

*Atlantic City, New Jersey Governors
and Casino Gaming*

By Donald Linky
Table of Contents

<i>The Early Years</i>	3
Exploration and Settlement	
Emergence of Cape May	
Dr. Pitney, the Railroad and the New Resort	
<i>Growth of the Machine: Louis "the Commodore" Kuehnle</i>	7
Rise to Power	
Election of 1910: Frank Hague, Woodrow Wilson and Imprisonment	
<i>The Boom Years: "Nucky" Johnson, the Roaring '20s and the Depression</i>	9
Prohibition, Bootlegging and the Mob	
Election of Governor Walter Edge	
Repeal and the Depression	
William Randolph Hearst, the FBI and Imprisonment	
<i>The Farley Era: World War II and Decline</i>	16
Farley in the Legislature.....	
The Kefauver Committee	
Decline and Deterioration.....	
Defeat of the Machine	
<i>Moving toward Casinos: The 1974 and 1976 Referenda</i>	19
1974 and 1976 Referenda.....	
Role of Brendan Byrne	
Drafting the Legislation.....	

The Casino Era

Licensing the first casinos
Abscam and its aftermath.....
Donald Trump and Steve Wynn.....
Expansion and The Borgata
Competition and Recession
Plans for Recovery

Summary

The island on which Atlantic City would be built, known to the Lenni-Lenape Native Americans as “absegami” or “little water”, a name reshaped as “Absecon” by European colonists, was largely inaccessible and inhospitable to permanent settlement until the middle of the 19th century. Prior to its European settlement, Lenni-Lenapes from the mainland would travel through the marsh to the island, but only to fish and hunt over the summer months.

In the late 1670's, Thomas Budd, an Englishman, acquired the island and other mainland acreage as settlement of a claim he had against the holders of the royal grant, but made no attempt to develop his island property. For the next hundred years, only a few European hunters and fishermen would. After the Revolution and through the first half of the nineteenth century, while the island's neighbor to the south, the village and peninsula of Cape May, emerged as one of the nation's first and most popular seaside resorts, the island remained largely unsettled, with only seven permanent dwellings on the island as late as 1850. In 1852, however, Dr. Jonathan Pitney, a young physician who saw the island's potential as a health resort, succeeded in obtaining a charter from the state legislature for a new railroad to serve the island. The railroad's completion in 1854 sparked the incorporation of a new town, Atlantic City, and rapid growth as hotels, boarding house, taverns, amusements and other establishments were built to accommodate the wave of visitors to the newly accessible island.

Soon after its incorporation, a powerful political machine secured control over Atlantic City and County. The most prominent of the individual political bosses—Louis Kuehnle, Enoch “Nucky” Johnson and Frank “Hap” Farley—would rule successively for some ninety years. The City's popularity and prosperity peaked during the 1920s, aided significantly by the flagrant refusal of public officials to enforce bans against alcohol during Prohibition and by the money reaped by its political machine through active roles in bootlegging, extortion and prostitution. The 1929 stock market crash and the repeal of Prohibition in 1933 hurt the City's tourist economy. After World War II and into the 1950s, expanded access to air travel, the shift of the population westward

and the general deterioration of the city led to a decline in the City's attractions and appeal to tourists. By the 1960s, the physical decline of the City's infrastructure and its private facilities led to proposals that casino gambling be allowed as a tool to revive the resort.

With the passage of the referendum allowing casino gambling in 1976, Atlantic City began a new round of rapid development as the first casino-hotels sparked investment and visitor interest in the old resort. Despite the economic benefits of the jobs and spending generated by the new hotels, critics continued to point to the failure of gambling to spark broader benefits outside the casino-hotels to the boardwalk, housing and the retail center. In the early years of the the 21st century, new casino and non-casino projects, several resulting from the opening in 2002 of the City's first themed resort, the Borgata casino-hotel in brought renewed optimism for wider redevelopment. This optimism rapidly cooled, however, when the level of revenues and visitors fell sharply after 2006 from new gaming competition from neighboring states, the economic recession and high debt levels. To counter the decline, Governor Christie proposed a stronger state role in the governance and promotion of Atlantic City.

The Early Years

During the early years of New Jersey's colonial settlement, the island and bay on which the town of Atlantic City developed, known by the Lenni Lenape Native Americans as "absegami" or "little water", was rather neglected. With access hampered by surrounding water and marshland and its potential for farming limited by its sandy soil and muck, the island was a rather inhospitable site for most European settlers, who would eventually modify the Native American name to refer to the island as "Absecon". In the late 1670's, the Englishman Thomas Budd became the first recorded owner of what had become known as Absecon Island, receiving the island and other mainland acreage as settlement of a claim he had against the holders of the royal grant, with the mainland property assessed at forty cents an acre, ten times the value given the island acreage of a scant four cents. Budd paid little attention to his island holdings and it was not until 1785, over a century later, that Jeremiah Leeds became the first white man to build a permanent structure on the island, attempting to grow corn and rye and raise cattle. A year after Leeds died, his second wife Millicent opened in 1839 the island's first business, Aunt Millie's Boarding House and tavern. Yet hardly anyone shared the interest of the Leeds family; by the year 1850, only seven permanent dwellings were located on the island—all but one owned by descendants of Jeremiah Leeds.¹

In sharp contrast was the evolution of its neighbor to the south, the peninsula and village of Cape May. Originally settled by sailors engaged in whaling, the Cape had evolved by the middle of the nineteenth century as the nation's first and most popular destination resort, largely due to its easier access by boat using the Delaware River and Bay and by carriage or stage coach from Philadelphia. As early as 1801, Cape

¹ "History of Atlantic City", City of Atlantic City. Accessed August 3, 2010 at http://www.cityofatlanticcity.org/con_abo_history.asp

May hotels began advertising for summer visitors from Philadelphia and soon began running their own daily stage coaches to bring their guests back and forth. With the introduction of commercial steam boats in the 1820s, travelers from Philadelphia could take regularly-scheduled boats on the Delaware River without dependence on the tide, making the planning of trips more practical and convenient. From the south, ships from Baltimore and other ports brought many others, including Washington officials and politicians along with wealthy southern plantation owners, seeking relief from the summer heat.

By 1850, when Atlantic City still only had seven permanent buildings, Cape May was a thriving resort. In the summer of that year, Illinois Senator Abraham Lincoln vacationed there with his family, most likely sharing walks along the beach with the plantation owners whose slaves he would free some 15 years later. A few years after the Lincoln family's visit, President Franklin Pierce became the first of four presidents to escape the Washington summer for Cape May, with Benjamin Harrison officially designating the Congress Hall Hotel as the "summer White House" during his residence. The booming economy also led to the building of the world's largest hotel, the Mount Vernon, designed to accommodate 2,100 guests, which was destroyed by fire at the close of its first summer after its opening in 1856.

Yet at about the same time the balance between the relative fortunes of the neighboring areas would be shifted by the emergence of the railroad as the dominant means of travel. A young physician, Jonathan Pitney, who had relocated in 1820 from his native Morris County to Absecon Island shortly after completing his medical studies at Columbia College, became intrigued by its potential, but recognized that access to the island for visitors had to be improved. Pitney also had gained political experience. In 1837, he successfully lobbied the State legislature to divide Gloucester County's then eastern half into the new county of Atlantic, subsequently being elected as the first director of the county's Board of Chosen Freeholders; in 1844, he was elected as Atlantic County's delegate to the State Constitutional Convention; in 1848, he ran unsuccessfully as the Democratic candidate for Congress, with an account published after his death attributing his loss only to "...the reluctance of the people of his county to part with his services,...[m]any voted against him simply because they would rather have him at home as a physician than at Washington as a legislator."²

Pitney's most lasting contribution, however, was his advocacy of a railroad to the island. Derided by critics at the time with considerable justification as "the railroad to nowhere"³, Pitney's vision was that the improved access would allow the island to develop as a health resort, playing on concerns that the nation's industrialization and city living were leading to maladies that the fresh ocean breezes and salt water could combat. Subsequent boasts, with little evidence, were that the air was rich in ozone,

²Allen H. Brown, *Jonathan Pitney, M. D. Fifty Years of Progress on the Coast of New Jersey*, New Jersey Historical Society (1886). Accessed July 13, 2010 at <http://www.archive.org/stream/jonathanpitneymd00brow#page/n3/mode/2up>

³ See "Atlantic County's First Railroad: A Brief History", Atlantic County Government. Accessed September 6, 2010 at <http://www.aclink.org/HISTORY/mainpages/Railroad.asp>

which could "...cure consumption, rheumatism, laryngitis, digestive disorders and insanity."⁴

Along with a civil engineer from Philadelphia, Richard Osborne, Pitney began to promote the idea of building a railroad to the island. He also enlisted local businessmen, landowners and others who could gain from the development along the line crossing the state, including his best friend, Enoch Doughty, the High Sheriff of Gloucester County who was also a General with the New Jersey Militia and a successful merchant and landowner, and Samuel Richards, a glass manufacturer from Weymouth. Meeting in Doughty's store in Absecon, Pitney and Doughty drafted a railroad company charter and then successfully secured its approval by the New Jersey legislature in March 1852 to establish the Camden and Atlantic Railroad Company.

Pitney's ability to obtain approval for the charter during a period when New Jersey government was largely controlled by the powerful Camden and Amboy Railroad, which since being formed in 1832 held the monopoly on the lucrative route between New York and Philadelphia, was probably due in part to his political skills, but more so because of the view held by the leaders of the Camden and Amboy and most others that the Atlantic route would be a financial failure.⁵ Nonetheless, construction promptly began along a route through the New Jersey Pinelands mapped out by Osborne. In addition to selling shares in the new railroad company, Pitney and his partners also formed a new land company to sell lots in the new town and Osborne drafted a map, laying out a grid on paper and Pitney assigned names to streets, most of which existed in fact only on the map, lacking any structures. Streets extending from the beach to the inland marshes were labeled after states while those running parallel to the ocean took the names of the seven seas, thus later making Atlantic City's street names among the most recognized in the world after they were used for the Monopoly game board introduced in the 1930s.⁶

The City was formally incorporated in March 1854, with eighteen voters electing Chalkey S. Leeds—a son of the founding residents, Jeremiah and Millicent Leeds—as

⁴ Liz Eisenberg and Vicki Gold Levy, "Atlantic City", *Encyclopedia of New Jersey*, (Rutgers University Press 2004), p. 43.

⁵ The influence of the Camden and Amboy was illustrated by the derisive label given New Jersey by reformers as "the sovereign state of the Camden and Amboy". Revenues from the Camden and Amboy were sufficient to fund the entire budget of the state and had allowed the legislature to repeal the state property tax in the 1840s. George F. Fort, who was governor at the time of the grant of the charter to the Pitney group and who also had served with Pitney as a delegate to the 1844 Constitutional Convention, was appointed after he left office as a director of one of the Camden and Amboy's subsidiaries. The principals of the Camden and Amboy also may have believed that by not blocking the legislature's grant of the charter to the Camden and Atlantic, it would alleviate criticism of its monopoly control of the New York-Philadelphia route. General James A. Garfield, who resigned his commission during the Civil War to serve in the House of Representatives and was later elected in 1880 as President of the United States, was a vociferous critic of the Camden and Amboy, which had resisted the federal government's pressure during the Civil War to allow other railroads to be built along its corridor to support the Union's military needs; according to a biographer, Garfield's ire was "...directed at the impudence, insolence and inefficiency of a corporation which in its time, known as the Camden and Amboy monopoly, was the occasion of more well-directed imprecations than any other corporation of its size that ever existed". See Jonas Mills Bundy, *The Nation's Hero—In Memoriam. The Life of James Abram Garfield* (A. S. Barnes & Co. 1881), p. 73; also John Lossing Benson, *A Biography of James A. Garfield* (A. E. Goodspeed & Co. 1882) pp. 311-313; see also Jeffrey M. Dorwart, *Cape May County, New Jersey: The Making of An American Resort Community* (Rutgers University Press 2002) pp. 93-94. Martin Paulsson, "George Franklin Fort", *Encyclopedia of New Jersey*, p. 283.

⁶ See "Monopoly", *Wikipedia*, Accessed July 10, 2010 at [http://en.wikipedia.org/wiki/Monopoly_\(game\)](http://en.wikipedia.org/wiki/Monopoly_(game))

the first mayor. On July 5, the first train arrived from Camden. Pitney's hopes for the railroad as a development tool were quickly fulfilled. New hotels and boarding houses began to be built even before the rail line went into operation, and the heavy passenger volume after its launch attracted others opening shops, taverns and other businesses. The grand hotels were among the largest in the nation and featured the most updated amenities. Its permanent population, estimated at 250 in 1855, grew to over 13,000 in the 1890 census.

From its earliest conception by its founders Atlantic City, was a new kind of resort. In contrast to its predecessors catering to the comfortably rich in Cape May to the south and Newport to the north, the City's attractions would be of most appeal to a new urban middle class emerging from the industrial revolution. It would provide affordable, usually shorter-term stays to, as Richard Osborne put it, "...workers in the close and debilitating shops of the city, whose limited means prevent a long absence from his calling, will find here the rest and recreation he cannot now obtain".⁷

The railroad also led to other improvements in expanding accessibility to the island. After 17 years of construction, an overland road from the mainland over the marsh was finally completed in 1870. In 1857, after vigorous lobbying by Dr. Pitney, the Absecon Lighthouse was first lit after being built by the Army Corps of Engineers with funds appropriated by Congress, improving the safety of ships traveling near and to the island, which sailors had labeled "Graveyard Inlet", and which had been the site of the 1854 wreck of the Powhattan, a ship carrying German immigrants, resulting in some 200 to 350 deaths.⁸

Meanwhile, Atlantic City's new accessibility undercut visits to Cape May, which did not get its own railroad connection until 1863, in the middle of the Civil War. The War and the resulting economic destruction of the South also ended the visits to Cape May from traditional southern plantation owners and other southern guests. In 1878, a devastating fire destroyed a large portion of the town, including the popular Congress Hall Hotel.⁹ Cape May would gradually recover, but would never match the popularity of Atlantic City in the latter nineteenth and early twentieth century.

By the 1880s, apart from the sea and the sand, Atlantic City entrepreneurs had created man-made attractions that drew thousands of visitors. Its boardwalk, built in 1870 to keep hotel guests from tracking sand in hotel lobbies and railroad cars, became lined with amusements and entertainment offerings.¹⁰ Ocean Pier, the world's

⁷ Charles E. Funnell, *By the Beautiful Sea, The Rise and High Times of that Great American Resort: Atlantic City*, (Alfred A. Knopf 1975), p.

⁸ One of the army officers involved with the lighthouse's construction was Lieutenant George Meade, who as General of the Army of the Potomac would command the victorious Union army at the battle of Gettysburg in July 1863. See David Schwartz, "Lighting the Way", *Casino Connection*, Vol. 2, No. 7. July 2005. Accessed September 3, 2010 at http://casinoconnectionac.com/issue/july_2005/article/lighting_the_way

⁹ See William McMahon, *South Jersey Towns: History and Legends* (Rutgers University Press 1973) pp. 13-15.

¹⁰ The boardwalk was named after Alexander Boardman, a conductor on the Camden and Amboy Railroad, who with Jacob Keim, a hotel owner, conceived the idea of constructing a boardwalk as a means of keeping beach visitors from tracking sand into railroad cars and hotels. The City used its tax revenues to build an eight-foot-wide temporary wooden walkway from the beach into

first oceanside amusement pier, was built in Atlantic City in 1882 and was soon followed by other competitors, such as the Million Dollar Pier, the Steel Pier, the Garden Pier and the Steeplechase Pier. The 600-room United States Hotel was the nation's largest hotel at the time.

