of P. L. 1977, c. 110 (C.*
 16B *5:12-82, 84(e), 85(a) [and], (b) and (e))]*;*

17 c. That the proposed casino hotel facility is an approved hotel in
 18 accordance with the requirements of section 83 of P. L. 1977, c. 110
 19 (C. 5:12-83);

20 d. That a voting trust agreement as provided in this article has
 21 been instituted in accordance with N. J. S. 14A:5-20 *if the applicant*
 22 *is a corporation, or that a trust agreement as provided in this*
 23 *article has been instituted if the applicant is other than a corpora-*

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

24 tion, and a statement of compliance pursuant to section 81 of P. L.
25 1977, c. 110 (C. 5:12-81) has been issued to the applicant with
26 regard thereto;

27 e. That the applicant has deposited with the commission a fully
28 executed copy of the voting trust agreement~~[, that]~~ *or the trust*
29 *agreement that if the applicant is a corporation, all outstanding*
30 *shares have been surrendered to the applicant for cancellation, and*
31 ~~that~~ duplicate legended shares have been reissued which are spe-
32 cifically made subject to the voting trust agreement in accordance
33 with N. J. S. 14A:7-12 and N. J. S. 12A:8-101 et seq.; *and that if*
34 *the applicant is other than a corporation, all interests in such appli-*
35 *cant have been assigned by the holder or holders thereof to the*
36 *trustee or trustees pursuant to the provisions of the trust agree-*
37 *ment;*

38 f. That *if the applicant is a corporation, all the shares of the*
39 *corporate entity shall be subject to the voting trust agreement, and*
40 *if the applicant is other than a corporation, all interests in such*
41 *applicant shall be subject to the trust agreement;*

42 g. That the voting trust agreement *or the trust agreement* may,
43 at the discretion of the commission, become effective at such time
44 as any person required to be qualified under the Casino Control
45 Act as a condition of a casino license is found to be unqualified or
46 at such time as any sanction whatsoever is imposed upon the
47 temporary casino permittee by the commission; provided, however,
48 that, in considering whether to order the voting trust *or the trust*
49 to be effective in the event of the imposition of a sanction in a
50 particular case, the commission shall, among other things, consider:

51 (1) The risk to the public and to the integrity of gaming opera-
52 tions created by the conduct of the permittee;

53 (2) The seriousness of the conduct of the permittee, and whether
54 the conduct was purposeful and with knowledge that it was in
55 contravention of the provisions of the Casino Control Act as
56 amended and supplemented or regulations promulgated hereunder;

57 (3) Any justification or excuse for such conduct by the permittee;

58 (4) The prior history of the particular permittee involved with
59 respect to gaming activity;

60 (5) The corrective action taken by the permittee to prevent future
61 misconduct of a like nature from occurring.

62 h. That the voting trust agreement *or the trust agreement* con-
63 tains such conditions as the commision may deem necessary or
64 desirable, including, but not limited to, the unencumbered ability of
65 the trustee or trustees to vote the shares *or exercise all rights in-*
66 *cident to ownership of interests in the applicant;*

67 i. That the term of the voting trust agreement *or the trust agree-*
 68 *ment* shall extend for the term of the temporary casino permit; and
 69 j. That the temporary casino permit will best serve the interests
 70 of the public with particular reference to the policies and purposes
 71 enumerated in section 1 of this amendatory and supplementary act.

1 2. Section 21A of P. L. 1978, c. 7 (C. 5:12-95.2) is amended to
 2 read as follows:

3 21A. Selection of the Trustee or Trustees. An applicant for a
 4 temporary casino permit shall propose the trustee or trustees of
 5 the voting trust agreement *or the trust agreement*, subject to the
 6 approval of and appointment by the commission. Said trustee or
 7 trustees shall satisfy the qualification criteria applicable to a casino
 8 key employee, except for residency and casino experience. The
 9 compensation for the services, costs, and expenses of said trustee
 10 or trustees shall be stated in the voting trust agreement *or the trust*
 11 *agreement* and shall be approved by the commission.

