

- 1 (1) Controls, is controlled by, or is under common control
2 with;
- 3 (2) Is in a partnership or joint venture relationship
4 with; or
- 5 (3) Is a co-shareholder of a corporation, a co-member of a
6 limited liability company, or a co-partner in a
7 limited liability partnership with;
- 8 a person who holds or applies for a casino license under this
9 chapter.

10 "Agent" means any person who is employed by any agency of
11 the State, other than the commission, who is assigned to perform
12 full-time services on behalf of or for the benefit of the
13 commission regardless of the title or position held by that
14 person.

15 "Applicant" means any person who applies for a license
16 under this chapter.

17 "Casino facility" means a freestanding, land-based
18 structure in which casino gaming permitted under this chapter
19 may be conducted that may include bars, restaurants, showrooms,
20 theaters, or other facilities, but does not include any
21 structure used for hotel or other transient accommodation
22 lodging purposes.



1 "Casino gaming", "limited casino gaming", "game", or
2 "gaming", as the context may require, means the operation of
3 games conducted pursuant to this chapter in a licensed casino
4 facility including but not limited to the games commonly known
5 as "baccarat", "twenty-one", "poker", "craps", "slot machine",
6 "video gaming of chance", "roulette wheel", "Klondike table",
7 "punch-board", "faro layout", "numbers ticket", "push car", "jar
8 ticket", "pull tab", or their common variants, or any other game
9 of chance that is authorized by the commission as a wagering
10 device.

11 "Casino license" means a license to operate and maintain a
12 casino facility for casino gaming permitted under this chapter.

13 "Chairperson" means the member of the Hawaii gaming control
14 commission selected by the other members of the Hawaii gaming
15 control commission.

16 "Commission" means the Hawaii gaming control commission.

17 "Conflict of interest" means a situation in which the
18 private interest of a member, employee, or agent of the
19 commission may influence the judgment of the member, employee,
20 or agent in the performance of the member's, employee's, or
21 agent's public duty under this chapter. A conflict of interest
22 includes, but is not limited to, the following:



- 1 (1) Any conduct that would lead a reasonable person,
2 knowing all of the circumstances, to conclude that the
3 member, employee, or agent of the commission is biased
4 against or in favor of an applicant;
- 5 (2) Acceptance of any form of compensation other than from
6 the commission for any services rendered as part of
7 the official duties of the member, employee, or agent
8 for the commission; or
- 9 (3) Participation in any business being transacted with or
10 before the commission in which the member, employee,
11 or agent of the commission or the member's,
12 employee's, or agent's parent, spouse, or child has a
13 financial interest.

14 "Department" means the department of business, economic
15 development, and tourism.

16 "Ex parte communication" means any communication, direct or
17 indirect, regarding a licensing application, disciplinary
18 action, or a contested case under this chapter other than
19 communication that takes place during a meeting or hearing
20 conducted under this chapter or in a manner otherwise authorized
21 by this chapter.



1 "Executive director" means the executive director of the
2 commission.

3 "Financial interest" or "financially interested" means any
4 interest in investments, awarding of contracts, grants, loans,
5 purchases, leases, sales, or similar matters under consideration
6 or consummated by the commission or holding a one per cent or
7 more ownership interest in an applicant or a licensee. For
8 purposes of this definition, a member, employee, or agent of the
9 commission shall be considered to have a financial interest in a
10 matter under consideration if any of the following circumstances
11 exist:

12 (1) The individual owns one per cent or more of any class
13 of outstanding securities that are issued by a party
14 to the matter under consideration or consummated by
15 the commission; or

16 (2) The individual is employed by or is an independent
17 contractor for a party to the matter under
18 consideration or consummated by the commission.

19 "Gross receipts":

20 (1) Means the total of:

21 (A) Cash received or retained as winnings by a
22 licensee;



1 (B) Cash received in payment for credit extended by a
2 licensee to a patron for purposes of gaming; and

3 (C) Compensation received for conducting any game in
4 which a licensee is not party to a wager; and

5 (2) Does not include:

6 (A) Counterfeit money or tokens;

7 (B) Coins of other countries that are received in
8 gaming devices;

9 (C) Cash taken in fraudulent acts perpetrated against
10 a licensee for which the licensee is not
11 reimbursed; and

12 (D) Cash received as entry fees for contests or
13 tournaments in which patrons compete for prizes.