While Atlantic City gained a well-deserved image for its wholesome family appeal, by the 1880s it was also clear that it provided other opportunities to satisfy seamier interests. As prominent reformers, politicians and others in the nation denounced moral laxity during the Victorian era, Atlantic City authorities openly ignored the calls for enforcement of laws to restrict easy alcohol, gambling and prostitution. The City's failure to respect the Sabbath and the strict Sunday blue laws of the time, including a state law barring sale of alcohol on Sunday, particularly angered leading evangelicals and other clergy. As one scholar points out: "To many Protestant clerics, commercial resorts, even in their most innocent aspects, presented a continual public spectacle of sin and social disorder. This could be true of any day in Atlantic City where such things as mixed bathing and drinking and dancing to the strains of popular music excited the worst fears of evangelicals. But it was especially true of resort Sundays, when the crowds were largest, and the seeming indifference of the people to the sanctity of the Sabbath and the laws of the state confirmed the evangelical view that commercial recreation had legitimized the worst manifestations of industrial society."¹¹

Growth of the Machine: Louis "the Commodore" Kuehnle

Soon after its incorporation as a City in the mid-nineteenth century, Atlantic City came to be dominated by a powerful political machine, initially directed by a few leaders sharing power and controlling the key offices. Starting in the 1880s, the County and City also began a remarkable era, lasting some ninety years, where three individual Republican bosses successively ruled with few if any rivals, often melding their political regimes with profits from corruption and racketeering.

The remarkable hold of the Atlantic County machine may have been aided by the special geography, culture and economy of the growing resort. Despite the new access provided by rail, road and sea, the City remained relatively isolated from New Jersey's larger population centers and the muckraking media outlets in New York and Philadelphia. Its seasonal resort economy, dependent on making as much money in the few months of spring and summer, lent itself to offering as many options as possible to expand opportunities for profit, whether legal or illegal. Its tourist-focused political and business establishment, with a common goal of "giving them what they want", forged a union that served their mutual interests. While the County encountered occasional calls for reform from both within and outside, for much of its history the goings-on in the County were, if not condoned, certainly tolerated by the world outside.

town that could be dismantled during the winter, which was later replaced by a more permanent walkway. See "Today in History: June 26, American Memory", Library of Congress. Accessed July 19, 2010 at <http://memory.loc.gov/ammem/today/jun26.html>

¹¹ See Martin Paulsson, *The Social Anxieties of Progressive Reform: Atlantic City, 1854-1920* (New York University Press 1996), pp. 5-6.

The first of the individual bosses was Louis “the Commodore” Kuehnle, Jr., the son of the owner of a hotel which became the favored meeting place for South Jersey Republicans. Known as “the Commodore” for his prominent role in the Atlantic City Yacht Club, Kuehnle used his connections to become a bank president and obtain both open and hidden interests in several other businesses, with his income reportedly exceeding a million dollars a year. The scope of Kuehnle’s power also gained begrudging respect outside New Jersey, as an editorial in *The New York Sun* commented: “If you were to take all the power exercised by Boss Tweed, the Philadelphia gang, the Pittsburgh ring, Abe Ruef in San Francisco, and Tammany Hall, and concentrate it in one man, you still would fall a little short of Kuehnle’s clutch on Atlantic City”.¹²

The machine under Kuehnle, and the corruption, crime and vice it protected, first came under attack by fellow Republicans. The most notable were Walter Evans Edge, a self-made millionaire in advertising and publishing who in 1895, at the age of 21, founded the newspaper that would become the *Atlantic City Press* and Governor John Franklin Fort, who served from 1908 to 1911. In 1904, using his newspaper to promote his candidacy against the Kuehnle organization, Edge lost in the Republican primary for the Atlantic County state senate seat occupied by the machine-backed incumbent. After his defeat, the only loss in a political career that would span both world wars, Edge would end his own and his newspaper’s criticism of the organization, indeed running and winning with its support for the state assembly in 1908, the state senate in 1910, governor in 1916 and 1943 and the United States Senate in 1918. Governor Fort, who had resigned as a justice of the State Supreme Court to accept the Republican gubernatorial nomination in 1907, was narrowly elected in a campaign where he supported enforcement of the so-called “Bishops’ Sunday saloon-closing Act”, seeking to distinguish himself from the more ambivalent position taken by his Democratic opponent.¹³ In January 1908, he described Atlantic City as a “Saturnalia of vice.”¹⁴ Yet after Fort’s inauguration, his efforts to curb drinking, corruption and immorality largely faded.

Kuehnle’s reign ended when Democrat Woodrow Wilson was elected in 1910 to succeed Fort. During the campaign, Kuehnle had promised state Republican leaders that he would deliver strong Atlantic County majorities for the Republican candidate Vivian Lewis to defeat Wilson and, to make good on his commitment, orchestrated massive vote frauds, with the City’s vote for Lewis exceeding the total number of registered voters.¹⁵ After his inauguration in March 1911, the new governor, along

¹² Quoted in *Ibid.* p. 2.

¹³ See Eugene Tobin, “John Franklin Fort”, *The Governors of New Jersey: Biographical Essays 1664-1974* (Rutgers University Press 1982), p. 174. Accessed August 14, 2010 at http://www.njstatelib.org/NJ_Information/Digital_Collections/Governors_of_New_Jersey/GFORJ.pdf

¹⁴ Quoted in Richard Perez-Pena, “A City that Knows Long Odds”, *New York Times*, August 13, 2010. Accessed August 13, 2010 at <http://www.nytimes.com/2010/08/15/nyregion/15atlantic.html>. Fort was the nephew of George F. Fort, who served as governor from 1851 to 1854, when the Camden and Atlantic Railroad received its charter.

¹⁵ In assessing Governor Wilson’s motives were political or puritanical in targeting Atlantic City, the *New York Times* reported: “When inquiring into political conditions, Mr. Wilson found that for its population of 45,000 its vote was grossly disproportionate. There were more Lewis votes than there should have been voters.” The article went on to point out that nearly 50 percent of the City’s registered voters were African-Americans, most of whom worked in the hotels during the summer months with many leaving

with State Attorney General Edmund Wilson¹⁶, aggressively targeted the Kuehnle organization, framing the attacks not as political payback, but as a broad repudiation of the corruption and strong-arm tactics existing in the County. Speaking at the Traymore Hotel in November 1911, Governor Wilson described the County's Republican machine as overseeing a "reign of terror" that intimidated critics and potential opponents. "There are policemen at the door who would lay hands on me if they dared", he continued. "It is a question of emancipation from everything that is disgraceful and rotten."¹⁷

The Wilson Administration's first attempts to indict Kuehnle for election fraud failed when a county grand jury, with its members selected by the sheriff from the machine's supporters, rejected widespread evidence of ballot-stuffing and tampering, including importing hundreds of voters from north Jersey cities like Newark to vote in the names of dead or missing registrants. To avoid the local control of the law enforcement establishment, the state then employed a procedure under a little-known statute allowing the convening of a state grand jury under the direction of the attorney general. That special grand jury indicted Kuehnle, along with some two hundred others, on a variety of counts, including charges that Kuehnle was paid a kickback while he was a municipal commissioner in the City's award of a water main contract. To further ensure against the trial being controlled by the County, the Attorney General personally prosecuted the case before a state Supreme Court judge who had been sent from Newark to preside, with the jury delivering a verdict of "guilty with a recommendation of mercy". Rejecting both the jury's recommendation and petitions signed by hundreds of others for clemency, the judge sentenced Kuehnle to one year in prison at hard labor, as well as imposing a \$1,000 fine.¹⁸

The Boom Years: "Nucky" Johnson, the Roaring '20s and the Depression

Kuehnle was succeeded by Enoch "Nucky" Johnson, who came to power as the County treasurer and Republican boss for a reign that would span the next thirty years. Johnson's father, Smith Johnson, was a member of the three-man group that dominated Atlantic County and City governments prior to the rise of Kuehnle, and had been elected in 1886 as the County sheriff for a three-year term.¹⁹ Since the sheriff

the City at the end of the season, but that they were recorded as voting in the November election. See "More Arrests Stir Atlantic City Talk", *New York Times*, July 29, 1911, p. 4.

¹⁶ Edmund Wilson, Sr., who was not related to Woodrow Wilson, was a Republican appointed in 1908 by Wilson's Republican predecessor, John F. Fort, and continued to serve as Attorney General through Wilson's administration. He was the father of the prominent author and literary critic Edmund Wilson, Jr.. See "Edmund Wilson", *Wikipedia*. Accessed August 2, 2010 at http://en.wikipedia.org/wiki/Edmund_Wilson

¹⁷ Paulsson, *The Social Anxieties of Progressive Reform: Atlantic City, 1854-1920*, op. cit., p. 2. See also

¹⁸ See "Prison Term for Atlantic City Boss; Court Imposes Year's Sentence on Republican Leader Kuehnle for Grafting", *New York Times*, January 15, 1912, p. 20. Kuehnle served six months of his sentence. After his release, he was elected as a City commissioner and was viewed as a reformer opposed to the new political machine run by Johnson, but never regained the power he held prior to his imprisonment. See "L.N. Kuehnle Dead, Political Leader", *New York Times*, August 6, 1934. Accessed July 1, 2010 at <http://leewiegand.com/family/FamilyTree/LKObituary1934.html>

¹⁹ The others in the triumvirate were Atlantic County Clerk Lewis P. Scott and Congressman John J. Gardner.

was barred by law from succeeding himself, for the nearly 20 years Smith Johnson alternated between terms as sheriff and undersheriff, with the terms when he could not be sheriff filled by a trusted loyalist. In 1905, Sheriff Johnson selected his 22-year-old son Nucky as his undersheriff, and in 1908 Nucky was elected himself as sheriff when his father's term expired, a position he would hold only until 1911, when he was removed by order of a state judge for his role in helping Kuehnle pack the grand jury that declined to pursue the allegations of election fraud in the 1910 election. Subsequently, Johnson would rule from his appointed post as County treasurer and Republican leader, disdaining elected office as beneath his stature, but still controlling the selection of grand juries through the new sheriff, his brother Alfred.

Johnson's swashbuckling style, making his rounds in a chauffeur-driven powder blue Rolls Royce, wearing his trademark red carnation on the lapel of over a hundred custom-tailored suits and residing on an entire floor of one of the City's leading hotels often shared with a series of lovers, was a comfortable fit with the City's own boisterous image as its popularity peaked in the Roaring '20s, aided mightily by the City's blissful disregard of Prohibition after the 18th Amendment to the U.S Constitution went into effect in January 1920. Johnson quite openly boasted of the City's appeals, "We have whisky, wine, women and slot machines," he conceded. "I won't deny it and I won't apologize for it. If the majority of the people didn't want them they wouldn't be profitable and they wouldn't exist. The fact that they do exist proves to me that the people want them."²⁰

Johnson also extended his reach to become a player in statewide politics. In 1916, with Woodrow Wilson now out of the state in the White House, Johnson engineered the election of Atlantic County's Walter Edge as New Jersey governor over Democrat Otto Wittpenn, a former Jersey City mayor. After his failure to defeat the machine in his run for the state Senate in 1904, Edge recognized political reality, asking Johnson to direct his 1916 gubernatorial campaign (and also paying him \$20,000 in cash)²¹. While the precise nature of the understanding is disputed, Johnson's strategy for Edge was aided by Hudson County's famed Democratic boss Frank Hague, who reportedly had Democratic voters in Hudson cross over to vote for Edge in the Republican primary and then, in the general election, kept the County's Democratic turnout low so that Wittpenn, whom Hague feared would pursue Wilson's reform agenda, would lose to Edge.²²

²⁰ Jon Blackwell, *Notorious New Jersey* (Rutgers University Press 2007), p. 186; "Enoch L. Johnson, Ex-Boss in Jersey – Prohibition-Era Ruler of Atlantic City, 85, Dies", *New York Times*, December 10, 1968, p. 47. Martin Paulsson, *The Social Anxieties of Progressive Reform: Atlantic City 1854-1920* (New York University Press 1994).

²¹ See Grace Anselmo D'Amato, *Chance of a Lifetime: Nucky Johnson, Skinny D'Amato and how Atlantic City became the Naughty Queen of Resorts* (Shore Publishing Group 2001), p.20. Edge's campaign pledged to improve the efficiency of state government, with his slogan "A Businessman with a Business Plan".

²² In the 1910 gubernatorial election, Wilson carried Hudson County by a 26,102 majority; Fielder, the Democratic gubernatorial candidate in 1913, carried Hudson by a 25,959 margin; but when Wittpenn ran in 1916 he received only a 7,430 majority in the County, which was easily overcome by the Edge margins in the normally Republican counties. See "H. Otto Wittpenn", Wikipedia. Accessed September 5, 2010 at [http://en.wikipedia.org/wiki/H. Otto Wittpenn](http://en.wikipedia.org/wiki/H._Otto_Wittpenn)

After his inauguration as governor, Edge rewarded Johnson by appointing him clerk of the State Supreme Court, a post which, like Johnson's job as Atlantic County treasurer, was purportedly full-time, a conflict ignored by Johnson and all others in Atlantic County and Trenton.²³ Johnson's appointment to the Supreme Court position also allowed him to develop wider contacts with legislators and politicians throughout the state. According to one biographer, "By means of guile, finesse, and the shrewd use of money obtained through various types of extortion, Nucky Johnson established himself as a force in two different worlds. He was both the most powerful Republican in New Jersey, who could influence the destinies of governors and senators, and a racketeer, respected and trusted by organized crime."²⁴

Edge's first term as governor also would benefit travel to South Jersey from Philadelphia, as well as further cement the alliance forged by Johnson's Republican organization in Atlantic and Hague's Democratic machine in Hudson. Edge's attempts to get the legislature to support construction of a bridge from Philadelphia to New Jersey, which had been a long-standing priority of South Jersey officials, initially failed to gain sufficient votes from legislators in the northern part of the state until the idea was packaged with also building a tunnel from New Jersey to Manhattan. The bridge would become the Benjamin Franklin Bridge crossing the Delaware River between Camden and Philadelphia, which opened in 1926, and the tunnel as the Holland Tunnel connecting Jersey City and lower Manhattan opened the following year. The decision to place the New Jersey terminus of the tunnel in Jersey City has been attributed to Edge's gratitude for Frank Hague's support in the 1916 gubernatorial election.²⁵

The partnership between Johnson and Edge, however, would not last over the longer-term. Edge served as governor only until March 1919, when he resigned after being elected to the United States Senate. Johnson was angered that Edge had failed to come to the aid of the machine during the 1924 municipal election, and a month after the election, Edge replaced Johnson as the manager of his U.S. Senate reelection campaign.²⁶ In another election marked by charges that the organization engaged in extensive fraud, Bader was declared the winner.²⁷ Thereafter, the Atlantic County

²³ See "Enoch L. Johnson", *Wikipedia*. Accessed August 2, 2010 at http://en.wikipedia.org/wiki/Enoch_L._Johnson

²⁴ Nelson Johnson, *Boardwalk Empire* (Plexus Publishing 2002), p. xvi.

²⁵ Barbara G. Salmore, *New Jersey Politics and Government: The Suburbs Come of Age* (Rutgers University Press 2008), p. 39

²⁶ In the 1924 election for the Atlantic City Commission, Johnson's County organization backed a slate of candidates led by the incumbent mayor, Edward L. Bader, which was opposed by a reform ticket pledging to combat corruption and vice led by former mayor Harry Bacharach. Johnson also struck a deal with Charles Lafferty, leader of the City's small Democratic Party in which Democrat Harry Headley was allowed to join the Bader ticket. In another election marked by charges that the organization engaged in extensive voting fraud, Bader was declared the winner and Headley became the first Democrat elected to the City commission in its 12-year history. Bacharach was elected five times as mayor, the first time in 1911 in the wake of Kuehnle's conviction and he would again serve from 1930 to 1935. Known for rather bizarre behavior and publicity stunts (including once conducting City business in an amusement-pier office flanked by an educated chimpanzee and a half-man-half-woman), he nonetheless worked, with limited success, to free the City of known "undesirables." See Michael Clark and Dan Good, "Nucky Johnson: The Man who Ran Atlantic City for 30 years", *Atlantic City Press*, August 15, 2010. Accessed August 20, 2010 at http://www.pressofatlanticcity.com/blogs/boardwalk_empire/article_4277415c-a815-11df-be3f-001cc4c002e0.html

Republican organization refused to support Edge in his 1924 Republican primary election contest against Hamilton F. Kean, (grandfather of later Governor Thomas H. Kean) although it backed him in the general election after he defeated Kean in the primary.