1 3. (New section) No temporary casino permit shall be issued
 2 after July 1, 1981, ~~*[but a]~~ **except that such a permit may be*
 3 *issued after July 1, 1981, but not later than December 31, 1981, to*
 4 *an applicant who provides evidence that prior to February 21, 1980,*
 5 *the applicant entered into a contractual agreement for permanent*
 6 *or construction period financing which is specifically conditioned*
 7 *on the authority of the commission to grant a temporary casino*
 8 *permit. Any* permit in effect on ~~*[that date]~~ **July 1, 1981 or,*
 9 *where relevant, December 31, 1981* may be renewed, subject to
 10 section 26 of P. L. 1978, c. 7 (C. 5:12-95.7).

1 4. Sections 21 through 30 of P. L. 1978, c. 7 (C. 5:12-95.1 through
 2 12-95.11) are repealed.

1 5. Sections 1 and 2 of this act shall take effect immediately.
 2 Section 3 shall take effect immediately and shall expire ~~*[July 1,~~
 3 ~~1982]~~ **January 1, 1983**. Section 4 shall take effect ~~*[July 1,~~
 4 ~~1982]~~ **January 1, 1983**.

ASSEMBLY, No. 1201

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 21, 1980

By Assemblymen JACKMAN, KARCHER and DOYLE

Referred to Committee on State Government, Federal and
Interstate Relations and Veterans Affairs

AN ACT to amend the "Casino Control Act," approved June 2,
1977 (P. L. 1977, c. 110) and P. L. 1978, c. 7, supplementary
thereto, and repealing sections 21 to 30 of P. L. 1978, c. 7.

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

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

3 1. Short Title; Declaration of Policy and Legislative Findings.

4 a. This act shall be known and may be cited as the "Casino
5 Control Act."

6 b. The Legislature hereby finds, and declares to be the public
7 policy of this State, the following:

8 (1) The tourist, resort and convention industry of this State con-
9 stitutes a critical component of its economic structure and, if prop-
10 erly developed, controlled and fostered, is capable of providing a
11 substantial contribution to the general welfare, health and pros-
12 perity of the State and its inhabitants.

13 (2) By reason of its location, natural resources and worldwide
14 prominence and reputation, the city of Atlantic City and its resort,
15 tourist and convention industry represent a critically important
16 and valuable asset in the continued viability and economic strength
17 of the tourist, convention and resort, industry of the State of New
18 Jersey.

19 (3) The rehabilitation and redevelopment of existing tourist and
20 convention facilities in Atlantic City, and the fostering and en-
21 couragement of new construction and the replacement of lost con-
22 vention, tourist, entertainment and cultural centers in Atlantic City
23 will offer a unique opportunity for the inhabitants of the entire
24 State to make maximum use of the natural resources available in

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is not enacted and is intended to be omitted in the law.**

25 Atlantic City for the expansion and encouragement of New Jersey's
26 hospitality industry, and to that end, the restoration of Atlantic
27 City as the Playground of the World and the major hospitality
28 center of the Eastern United States is found to be a program of
29 critical concern and importance to the inhabitants of the State of
30 New Jersey.

31 (4) Legalized casino gaming has been approved by the citizens
32 of New Jersey as a unique tool of urban redevelopment for Atlantic
33 City. In this regard, the introduction of a limited number of casino
34 rooms in major hotel convention complexes, permitted as an addi-
35 tional element in the hospitality industry of Atlantic City, will
36 facilitate the redevelopment of existing blighted areas and the re-
37 furbishing and expansion of existing hotel, convention, tourist, and
38 entertainment facilities; encourage the replacement of lost hospi-
39 tality-oriented facilities; provide for judicious use of open space
40 for leisure time and recreational activities; and attract new invest-
41 ment capital to New Jersey in general and to Atlantic City in
42 particular.

43 (5) Restricting the issuance of casino licenses to major hotel and
44 convention facilities is designed to assure that the existing nature
45 and tone of the hospitality industry in New Jersey and in Atlantic
46 City is preserved, and that the casino rooms licensed pursuant to
47 the provisions of this act are always offered and maintained as an
48 integral element of such hospitality facilities, rather than as the
49 industry unto themselves that they have become in other juris-
50 dictions.