14 "Individual" means a natural person.

15 "Institutional investor" means:

16 (1) Any retirement fund administered by a public agency
17 for the exclusive benefit of federal, state, or county
18 public employees;

19 (2) An employee benefit plan, or pension fund that is
20 subject to the Employee Retirement Income Security Act
21 of 1974, as amended;



- 1 (3) An investment company registered under the Investment
2 Company Act of 1940 (54 Stat. 789, 15 U.S.C. 80a-1 to
3 80a-3 and 80a-4 to 80a-64);
- 4 (4) A collective investment trust organized by a bank
5 under title 12 Code of Federal Regulations section
6 9.18 of the rules of the United States Comptroller of
7 the Currency;
- 8 (5) A closed end investment trust;
- 9 (6) A chartered or licensed life insurance company or
10 property and casualty insurance company;
- 11 (7) A chartered or licensed financial institution;
- 12 (8) An investment advisor registered under the Investment
13 Advisers Act of 1940, (54 Stat. 847, 15 U.S.C.
14 sections 80b-1 to 80b-21 as amended);
- 15 (9) Any other person as the commission may determine for
16 reasons consistent with this chapter.

17 "Investigative hearing" means any hearing conducted by the
18 commission or its authorized representative to investigate and
19 gather information or evidence regarding pending license
20 applicants, qualifiers, licensees, or alleged or apparent
21 violations of this chapter or rules adopted by the commission.
22 An investigative hearing shall include any matter related to an



1 apparent deficiency, except for informal conferences requested
2 under section -11.

3 "Junket enterprise" means any person other than a casino
4 licensee or applicant who employs or otherwise engages in the
5 procurement or referral of persons who may participate in a
6 junket to a casino licensed under this chapter or casino
7 enterprise whether or not those activities occur within the
8 State.

9 "Managerial employee" means a person who holds a policy
10 making position with the commission or any vendor or licensee
11 under this chapter.

12 "Occupational license" means a license issued by the
13 commission to a person or entity to perform an occupation
14 relating to casino gaming in the State that the commission has
15 identified as an occupation that requires a license.

16 "Person" means an individual, association, partnership,
17 estate, trust, corporation, limited liability company, or other
18 legal entity.

19 "Qualifier" means an affiliate, affiliated company,
20 officer, director, or managerial employee of an applicant, or a
21 person who holds greater than a five per cent direct or indirect
22 interest in an applicant. As used in this definition,



1 "affiliate" and "affiliated company" do not include a
2 partnership, a joint venture relationship, a co-shareholder of a
3 corporation, a co-member of a limited liability company, or a
4 co-partner in a limited liability partnership that has a five
5 per cent or less direct interest in the applicant and is not
6 involved in the casino as defined in rules adopted by the
7 commission.

8 "Supplier" means a person that the commission has
9 identified under rules adopted by the commission as requiring a
10 license to provide casino licensees with goods or services
11 regarding the realty, construction, maintenance, or business of
12 a proposed or existing casino facility on a regular or
13 continuing basis, including junket enterprises, security
14 businesses, manufacturers, distributors, persons who service
15 gaming devices or equipment, garbage haulers, maintenance
16 companies, food purveyors, and construction companies.

17 "Supplier's license" means a license that authorizes a
18 supplier to furnish any equipment, devices, supplies, or
19 services to a licensed casino facility permitted under this
20 chapter.



1 "Vendor" means a person who is not licensed under this
2 chapter who supplies any goods or services to a casino licensee
3 or supplier licensee.

4 "Wagerer" means a person who plays a gambling game
5 authorized under this chapter.

6 § -3 Hawaii gaming control commission. (a) There is
7 established the Hawaii gaming control commission, which shall be
8 a body corporate and a public instrumentality of the State for
9 the purpose of implementing this chapter. The commission shall
10 be placed within the department of business, economic
11 development, and tourism for administrative purposes. The
12 commission shall consist of three members to be appointed by the
13 governor with the advice and consent of the senate under section
14 26-34. Of the three members, one shall be appointed from a list
15 of nominees submitted by the president of the senate and one
16 shall be appointed from a list of nominees submitted by the
17 speaker of the house of representatives. Appointments of
18 initial commission members shall be made within ten days of the
19 effective date of this Act.