Johnson and Edge resolved their differences for a brief period in 1927, when Johnson promoted a potential presidential campaign by Edge. By the next year, however, the two men again were at odds, when Johnson supported Hamilton Kean for the Republican nomination to succeed Edge as U.S. senator, while Edge backed former governor Edward C. Stokes. The split widened after Edge abandoned his policy of non-interference in purely local politics and endorsed Robert M. Johnston for the state senate from Atlantic County in the Republican primary, which provoked Johnson to openly back incumbent senator Emerson L. Richards, who was Edge's political foe. The ensuing election was described as a "trial of strength in Atlantic County, the outcome of which may spell the doom of the loser". Johnson's candidates won by margins exceeding three to one, a result labeled as a "political disaster" for Edge and signifying his "political extinction".²⁸ In the wake of the election, Edge called for party unity and Johnson denied that the election had targeted Edge or that the results meant the end of Edge's political career.²⁹ Nonetheless, Edge, who faced a difficult reelection campaign following the stock market crash in 1929, resigned his Senate seat to accept appointment by President Hoover as Ambassador to France.

Johnson's colorful career in mixing racketeering and politics included hosting in May 1929 the "Atlantic City Conference", the first known national meeting of organized crime leaders, including Al Capone, Charles "Lucky" Luciano, Frank Nitti, Vito Genovese, Benjamin "Bugsy" Siegel, Frank Costello, Meyer Lansky, Albert Anastasia, Morris "Moe" Dalitz, and others. Convened just months after the St. Valentine's Day Massacre in Chicago engineered by Capone, the meeting was apparently called to chastise Capone for the publicity he had generated and to warn the others to avoid similar internal violence that would bring increased law enforcement attention. Another area of discussion focused on planning for the anticipated repeal of Prohibition (which took effect in 1933), and post-Prohibition options for investing in legitimate liquor businesses and increasing their stakes in gambling.³⁰ Several of the attendees during the late 1940s and 1950s would become prominent in financing the first Las Vegas casinos.³¹

²⁸ "Jersey Senate Fight Splits Edge and Aide", *New York Times*, May 13, 1928, p. 3.

²⁹ See "Republican Leader Still Loyal to Edge", *New York Times*, May 20, 1928, p. 22

³⁰ See Derek Harper, "80 years ago, the Mob came to Atlantic City for a little strategic planning", *Atlantic City Press*, May 13, 2009. Accessed September 14, 2010 at http://www.pressofatlanticcity.com/news/press/atlantic_city/article_3d2aedaa-856e-5e81-8e5a-9db020bed549.html

³¹ Moe Dalitz, head of the Cleveland mob, and Lucky Luciano and Meyer Lansky of New York, would become in the late 1940s and 1950s early financial backers of the first Las Vegas casinos. Bugsy Siegel also would become a Las Vegas pioneer by overseeing the construction and opening of the Flamingo casino hotel backed by investment from Luciano, Lansky and others; Siegel's excessive spending on the \$5 million hotel, its premature opening in December 1946 before it was fully ready for visitors, and its early poor results were widely reported as leading to his murder on June 20, 1947 at the Los Angeles home he shared with his mistress Virginia Hill, a shooting thought to have been demanded by Luciano with Lansky's reluctant acquiescence. See generally for a profile of Johnson's career, Nelson Johnson, *Boardwalk Empire* (Plexus Publishing 2002). See also "Atlantic City Conference", *Wikipedia*. Accessed August 7, 2010 at http://en.wikipedia.org/wiki/Atlantic_City_Conference

Johnson himself was a key associate of Luciano, Lansky and Newark-based bootlegger Abner "Longie" Zwillman. Johnson's profits from bootlegging were reported to include a \$6 per case personal assessment for alcohol smuggled from offshore, as well as regular payments from the speakeasies, hotels and others selling on the island. During Prohibition, some 40 percent of all alcohol smuggled into the country was estimated to come through Atlantic City's shoreline, coves and beaches. When wearing his political hat, Johnson also exacted payments for awarding contracts and jobs. Cash from racketeering and politics supported his lavish lifestyle of partying and womanizing, which included his residing in a suite encompassing an entire floor in the Ritz Carlton Hotel and making his rounds in his chauffeur-driven powder blue Rolls Royce.

Local law enforcement officials not only failed to enforce federal laws, but also on occasion actively interfered with federal agents who attempted on their own to arrest bootleggers or others involved in importing, distributing and selling alcohol.³²

Apart from building Johnson's personal fortune, the flaunting of Prohibition also sparked an economic boom for the City. By 1925, the City had over 2,500 hotels and boarding houses able to accommodate 400,000 visitors; 99 trains arrived or left daily during the summer and 65 daily in winter months; five ocean piers provided amusements, food and other attractions; and 21 theaters established the City as the "Second Broadway", the favored site for previews of shows prior to their Broadway openings.³³ A 1928 account of the six piers built over the ocean—the Heinz, Garden, Steel, Steeplechase, Central, and Million Dollar—described their diverse attractions. "They furnish concerts by famous bands, motion pictures, vaudeville, minstrels, dancing, deep-sea net hauls, and just the still and far-out watching of the waves and the moon. They also house many large conventions."³⁴ The convention business also fueled the prosperity, particularly after the Convention Hall, built at a cost of \$15 million, opened in May 1929 as the largest and most advanced facility of its kind in the world.

In addition to his crucial role in electing Walter Edge as governor in 1916, the alliance that Johnson entered with Hudson County's Frank Hague in that election would allow him to exert later influence when Democrats were in power in Trenton. One of the Hague organization's soldiers was A. Harry Moore, who had served as a Jersey City tax collector and commissioner prior to his election governor to three non-successive three-year terms in 1925, 1931 and 1937³⁵. In Moore's first gubernatorial election campaign in 1925, he ran on a "wringing wet" platform opposing enforcement of Prohibition against Republican State Senator Arthur Whitney, who was supported by

³² See generally Johnson, *Boardwalk Empire*, op.cit., pp. 84-87.

³³ Johnson, *Boardwalk Empire*, Ibid, p. 90.

³⁴ *New Jersey—Life, Industries and Resources of a Great State* (New Jersey Chamber of Commerce 1928), p. 213. Quoted in National Park Service, *An Historic Theme Study of the New Jersey Heritage Trail Route*. Accessed July 15, 2010 at http://www.nps.gov/history/history/online_books/nj2/chap2.htm

³⁵ New Jersey's Constitution of 1844 restricted the governor to a single three-year term, but allowed running again after leaving office for a term.

the Anti-Saloon League. Notwithstanding the partisan identifications, the Republican Johnson's choice between the two candidates was obvious. Once Moore was elected, Johnson also could be helpful in promoting the Governor's interests in the Republican controlled state Senate, where Moore and Johnson shared mutual interests in opposing measures to interfere with "home rule" by counties and municipalities.³⁶

One of many recollections of Johnson, perhaps apocryphal, sparked by the popular television series based on his life that began in fall 2010, was that of Ed Devlin, the son of a local optometrist whom Johnson knew well. As a teen-ager, Devlin said he worked as a small-time numbers runner for Johnson, whom had taken a liking to him, typically calling him "kid". Devlin recalled that he was puzzled when, while waiting with his father for a boxing match to start at the Million Dollar Pier, he saw Johnson walk in with Harry Moore, during Moore's first campaign for governor. "I turned to my dad and said, 'What's Nucky doing with Harry Moore?'" A few days later, Devlin said he asked Johnson himself, "I saw you at the fights. You were with Harry Moore. He's a Democrat; you're a Republican," to which Johnson responded, "Kid, I want to talk to you,"; after ushering the teenager into his private office, he advised, "This is a small county. It doesn't have enough votes to control anything. We have to control the Statehouse in order to control the state police. That way they won't come in and raid a place."³⁷

While the City's criminal underworld would continue to enjoy the benefits of Prohibition until its repeal in 1933, the City's prosperity, like the nation's as a whole, would be jolted by the Depression that followed the stock market crash of October 1929. The City government contemplated bankruptcy; lacking cash to pay its employees and other bills, in 1932 it issued scrip—essentially a promise to pay when it had money—receivable for payment of delinquent taxes.³⁸ Owners and investors in hotels, amusements and other attractions struggled to pay the debts they incurred during the boom years of expansion.³⁹ By the end of the 1930s, Atlantic City's per capita debt was not only the highest for its class of 30,000 to 100,000, but was higher than that of any other city in the country.⁴⁰

Like his predecessor Kuehnle, Johnson was finally toppled from outside the world he tightly controlled. A series of articles on Atlantic City vice published in 1930 by William Randolph Hearst's *New York Evening Journal* prominently mentioned Johnson. According to some accounts, Hearst, who "was every bit the lady's man Nucky was",

³⁶ See Richard J. Connors, "A. Harry Moore", *The Governors of New Jersey; Biographical Essays 1664-1974*, op. cit., p. 197. Accessed September 2, 2010 at http://www.njstatelib.org/NJ_Information/Digital_Collections/Governors_of_New_Jersey/GMOOR.pdf

³⁷ Quoted in Wayne Parry, "NJ Man Knows Secrets of Real "Boardwalk Empire", Associated Press/CBS News, September 17, 2010. Accessed September 21, 2010 at <http://www.cbsnews.com/stories/2010/09/17/entertainment/main6876737.shtml>

³⁸ See Clifford F. Thies, "The Economics of Depression Scrip", Ludwig Von Mises Institute. Accessed August 12, 2010 at <http://mises.org/daily/4521>. See also "Cities in the Great Depression", *Wikipedia*. Accessed September 1, 2010 at http://en.wikipedia.org/wiki/Cities_in_the_Great_Depression

³⁹ See Vicki Gold Levi and Lee Eisenberg, *Atlantic City: 125 Years of Ocean Madness*, (Ten Speed Press 1979) p. 154.

⁴⁰ See Johnson, *Boardwalk Empire*, op. cit., p.

had targeted Johnson because Johnson had become too close to a showgirl at the Silver Slipper Saloon who also was Hearst's frequent companion during his frequent visits to Atlantic City.⁴¹ In 1936, after the Hearst media outlets continued their focus on the racketeering under Johnson, President Franklin Roosevelt sent the FBI to the City in hopes of repeating the successful income tax evasion prosecution that had sent Al Capone to prison in 1932. The FBI encountered widespread local resistance to the probe, with most of its potential witnesses—through loyalty, fear or a combination of the two—refusing to cooperate. The investigation would last five years and include some 2,000 interviews. Only after reaching a plea bargain with one of Johnson's key associates who agreed to testify against him were the prosecutors able to file indictments of Johnson and dozens of others. After several incidents of jury tampering, Johnson was finally convicted of tax evasion in 1941 and served four years in prison until being paroled in August 1945.⁴²

In addition to Johnson's fall, the outbreak of World War II produced something of a cleanup of Atlantic City. Beginning in 1942, the City's hotels were used to house thousands of soldiers while they were being trained prior to embarking to fight abroad and, after their return, caring for and rehabilitating those who had been wounded. Convention Hall was closed to public events and taken over by the Army Air Forces as a headquarters and training facility. According to one observer, "There were a very large number of soldiers in town, and the Army flat-out said, 'We're not gonna have our guys losing their money in your gambling joints.'"⁴³

There was a brief recovery in the latter 1940s and early 1950s, but failure to attract new investment to renew the City's aging hotels and other attractions, coupled with the ability of its traditional visitors to access and explore newer resorts in Florida, the West and the Caribbean led to a gradual decline of its convention and family-oriented market appeal. As the family trade dropped off, however, the City's night life continued to attract a more hard-partying set. Its thriving night club business was led by the "500 Club" (or "the 5" to its regulars) seating a thousand people and including a plush casino in the back of the house which was kept operating by regular payoffs to the City's police and municipal officials. Headliners on the national nightclub circuit made regular appearances, including Frank Sinatra, Sophie Tucker, Patti Page, Jimmy Durante and Jerry Lewis and Dean Martin, who first teamed up as a comedy act at the Club in 1946. Skinny D'Amato, an ex-convict who served as the Club's proprietor and foil for its covert control by Philadelphia Mafia boss Angelo Bruno, became particularly close to Bruno (after whom he named his only son "Angelo") and to Sinatra and Chicago Mafia leader Sam Giancana, for whom he had briefly worked as manager of their jointly-owned Cal-Neva Lodge in Lake Tahoe.⁴⁴ Sinatra's

⁴¹ Ibid.

⁴² See generally Nelson Johnson, *Boardwalk Empire*, op. cit.; see also Michael Clark and Dan Good, "Nucky Johnson: The Man who Ran Atlantic City for 30 Years", *Atlantic City Press*, August 15, 2010. Accessed August 20, 2010 at http://www.pressofatlanticcity.com/blogs/boardwalk_empire/article_4277415c-a815-11df-be3f-001cc4c002e0.html

⁴³ Ibid.

⁴⁴ See Archie Black, *Atlantic City Newsletter*, March 2000. Accessed July 10, 2010 at <http://www.ratpack.biz/rat-pack-archive/skinny-damato-atlantic-city-newsletter.htm>

gratitude to D'Amato, who kept hiring him after his career faded in the 1940s, was reflected in his appearing without pay when he again had become a top draw, sometimes joined by fellow members of his "Rat Pack" like Dean Martin and Sammy Davis, Jr. In 1957, D'Amato reportedly suggested that Atlantic City pursue legalized casino gaming, perhaps the first person to advance the idea to local officials. A number of other clubs also continued to attract loyal audiences as the City declined, including a vibrant African-American entertainment circuit led by the Harlem Club featuring such stars as Dick Gregory, Dinah Washington, Bootsie Barnes, Gladys Knight and Teddy Pendergrass.⁴⁵

Decline and the Farley Era

After Nucky Johnson was imprisoned in 1941 for tax evasion, Atlantic County's Senator Frank "Hap" Farley became the Republican boss. As a young lawyer, Farley had been selected by Johnson to run for the Assembly in 1937, and was elected in 1940 to the State Senate. After a brief struggle for leadership of the Republican organization with Atlantic City Mayor Thomas D. Taggart, Jr., Farley emerged as the new head of the machine, working closely with Jimmy Boyd, clerk of the County freeholder board, who enforced discipline within the county organization and dispensed patronage and contracts to loyalists.