51 (6) An integral and essential element of the regulation and con-
51A trol of such casino facilities by the State rests in the public confi-
52 dence and trust in the credibility and integrity of the regulatory
53 process and of casino operations. To further such public confidence
54 and trust, the regulatory provisions of this act are designed to
55 extend strict State regulation to all persons, locations, practices
56 and associations related to the operation of licensed casino enter-
57 prises and all related service industries as herein provided. In
58 addition, licensure of a limited number of casino establishments,
59 with the comprehensive law-enforcement supervision attendant
60 thereto, is further designed to contribute to the public confidence
61 and trust in the efficacy and integrity of the regulatory process.

62 (7) Legalized casino gaming in New Jersey can attain, maintain
63 and retain integrity, public confidence and trust, and remain com-
64 patible with the general public interest only under such a system
65 of control and regulation as insures, so far as practicable, the ex-
66 clusion from participation therein of persons with known criminal

67 records, habits or associations, and the exclusion or removal from
68 any positions of authority or responsibility within casino gaming
69 operations and establishments of any persons known to be so defi-
70 cient in business probity, ability or experience, either generally or
71 with specific reference to gaming, as to create or enhance the
72 dangers of unsound, unfair or illegal practices, methods and
73 activities in the conduct of gaming or the carrying on of the
74 business and financial arrangements incident thereto.

75 (8) Since the public has a vital interest in casino operations in
76 Atlantic City and has established an exception to the general policy
77 of the State concerning gaming for private gain, participation in
78 casino operations as a licensee under this act shall be deemed a
79 revocable privilege conditioned upon the proper and continued
80 qualification of the individual licensee and upon the discharge of
81 the affirmative responsibility of each such licensee to provide to the
82 regulatory and investigatory authorities established by this act any
83 assistance and information necessary to assure that the policies
84 declared by this act are achieved. Consistent with this policy,
85 it is the intent of this act to preclude the creation of any property
86 right in any license, certificate or reservation permitted by this
87 act, the accrual of any value to the privilege of participation in
88 gaming operations, or the transfer of any license, certificate, or
89 reservation, and to require that participation in gaming be solely
90 conditioned upon the individual qualifications of the person seeking
91 such privilege.

92 (9) Since casino operations are especially sensitive and in need
93 of public control and supervision, and since it is vital to the inter-
94 ests of the State to prevent entry, directly or indirectly, into
95 such operations or the ancillary industries regulated by this act of
96 persons who have pursued economic gains in an occupational
97 manner or context which are in violation of the criminal or civil
98 public policies of this State, the regulatory and investigatory
99 powers and duties shall be exercised to the fullest extent consistent
100 with law to avoid entry of such persons into the casino operations
101 or the ancillary industries regulated by this act.

102 (10) Since the development of casino gaming operations in
103 Atlantic City will substantially alter the environment of New
104 Jersey's coastal areas, and since it is necessary to insure that this
105 substantial alteration be beneficial to the overall ecology of the
106 coastal areas, the regulatory and investigatory powers and duties
107 conferred by this act shall include, in cooperation with other public
108 agencies, the power and the duty to monitor and regulate casinos
109 and the growth of casino operations to respond to the needs of the
110 coastal areas.

111 (11) The facilities in which licensed casinos are to be located
112 are of vital law enforcement and social interest to the State, and
113 it is in the public interest that the regulatory and investigatory
114 powers and duties conferred by this act include the power and duty
115 to review architectural and site plans to assure that the proposal
116 is suitable by law enforcement, aesthetic and architectural
117 standards.

118 (12) Since the economic stability of casino operations is in the
119 public interest and competition in the casino operations in Atlantic
120 City is desirable and necessary to assure the residents of Atlantic
121 City and of this State and other visitors to Atlantic City varied
122 attractions and exceptional facilities, the regulatory and investiga-
123 tory powers and duties conferred by this act shall include the power
124 and duty to regulate, control and prevent economic concentration in
125 the casino operations and the ancillary industries regulated by this
126 act, and to encourage and preserve competition.