20 (b) No person shall be appointed as a member of the
21 commission or continue to be a member of the commission if the
22 person:



- 1 (1) Is an elected state official;
- 2 (2) Is licensed by the commission pursuant to this
- 3 chapter, or is an official of, has a financial
- 4 interest in, or has a financial relationship with, any
- 5 gaming operation subject to the jurisdiction of this
- 6 commission pursuant to this chapter;
- 7 (3) Is related to any person within the second degree of
- 8 consanguinity or affinity who is licensed by the
- 9 commission pursuant to this chapter; or
- 10 (4) Has been under indictment, convicted, pled guilty or
- 11 nolo contendere, or forfeited bail for a felony or a
- 12 misdemeanor involving gambling or fraud under the laws
- 13 of this State, any other state, or the United States
- 14 within the ten years prior to appointment or a local
- 15 ordinance in a state involving gambling or fraud that
- 16 substantially corresponds to a misdemeanor in that
- 17 state within the ten years prior to appointment.
- 18 (c) The term of office of a commission member shall be
- 19 five years. Vacancies in the commission shall be filled for the
- 20 unexpired term in like manner as the original appointments;
- 21 provided that the governor shall have thirty days following the



1 occurrence of a vacancy to appoint a successor member to the
2 commission.

3 (d) After due notice and public hearing, the governor may
4 remove or suspend for cause any member of the commission.

5 (e) Members of the commission shall:

6 (1) Be a resident of the State;

7 (2) Serve part-time;

8 (3) Be paid compensation of \$300 for each day in the
9 performance of official duties; and

10 (4) Be reimbursed for expenses, including travel expenses,
11 incurred in the performance of official duties.

12 (f) Officers of the commission, including the chairperson,
13 shall be selected by the members. The commission, subject to
14 chapter 92, shall hold at least one meeting in each quarter of
15 the State's fiscal year. The commission shall hold its initial
16 meeting within twenty days of the effective date of this Act.

17 Special meetings may be called by the chairperson or any two
18 members upon seventy-two hours written notice to each member.

19 Two members shall constitute a quorum, and a majority vote of
20 the three members present shall be required for any final
21 determination by the commission. The commission shall keep a
22 complete and accurate record of all its meetings.



1 (g) Before assuming the duties of office, each member of
2 the commission shall take an oath that the member shall
3 faithfully execute the duties of office according to the laws of
4 the State and shall file and maintain with the director a bond
5 in the sum of \$25,000 with good and sufficient sureties. The
6 cost of any bond for any member of the commission under this
7 section shall be considered a part of the necessary expenses of
8 the commission.

9 (h) The commission shall appoint a person to serve as the
10 executive director of the commission and who shall be subject to
11 the commission's supervision. The commission shall appoint an
12 interim executive director within ten days of the commission's
13 initial meeting who shall be exempt from paragraphs (3) and (4)
14 such that the interim executive director may be a current public
15 employee or regulatory official from a similar body in another
16 state who temporarily undertakes the role of interim executive
17 director. The executive director shall:

- 18 (1) Hold office at the will of the commission;
19 (2) Be exempt from chapters 76 and 89;
20 (3) Devote full time to the duties of the office;
21 (4) Not hold any other office or employment;



- 1 (5) Perform any and all duties that the commission
- 2 assigns;
- 3 (6) Receive an annual salary at an amount set by the
- 4 commission, and shall be reimbursed for expenses
- 5 actually and necessarily incurred in the performance
- 6 of the executive director's duties.
- 7 (i) Except as otherwise provided by law, the executive
- 8 director may:
- 9 (1) Hire assistants, other officers, and employees, who
- 10 shall be exempt from chapters 76 and 89 and who shall
- 11 serve at the will of the executive director; and
- 12 (2) Appoint committees and consultants necessary for the
- 13 efficient operation of casino gaming; provided that no
- 14 person shall be hired or appointed under this
- 15 subsection who:
- 16 (A) Is an elected state official;
- 17 (B) Is licensed by the commission pursuant to this
- 18 chapter or is an official of, has a financial
- 19 interest in, or has a financial relationship
- 20 with, any gaming operation subject to the
- 21 jurisdiction of this commission pursuant to this
- 22 chapter;