With a less flamboyant style than Johnson, Farley nonetheless emerged as one of New Jersey's most effective legislators, compiling a remarkable legislative record with key roles in legislation to build the Garden State Parkway (derided as "Farley's Folly"), the Atlantic City Marina (now renamed the Frank S. Farley Marina), Richard Stockton State College and the community college system.⁴⁶ "His seniority, combined with his mastery of the legislative process, made him, for more than 25 years, an insurmountable reality with whom every governor had to contend when creating an agenda", recalled Judge Nelson Johnson, a leading chronicler of the City's politics. "Farley dominated the senate so thoroughly that it was political suicide to oppose him. The governors either dealt with Hap or saw their programs frustrated."⁴⁷

As early as 1951, the U.S. Senate Committee investigating the influence of organized crime around the country chaired by Tennessee's Democratic Senator Estes Kefauver, which had held hearings in Atlantic City, denounced the links between Atlantic County's political and racketeering leadership in its final report:

This machine has two heads, one the political boss of Atlantic County and the other the rackets boss of Atlantic City. The tracks showing the operating relationship between the two are cleverly concealed, but the true bosses are known to be close personal friends and they are frequently seen with their

⁴⁵ See "Early Atlantic City Night Clubs", MonopolyCity.com. Accessed August 22, 2010 at http://www.monopolycity.com/ac_earlyclubs.html

⁴⁶ See "Frank S. Farley", *Wikipedia*. Accessed August 4, 2010 at http://en.wikipedia.org/wiki/Frank_S._Farley

⁴⁷ See Nelson Johnson, *Boardwalk Empire*, op. cit., p. xviii.

heads together at all hours of the day or night.....The political head is Frank S. Farley, State Senator for Atlantic County at a salary of \$3,000 a year, treasurer of Atlantic County at a salary of \$6,000 a year, and chairman of the Atlantic County Republican Committee. Because of the rule of senatorial courtesy and his strong influence no judgeship or any other State office in the county can be filled without his approval of the appointee. His influence over the administration of Atlantic City is also potent. His law firm is counsel to the race-track association at a retainer of \$20,000 a year, and he has been extremely active in connection with all bills in the legislature affecting race tracks. The rackets head is Herman "Stumpy" Orman, owner of the Cosmopolitan Hotel, which has served for many years as a rendezvous for political figures and perhaps underworld characters as well. Stumpy Orman is a gambler with former bootlegging connections who, until recently, toted a gun under a permit for which Senator Farley was once a sponsor. His only income records consist of a little black book which he produced before the committee and then suddenly snatched back, refusing thereafter to reveal its contents ⁴⁸

Despite the harsh assessment of the Kefauver committee, Hap Farley would continue to play a leading role in County, state and national politics for another twenty years. He was president of the "21 Club" composed of New Jersey's county Republican chairmen, and which provided a platform for his statewide political influence.. In 1968, he was a key player at the Republican National Convention in swinging the New Jersey delegation from its support of favorite son, U.S. Senator Clifford Case, to back the eventual nominee, Richard Nixon.⁴⁹ Even after Farley left office, he successfully intervened, at the request of community leaders, with President Nixon in 1972 to block the plan by the Federal Aviation Administration to close the National Aviation Facilities Experimental Center, one of the largest employers in Atlantic County.

Even with Farley's efforts to steer federal and state money to his district, by the latter 1950s the deterioration of the City's public and private infrastructure was apparent. But in 1964, Farley and others attempted to revive interest in the resort by attracting the Democratic National Convention in return for a \$600,000 contribution. The decision apparently was approved by the White House under President Kennedy, but after Kennedy's November 1963 assassination President Johnson reportedly tried, as William F. Buckley, Jr., wrote at the time, "...to change the site of this weary scenario to another city, a city of greater class."⁵⁰

⁴⁸ Final Report of the Special Senate Committee to Investigate Organized Crime in Interstate Commerce, August 27, 1951, p. 39. Accessed August 4, 2010 at <http://www.nevadaobserver.com/Reading%20Room%20Documents/Kefauver%20Final%20Report.htm>

⁴⁹ See "Frank S. Farley", *Wikipedia*, op. cit.

⁵⁰ Buckley was withering in his assessment of the City: "Queen Elizabeth could walk through Atlantic City and be untouched by its tawdriness. Uncle Cornpone [President Johnson] can't: the salt-water taffy, instead of curtseying, tends to stick to him; Sally Rand, who would-you-believe-it, is still disrobing for the boys, does an extra can-can in his honor, and the perennial flagpole sitter (he is trying to break his own record of 77 days and has now reached 62) will add another day to his silly ordeal — but all of this is not in the spirit in which the juggler juggled for Our Lady. Atlantic City is not paying homage to LBJ. It is simply cashing in on a \$600,000 misunderstanding. The City might wish it hadn't lured the big show down this way. Too much copy is being written about the place. The merchants, to be sure, are uniformly pleasant. At the little Mayfair Hotel, for instance, the management receives you as if you were a beloved cousin come to town for an unexpected few days. The people of Atlantic City are not responsible for the ineffable vulgarity of the place, which even the healing sea cannot cleanse.... The customer gets what he wants, and what the

The effort to promote the City backfired badly, with the national media reporting on the sorry condition of the City and its visitor facilities.⁵¹ After checking into his hotel room, George Meany, the powerful president of the American Federation of Labor and Congress of Industrial Organizations, had the faucet of his bathroom sink break off while trying to turn on the water; with faucet in hand, he reportedly stormed back to the lobby to berate the front desk clerk, "I'm a plumber by trade, but this is not what I came for!"⁵² Another attendee, Brendan Byrne, then a member of Governor Hughes's cabinet as president of the Public Utility Commission, brought his ten year-old son Tom with him to the Convention, but recalled many years later: "It was a disaster, because Atlantic City's dirty little secret was broadcast to the world—that it had deteriorated to the point that it was an embarrassment. From then on, Atlantic City was no place to go."⁵³

Farley largely had avoided taking a public position on casinos as a tool for Atlantic City's redevelopment, probably due to continuing questions over his own ties to underworld figures. Publicly, he expressed indifference, saying only "Well, if the people want it, they can have it".⁵⁴ He was widely viewed, however, as behind the proposal in 1970 by his close friend, Senator Frank McDermott from Union County, to get the legislature's approval for a referendum on the New Jersey ballot, a resolution which was defeated in the Senate.⁵⁵ Unlike Kuehnle and Johnson, he was never indicted, but he was again mentioned as a potential target of investigations that led to the convictions of two former Atlantic City mayors and other officials for bribery, extortion and conspiracy as the 1960s came to a close.⁵⁶

In the 1971 legislative election, with a federal grand jury pursuing another investigation of County Republicans and rumors that Farley might himself be charged,⁵⁷ the Democrats swept the election, ending Farley's thirty-year Senate

customer evidently wants is Atlantic City the way it is, with only a single memorable restaurant, no attractive outdoor cafés, an architectural chaos which, to the extent it favors any single style at all, seems to favor a sort of crypto-Byzantine; and now a brand new skyscraper hotel which looks as though it had been prefabbed by Sears Roebuck, rising, moreover, straight up in the way of the striking, glamorous Absecon Lighthouse which for generations was a trademark of the city." William F. Buckley, Jr., *National Review*, September 8, 1964. Accessed September 11, 2010 at <http://old.nationalreview.com/flashback/flashback200407260119.asp>

⁵¹ Meany is quoted in "1964 Democratic Convention Exposed Atlantic City, N.J. as Faded, Dirty Resort", *Philadelphia Inquirer*, June 5, 2000. Accessed August 6, 2010 at <http://www.accessmylibrary.com/article-1G1-122061673/1964-democratic-convention-exposed.html>.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ See Sternlieb and Hughes, *The Atlantic City Gamble*, op. cit, p. 38.

⁵⁵ Ibid.

⁵⁶ "Frank S. Farley, 75, Ex-Legislator and G.O.P. Leader in Jersey, Dies", *New York Times*, September 25, 1977, p 36. .

⁵⁷ Farley was never indicted, but the grand jury brought charges that led to the convictions of two former Atlantic City mayors and other officials for bribery, extortion and conspiracy. Martin Paulsson, "Frank Sherman Farley", *Encyclopedia of New Jersey*, (Rutgers University Press 2004), p. 266. On December 11, 1968, New Jersey Assistant Attorney General William J. Brennan III, the son of Supreme Court Justice William J. Brennan Jr., who was directing a Mercer County grand jury investigating organized crime and corruption in local government, told the state chapter of Sigma Delta Chi, a journalistic society, that members of the New Jersey Legislature were "entirely too comfortable with organized crime." Coming at the beginning of the 1969 election campaign,

tenure as well as electing Democrats to the two Assembly seats. The Democratic campaign focused on corruption and the long uninterrupted rule of the Republican organization, running on the slogan "it's time for a change", with surprisingly little attention given to ideas for renewing Atlantic City. Farley himself lost his Senate seat to Dr. Joseph McGahn⁵⁸, an obstetrician who had been the first Democratic mayor of Absecon, who was elected along with two young lawyers who filled the Assembly seats: 27-year-old James Colasurdo and 26-year-old Steven Perskie, a Penn Law School and Yale alumnus who was a member of a well-known family, including a father and grandfather who served as state judges and an uncle who was elected to the Assembly from Cape May in 1963.⁵⁹

Moving toward Casinos

The potential of gaming as a redevelopment tool for Atlantic City and other areas in New Jersey began to gain serious attention as the 1960s drew to a close. In December 1968, a dinner at the Sherburne Hotel, ostensibly a black-tie birthday party for Skinny D'Amato, the proprietor of "500 Club" who had run the Lake Tahoe casino owned by Frank Sinatra and Chicago Mafia boss Sam Giancana, brought together a diverse group of some twenty political, business and underworld figures to discuss Atlantic City's future. Those attending included Hap Farley; John Kenney, the successor to Frank Hague as the political boss of Hudson County; Mike Segal, the mayor of Ventnor; Mario Floriani, the Atlantic City police chief; two City commissioners; Mack Latz, the owner of the City's popular Knife and Fork restaurant; and others including a state judge and the owner of a Philadelphia sausage company. According to an account by businessman Vince Del Raso, one of D'Amato's friends, "We discussed how depressed Atlantic City had become and how gambling was the only thing that could save it. We all agreed to unite behind legalization". In January 1971, the *Trenton Times* and the *Atlantic City Press* published articles by Herb Wolfe, who would later become Brendan Byrne's press secretary and the president of the

Brennan's charge sparked a political uproar, with Senator McDermott, who had been elected to serve as Senate president for the 1969 session, calling for an investigation. Farley was one of those suspected of being the subject of Brennan's comments, but ultimately he was not one of those identified by the legislative committee as prompting Brennan's accusation. At the same time, the federal government launched an anti-Mafia strike force consisting of officials from seven federal agencies. Based in Newark, the team conducted raids and gathered intelligence on Mafia families believed to be raking in \$1 billion a year in the state as U.S. Attorney Frederick Lacey indicted 122 state and local officials in the early 1970s. A dozen high-ranking mobsters went to jail rather than break "omerta", the Mafia's code of silence, and Lacey most notably won a conviction against Newark Mayor Hugh Addonizio for extortion and conspiracy. See generally "Legislators were 'entirely too comfortable with organized crime'", PolitickerNJ.com, January 29, 2009. Accessed August 4, 2010 at <http://www.politickernj.com/wallye/26961/legislators-were-entirely-too-comfortable-organized-crime>

⁵⁸ McGahn was the brother of attorney Patrick "Paddy" McGahn, who had represented the local NAACP in lawsuits charging that the Farley machine had engaged in practices to deny minorities the right to vote. See Nelson Johnson, *Boardwalk Empire*, op. cit., p. 37..

⁵⁹ See "Democratic Gains Posted in Jersey; G.O.P. Control of Assembly Imperiled and Senate Edge Is Cut — Farley Beaten Jersey Democrats Score Gains in the Legislature", *New York Times*, November 3, 1971, p.1. Perskie was the son of former Atlantic County Judge David M. Perskie, who sat on the bench from 1966 to 1969, and the grandson of former New Jersey Supreme Court Justice Joseph B. Perskie, who served from 1933 to 1947. His grandmother Beatrice Perskie was the President of the Atlantic City Board of Education and his uncle, Marvin Perskie, was a Democratic Assemblyman from Cape May County from 1966 to 1968. His cousin Leon Perskie was the photographer for Franklin D. Roosevelt's 1932 and 1936 presidential campaigns. See "Happy Birthday to Steve Perskie, 21 years younger than Frank Lautenberg", PolitickerNJ.com, January 10, 2008. Accessed August 3, 2010, at <http://www.politickernj.com/happy-birthday-steve-perskie-21-years-younger-frank-lautenberg-15290>.

Showboat Hotel and Casino, which were the first to focus on the move toward legalization, as well as pointing to D'Amato as "the man to be reckoned with" if casinos were to come to the City.⁶⁰

Governor William Cahill, elected in 1969 and a former FBI agent who also as a deputy attorney general had led an investigation in the early 1950s into organized crime's influence in gambling in Bergen County—was staunchly opposed to casino gaming. Some of his fellow Republicans favored the concept, however, in part as a means to avoid the political risks of supporting the Governor's proposals for a state income tax as a new revenue source. Beyond Atlantic City and other aging shore resorts like Long Branch and Asbury Park, there also was interest in the northwest part of the state as Sussex County, where the Great Gorge ski area had opened in 1965, anticipated further development; in hope that casino gambling would be approved in the Sussex County area, Hugh Hefner's Playboy Enterprises built in the early 1970s the Great Gorge Playboy Club, a club, hotel and golf course next to the ski area.⁶¹

In 1972, a state commission created to review the issues and options on gambling chaired by Republican Senator Wayne Dumont, whose members included prominent opponents of an income tax, recommended that a referendum be placed on the ballot.⁶²

Despite his opposition to casinos, Cahill did support the creation of the New Jersey lottery, the third state lottery after New Hampshire and New York, which was overwhelmingly approved by New Jersey voters in November 1969, the same election in which Cahill was elected as Governor. After the legislature enacted enabling legislation, Governor Cahill himself ceremoniously purchased the first lottery ticket on December 16, 1970. The new lottery program implemented under the Cahill Administration also quickly became much more successful than its predecessors in other states, primarily by offering tickets at low prices, establishing hundreds of agent locations and launching an aggressive marketing campaign.⁶³

The debate over casino gaming in the late 1960s also took place in the context of growing interest by states in exploring new revenue options from gambling. As early as 1963, New York City voters had expressed their approval of off-track betting on horse racing, and at the end of the 1970 legislative session, with the City projecting a \$630 million budget shortfall, City-backed legislation was enacted creating the New

⁶⁰ Jonathan Van Meter, *The Last Good Time: Skinny D'Amato, the Notorious 500 Club and the Rise and Fall of Atlantic City* (Crown Publishers 2003), p. 231.

⁶¹ Republican Assemblyman Robert Littell of Sussex County introduced Assembly Concurrent Resolution 51 in 1969 and Senator Frank McDermott of Union County introduced Senate Concurrent Resolutions 39 and 74 in 1970 to authorize referenda on casino gambling; while public hearings were held on the proposals, none were reported out of committee. See Richard Lehne, *Casino Policy*, (Rutgers University Press 1986), pp. 28-29; see also "New Owner Raises Hope for Ski Area's Turnaround", *New York Times*, March 2, 1998. Accessed August 6, 2010 at <http://www.nytimes.com/1998/03/02/nyregion/new-owner-raises-hope-for-ski-area-s-turnaround.html>.

⁶² Sternlieb and Hughes, *The Atlantic City Gamble*, op. cit., pp. 38-41.

⁶³ *History of the New Jersey Lottery*, New Jersey Lottery Commission, http://www.state.nj.us/lottery/general/6-2-2_history.htm

York City Off-Track Betting Corporation, which began operations in 1971.⁶⁴ In 1972, a referendum to amend the New York State constitution to allow casinos was approved by the legislature, but did not gain approval in the succeeding session of the legislature, thus failing the requirement that constitutional amendments be approved in two successive years in order to be placed on the ballot for consideration by voters.