127 (13) It is in the public interest that the institution of licensed
128 casino establishments in New Jersey be strictly regulated and con-
129 trolled pursuant to the above findings and pursuant to the pro-
130 visions of this act, which provisions are designed to engender and
131 maintain public confidence and trust in the regulation of the licensed
132 enterprises, to provide an effective method of rebuilding and re-
133 developing existing facilities and of encouraging new capital invest-
134 ment in Atlantic City, and to provide a meaningful and permanent
135 contribution to the economic viability of the resort, convention,
136 and tourist industry of New Jersey.

137 (14) Confidence in casino gaming operations is eroded to the
138 extent the State of New Jersey does not provide a regulatory
139 framework for casino gaming that permits and promotes stability
140 and continuity in casino gaming operations.

141 (15) Continuity and stability in casino gaming operations cannot
142 be achieved at the risk of permitting persons with unacceptable
143 backgrounds and records of behavior to control casino gaming
144 operations contrary to the vital law enforcement interest of the
145 State.

146 (16) The aims of continuity and stability and of law enforcement
147 will best be served by a system in which applicant entities and
148 investors in those applicant entities can be assured of prompt and
149 continuous casino operation under certain circumstances wherein
150 the applicant has **【not yet been fully licensed, or has】** had a license
151 *denied*, suspended or revoked, as long as control of the applicant's
152 operation under such circumstances may be placed in the possession
153 of a person or persons in whom the public may feel a confidence and
154 a trust.

155 (17) **[**A system whereby the satisfaction of certain appropriate
 156 criteria, including the execution of a voting trust agreement, per-
 157 mits temporary casino operation prior to licensure and whereby the
 158 suspension or revocation of casino operations under certain
 159 appropriate circumstances causes the imposition of a conservator-
 160 ship upon the suspended or revoked casino operation serves both
 161 the economic and law enforcement interests involved in casino
 162 gaming operations.**]**

163 *Under certain appropriate circumstances, the imposition of a*
 164 *conservatorship, as hereinafter defined, upon the suspension,*
 165 *revocation, or denial of a casino license is warranted to serve both*
 166 *the economic and law enforcement interests involved in casino gam-*
 167 *ing operations.*

1 2. Section 31 of P. L. 1978, c. 7 (C. 5:12-130.1) is amended to
 2 read as follows:

3 31. Institution of Conservatorship and Appointment of Con-
 4 servators.

5 a. Notwithstanding any other provision of the Casino Control
 6 Act, (1) upon the revocation of a casino license, (2) upon, in the
 7 discretion of the commission, the suspension of a casino license or
 8 operation certificate for a period of in excess of 120 days, or
 9 (3) upon the failure or refusal to renew a casino license, and
 10 notwithstanding the pendency of any appeal therefrom, the com-
 11 mission shall appoint and constitute a conservator to, among other
 12 things, take over and into his possession and control all the
 13 property and business of the licensee relating to the casino and the
 14 approved hotel; provided, however, that this subsection shall not
 15 apply in any instance in which the casino in the casino hotel facility
 16 for which the casino license had been issued has not been, in fact,
 17 in operation and open to the public, and provided further that no
 18 person shall be appointed as conservator unless the commission
 19 is satisfied that he is individually qualified according to the stan-
 20 dard applicable to casino key employees, except that casino
 21 experience shall not be necessary for qualification.

22 b. Notwithstanding any other provision of the Casino Control
 23 Act, (1) upon, in the discretion of the commission, the expiration
 24 of a temporary casino permit, except in those instances where
 25 (a) a casino license has been issued, or (b) a casino license has
 26 not been issued because of the inaction of the commission, (2)
 27 upon the revocation of a temporary casino permit, (3) upon, in the
 28 discretion of the commission, the suspension of a temporary casino
 29 permit or operation certificate for a period of in excess of 60 days,
 30 **[or]** (4) upon the denial of a casino license to a temporary casino

31 permittee, or denial of a casino license application pursuant to
 32 sections 84 to 86 of P. L. 1977, c. 110 (C. 5:12-84 to C. 5:12-86) to
 33 an applicant with an approved hotel, and notwithstanding the
 34 pendency of any appeal therefrom, the commission shall appoint
 35 and constitute a conservator to, among other things, take over and
 36 into his possession and control all the property and business of the
 37 temporary casino permittee or casino license applicant relating to
 38 the casino and the approved hotel; [provided, however, that this
 39 subsection shall not apply in any instance in which the casino in
 40 the casino hotel facility for which the temporary casino permit has
 41 been issued has not been, in fact, in operation and open to the
 42 public, and] provided [further], however, that no person shall be
 43 appointed as conservator unless the commission is satisfied that he
 44 is individually qualified according to the standards applicable to
 45 casino key employees, except that casino experience shall not be
 46 necessary for qualification.