1 (C) Is related to any person within the second degree
2 of consanguinity or affinity who is licensed by
3 the commission pursuant to this chapter; or

4 (D) Has been under indictment, convicted, pled guilty
5 or nolo contendere, or forfeited bail for a
6 felony or misdemeanor concerning gambling or
7 fraud under the laws of this State, any other
8 state, or the United States within the last ten
9 years, or a local ordinance in any state
10 involving gambling or fraud that substantially
11 corresponds to a misdemeanor in that state within
12 the ten years prior to employment.

13 (j) The salaries of employees hired pursuant to subsection
14 (i) shall be set by the executive director.

15 (k) The commission shall adopt rules in accordance with
16 chapter 91 establishing a code of ethics for its employees that
17 shall include restrictions on which employees are prohibited
18 from participating in or wagering on any casino game or casino
19 gaming operation subject to the jurisdiction of the commission.
20 The code of ethics shall be separate from and in addition to any
21 standards of conduct set forth pursuant to chapter 84.

22 (l) No person shall be employed by the commission if:



1 (1) During the three years immediately preceding
2 appointment or employment, the person held any direct
3 or indirect interest in, or was employed by:
4 (A) A casino licensee under this chapter or in
5 another jurisdiction; or
6 (B) A potential casino licensee who had an
7 application to operate a casino pending before
8 the commission or any other jurisdiction;
9 except that the person seeking employment may be
10 employed by the commission if the person's interest in
11 any casino licensee would not, in the opinion of the
12 commission, interfere with the objective discharge of
13 the person's employment obligations. A person shall
14 not be employed by the commission if the person's
15 interest in the casino licensee constitutes a
16 controlling interest in that casino licensee; or
17 (2) The person or the person's spouse, parent, child,
18 child's spouse, or sibling, is a member of the
19 commission, or a director of, or a person financially
20 interested in, any person licensed as a casino
21 licensee or casino supplier, or any person who has an



1 application for a casino or occupational license
2 pending before the commission.

3 (m) Each member of the commission, the executive director,
4 and each key employee, as determined by the commission, shall
5 file with the governor a financial disclosure statement:

6 (1) Listing all assets, liabilities, and property and
7 business interests of the member, executive director,
8 key employee, and any of their spouses; and

9 (2) Affirming that the member, executive director, and key
10 employee are in compliance with this chapter.

11 The financial disclosure statement shall be made under oath and
12 filed at the time of employment and annually thereafter.

13 (n) Each employee of the commission, except the executive
14 director or a key employee, shall file with the commission at
15 the time of employment a financial disclosure statement listing
16 all assets, liabilities, property and business interests, and
17 sources of income of the employee and the employee's spouse.

18 (o) A member of the commission, executive director, or key
19 employee shall not hold direct or indirect interest in, be
20 employed by, or enter into a contract for service with, any
21 applicant or person licensed by the commission for a period of



1 five years after the date of termination of the person's
2 membership on or employment with the commission.

3 (p) An employee of the commission shall not acquire any
4 direct or indirect interest in, be employed by, or enter into a
5 contract for services with any applicant or person licensed by
6 the commission for a period of three years after the date of
7 termination of the person's employment with the commission.

8 (q) A commission member or a person employed by the
9 commission shall not represent a person or party other than the
10 State before or against the commission for a period of three
11 years after the date of termination of the member's term of
12 office or the employee's period of employment with the
13 commission.

14 (r) A business entity in which a former commission member
15 or employee or agent has an interest, or any partner, officer,
16 or employee of the business entity, shall not make any
17 appearance or representation before the commission that is
18 prohibited to that former member, employee, or agent. As used
19 in this subsection, "business entity" means a corporation,
20 limited liability company, partnership, limited liability
21 partnership association, trust, or other form of legal entity.