Much of the debate on the early casino gambling initiatives continued to focus on where it would be allowed. Atlantic City was always viewed as a primary site given its decline and the need for new investment, but other areas argued that restricting casinos to Atlantic City would undercut their own resort economies or that they had equally pressing claims for revenue and redevelopment. In 1970, Republican Assemblyman Ralph Caputo of Essex County sponsored a proposal to seek approval for casinos in both Atlantic City and Newark, which was struggling to recover from the 1967 riots.⁶⁵

Once they were sworn in, McGahn and Perskie, who would later oppose each other in the elections of 1977 and 1981, introduced differing proposals for a referendum on casino gambling. Weighing against the interests pushing for expanded legalized gambling was the substantial concern that gambling would inevitably lead to greater influence by organized crime and the corruption of public officials. The Nevada gambling industry, legalized in 1931, was widely seen as built with investment and hidden control from leading organized crime syndicates. Benjamin "Bugsy" Siegel, who had begun his criminal career as a bootlegger in New York, New Jersey and Philadelphia, oversaw the construction and opening of the Las Vegas' Flamingo in 1947 financed by Lucky Luciano and Meyer Lansky and other Eastern mobsters, gaining a Nevada gaming license despite his extensive and violent criminal record. Some of the casinos that followed the Flamingo in the 1950s also were allegedly financed by mobsters, including the Desert Inn backed by Cleveland's boss Moe Dalitz, another of the visitors who in 1929 attended "The Conference" hosted by Nucky Johnson.⁶⁶

Public cynicism over the integrity of government officials also had grown with the revelations of the Nixon Administration's role in the Watergate scandal and in New Jersey over allegations of illegal activities by those close to Governor Cahill. Sensing the voter mood for a candidate who could best play to these concerns, key

⁶⁴ New York State Off-Track Betting Corporation, Company History, <http://www.fundinguniverse.com/company-histories/New-York-City-OffTrack-Betting-Corporation-Company-History.html>

⁶⁵ Assemblyman Caputo was first elected to the Assembly as a Republican at the age of 27 in 1967 and served in the Assembly from 1968 through 1971. After working at the State Department of Education and as an administrator in the Essex County school system, he began a career as a casino marketing executive in 1983, working as vice president of national marketing for the Trump Castle Hotel and Casino, the Tropicana Hotel and Casino, and the Showboat Hotel and Casino. In 2007, he again was elected to the Assembly, this time as a Democrat, with the 36 years that passed since he last served in the Legislature the second longest gap between terms in New Jersey history. See PolitickerNJ.com, January 8, 2008, Accessed August 2, 2010 at <http://www.politickernj.com/assembly-democrats-12-new-democratic-assembly-members-take-oaths-office-15192>

⁶⁶ The Desert Inn, Las Vegas's fourth casino resort, opened on April 24, 1950. Seven more casinos, all allegedly backed by mob money, included the Sands and Sahara opened in 1952, the Riviera and Dunes in 1955, the Hacienda in 1956, the Tropicana in 1957, and the Stardust in 1958. During that same time period the population of the Las Vegas Valley grew from 45,000 to 124,000. The Teamsters-financed Circus Circus opened in 1968. See Dennis Griffin, *The Battle for Las Vegas: The Law vs. The Mob* (Huntington Press 2006).

Democratic leaders recruited Brendan Byrne, a sitting Superior Court judge who as Essex County prosecutor had gained a reputation as “the man who couldn’t be bought” based on FBI wiretaps in which mobsters expressed the futility of any attempt to bribe him, to resign from the bench and enter the 1973 gubernatorial race. With his political position undermined by the scandal tainting his associates and by criticism from his Party’s right wing over his support for a State income tax and other moderate measures, Governor Cahill was defeated in the Republican primary by Cape May Congressman Charles Sandman, a vocal conservative who also had been one of the leading defenders of President Nixon as the Congress moved forward on impeachment proceedings.⁶⁷

The Sandman-Byrne matchup in the general election was seen by most analysts as heavily stacked in the Democrat’s favor. Assemblyman Perskie, who had backed Mercer County’s Senator Richard Coffee for the Democratic gubernatorial nomination until Coffee ended his primary campaign to become Byrne’s campaign chairman, was also surprised to learn after meeting Byrne for the first time of the former prosecutor and judge’s longstanding support of a referendum on casino gambling and became an active Byrne supporter in the general election.⁶⁸ In 1968, during public hearings of an Assembly committee, then Essex County Prosecutor Byrne was the only law enforcement official to support legalizing casino gaming, breaking ranks with those who argued that casinos would be impossible to police or keep from mob infiltration. In justifying his position, Byrne said, “I discovered that you couldn’t stamp out gambling, so I thought why not legalize it and make the state a partner in the gambling operation?”⁶⁹

Again, the issue of Atlantic City’s future did not play a major role in the 1973 campaign. The Democrats assumed that Sandman, from neighboring Cape May, would bring back the disaffected Republican voters who had turned against the Farley machine in 1971, and invested little in advertising or candidate appearances in the southern shore region. Toward the end of the campaign, however, Sandman charged that Byrne was too close to “hotel interests”⁷⁰ and the Democrats rebutted the claim with a late advertising effort. Two weeks before the election, the Republicans were also hit by the news that President Nixon had fired Archibald Cox, the Watergate prosecutor, in what would become known as “the Saturday night massacre”.

⁶⁷ Other corruption scandals involving Democrats prior to the 1973 general election also contributed to a demand for reform. In 1972, Jersey City’s Democratic Mayor John V. Kenny, a member of the indicted “Hudson Eight” charged with conspiracy and extortion in a multi-million dollar political kickback scheme for city and county contracts, pled guilty to six federal counts of tax evasion. Another Democratic Mayor of Jersey City, Thomas J. Whelan, was convicted of conspiracy and extortion and sentenced to 15 years in prison. Democratic U.S. Representative, Cornelius Edward Gallagher was indicted on federal charges of income tax evasion, conspiracy, and perjury; after he was defeated in the primary election, he entered a guilty plea to some of the charges, and was sentenced to two years in prison and a \$10,000 fine.

⁶⁸ Interview with Steven Perskie, Rutgers Program on the Governor, See “Atlantic City: Looking Back and Ahead”, May 10, 2007, Rutgers Program on the Governor. Accessed August 4, 2010 at http://governors.rutgers.edu/njgov/documents/AtlanticCityRoundtable_transcript_5-10-07.pdf.

⁶⁹ Quoted in Casinoconnection.com, Vol. 5, No. 5, May 2008. Accessed August 2, 2010 at http://casinoconnectionac.com/issue-printer/may_2008.

⁷⁰ Interview with Brendan T. Byrne, Rutgers Program on the Governor,

Byrne's landslide 68%-32% victory over Sandman—the worst showing for a Republican in New Jersey history in which Byrne won every county except Sandman's home county of Cape May—also swept Democrats into office in the legislature from traditionally Republican districts. Democrats picked up 13 Senate seats and 26 Assembly seats, leaving the legislature with only 10 Republicans in the 40-seat Senate and 14 in the 80-seat Assembly.⁷¹

As governor, Brendan Byrne's support of casino gaming was critical to its approval in New Jersey. His predecessor, William Cahill, and his successor, Thomas H. Kean, were both opposed. Any other governor lacking Byrne's reputation for integrity as "the man who couldn't be bought"⁷² and his pedigree as a former prosecutor and judge would have faced severe political risks in endorsing an idea which came with the attached baggage of the shady history of the growth of casinos in Nevada. Within his own Cabinet, Byrne also faced opposition from his Treasurer and 1973 campaign manager, Richard Leone, and his Attorney General, William Hyland, both of whom offered to resign their positions if he would be embarrassed by their opposition, offers which he rejected.⁷³ Years later, Steven Perskie would succinctly sum up Byrne's role: "No Byrne, no gaming. Period."⁷⁴

But encouraged by the new governor's personal support of casino gambling for Atlantic City, soon after his inauguration in January 1974, casino proponents advanced various ideas on how to draft the question to be placed before the voters. Again, the issue of location was a principal point of contention. Byrne preferred state operation of the casinos and restricting the casinos to Atlantic City alone, but opposition from Sussex County and other areas succeeded in forcing a compromise that would allow casinos throughout the state if voters in the municipality and county approved. "We discovered," says Perskie, "that we couldn't get a gaming bill passed without including some of the other communities that needed help as well."⁷⁵ The Governor reluctantly backed the agreement, but only on the basis that if the

⁷¹ See "For Democrats, 1973 was the best year ever", PolitickerNJ.com, May 6, 2009. Accessed August 2, 2010 at <http://admin.politickernj.com/wallye/29520/democrats-1973-was-best-year-ever>

⁷² Transcripts of FBI wiretaps of mob figures when Byrne was Essex County Prosecutor disclosed their view that, unlike other New Jersey public figures, it would be futile to approach him with a bribe. His 1973 gubernatorial campaign prominently featured the slogan "Brendan Byrne: the man who couldn't be bought". See Interview with Henry Luther III, December 12, 2005, Rutgers Program on the Governor. Accessed September 12, 2010 at <http://governors.rutgers.edu/njgov/byrne/documents/BTB-Luther-interview.pdf>

⁷³ See "Atlantic City; Looking Back and Ahead", Rutgers Program on the Governor, May 10, 2007. Accessed August 12, 2010 at http://governors.rutgers.edu/njgov/documents/AtlanticCityRoundtable_transcript_5-10-07.pdf Leone later was appointed by President Clinton as a commissioner of the National Gambling Impact Study Commission, which issued its report in 1999. See *Report of the National Gambling Impact Study Commission*, National Gambling Impact Study Commission (1999). Accessed September 2, 2010 at <http://govinfo.library.unt.edu/ngisc/reports/fullrpt.html>

⁷⁴ Quoted in William Ehart, "Casino Gaming: The First 20 Years: Six Men who were Key Figures in Rebirth of Atlantic City", *Atlantic City Press*, May 24, 1998, p. A3.

⁷⁵ Quoted in Roger Gros, "Thirty Years of Gaming," *Casinoconnection.com*, Vol. 5, No. 5, May 2008. Accessed August 2, 2010 at http://casinoconnectionac.com/issue-printer/may_2008 .

referendum was approved, casinos would be located only in Atlantic City for the first five years.⁷⁶

As in prior hearings on earlier proposals, opposition to casinos also came from the religious community on moral grounds; law enforcement officials skeptical over the ability to control criminal influences gaining a foothold in the industry; and good government types worried over corruption and the state's image.⁷⁷ While the resolution passed easily in the legislature, by 57-21 in the Assembly and 21-14 in the Senate,⁷⁸ The campaign against approval of the referendum, organized by a loose coalition under the label of "No Dice", was fueled by an effective effort in which 3,000 clergymen throughout the state spoke out on the Sunday before the election against approval of the referendum. United States Attorney Jonathan Goldstein, whose office in February 1973 had secured convictions on extortion, bribery and conspiracy charges against two former mayors, two commissioners and four other city officials⁷⁹, was one of the most vocal critics, arguing that organized crime would ultimately be the primary beneficiary of money from legal casinos. Goldstein also pointed to the sorry history of corruption and collusion among the City's political and business establishment: "Now Atlantic City's governmental and business leaders who have permitted an omnipresent fabric of corruption in Atlantic City, who have allowed Atlantic City to deteriorate and have made few if any meaningful investments to rebuild that city, are those people who now want the state to entrust to it to legalized gambling."⁸⁰ Voters in the November election solidly rejected the casino question, with only Hudson and Atlantic of the 21 counties recording majorities in favor. Some analysts attributed the loss to voter worries, particularly in more affluent suburbs in the northern part of the state, that the failure to restrict the potential locations of casinos could lead to their proliferation throughout the state.

The defeat in 1974 was a severe blow to the hopes of gambling supporters, with the *New York Times* headlining its article, "Outlook for Atlantic City is Bleak, Gambling Setback Casts a Pall over Atlantic City".⁸¹ They would soon regroup, however, assessing the lessons learned from their mistakes and fashioning another referendum that would seek to attract wider support from regions and constituencies that did not support the 1974 proposal. Governor Byrne also explored the potential for attracting non-casino hotels and attractions to the City; he was given short shrift by executives at the Walt Disney Company, who advised that their theme parks required a full-year

⁷⁶ See Lehne, op cit., p. 34.

⁷⁷ See generally Lehne, op. cit., pp 32-35.

⁷⁸ Assembly Concurrent Resolution 128 (1974).

⁷⁹ The two mayors were See "6 Ex-Aides of Atlantic City Are Given Prison Terms; Two Former Mayors Are Among Those Drawing Sentences Ranging From 2 to 6 Years Over Kickbacks 'Lords of Corruption' Kickbacks Are Reported", *New York Times*, p. 86.

⁸⁰ *New York Times*, October 14, 1974, p. 72. Quoted in George Sternlieb and James W. Hughes, *Atlantic City Gamble* (Twentieth Century Fund 1983), p. 44.

⁸¹ *New York Times*, November 10, 1974, p. 89

season to be profitable and was also rejected by Barron Hilton, chairman of Hilton Hotels.

In 1976, the pro-casino advocates drafted a question for the ballot restricting casino gambling to Atlantic City alone, allowing private ownership under State regulation and dedicating tax revenue raised by gaming to programs for the elderly and disabled. The prospect of privately-owned casinos also helped to generate financial contributions from prospective operators, with much of the money used for a more professional and better-organized statewide pro-casino advertising and public relations campaign under the direction of the Committee to Rebuild Atlantic City. Unlike the 1974 effort, both local Democrats and Republicans also reached out to former Senator Farley for help, who despite his 1971 defeat retained strong ties to Republican leaders around the state. Farley was particularly successful in securing support from his old friend Bergen County Sheriff Joseph Job, who had been a leading opponent of the 1974 proposal.⁸² This time the referendum won by a wide margin, approved by a 300,000-vote margin compared to the 400,000-vote defeat in 1974.

The enabling legislation that established the state's oversight of Atlantic City's legalized gaming, the Casino Control Act, was developed after extensive research by legislators and Byrne Administration officials who visited Las Vegas, the Bahamas and other gambling jurisdictions to discuss and assess their regulatory approaches. As a former prosecutor and judge, Governor Byrne also took an active personal role, visiting Las Vegas to discuss what New Jersey could learn from the Nevada experience.⁸³ Atlantic County's legislative delegation, principally Senator McGahn and Assemblyman Perskie, along with then freshman Assemblyman (and later Senate President and Governor) Richard Codey, who chaired a special committee, played major roles in drafting the legislation.

On June 2, 1977, just five days prior to his win, with only 30 percent of the vote, in the Democratic primary election, Governor Byrne signed the law authorizing casinos in front of the Convention Hall. The signing came after a triumphant boardwalk parade. Before he did so, he issued a widely-reported warning: "I've said it before and I will repeat it again to organized crime: Keep your filthy hands off Atlantic City. Keep the hell out of our state!"⁸⁴

⁸² Sanford Weiner, the consultant hired by the pro-casino forces, believed that the referendum's support by Sheriff Job was critical. "I would go so far as to say that we would not have won without his help...[U]ntil Job came aboard, we totally lacked not only a Bergen County spokesman but a spokesman for North Jersey, and he proved to be the one person who had the credibility and popularity that would help us prove we were alive and well up north" Quoted in George Sternlieb and James W. Hughes, *Atlantic City Gamble*, *Ibid.*, p. 55. See also Bryant Simon, *Boardwalk of Dreams*, (Oxford University Press 2004).

⁸³ One of the Nevada officials Byrne met with was Attorney General Harry Reid, later Democratic Majority Leader of the U.S. Senate.