47 c. The commission may proceed in a conservatorship action in a
 48 summary manner or otherwise and shall have the power to appoint
 49 and remove one or more conservators and to enjoin the former
 50 or suspended licensee or permittee, or denied applicant from exer-
 51 cising any of its privileges and franchises, from collecting or
 52 receiving any debts and from paying out, selling, assigning or
 53 transferring any of its property to other than a conservator, except
 54 as the commission may otherwise order. The commission shall
 55 have such further powers as shall be appropriate for the fulfillment
 56 of the purposes of this act.

57 d. Every conservator shall, before assuming his duties, execute
 58 and file a bond for the faithful performance of his duties payable
 59 to the commission in the office of the commission with such surety
 60 or sureties and in such form as the commission shall approve and
 61 in such amount as the commission shall prescribe.

62 e. When more than one conservator is appointed pursuant to this
 63 section, the provisions of this article applicable to one conservator
 64 shall be applicable to all; the debts and property of the former or
 65 suspended licensee or permittee, or denied applicant may be
 66 collected and received by any of them; and the powers and rights
 67 conferred upon them shall be exercised by a majority of them.

1 3. Section 32 of P. L. 1978, c. 7 (C. 5:12-130.2) is amended to read
 2 as follows:

3 32. Powers, Authorities and Duties of Conservators.

4 a. Upon his appointment, the conservator shall become vested
 5 with the title of all the property of the former or suspended licensee
 6 or permittee, or denied applicant relating to the casino and the

7 approved hotel, subject to any and all valid liens, claims, and en-
8 cumbrances. The conservator shall have the duty to conserve and
9 preserve the assets so acquired to the end that such assets shall
10 continue to be operated on a sound and businesslike basis.

11 b. Subject to the general supervision of the commission and
12 pursuant to any specific order it may deem appropriate, a con-
13 servator shall have power to:

14 (1) Take into his possession all the property of the former or
15 suspended licensee **[or]**, permittee *or denied applicant* relating to
16 the casino and the approved hotel, including its books, records and
17 papers;

18 (2) Institute and defend actions by or on behalf of the former or
19 suspended licensee **[or]**, permittee *or denied applicant*;

20 (3) Settle or compromise with any debtor or creditor of the
21 former or suspended licensee **[or]**, permittee *or denied applicant*,
22 including any taxing authority;

23 (4) Continue the business of the former or suspended licensee
24 **[or]**, permittee *or denied applicant* and to that end enter into
25 contracts, borrow money and pledge, mortgage or otherwise en-
26 cumber the property of the former or suspended licensee **[or]**,
27 permittee *or denied applicant* as security for the repayment of the
28 conservator's loans; provided, however, that such power shall be
29 subject to any provisions and restrictions in any existing credit
30 documents;

31 (5) Hire, fire and discipline employees;

32 (6) Review all outstanding agreements to which the former or
33 suspended licensee **[or]**, permittee *or denied applicant* is a party
34 that fall within the purview of section 104b. of P. L. 1977, c. 110
35 (C. 5:12-104b.) and advise the commission as to which, if any, of
36 such agreements should be the subject of scrutiny, examination or
37 investigation by the commission; and

38 (7) Do all further acts as shall best fulfill the purposes of the
39 Casino Control Act.