1 § -4 Staff. (a) The executive director shall keep
2 records of all proceedings of the commission and shall preserve
3 all records, books, documents, and other papers belonging to the
4 commission or entrusted to its care relating to casino gaming.

5 (b) In addition to persons hired under section -3(i)
6 the commission may employ any personnel that may be necessary to
7 carry out its duties related to casino gaming.

8 § -5 Powers of the commission. (a) The commission
9 shall have all powers necessary to fully and effectively
10 supervise all casino gaming operations, including the power to:

11 (1) Administer, regulate, and enforce the system of casino
12 gaming established by this chapter. The commission's
13 jurisdiction shall extend to every person,
14 association, corporation, partnership, trust, and any
15 other entity with a financial interest in or holding a
16 license under this chapter, or required under this
17 chapter to hold a license in casino gaming operations
18 in the city and county of Honolulu;

19 (2) Issue a ten-year casino license to operate a casino
20 facility pursuant to this chapter;



- 1 (3) Determine the types and numbers of occupational and
2 supplier's licenses to be permitted under this
3 chapter;
- 4 (4) Adopt standards for the licensing of all persons under
5 this chapter subject to the qualifications and
6 standards set forth herein, to issue licenses, and to
7 establish and collect fees for these licenses;
- 8 (5) Provide for the collection of all taxes imposed
9 pursuant to this chapter, and to collect, receive,
10 expend, and account for all revenues derived from
11 casino gaming within the city and county of Honolulu;
- 12 (6) Enter at any time without a warrant and without notice
13 to a licensee, the premises, offices, casino facility,
14 or other places of business of a casino licensee, or
15 casino supplier licensee, where evidence of the
16 compliance or noncompliance with this chapter or rules
17 is likely to be found. Entry is authorized to:
- 18 (A) Inspect and examine all premises wherein casino
19 gaming or the business of gaming or the business
20 of a supplier is conducted, or where any records
21 of the activities are prepared;



- 1 (B) Inspect, examine, audit, impound, seize, or
2 assume physical control of, or summarily remove
3 from the premises all books, ledgers, documents,
4 writings, photocopies of correspondence records,
5 videotapes, including electronically stored
6 records, money receptacles, other containers and
7 their contents, equipment in which the records
8 are stored, or other gaming related equipment and
9 supplies on or around the premises, including
10 counting rooms;
- 11 (C) Inspect the person, and inspect, examine, and
12 seize personal effects present in a casino
13 facility licensed under this chapter, of any
14 holder of a licensed casino facility; and
- 15 (D) Investigate and deter alleged violations of this
16 chapter or rules;
- 17 (7) Investigate alleged violations of this chapter and to
18 take appropriate disciplinary action against a casino
19 licensee or a holder of an occupational or supplier
20 license for a violation, or institute appropriate
21 legal action for enforcement, or both;



- 1 (8) Be present, through its inspectors and agents, any
- 2 time casino gaming operations are conducted in any
- 3 casino for the purpose of certifying the casino's
- 4 revenue, receiving complaints from the public, and
- 5 conducting other investigations into the conduct of
- 6 the casino gaming and the maintenance of the equipment
- 7 as from time to time the commission may deem necessary
- 8 and proper;
- 9 (9) Adopt appropriate standards for a casino facility as
- 10 well as for electronic or mechanical gaming devices;
- 11 (10) Require that records including financial or other
- 12 statements of any casino licensee under this chapter
- 13 be kept in the manner prescribed by the commission and
- 14 that any licensee involved in the ownership or
- 15 management of casino gaming operations submit to the
- 16 commission an annual balance sheet and profit and loss
- 17 statement, a list of the stockholders or other persons
- 18 having a five per cent or greater beneficial interest
- 19 in the gaming activities of each licensee, and any
- 20 other information the commission deems necessary to
- 21 effectively administer this chapter;

1 (11) Conduct hearings, issue subpoenas for the attendance
2 of witnesses and subpoenas duces tecum for the
3 production of books, records, and other pertinent
4 documents, and to administer oaths and affirmations to
5 the witnesses, when, in the judgment of the
6 commission, it is necessary to administer or enforce
7 this chapter. The executive director or the executive
8 director's designee is also authorized to issue
9 subpoenas and to administer oaths and affirmations to
10 witnesses;