⁸⁴ See "Gambling in American History: New Jersey (and Atlantic City Casinos)". Accessed August 23, 2010 at <http://gamblinginamerica.name/new-jersey-and-atlantic-city-casinos-gambling-in-america/>

The Casino Era

As implied by Governor Byrne's widely-quoted challenge for organized crime to stay away from Atlantic City, the development of the Casino Control Act focused on meeting the pledge to keep New Jersey from repeating Nevada's early mistakes that allowed infiltration of mob interests in casino ownership and operations. The Act and the regulations later adopted for its implementation established a rigorous licensing process for casino companies and their key executives and gaming employees. Consistent with the goal to use gambling only as a tool to restore Atlantic City as a family resort, restrictions also were imposed on traditional casino marketing practices prevalent in Nevada and other gaming jurisdictions such as emphasizing gambling and sex in their advertising; installing the flashy neon signs prevalent in Las Vegas; and limiting their casino operations to 18 hours per day.⁸⁵ The Act further specified that all gambling in Atlantic City be confined within the casino-hotel resorts with the casinos physically segregated from non-gaming areas, mandating that each facility have a minimum of 500 rooms, as well as restaurants, shops, conference and meeting rooms and other visitor amenities.

While the design of casino-hotel buildings was outlined in some detail, the Byrne Administration and the legislature failed to create a regional agency to oversee planning, transportation and land-use resulting from Atlantic City's growth. Governor Byrne would later cite this as the biggest mistake of his eight years in office, stating that despite likely objections from local interests over intrusion into home rule, the reality was that he could have had "anything I wanted" as a condition for his support.⁸⁶ As he would say many years later,

"[O]ne of my great regrets is that when I did gambling in Atlantic City I did not regionalize Atlantic City for that purpose. We should have.... [W]hen I did Atlantic City, my overwhelming concern was to keep it clean, law enforcement. And when I convinced myself I could do that, I went for gambling in Atlantic City. Now when it came to, you know, the housing and the other development, I did not have the foresight that I should have had. I should have had the whole thing— they would have given me anything... But they would have done anything. I mean if I wanted to zone adjacent municipality, they would have let me do it. I didn't see the need for it at that time. I thought casinos...[were] something we could solve just by good law enforcement."⁸⁷

His reluctance also may have been due in part to concern for the political survival of Senator Perskie, who had become a valuable Byrne ally in the bitter fight over the income tax and whose leadership in Atlantic County Byrne viewed as important in maintaining public confidence in the integrity of casino operations. Perskie had

85

⁸⁶ See "Brendan T. Byrne: Atlantic City Reflections", Rutgers Program on the Governor. Accessed September 12, 2010 at http://governors.rutgers.edu/njgov/AtlanticCity/AtlanticCityReflections_Byrne.php

⁸⁷ *Ibid.*

On October 26, Byrne returned to Atlantic City for a campaign rally followed by a debate with his Republican opponent, former Senator Raymond Bateman.⁸⁸ Byrne's come-from-behind re-election victory over Senator Raymond Bateman in a campaign focused primarily on Byrne's support of the income tax to raise revenues to comply with the State Supreme Court's decision ordering increased State support of public schools in poorer districts and the skepticism that the Republicans had advanced a realistic alternative to the State's fiscal needs. In Atlantic County, Assemblyman Perskie defeated Senator McGahn for the Democratic Senate nomination and also withstood McGahn's attempt to retain his seat by running as an independent in the general election.⁸⁹ Republicans took back one of the seats they lost in 1977 with the election to the Assembly of Atlantic County freeholder William Gormley, who would later succeed to Perskie's Senate seat in 1982 and serve until resigning in 2007.

While no regional agency was established, the State did take steps to evaluate larger planning issues in more informal ways. A Cabinet Committee on Atlantic City staffed by planners, lawyers, economists and others from various departments in environmental protection, transportation, housing and economic development met regularly to coordinate actions related to Atlantic City. A master plan developed for the City by Angelos C. Demetriou, an internationally known architect, city planner, and urban designer who worked on projects to revitalize the Georgetown waterfront in Washington as well as designs for the capital of Pakistan, also was the focus of debate, with some local interests and Governor Byrne questioning the plan's recommendations as impractical and ridiculing its recommendations to preserve several of the the City's dilapidated buildings as "historic", preferring a course that would favor widescale demolition and new construction as a quicker path to renewal.⁹⁰

With the benefit of time, some of the initial planning decisions were later criticized as hampering the City's broader development beyond the casino-hotels. The mandate for the casino-hotels to include restaurants, shops and other amenities—intended to keep the casino developers from simply building casino "boxes"—served to hurt existing businesses and undercut investment interest in new establishments outside the hotels. Restricting casino locations to the boardwalk and the marina section—areas with inherent attraction for potential new non-casino development—increased land and construction costs while leaving inland areas without incentives for new investment. In contrast, it also would later be argued that allowing casinos in the marina section dispersed visitors away from the beachfront, when confining all hotels to the boardwalk may have provided a stronger boost to the renewal of the City's traditional visitor. The surge in real estate values after the referendum also made it extremely costly to acquire land or develop property within the City, eventually leading to a shift of investment in new housing, retail shops and eating

⁸⁸ See Briefing memo for Governor Byrne, October 27, 1977, Rutgers Program on the Governor. Accessed September 12, 2010 at <http://governors.rutgers.edu/BTBdocs/1977/10-26-77ChizmadiaBTBbrief10-27.pdf>

⁸⁹ McGahn, known as a maverick, also had secured the 1971 Democratic nomination without the backing of the Democratic organization in his successful campaign against Senator Farley.

⁹⁰ See March 14, 1979 Cabinet meeting agenda and letter from Cabinet Committee to City Planning Board, Rutgers Program on the Governor. Accessed August 3, 2010 at <http://governors.rutgers.edu/BTBdocs/1979/3-14-79Cabinetmtgagenda.pdf>

establishments to suburban areas just outside the City, a pattern which might have been slowed if the State or County had taken more aggressive steps to implement regional strategies to focus growth within the City. On the regulatory side, prohibitions against casino industry executives from contributing to political campaigns or seeking office themselves were later cited as contributing to the poor quality of candidates for local office and the continuing corruption in the municipal government. New Jersey's lengthy and rigorous licensing process also may have chilled recruitment and relocation of the most talented executives from other gaming jurisdictions; one Atlantic City casino chief executive, comparing the business and social standing of the industry and its executives in Nevada and New Jersey, complained, "It's very hard to get people to come here when you treat us like crooks".⁹¹

Resorts International, a company whose origins derived from its founding as the Mary Carter Paint Company until it converted its business in the 1960s to real estate development and casino operation in the Bahamas, was the first casino developer to seek approval in Atlantic City. Its top executives had visited the City prior to the November 1976 gaming referendum and the firm had become a major contributor to the successful campaign. Even before the vote, Resorts purchased an option for 55 acres of land on the Boardwalk from the City's Housing and Re-Development Authority, paying \$2.5 million to purchase the historic Chalfonte-Haddon Hall Hotel, which had been combined from two adjacent hotels originally built in the 19th century.

Resorts's strategy was to get a jump on potential competitors by renovating the old hotel, reducing its 1,000 rooms to a 566-room resort with the required casino, restaurant, shopping and meeting space. Renovation of the existing property would allow the new casino-hotel to open at least a year before its competitors, as well as saving on construction costs required for a newly built facility. The strategy, however, gained a cool reception from state and local leaders since most anticipated that casino development would revitalize the City through new resorts, not the "patch and paint" approach for existing properties proposed by Resorts. Still, the public was impatient for action. "There was quite a bit of pressure to get these casinos open," recalls former Senator Gormley, who was then a freshman assemblyman, "It soon became apparent that the casino would be ready long before the investigation was over, so we had to amend the Casino Control Act to provide for temporary licenses."⁹²

The licensing proceedings for Resorts were slowed by the investigation by the Division of Gaming Enforcement, a unit in the Department of Law and Public Safety created by the Casino Control Act. The Division recommended rejecting the application on the basis of Resorts's prior operations in the Bahamas, where it allegedly had used consultants with questionable associations and where it had regularly made cash contributions to government officials (albeit not illegal under Bahamian law). Ultimately, the Commission rejected the Division's recommendations

⁹¹ Conversation of author with John Galloway, chief executive of Atlantic City Tropicana Hotel Casino in Atlantic City at indeterminate date.

⁹² "Quoted in Roger Gros, "Thirty Years of Gaming," Casinoconnection.com, Vol. 5, No. 5, May 2008. Accessed August 2, 2010 at http://casinoconnectionac.com/issue-printer/may_2008.

and granted the license, in part because of its finding that the company had operated its new Atlantic City casino in compliance with New Jersey regulations under its temporary license.

On May 26, 1978 Resorts Atlantic City opened its doors at ten AM. After a ceremonial ribbon cutting by Governor Byrne, crowds waited hours to get inside. Resorts Atlantic City outperformed even the most optimistic projections, returning a profit in its first year that more than paid back its construction cost.

The monopoly gained by Resorts over the Atlantic City gaming market would last until May 1979, when Caesars opened the Caesars Boardwalk Regency under a temporary license. Its plans raised some of the same questions as the Resorts application, given that it proposed leasing the eleven-year old Howard Johnson's Regency Motor Hotel and renovating the existing 425-room structure into a modern facility and then adding 123 rooms in a new five-story tower with a casino and convention and shopping areas. In approving the plans, the Commission cited the "relatively new construction" of the facility, which was still short of what the governor's office wanted.

The Division of Gaming Enforcement again opposed the license, citing the company's founders and largest shareholders, Clifford and Stuart Perlman, for their business dealings with Alvin Malnik, a Miami Beach lawyer who had previously been indicted for income tax evasion and fraud. Malnik's partner, Samuel Cohen, had earlier been convicted for taking part in a \$36 million profit-skimming scheme at Bugsy Siegel's Flamingo Hotel in Las Vegas.⁹³ Caesars was granted a temporary license to operate after Clifford and Stuart Perlman agreed to take unpaid leaves from the company and withdraw from New Jersey activities while they appealed the ruling, but after protracted legal proceedings both Perlmans eventually were forced to sell their stock and give up their positions in the parent company that operated in both Nevada and New Jersey.⁹⁴

In February 1980, the good feeling generated by the success of the first casinos was jolted by the Abscam scandal in which FBI agents posed as the henchman of a fictitious Arab sheik interested in investing in mining, real estate and art. Atlantic City wasn't a focus of the sting, but became embroiled when Camden Mayor and New Jersey state Senator Angelo Errichetti reportedly told undercover agents that, in exchange for \$400,000, he could help the sheik secure land, build a casino, and get a gaming license. Errichetti claimed that he could deliver three of five Casino Control Commission votes with the aid of a suggested \$100,000 bribe for Vice Chairman Kenneth MacDonald⁹⁵, who Errichetti reported "controlled" Commission Chairman Joseph Lordi, allegations that were never substantiated.

⁹³ See Caesar's World, Inc. Company History. Accessed August 12, 2010 at <http://www.answers.com/topic/caesars-world-inc>

⁹⁴ See Piccolo, *op. cit.*

⁹⁵ MacDonald resigned from the Commission in February 1980, but was never indicted.

Abscam would later lead to bribery and conspiracy convictions for Senators Harrison Williams and Errichetti as well as veteran Congressman Frank Thompson from Mercer County.⁹⁶ The scandal threatened the credibility of the promises made by Governor Byrne and others that New Jersey would run a clean casino jurisdiction. In response to Abscam, the Byrne Administration restructured the Casino Control Commission through amending the original legislation, notably changing it from a part-time to a full-time body focusing solely on its regulatory role; prohibiting the issuance of temporary casino licenses; and imposing strict rules to prevent the Commission and its staff from discussing non-regulatory issues like development and investment.

After Governor Byrne left office in January 1982, he was succeeded by Thomas H. Kean, who had long been a skeptic of the value of bringing casinos to New Jersey. Kean had twice allowed his name to be used as a casino opponent by groups seeking to defeat the casino referenda. In April 1974, as Assembly Minority Leader, he spoke out against the casino referendum and would also oppose the 1976 proposal restricting casinos to Atlantic City alone: "The contention that the location of casinos in Atlantic City will bring about a return to the city's past glories is, in my view, a fantasy".⁹⁷ The new Administration gave its priority attention to the development of the Hudson waterfront, as well as on attracting relocations and new investment by more traditional, non-gaming companies, with special emphasis on technology and communications industries.

Nonetheless, on May 14, 1982 Governor Kean participated in the opening of Donald Trump's first casino-hotel, the Trump Plaza, which was built at a cost of \$218 million and opened on schedule, partly due to a slowdown in construction in the City that gave Trump the leverage to negotiate favorable terms with the construction unions.⁹⁸

While casinos were reporting strong revenues, criticism both within and outside the City escalated over the continuing blight of the retail and residential neighborhoods beyond the new hotels. Perhaps in response to the critics, Senator Gormley, who had succeeded to the Senate seat vacated by Senator Perskie upon his appointment to the bench, introduced legislation to funnel additional casino revenues into redevelopment, which was signed into law in 1984 by Governor Kean as the Casino Reinvestment Development Act⁹⁹. As part of the original Casino Control Act enacted in 1977, each casino licensee had been required to reinvest 2% of its gross gaming revenue in non-gaming projects. By the beginning of 1984, however, no casino licensee had yet made any of its required reinvestments as there was no decision making entity in place and, after the Abscam scandal, the Casino Control Commission had been shifted to a solely regulatory mission. The new legislation developed guidelines specifying a casino

⁹⁶ Others convicted were Congressmen Raymond Lederer and Michael "Ozzie" Myers (both of Pennsylvania), John Jenrette (South Carolina), and Richard Kelly (Florida). Despite being solicited by the FBI agents, New Jersey Congressmen William Hughes, James Florio and James Howard not only rejected the offers, but reported them to the FBI.

⁹⁷ *Newark Star-Ledger*, April 30, 1974. Quoted in Felzenberg, *Governor Tom Kean: From the New Jersey Statehouse to the 9-11 Commission*, p. 133.

⁹⁸ See Donald Trump, *Trump: The Art of the Deal*, (Random House 1987) p. 217.

⁹⁹ N.J.S.A. 5:12-153

licensee's investment obligations consistent with the intent of the original statute, allowing each licensee the choice of either paying 2.5% of its gaming revenue to the State, or reinvesting 1.25% of its gaming revenues through the CRDA in community and economic development projects in Atlantic City and around the State.

Confidence in Atlantic City's municipal government also was shaken by still another corruption scandal. In June 1982, the first election in which Atlantic City voters directly elected the mayor, Democrat Michael Matthews, who had served in the Assembly since 1978 and also had been elected in 1980 to the City commission where he was director of revenue and finance, was elected over Republican James Usry, a former assistant superintendent of the City school system. Within months after the election, however, reports circulated of a federal investigation of Matthews and other City officials, which gave momentum to a petition drive for a recall election to oust the mayor. The recall drive succeeded in a referendum held on March 13, 1984, with Usry elected to the mayoralty vacated by Matthews. Less than two weeks later, Matthews was indicted on charges that he had tried to extort money during another FBI sting operation in return for the below-market sale of City-owned property for a proposed casino. Matthews was accused of dealings with Mafia leader Nicodemo "Little Nicky" Scarfo, dating back to years before he was mayor. Four weeks into his trial, Matthews reached a agreement to plead guilty to a single count of the indictment, with seven other counts dismissed by the government. He received, however, an unexpectedly long sentence of 15 years along with a \$10,000 fine, and failed on appeal to have the sentence overturned as excessive.¹⁰⁰

In 1987, Atlantic City lost perhaps its most creative casino executive when Steve Wynn, who had first turned around an aging, struggling downtown casino in Las Vegas into the highly-successful Golden Nugget and then had traveled east to build another Golden Nugget in Atlantic City on the site of the former Strand Hotel.¹⁰¹ The Golden Nugget opened in 1980 as the sixth Atlantic City casino-hotel; despite being the second smallest casino in the City, by 1983 it was the City's top earning property, outperforming its larger rivals.

