

Senate

JUDICIARY COMMITTEE

MINUTES OF MEETING HELD

March 27, 1967

A meeting of the Judiciary Committee was held at 2:50 P.M., Monday, March 27, 1967, in Committee Room 56, State Capitol, Chairman Monroe presiding.

Members present: Warren L. Monroe, Chairman
 Vernon E. Bunker
 M. J. Christensen
 Carl F. Dodge
 Procter R. Hug
 Coe Swobe
 C. Clifton Young

Also present: Charles G. Munson, Executive Director Gaming Industry Association of Nevada, Inc.; Robbins Cahill, Nevada Resort Association, Las Vegas; Edward E. Bowers, Executive Secretary, Nevada Gaming Commission; Joe Jackson, Reno Newspapers, Inc.; Jerry Higgins, KCRL TV; Senators Fisher and Lamb; Assemblyman Kent Hafen; Clark Bingham and Nelson Conway, Accountants of Conway, Moe & Hibbs, Las Vegas

Chairman Monroe stated the meeting was for the purpose of discussing S.B. 470.

S.B. 470 - "Establishes procedures to issue gaming licenses to corporations."

Russ McDonald had been called in to discuss this bill. He said its central features attempt to lift some rather severe limitations to authorize gaming licensing of corporations without requirement that all stockholders be on the license. Goes back at least four years. Discussion of parent corporation, only a Nevada corporation can be licensed. Question of voting control of a Nevada Corporation by a foreign corporation. Senator Lamb said there are corporations in Nevada who are licensed but it is just a sham and he cited the Del Webb Corporation which he stated had a "back door" approach. Legally it is all right, but they don't like it. Under this, it would be right out in the open and be legal like any other person making an application. He said he thought some things should go back in the copy. Put in Subsection 2, which puts the Commission in better position than the 5%. Discussion of provisional stockholders - meaning of word "unsuitable." Mr. McDonald said it is pretty well defined in regulations. Discussion of requirements of audits and publication and need to have them done by CPA's. Chairman Monroe asked what section

Senate

Minutes of Judiciary Committee Meeting Held 3/27/67 Page 2

of the bill would take care of that. Mr. McDonald said in Section 5 under Sub-Section 11, all profit and loss statements by the certified public accountants, should be added "registered in Nevada," to make for better control by having local accountants. Senator Lamb asked Mr. Conway to speak.

Senator Swobe brought up the question as to what would happen when a parent corporation, after being licensed, had the controlling interest transferred to someone considered unsuitable. Discussion. Senator Swobe said he felt we were going into an area that is a drastic departure from controls maintained now and he felt it would be disastrous to be creating a loophole of any kind.

Senator Dodge asked Mr. Bowers if he envisions any administrative problem or danger or affects in the bill that should be corrected. Mr. Bowers replied that the entire draft was done by their counsel bondsman who was unavailable today. The bondsman had struggled through 5 or 6 drafts and still is not satisfied. Mr. Bowers did not know whether it would create problems or not and felt the bondsman should answer. Senator Dodge asked when we could get in touch with him and Mr. Bowers replied as soon as he returns.

Senator Young asked what would happen if there is another holding company, a holding company of a holding company. Discussion of corporation setup on big hotels such as Conrad Hilton. Mr. McDonald said that was not known - they are trying to determine how many companies or holding companies there are. Senator Lamb said Assemblyman Swackhamer had some interest in and some questions on the bill, was unable to attend the meeting but wanted us to "shoot it over to them." Senator Young asked about possible problem of SEC inviting federal regulation.

Mr. McDonald said once they had thought of having the regulation that only a foreign corporation or parent corporation listed on the stock exchange could be a holding company. This idea was rejected. Discussion of pay-roll deposit and tax security.

Senator Monroe asked Mr. McDonald about the Del Webb back door approach. Mr. Bowers said he is listed on the New York Stock Exchange. He owns Sierra Nevada Corporation which in turn leases to Consolidated Corporation. It is the licensee on the premises of the Sierra Properties. Mr. Cahill said it was a flat rental revenue.

Senator Hug asked whether people in business now have any bad feelings about the bill, do they favor it or are they against it? Mr. Cahill said most of the larger casinos favor it. If they happen to have a large place for sale, it is difficult to get individual money to buy them out.

Senate

Minutes of Judiciary Committee Meeting Held 3/27/67

Page 3

Senator Dodge said he felt the Del Webb and other operations of this type coming into the gaming industry gives us a chance to create an aura of respectability which this industry desperately needs.

Chairman Monroe asked what would happen if all the investors who come in would want to have new places, would some big ones go down the drain? Mr. Cahill said that was a chance they had to take and they probably would get some like this.

Chairman Monroe said that as soon as Mr. Winne returned, we would have him in to discuss this bill.

S.B. 370 "Amends law relating to water and sanitation district organization and elections."

Senator Titlow came in to discuss this bill. Discussion as to whether someone could just own a car and qualify as a property owner for election purposes. Chairman Monroe asked what qualifications were for general election purposes. Discussion.

Disposition: Moved and seconded "do pass" S.B. 370.

Chairman Monroe asked Committee's thoughts on the hearing held March 24 on S.B. 408. Senator Swobe said he thought it was very good. Discussion of Art Wood and his nefarious plans. Chairman Monroe said the people at Incline Village are opposed. Senator Young said he could sell more bonds, his ski facility and golf course then be off, the district would be responsible. Chairman Monroe said he would have Russ McDonald come in to discuss the matter.

S.B. 440 "Amends provisions relating to powers, duties of Public Service Commission."

Chairman Monroe said the bill had been up once before, he had checked it over and Noel Clark had said it is very simple; therefore it was decided Mr. Clark did not need to come into Committee on it.

Disposition: ON MOTION of Senator Dodge, seconded by Senator Bunker, it was agreed to Do Pass S.B. 440.

S.B. 473 "Conforms fee for filing security agreement covering property of public utilities to Uniform Commercial Code."

Senator Dodge explained. John Koontz had discussed it with him.

Disposition: ON MOTION of Senator Young, seconded by Senator Bunker, it was agreed to "Do Pass" S.B. 473.

S.B. 474 "Abolishes requirement that pawnbroker keep record of sales."

Senator Swobe said it is a bad bill, does not help the Police Department to check on stolen items, etc. Senator Dodge asked why it does not help if they can go to the record and see who got a gun or knife. Discussion.

Disposition: Senator Swobe will check on gun angle.

Agreed to introduce bill requiring indexing of statements covering corporations.

Meeting adjourned at 4:06 P.M.