11 (12) Eject or exclude, or authorize the ejection or
12 exclusion of, any person from casino facilities where
13 the person is in violation of this chapter or where
14 the person's conduct or reputation is such that the
15 person's presence within a casino facility, in the
16 opinion of the commission, may call into question the
17 honesty and integrity of the casino gaming operation
18 or interfere with the orderly conduct thereof or any
19 other action that, in the opinion of the commission,
20 is a detriment or impediment to the casino gaming
21 operations; provided that the propriety of that



1 ejection or exclusion shall be subject to subsequent
2 hearing by the commission;

3 (13) Permit a casino licensee of casino gaming operations
4 to use a wagering system whereby wagerers' money may
5 be converted to tokens, electronic cards, or chips,
6 which shall be used only for wagering within the
7 casino facility;

8 (14) Suspend, revoke, or restrict licenses, to require the
9 removal of a licensee or an employee of a licensee for
10 a violation of this chapter or a commission rule, or
11 for engaging in a fraudulent practice;

12 (15) Impose and collect fines of up to \$5,000 against
13 individuals and up to \$10,000 or an amount equal to
14 the daily gross receipts, whichever is larger, against
15 a licensee for each violation of this chapter, any
16 rules adopted by the commission, or for any other
17 action which, in the commission's discretion, is a
18 detriment or impediment to casino gaming operations;

19 (16) Establish minimum levels of insurance to be maintained
20 by a licensee;

S.B. NO. 2867

- 1 (17) Delegate the execution of any of its powers for the
2 purpose of administering and enforcing this chapter;
3 and
- 4 (18) Adopt rules pursuant to chapter 91 to implement this
5 chapter; provided that the regulations of the Nevada
6 gaming commission and Nevada state gaming control
7 board ("the Nevada regulations") that are in effect on
8 the effective date of this Act shall be the initial
9 rules of the commission. As adopted under this
10 chapter, all references in the Nevada regulations to
11 "Nevada" shall mean "Hawaii" and all references to any
12 Nevada state department, agency, commission, statute,
13 or rule shall mean the equivalent or similar
14 department, agency, commission, statute, or rule of
15 the State. To the extent the Nevada regulations are
16 inconsistent with this chapter, this chapter shall
17 supersede the Nevada regulations. Due to the imminent
18 peril to public health, safety, or morals absent valid
19 rules related to gaming authorized by this chapter,
20 the commission, under chapter 91, may amend the
21 emergency interim rules to correct inconsistencies
22 between the Nevada regulations and this chapter, but



1 the commission shall retain as much of the emergency
2 interim rules as possible until at least the date on
3 which the casino licensee authorized by this chapter
4 begins operating the gaming facility authorized under
5 this chapter.

6 (b) Rules adopted under this chapter shall not be
7 arbitrary, capricious, or contradictory to the provisions of
8 chapter 91. Rules may include but need not be limited to rules
9 that:

- 10 (1) Govern, restrict, approve, or regulate the casino
11 gaming authorized in this chapter;
- 12 (2) Promote the safety, security, and integrity of casino
13 gaming authorized in this chapter;
- 14 (3) License and regulate, consistent with the
15 qualifications and standards set forth in this
16 chapter, persons participating in or involved with
17 casino gaming authorized in this chapter; and
- 18 (4) Take any other action that may be reasonable or
19 appropriate to enforce this chapter and rules adopted
20 under this chapter.

21 This section is not intended to limit warrantless inspections
22 except in accordance with constitutional requirements.



1 § -6 Member, employee, or agent of commission; conduct
2 generally. (a) By January 31 of each year, each member of the
3 commission shall prepare and file with the commission, a
4 disclosure form in which the member shall:

5 (1) Affirm that the member or the member's spouse, parent,
6 child, or child's spouse is not a member of the board
7 of directors of, financially interested in, or
8 employed by, a licensee or applicant;

9 (2) Affirm that the member continues to meet all other
10 criteria for commission membership under this chapter
11 or the rules adopted by the commission;

12 (3) Disclose any legal or beneficial interest in any real
13 property that is or may be directly or indirectly
14 involved with gaming operations authorized by this
15 chapter; and

16 (4) Disclose any other information that may be required to
17 ensure that the integrity of the commission and its
18 work is maintained.