40 c. Except during the pendency of a suspension or during the
41 pendency of any appeal from any action or event set forth in
42 section 31 a. or b. of this amendatory and supplementary act which
43 precipitated the conservatorship or in instances in which the com-
44 mission finds that the interests of justice so require, the conserva-
45 tor, subject to the prior approval of and in accordance with such
46 terms and conditions as may be prescribed by the commission, and
47 after appropriate prior consultation with the former licensee **[or]**,
48 permittee *or denied applicant* as to the reasonableness of such
49 terms and conditions, shall endeavor to and be authorized to sell,

50 assign, convey or otherwise dispose of in bulk, subject to any and
51 all valid liens, claims, and encumbrances, all the property of a
52 former licensee **[or]**, permittee *or denied applicant* relating to the
53 casino and the approved hotel only upon prior written notice to all
54 creditors and other parties in interest and only to such persons
55 who shall be eligible to apply for and shall qualify as a casino
56 licensee or temporary casino permittee in accordance with the
57 provisions of the Casino Control Act. Prior to any such sale, the
58 former licensee **[or]**, permittee *or denied applicant* shall be
59 granted, upon request, a summary review by the commission of
60 such proposed sale.

61 d. The commission may direct that the conservator, for an indefi-
62 nite period of time, retain the property and continue the business
63 of the former or suspended licensee **[or]**, permittee *or denied*
64 *applicant* relating to the casino and the approved hotel. During
65 such period of time or any period of operation by the conservator,
66 he shall pay when due, without in any way being personally liable,
67 all secured obligations and shall not be immune from foreclosure or
68 other legal proceedings to collect the secured debt, nor with respect
69 thereto shall such conservator have any legal rights, claims, or
70 defenses other than those which would have been available to the
71 former or suspended licensee **[or]**, permittee *or denied applicant*.

1 4. Section 34 of P. L. 1978, c. 7 (C. 5:12-130.4) is amended to
2 read as follows:

3 34. Assumption of Outstanding Debts. As an incident of its
4 prior approval pursuant to section 32c. of this amendatory and
5 supplementary act of the sale, assignment, conveyance or other
6 disposition in bulk of all property of the former licensee **[or]**,
7 permittee *or denied applicant* relating to the casino and the
8 approved hotel, the commission may, in its discretion, require that
9 the purchaser thereof assume in a form and substance acceptable
10 to the commission all of the outstanding debts of the former licensee
11 **[or]**, permittee *or denied applicant* that arose from or were based
12 upon the operation of either or both the casino or the approved
13 hotel.

1 5. Section 35 of P. L. 1978, c. 7 (C. 5:12-130.5) is amended to
2 read as follows:

3 35. Payment of Net Earnings During the Period of the Con-
4 servatorship. No payment of net earnings during the period of the
5 conservatorship may be made by the conservator without the
6 prior approval of the commission, which may, in its discretion,
7 direct that all or any part of same be paid either to the suspended
8 or former licensee **[or]**, permittee *or denied applicant* or to the

9 Casino Revenue Fund in accordance with regulations of the com-
 10 mission; provided, however, that the former or suspended licensee
 11 **[or]**, permittee *or denied applicant* shall be entitled to a fair rate
 12 of return out of net earnings, if any, during the period of the con-
 13 servatorship on the property retained by the conservator, taking
 14 into consideration that which amounts to a fair rate of return in the
 15 casino industry or the hotel industry, as the case may be.

1 6. Section 35A of P. L. 1978, c. 7 (C. 5:12-130.6) is amended to
 2 read as follows:

3 35A. Payments Following a Bulk Sale. Following any sale,
 4 assignment, conveyance or other disposition in bulk of all the prop-
 5 erty subject to the conservatorship, the net proceeds therefrom, if
 6 any, after payment of all obligations owing to the State of New
 7 Jersey and any political subdivision thereof and of those allow-
 8 ances set forth in section 33 of this amendatory and supplementary
 9 act, shall be paid by the conservator to the former or suspended
 10 licensee **[or]**, permittee *or denied applicant*.

1 7. Section 37 of P. L. 1978, c. 7 (C. 5:12-130.8) is amended to
 2 read as follows:

3 37. Discontinuation of a Conservatorship.

4 a. The commission shall direct the discontinuation of any con-
 5 servatorship action instituted pursuant to section 31 of this amend-
 6 atory and supplementary act when the conservator has, pursuant
 7 to subsection 32 of this amendatory and supplementary act and
 8 with the prior approval of the commission, consummated the sale,
 9 assignment, conveyance or other disposition in bulk of all the
 10 property of the former licensee **[or]**, permittee *or denied applicant*
 11 relating to the casino and the approved hotel.