Wynn's success also led him to purchase a large tract in the City's marina section, where he planned to build a major themed resort. But in 1987, he unexpectedly sold the casino for \$440 million to Bally's Entertainment Corporation, which changed the Nugget's name to Bally's Grand Casino/Hotel. Wynn's decision to sell came after a series of conflicts with state officials. As former Senator Martin Greenberg, who was

¹⁰⁰ See *United States v. Matthews*, 773 F.2d 48 (3rd Circuit 1985). Accessed August 5, 2010 at <http://cases.justia.com/us-court-of-appeals/F2/773/48/107879/>. Matthews served five years in prison before he was paroled in 1990.

¹⁰¹ Prior to making his investment in Atlantic City, Wynn consulted several New Jersey officials, including Senator Steven Perskie and others. He then retained as his legal counsel former State Senator Martin Greenberg, who had chaired the Senate Judiciary Committee during hearings on the casino legislation and was a former law partner of Governor Byrne. Greenberg also was subsequently named by Wynn as president of the Atlantic City Golden Nugget. On his role with Wynn in raising the financing for the hotel, Greenberg later recalled: "Steve was outstanding. He was a true, real, great salesman, very, very articulate and very knowledgeable about the industry and he would then introduce me as somebody who's been in the senate so that I'm familiar with the procedure to make sure that he doesn't stumble and get the place licensed. And then we raised the money, which at that time was a pittance compared to what it takes to build now, and hired some folks. I prevailed upon a friend of mine from the attorney general's office who had sponsored- who had drafted the criminal code with some other folks to come over and work with my firm and help Steve build it." Interview with Martin Greenberg, Rutgers Program on the Governor, July 5, 2006. Accessed August 22, 2010 at <http://governors.rutgers.edu/njgov/byrne/documents/BTB-Greenberg-interview.pdf>

his attorney and president of the Atlantic City property and had chaired the Senate Judiciary Committee when it drafted the casino legislation, put it: "Steve wanted to go back to Vegas. He didn't really like New Jersey...They made his life difficult. The process by which you get licensed is difficult and in part I'm responsible for that as the rest of the [Judiciary] committee and the staff are." But Wynn's exit from New Jersey also took advantage of a takeover battle Donald Trump was engaged in to assume control of Bally's.¹⁰² Wynn's sale of the Nugget to Bally's gave it two casino-hotels in Atlantic City, forcing Trump to abandon his takeover attempt or dispose of one of his own two hotels in order to comply with New Jersey's policy of restricting casino operators to a maximum of three gaming properties.

Wynn used the premium \$440 million price he received from Bally's to build The Mirage on the Las Vegas strip, which opened in 1989 featuring an indoor rain forest, an outdoor volcano, a dolphin pool and, somewhat later, the highly-popular Siegfried and Roy white tiger act. Wynn's imagination and flair for marketing would later be evident on even larger properties in Las Vegas and Asia. In an article musing on Wynn's exit from New Jersey, David Schwartz, Director of the Center for Gaming Research at the University of Nevada at Las Vegas and an Atlantic City native, wrote:

"It's intriguing to wonder what would have happened if Steve Wynn had not become disenchanted with New Jersey regulators. If he had been given a freer hand here, it's a good guess that an 'Atlantic City Mirage' would have triggered a similar building boom by the shore. If that had happened, perhaps Atlantic City, not Las Vegas, would be the nation's leading casino destination today."¹⁰³

Despite the attempt through the Casino Reinvestment Development Act to generate broader growth and prosperity within the City, progress appeared slow and uneven. In 1988, the *New York Times* ran a series of articles outlining the continuing problems and poverty found in many Atlantic City neighborhoods, concluding:

"It is among the more notable shadows on the burnished reputation of Governor Kean, the keynote speaker at the Republican National Convention this month and a patrician who, since his election in 1981, has carefully kept his distance from the infighting, the gaming and the squalor here..... Nearly everyone in dozens of interviews, however, was critical, sometimes scathingly so, about the state and often about the Governor. Mr. Kean, a moderate who

¹⁰² Wynn and Trump had earlier battled in 1985 when Wynn attempted to acquire control of Hilton Hotels Corporation and also sought to buy its new Atlantic City casino-hotel nearing completion. Hilton's license application failed upon the Casino Control Commission's 2-2 vote (with one vacancy) in February 1985, the first rejection in New Jersey. Hilton filed an appeal of the decision, but then announced that it had accepted an offer of \$325 million for the Atlantic City hotel from Donald Trump, rejecting another offer from Wynn. The Atlantic City property opened in June 1985 as the Trump Castle. Barron Hilton issued a statement stating that he was "shocked and stunned" at the decision and promised that the company would take its appeals to the courts.

¹⁰³ David Schwartz, "Wynn, Lose or Draw", *Casino Connection*, Vol. 5, No. 12 (December 2008). Accessed July 16, 2010 at http://casinoconnectionac.com/issue/december_2008/article/wynn_lose_or_draw. Wynn and Trump also had earlier clashed when the Hilton Corporation was denied a casino license after it had nearly completed construction of its hotel and casino. Wynn and Trump both made offers to buy the property, with Trump's bid of \$320 million accepted for what would become the Trump Marina. Ultimately, however, Trump's purchase of the Hilton project would be the beginning of the debt problems which would contribute to the three bankruptcy filings for his Atlantic City holdings and his final loss of majority control to his debtors. For more background on the conflicts between Wynn and Trump and Wynn's problems with New Jersey regulators, see

has written a book about what he calls "the politics of inclusion," is perceived as unwilling to risk damaging his growing national reputation by becoming too involved with gambling, which he voted against as a state legislator, or by criticizing Mr. Usry [Atlantic City Mayor], who is one of the nation's few black Republican mayors."

The article went on to quote Steven Perskie, who was then a Superior Court judge: "The casinos' only responsibility was to come in, obey the laws and churn out the money. I don't fault them; it's not their job to make public policy. It's government's job to do what needs to be done." Richard S. Dovey, the County's planning director, also contrasted the strong role the state took in creating the successful Hackensack Meadowlands Development Commission with its lower-profile position in Atlantic City: "But here, where there is the second largest economic power in the state, after north Jersey, there is no one. The best we get out of Trenton is an official on the Governor's planning and policy staff who comes once a month for a meeting with all the overlapping city and county authorities. Kean has wrapped his arms around Usry or vice-versa, but neither is getting anything much from it, except a quick grant or publicity. Yet the power of the state is the only way to accomplish anything of any magnitude in New Jersey."¹⁰⁴

Casino executives also criticized the post-Abscam Casino Control Commission as inaccessible, overspending its budget and awarding staff positions as political patronage. Industry representatives also complained that bans on political activity and political contributions by executives were contributing to the low quality of municipal administration.¹⁰⁵ Rebutting the claims, Walter Read, the Commission's chairman, said that the "constant sniping" was an attempt to "wear down the state's control of the industry". "I think the time has come for the industry to acknowledge that when they came here to New Jersey, they accepted a strict regulatory system," he continued. "I recommend very strongly that they go back and read the history of casino gaming here."¹⁰⁶

In 1989, the Atlantis Casino Hotel became the first casino to fail in Atlantic City. In April, the Casino Control Commission refused to renew the license for the struggling Atlantis, which originally had been built as the Playboy Casino but taken over by Playboy's partner, Elsinore Corporation, when Playboy and its chief executive Hugh Hefner were rejected for licenses. The small size of its casino and its unusual three-level design had been drawbacks for the Atlantis in competing with larger properties. After denying the license renewal, the Commission placed the property under the control of a conservator and the casino at the Atlantis was closed. In June of that

¹⁰⁴ Steven Erlanger, "Atlantic City: Failure Behind the Façade", *New York Times*, August 29, 1988.

¹⁰⁵ See "Regulator Blasts Casino Industry, Denies Political Patronage Charges", *Atlantic City Press*, October 2, 1988. Accessed September 9, 2010 at http://infoweb.newsbank.com/iw-search/we/InfoWeb?p_product=AWNB&p_theme=aggregated5&p_action=mlt&p_docid=0EAEA76F74145CEF

¹⁰⁶ Ibid.

year, Donald Trump took over the Atlantis as a non-casino hotel and re-named it Trump Regency.¹⁰⁷

After Governor Kean left office in January 1990, casino executives had renewed hope that Atlantic City would receive priority state government attention with the election of James Florio. Governor Florio had named Steven Perskie, who had resigned as a judge to manage Florio's gubernatorial campaign, as his chief-of-staff. Perskie's extensive knowledge of the casino legislation he had helped to write and his continued ties to the area were viewed as leading to a concentrated state effort to remedy the City's problems.¹⁰⁸

A few months after Florio's inauguration, however, Perskie attempted to downplay speculation over the significance of his appointment with respect to Atlantic City, "I was not selected for this job because the governor wanted a viceroy for Atlantic City. The notion that just because I'm there all of Atlantic City's problems will be solved is an unfair expectation."¹⁰⁹ Perskie went on to stress that there had been a persistent pattern of local opposition to more regional involvement since the arrival of the casino industry in 1978, "Over the years, various city administrations have proven that they didn't understand the proper role of the city government," but that he personally had no regrets about killing plans by former Governor Byrne to create a "superagency" to run the resort, "Even if I had been an advocate at the time, neither I nor anybody else could have made it happen politically. The opposition locally was far too intense."¹¹⁰

Florio's single term in office, however, quickly became beset by the controversy over his tax increase program implemented in his first months in office. The governor also ran into stiff opposition from his successful push for legislation to prohibit the sale of assault weapons in the state, a measure which was also backed by Senator Gormley, sparking the wrath of fellow Republicans and a nearly-successful campaign to unseat him in the 1991 election heavily financed by the National Rifle Association.¹¹¹ Less than a year after Florio's inauguration, Perskie left the governor's staff, with Florio appointing him as chairman of the Casino Control Commission, a post he held until 1994, when he was named as a vice president and general counsel of Players International, an operator of riverboat casinos with no interests in New Jersey.

¹⁰⁷ Trump then had three casino-hotels, the maximum allowed at the time for a single owner. See Piccolo, *op. cit.*

¹⁰⁸ Speaking of Perskie's role in the casino legislation, Florio commented in a 2007 interview: "Oh he was— what [Senator] Joe Merlino was to the Pinelands, Steve Perskie was to casino gambling; being the key spokesperson that had the answers. In the legislative process it is not sufficient to be able to go out and advocate. You have to be also the defensive guy, so that when you're advocating and people come up with all the answers as to why your initiative is not good, you have to be the guy who fields the responses. So you do the offense and you do the defense. Steve Perskie is that in spades. He is really very knowledgeable, very good, very articulate, and he was the person that carried the day." Interview with James J. Florio, Rutgers Program on the Governor, October 8, 2008. Accessed August 4, 2010 at http://governors.rutgers.edu/njgov/AtlanticCity/AtlanticCityReflections_Florio.php

¹⁰⁹ Joseph Donohue, "Florio Staying Out of A.C. Election", *Atlantic City Press*, April 8, 1990, pB1.

¹¹⁰ *Ibid.*

¹¹¹ Wayne King, "N.R.A. Is Politically Armed and, to Florio, Dangerous", *New York Times*, August 23, 1992. Accessed September 2, 2010 at <http://www.nytimes.com/1992/08/23/nyregion/nra-is-politically-armed-and-to-florio-dangerous.html>

After Perskie's resignation as the Florio chief-of-staff and the voter backlash against the tax increase package of Florio and the Democratic legislature, the Republicans gained majority control of both the state Senate and Assembly in the November 1992 election, with Senator Gormley named as chair of the powerful Senate Judiciary Committee overseeing all state appointments as well as all gambling legislation. As chair, Gormley engineered legislation that met key demands of the casinos for more flexible regulations, including allowing twenty-four-hour gaming, allowance of new table games and eased controls on marketing and promotion. Florio and Gormley also cooperated in 1993 on a \$254 million state financing package to build a new convention center and a \$2 fee on casino parking, with the proceeds going to the CRDA for infrastructure projects, such as the gateway corridor improvement.¹¹²

In February 1992, a development which received little notice at the time but which in later years would pose threats to the viability of the Atlantic City domination of East Coast casino gaming occurred when the Mashantucket Pequot Tribal Nation added table games, followed shortly by slot machines, to the high-stakes bingo hall it had opened in 1986.¹¹³ By 1998, Foxwoods had grown to become the world's largest casino complex, and had been joined by the nearby Mohegan Sun opened by the Mohegan Pequot Tribe in 1996.¹¹⁴ While Atlantic City initially suffered only marginally from the Connecticut casinos, their rapid growth and the revenues generated for the Connecticut state government were factors leading other states, particularly Pennsylvania and Delaware, which were much greater competitive threats to the profitability of the New Jersey casino market to investigate their own potential for gaming revenues.¹¹⁵

During the Administration of Governor Christine Todd Whitman, despite his earlier vow not to return to New Jersey, Steve Wynn announced in 1998 that he was

¹¹² See *op. cit.*, William Earhart, "Casino Gaming: The First 20 Years: Six Men who were Key Figures in Rebirth of Atlantic City", *Atlantic City Press*, May 24, 1998, p. A3.

¹¹³ G. Michael "Mickey" Brown was named chairman of the Foxwoods casino in 1993. Brown was the first director of the New Jersey Division of Gaming Enforcement, and led the investigations that resulted in the denial of gaming licenses to executives of Resorts International, Caesar's World, Bally's Manufacturing and Playboy founder Hugh Hefner

¹¹⁴ In 1987, the U.S. Supreme Court decision in *California v. Cabazon Band of Mission Indians*, 480 U.S. 202 (1987) held that the state of California had no authority to apply its regulatory statutes to gambling activities conducted on Indian reservations. After the decision, Congress passed the Indian Gaming Regulatory Act (25 U.S.C.A. §2701-2721) to provide a statutory basis for the regulation of Indian gambling, specifying several procedures, including the requirement that the revenues from gambling be used to promote the economic development and welfare of tribes. For casino gambling, the legislation requires tribes to negotiate a compact with their respective states on operations and allocation of revenues. From 1988, when the federal law went into effect, to 1997, tribal gambling revenues grew more than 30-fold, from \$212 million to \$6.7 billion. See *Report of the National Gambling Impact Study Commission*, National Gambling Impact Study Commission (1999), pp. 6-1 *et seq.*. Accessed September 2, 2010 at <http://govinfo.library.unt.edu/ngisc/reports/fullrpt.html>

¹¹⁵ In the fiscal year ended June 30, 2010, the Connecticut state government received a total contribution of \$169 million from Foxwoods and \$190 million from Mohegan Sun, or a total of \$359 million from the two casinos. The revenues are allocated among 169 cities and towns to fund education and other services. See Brad Kane, "CT's casino haul hits decade low", *HartfordBusiness.com*, July 15, 2010, Accessed September 3, 2010 at <http://www.hartfordbusiness.com/news13985.html> In July 2009, the two Connecticut casinos launched a joint advertising campaign targeted to attract Atlantic City gamblers, including billboards headlined "Way Beyond the Boredwalk" and "Escape the Jersey Snore." See William Sokolic, "Mohegan Sun, Foxwoods launch joint campaign taking aim at N.J. competition", *Norwich Bulletin*, July 7, 2009. Accessed September 6, 2010 at <http://www.norwichbulletin.com/casinos/x1885884059/Mohegan-Sun-Foxwoods-launch-joint-campaign-taking-aim-at-N-J-competition>

planning a major new 2,000-room resort, to be named Le Jardin Hotel & Resort, on property in the Atlantic City Marina section. After often contentious negotiations, he persuaded the Whitman Administration to facilitate the project through constructing the Atlantic City–Brigantine Connector, which had been initially proposed in 1995 to provide a direct connection between the Atlantic City Expressway and the Brigantine area. The Governor promised that the project would be built along with a direct exit ramp to his proposed casino.