19 (b) By January 31 of each year, each employee of the
20 commission shall prepare and file with the commission a
21 disclosure form in which the employee shall:



- 1 (1) Affirm the absence of financial interests prohibited
2 by this chapter;
- 3 (2) Disclose any legal or beneficial interests in any real
4 property that is or that may be directly or indirectly
5 involved with gaming or gaming operations authorized
6 by this chapter;
- 7 (3) Disclose whether the employee or the employee's
8 spouse, parent, child, or child's spouse is
9 financially interested in or employed by a supplier
10 licensee, or an applicant for a supplier's license,
11 under this chapter; and
- 12 (4) Disclose any other information that may be required to
13 ensure that the integrity of the commission and its
14 work is maintained.
- 15 (c) A member, employee, or agent of the commission who
16 becomes aware that the member, employee, or agent of the
17 commission or their spouse, parent, or child is a member of the
18 board of directors of, financially interested in, or employed by
19 a licensee or an applicant shall immediately provide detailed
20 written notice to the chairperson.



1 (d) A member, employee, or agent of the commission who has
2 been indicted, charged with, convicted of, pled guilty or nolo
3 contendere to, or forfeited bail for:

4 (1) A misdemeanor involving gambling, dishonesty, theft,
5 or fraud;

6 (2) A local ordinance in any state involving gambling,
7 dishonesty, theft, or fraud that substantially
8 corresponds to a misdemeanor in that state; or

9 (3) A felony under Hawaii law, the laws of any other
10 state, or the laws of the United States, or any other
11 jurisdiction;

12 shall immediately provide detailed written notice of the
13 conviction or charge to the chairperson.

14 (e) Any member, employee, or agent of the commission who
15 is negotiating for, or acquires by any means, any interest in
16 any person who is a licensee or an applicant, or is affiliated
17 with such a person, shall immediately provide written notice of
18 the details of the interest to the chairperson. The member,
19 employee, or agent of the commission shall not act on behalf of
20 the commission with respect to that person.

21 (f) A member, employee, or agent of the commission shall
22 not enter into any negotiations for employment with any person



1 or affiliate of any person who is a licensee or an affiliate and
2 shall immediately provide written notice of the details of any
3 such negotiations or discussions to the chairperson. The
4 member, employee, or agent of the commission shall not take any
5 action on behalf of the commission with respect to that person.

6 (g) Any member, employee, or agent of the commission who
7 receives an invitation, written or oral, to initiate a
8 discussion concerning employment or the possibility of
9 employment with a person, or affiliate of a person, who is a
10 licensee or an applicant shall immediately report the invitation
11 to the chairperson. The member, employee, or agent of the
12 commission shall not take action on behalf of the commission
13 with respect to that person.

14 (h) A licensee or applicant shall not knowingly initiate a
15 negotiation for, or discussion of, employment with a member,
16 employee, or agent of the commission. A licensee or applicant
17 who initiates a negotiation or discussion about employment shall
18 immediately provide written notice of the details of the
19 negotiation or discussion to the chairperson as soon as that
20 person becomes aware that the negotiation or discussion has been
21 initiated with a member, employee, or agent of the commission.



1 (i) A member, employee, or agent of the commission, or
2 former member, employee, or agent of the commission, shall not
3 disseminate or otherwise disclose any material or information in
4 the possession of the commission that the commission considers
5 confidential, unless specifically authorized to do so by the
6 chairperson or the commission.

7 (j) A member, employee, or agent of the commission or a
8 parent, spouse, sibling, or child of a member, employee, or
9 agent of the commission shall not accept any gift, gratuity,
10 compensation, travel, lodging, or anything of value, directly or
11 indirectly from any licensee, applicant, or any affiliate or
12 representative of an applicant or licensee, unless the
13 acceptance conforms to a written policy or directive issued by
14 the chairperson or the commission. Any member, employee, or
15 agent of the commission who is offered or receives any gift,
16 gratuity, compensation, travel, lodging, or anything of value,
17 directly or indirectly, from any licensee or any applicant or
18 affiliate or representative of an applicant or licensee shall
19 immediately provide written notification of the details to the
20 chairperson.