12 b. The commission may direct the discontinuation of any such
 13 conservatorship action when it determines that for any reason the
 14 cause for which the action was instituted no longer exists.

15 c. Upon the discontinuation of the conservatorship action and
 16 with the approval of the commission, the conservator shall take
 17 such steps as may be necessary in order to effect an orderly transfer
 18 of the property of the former or suspended licensee **[or]**, permittee
 19 *or denied applicant*.

20 d. The sale, assignment, transfer, pledge or other disposition
 21 of the securities issued by a former or suspended licensee **[or]**, per-
 22 mittee *or denied applicant* during the pendency of a conservator-
 23 ship action instituted pursuant to this article shall neither divest,
 24 have the effect of divesting, nor otherwise affect the powers con-
 25 ferred upon a conservator by this amendatory and supplementary
 26 act.

1 8. Sections 21 to 30, inclusive of P. L. 1978, c. 7 (C. 5:12-95.1
2 to C. 5:12-95.11) are repealed; but this repeal shall not affect the
3 validity of temporary permits granted prior to the effective date
4 of this act.

1 9. This act shall take effect immediately.

Sponsors' STATEMENT

This bill repeals the sections concerning temporary casino permits which were added to the Casino Control Act by P. L. 1978, c. 7. The repeal does not affect temporary permits granted prior to the repeal.

The bill also applies the sections on conservatorship to those casino license applicants with an approved hotel whose application is denied.

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

STATEMENT TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, No. 1201

STATE OF NEW JERSEY

DATED: JUNE 9, 1980

As introduced, this bill provided (1) for the *immediate* termination of the issuance of temporary casino permits, and (2) for the imposition of a conservatorship if a casino license applicant not already operating (which, of course, would be the case in the absence of a temporary permit) were denied a license.

Under the committee substitute, the issuance of temporary casino permits may continue until July 1, 1981, after which only renewals of temporary permits issued prior to that date may be granted. In no event, however, would any temporary permit exist after July 1, 1982, when the statutory provisions for such a permit will be repealed.

The committee substitute also authorizes temporary casino permits to be issued, until the termination date, not just to a "corporate entity," as provided in the 1978 statute creating temporary permits, but to any "person" qualified to apply for a casino license, which includes an association, operation, firm, partnership, trust or other form of business association, as well as a natural person. This change corrects an unintended restriction on the granting of temporary permits.

The provisions in the original bill concerning the conservatorship were deleted completely by the committee because the matter of a conservator taking over a casino-hotel facility before it is even in operation needs further and careful consideration.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

SEPTEMBER 16, 1980

JOE SANTANGELO

Governor Brendan Byrne has signed Assembly Bill No. 1201, sponsored by Assemblyman Christopher J. Jackman (D-Hudson), which amends the Casino Control Act to end the granting of temporary casino permits as of July 1, 1981.

Under the bill an applicant who can provide evidence that prior to February 21, 1980, it entered into a financing contract conditioned on the authority of the Casino Control Commission to grant a temporary permit could receive a temporary permit as late as December 31, 1981.

Any applicant who received a temporary permit prior to either deadline would be entitled to one three-month renewal.

In signing the measure, the Governor expressed his determination to end the process of temporary licensing as soon as possible, and he stressed that the exceptions for the issuance of temporary permits "do not in any way imply that permanent licenses will be granted to the applicants."

"This bill does nothing to relax the standards that New Jersey has set for granting licenses.

"As a matter of fact, the major substantive investment decisions of proposed licensees are made long before the temporary licensing phase of their projects. The exceptions contained in this bill will not therefore facilitate financing for casino applicants and, therefore, will not give them any advantage in obtaining a permanent license.

"We need only look at the partially completed projects on the Boardwalk now to realize when the investment decisions are made.

"Temporary licensing should not be regarded as an easier road to permanent licensing. Regardless of the economic consequences, permanent licensing will only be granted if all statutory criteria are met."

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