While the Whitman officials believed that Wynn's return would spark new interest in Atlantic City, the agreement quickly provoked controversy. Donald Trump, who owned the nearby Trump Marina and had a long, contentious relationship with Wynn, filed a lawsuit claiming the deal unfairly benefited Wynn.¹¹⁶ Local residents who would be displaced or otherwise adversely impacted by the road also objected. Politicians and media critics also questioned the equity to the public of the arrangement, in which the City gave Wynn the 170-acre site for the project; the State legislature agreed to reimburse up to 75 percent of the money spent to clean up the site, a former landfill; and the State and the Atlantic City Transportation Authority would pay two-thirds and Mirage one-third of the \$330 million cost of the new road.¹¹⁷ Despite the legal battle, construction on the connector began in 1998.

But Wynn's own involvement in developing the proposed casino-hotel ended following the \$6.4 billion takeover in May 2000 of Mirage Resorts by MGM Grand Inc.. When MGM completed the purchase, Wynn resigned as chief executive and left the company; MGM renamed itself as the MGM Mirage company; the Le Jardin casino project was renamed as the Borgata; and MGM Mirage formed a joint venture with Boyd Gaming, which had planned to build its own casino-hotel on adjacent property, to complete building and to operate the Borgata casino-hotel.¹¹⁸ Meanwhile, when the state promised also to build a direct ramp from the connector to the Trump Marina, Trump dropped his lawsuit. After Governor Whitman resigned as governor at the end of January 2001 to accept appointment by President Bush as Administrator of the Environmental Protection Agency, she was succeeded by Senate President Donald T. DiFrancesco as acting governor, who presided at the formal ceremony opening the Atlantic City–Brigantine Connector to traffic on July 31, 2001.

DiFrancesco served until James McGreevey's inauguration in January 2002. McGreevey had forged a close friendship with Curtis Bashaw, a developer who had

¹¹⁶ One of several points of contention between Trump and Wynn was Trump's mid-1987 attempt to take control of Golden Nugget through an initial purchase of 4.9 percent of the company's outstanding stock, a bid which ultimately failed but which created additional tension in the Trump-Wynn relationship. See "Clash of the Titans", op. cit.

¹¹⁷ To build political and local support, Wynn also contributed heavily to both U.S. Senate candidates, Robert Torricelli and Richard Zimmer, in the 1998 New Jersey election and flew a group of public housing officials and tenant association leaders to Las Vegas for a tour of Mirage properties during which he paid for all accommodations. See Brett Pulley, "A Gambling Impresario Leaves Little to Chance", *New York Times*, December 6, 1998, p. 1.

¹¹⁸ MGM Grand's initial hostile takeover offer of \$3.5 billion for control of Mirage Resorts was rejected by Wynn and the Mirage board, but an increased bid of \$4.4 billion was accepted, resulting in \$483 million paid to Wynn for his stock but removing him from management. Wynn subsequently founded Wynn Resorts Ltd., which runs the Wynn Las Vegas and Encore Las Vegas casinos on the Las Vegas Strip as well as two properties in Macau. MGM Mirage dropped Mirage from its corporate name in 2010, renaming itself MGM International. See "MGM Mirage Changes Name to MGM Int'l", *Casino Guide*, September 4, 2010. Accessed September 5, 2010 at <http://a2zcasino.eu/mgm-mirage-changes-name-to-mgm-resorts-intl.html>

become well-known for his rehabilitation of upscale properties in Cape May, including the historic Congress Hall hotel. In 2004, the Governor appointed Bashaw as executive director of the Casino Reinvestment Development Authority.¹¹⁹ Bashaw's eighteen-month tenure included a program to improve the gateway into the City from the Atlantic City Expressway through landscaping, signage and streetscape amenities. Bashaw also established a \$100 million Boardwalk Revitalization Fund to update boardwalk storefronts and encourage the casino-hotels to build more inviting oceanfront facades with terraces and courtyards. Upscale retail outlets outside the casino-hotels also were established through "The Walk", which opened in August 2003 and would grow to become a 100-store outlet mall with a walkway connecting the boardwalk to the Convention Center.

Some two years later, The Borgata opened on July 2, 2003—the first new casino-hotel to open since the Trump Taj Mahal in 1990—and quickly became the City's highest-grossing property. Even before the Borgata opened, most of the existing Atlantic City casinos commenced significant expansions and renovations to compete with the new mega-resort, along with new retail and other non-casino investments estimated in the summer of 2006 to be in the neighborhood of \$1 billion in new construction. The optimism was reflected in comments by the celebrity chef Wolfgang Puck, who had just opened his first restaurant in Atlantic City after having one in Las Vegas for some 15 years: "Atlantic City reminds me of Las Vegas 15 years ago. I think this is really just the beginning here. I wouldn't be surprised if, in 15 years, this looks a lot more like Las Vegas."¹²⁰ As the gaming industry prospered in Atlantic City and other jurisdictions, it sparked a wave of expansion; a 2006 survey reported that there were then nearly 900 casinos—455 privately run in 11 states, 406 on Indian reservations in 29 states and 29 racetrack casinos—in 11 states, with at least nine additional states (Delaware, Georgia, Kentucky, Maryland, Massachusetts, Minnesota, Mississippi, Ohio and Texas) considering legalizing casino or racetrack gambling.¹²¹

The 2006 year, however, would, prove to be the peak of the Atlantic City market. In rapid succession, the New Jersey casino industry was struck by a "perfect storm" of blows: excessive debt and capacity from over-expansion; sharp declines in the

¹¹⁹ Bashaw's maternal grandfather was the Reverend Carl McIntire, an evangelical Presbyterian who built a Chautauqua-style religious community in Cape May in the 1960s. McIntire's radio show, *The Twentieth Century Reform Hour*, was broadcast on over 600 stations across the country; some of the revenue from broadcasting and other ventures was invested by McIntyre in real estate in Cape May and elsewhere. Bashaw and McGreevey first met during his first year in office when the Governor and his then wife Dina stayed at The Congress Hotel. Bashaw, who was openly gay, was one of the few confidantes whom McGreevey brought to the Governor's Residence in Princeton to consult during the crisis which led to his "I am a gay American" resignation announcement in August 2003. After resigning as executive director of the CRDA, Bashaw returned to private development, including his opening in 2008 of the 331-room non-casino Chelsea Hotel in Atlantic City. See Eric Levin, "Cape Crusader", *New Jersey Monthly*, May 7, 2010.

¹²⁰ Quoted in Gene Sloan, "Atlantic City is building a Las Vegas image", *USA TODAY*, July 7, 2006. Accessed September 4, 2010 at http://www.usatoday.com/travel/destinations/2006-07-06-atlantic-city_x.htm Other non-casino projects included The Pier at Caesars, a \$175 million luxury shopping and entertainment complex featuring outlets of Louis Vuitton, Tiffany & Co., Gucci and other high-end retailers; The Walk, a \$60 million retail and entertainment complex in the center of the city; The Quarter, a \$225 million Old Havana-themed retail, dining and entertainment complex at the Tropicana Casino; and a \$58 million House of Blues restaurant, club and concert hall. Additional projects proposed prior to 2007 were estimated at over \$1 billion in additional development, most of which were cancelled or postponed.

¹²¹ Kavan Peterson, "48 states raking in gambling proceeds", *Stateline.org*, Pew Center for the Study of the States. Accessed September 4, 2010 at <http://www.stateline.org/live/details/story?contentId=114503>

numbers of visitors who were drawn to new competitors in nearby states; and the severe economic recession.

New questions also arose over the integrity of Atlantic City municipal government. In October 2007, Mayor Bob Levy resigned after disappearing for two weeks amid allegations he lied about his military service and illegally collected veterans' benefits, later pleading guilty to defrauding the federal Department of Veterans Affairs and sentenced to three years probation. Still another FBI sting operation ensnared other City officials, including a former City Council president who was sentenced to three years in prison for his role in setting up a rival councilman with a prostitute in a motel room, and secretly videotaping the encounter. At that time, three members of the Council already were either in prison or under house arrest and a former member had just been released after a five-month stay in prison. Levy's resignation made him the fifth of the previous nine mayors to have been charged with some form of corruption.

By the summer of 2010, gambling profits at the City's 11 casinos had fallen nearly 30 percent from 2006 (almost double the rate of decline in Las Vegas). In 2007, Pennsylvania began to draw customers away as its slot Revenue fell to \$3.9 billion in 2009, the lowest level since 1997, from a high of \$5.2 billion in 2006. Revenue continued to decline, with a 7.9% decrease for the first seven months of 2010. Saddled by debt from the costly expansions and renovations, along with corporate takeovers within the industry prior to the market decline, most casinos sharply cut back on staff and investment. Capital expenditures plunged to \$85 million in 2009 from \$963 million in 2007. Government programs financed by casino revenues also plummeted; in 2006, the casinos paid over a half-billion dollars in state taxes, a return which had dropped to \$312 million in 2009 and a projected \$275 million in 2010. In August 2010, one of the more ironic symbols of the Atlantic City decline came when the first casino-hotel, Resorts International, once phenomenally profitable, was sold at the bargain-basement price of only \$35 million, after being purchased in 2001 for \$140 million and an additional \$110 million spent on construction of a new hotel tower. By 2009, the \$360 million in loans advanced for its purchase and expansion were in default, forcing the 2010 sale.¹²²

The precipitous fall in Atlantic City's fortunes brought various calls for new actions, including ending the \$30 million subsidy that the casinos paid to keep state-run racetracks in operation and reducing the number of the minimum number of guest rooms in new casino-hotels from the current 500 to 200.¹²³ The proposal that gained the most attention, however, came from a task force created by Governor Christopher Christie shortly after his inauguration to study the state's role in various gaming activities chaired by Jon Hanson, the former chairman of the New Jersey Sports and Exposition Authority during the Kean Administration and a wealthy real estate

¹²² See Alexandra Berzon, "New Resorts Owners Roll the Dice", *Wall Street Journal*, September 1, 2010. Accessed September 3, 2010 at http://online.wsj.com/article/SB10001424052748704421104575464030708371878.html?mod=googlenews_wsj

¹²³ Both measures were proposed by State Senator James Whelan, who had served from 1990 to 2001 as Atlantic City Mayor. See Erik Ortiz, "Whelan and Sweeney call for end to casinos' \$30 million subsidy of state horse racing tracks", *Atlantic City Press*, May 25, 2010. Accessed August 24, 2010 at http://www.pressofatlanticcity.com/business/article_203d4184-6820-11df-8f0a-001cc4c03286.html

executive and Republican fundraiser.¹²⁴ The Hanson report called for the creation of a state-run district in the core of Atlantic City, and the appointment of a group of individuals from the business and local community to work in a public-private partnership with the state. In endorsing the recommendations, Governor Christie said "Atlantic City is dying," and called current and past Atlantic City elected leaders "corrupt and ineffective." He went on to criticize the failure to act more aggressively to strengthen the City's appeal while it dominated the gaming market: "For 30 years, Atlantic City has had a monopoly on gambling. As a result," he said, "Atlantic City has not done everything to change to exploit its natural advantages."¹²⁵

The task force also suggested selling the state-owned racetracks at Meadowlands and Monmouth Park and finding new investment for the newly-built Xanadu retail complex near the Meadowlands site. The Hanson report also relied on research conducted by the consulting firm McKinsey & Company summarizing data documenting the Atlantic City casino industry's declining financial situation, as well as attributing some of the losses in visitors and gaming revenue to the City's failure to develop more diverse non-gaming attractions and revitalize areas outside the casino-hotels.¹²⁶

The Hanson report sparked a new debate over the future of Atlantic City and the New Jersey gaming industry. A former top executive of Resorts International suggested that the state recognize that expanded competition for the gaming market was inevitable and that slot machines and table games be newly authorized at the Meadowlands race track and in Camden to compete with new casinos in Philadelphia and anticipated ones in New York City. An influential Democratic state senator proposed authorizing intrastate on-line gaming and horse race betting from servers based in Atlantic City, with additional revenues for casinos, race tracks and the horse breeding industry.¹²⁷ The Atlantic City casino industry strongly opposed both expansion of casinos to areas outside the City and allowing online gaming.¹²⁸

¹²⁴ *Report of the Governor's Advisory Commission on New Jersey Gaming, Sports and Entertainment*, Office of the Governor, July 21, 2010. Accessed September 10, 2010 at http://www.nj.gov/governor/news/reports/pdf/20100721_state_document_final2.pdf

¹²⁵ Maya Rao and Suzette Parmley, "As Christie pitches the A.C. plan, critics speak out", *Philadelphia Inquirer*, July 22, 2010. Accessed September 10, 2010 at http://www.philly.com/inquirer/home_top_stories/20100722_As_Christie_pitches_the_A_C_plan_critics_speak_out.html#ixzz10TPYu2jv

¹²⁶ *The New Jersey Gaming, Sports, and Entertainment Advisory Commission: Revitalizing Atlantic City* (June 9, 2010), McKinsey & Company, Accessed August 29, 2010 at <http://bloximages.chicago2.vip.townnews.com/pressofatlanticcity.com/content/tncms/assets/editorial/b/ae/36a/bae36ac2-9770-11df-8680-001cc4c002e0-revisions/4c4b65a24439c.pdf.pdf>

¹²⁷ Senator Raymond Lesniak introduced Senate Bill 490 to allow intrastate online betting. He estimated that online revenues would range between \$210 million and \$250 million; would bring \$47 million to \$55 million in tax revenues to the state; and provide 1,586 to 1,903 new jobs and a \$71 million to \$86 million growth in personal income. See Tom Hester, Sr., "Sen. Lesniak proposed two plans to save Atlantic City casinos, horse racing", *newjerseynewsroom.com*, August 14, 2009. Accessed August 27, 2010 at <http://www.newjerseynewsroom.com/state/sen-lesniak-proposed-two-plans-to-save-atlantic-city-casinos-horse-racing>

¹²⁸ In testimony before a committee established by Democratic legislators to consider the Hanson report and other proposals, Mark Juliano, the president of the Casino Association of New Jersey and chief executive of Trump Entertainment Resorts, rejected the idea of widening gambling in the state, including video terminals at racetracks, continuing, "Authorizing slot machines, VLTs or table games elsewhere in the state would not only take substantial gaming revenue from our casino resorts, but far more importantly, would present a substantial obstacle to the ability of this market to attract the private capital needed to revitalize the city and the

From its founding, Atlantic City has been an artificial place. It was created not because of any natural worth of its setting as a port or shelter, but as an entrepreneurial venture existing only to satisfy desires for leisure, entertainment and profit. Dependent on the technology of the railroad for its existence and the emergence of the new middle class of the industrial revolution for its growth, it provided affordable leisure, recreation and entertainment. For many, that included escape from daily routines and for some, respites from the legal and moral rules that governed their workaday lives. Over the course of its history, Atlantic City's political and business establishment collaborated in shared interests to protect, satisfy and profit from both the innocent and illicit desires of its guests. The City's success in giving the public what they wanted, combined with the benign neglect of a state government inclined to allow the rather isolated resort to govern itself, allowed melding of its political and criminal leadership.

Its rapid spurts of growth, first in the 1870s through the 1920s and again after casinos were opened from the 1970s through the first years of the current century, each were based on aligning government with the private interests seeking to profit from their collaboration. Like the railroad's role in establishing a new city more than a hundred years before, it is difficult if not impossible to envisage how the contemporary City could have renewed its appeal without the artificial spark of legal gambling, a tool that—however limited in the distribution of its economic rewards—nonetheless brought thousands of jobs and billions of dollars in investment to a City which had become known more for poverty, crime and corruption than for the often overly nostalgic memories of its heyday.

casino industry." See Tom Hester, Sr., "Casino executive urges N.J. legislators not to permit gambling beyond Atlantic City", August 6, 2010. Accessed August 20, 2010 at <http://www.newjerseynewsroom.com/state/casino-executive-urges-nj-legislators-not-to-permit-gambling-beyond-atlantic-city>