21 (k) A licensee or applicant, or affiliate or
22 representative of an applicant or licensee, shall not, directly



1 or indirectly, knowingly give or offer to give any gift,
2 gratuity, compensation, travel, lodging, or anything of value to
3 any member, employee, or agent of the commission that the
4 member, employee, or agent of the commission is prohibited from
5 accepting under subsection (j).

6 (l) A member, employee, or agent of the commission shall
7 not engage in any conduct that constitutes a conflict of
8 interest, and shall immediately advise the chairperson in
9 writing of the details of any incident or circumstances that
10 would present the existence of a conflict of interest with
11 respect to the performance of commission-related work or duty of
12 the member, employee, or agent of the commission.

13 (m) A member, employee, or agent of the commission who is
14 approached and offered a bribe in violation of this chapter
15 shall immediately provide a written account of the details of
16 the incident to the chairperson and to a law enforcement officer
17 of a law enforcement agency having jurisdiction.

18 (n) A member, employee, or agent of the commission shall
19 disclose past involvement with any casino interest in the past
20 five years and shall not engage in political activity or
21 politically-related activity during the duration of the person's
22 appointment or employment.



1 (o) A former member, employee, or agent of the commission
2 may appear before the commission as a witness testifying as to
3 factual matters or actions handled by the member, employee, or
4 agent during the person's tenure as a member, employee, or agent
5 of the commission. The member, employee, or agent of the
6 commission shall not receive compensation for such an appearance
7 other than a standard witness fee and reimbursement for travel
8 expenses as established by statute or court rule.

9 (p) A licensee or applicant or any affiliate or
10 representative of an applicant or licensee shall not engage in
11 ex parte communications concerning a pending application,
12 license, or enforcement action with members of the commission.
13 A member of the commission shall not engage in any ex parte
14 communications with a licensee or an applicant, or with any
15 affiliate or representative of an applicant or licensee,
16 concerning a pending application, license, or enforcement
17 action.

18 (q) Any commission member, licensee, or applicant or
19 affiliate or representative of a commission member, licensee, or
20 applicant who receives any ex parte communication in violation
21 of subsection (p), or who is aware of an attempted communication
22 in violation of subsection (p), shall immediately report details



1 of the communication or attempted communication in writing to
2 the chairperson.

3 (r) Any member of the commission who receives an ex parte
4 communication that attempts to influence that member's official
5 action shall disclose the source and content of the
6 communication to the chairperson. The chairperson may
7 investigate or initiate an investigation of the matter with the
8 assistance of the attorney general and law enforcement to
9 determine if the communication violates subsection (p) or (q) or
10 other state law. The disclosure under this section and the
11 investigation shall remain confidential. Following an
12 investigation, the chairperson shall advise the governor or the
13 commission, or both, of the results of the investigation and may
14 recommend action, as the chairperson considers appropriate.

15 (s) A new or current employee or agent of the commission
16 shall obtain written permission from the executive director
17 before continuing outside employment held at the time the
18 employee begins to work for the commission. Permission shall be
19 denied, or permission previously granted shall be revoked, if
20 the nature of the work is considered to, or does create, a
21 possible conflict of interest or otherwise interferes with the
22 duties of the employee or agent for the commission.



1 (t) An employee or agent of the commission granted
2 permission for outside employment shall not conduct any business
3 or perform any activities, including solicitation, related to
4 outside employment on premises used by the commission or during
5 the employee's working hours for the commission.

6 (u) Whenever the chairperson is required to file
7 disclosure forms or report in writing the details of any
8 incident or circumstance pursuant to this section, the
9 chairperson shall file the forms or reports to the commission.

10 (v) The chairperson shall report any action the
11 chairperson has taken or contemplates taking under this section,
12 with respect to an employee or agent or former employee or
13 former agent, to the commission at the next meeting of the
14 commission. The commission may direct the executive director to
15 take additional or different action.

16 (w) No member, employee, or agent of the commission may
17 participate in or wager on any gambling game conducted by any
18 licensee or applicant or any affiliate of an applicant or
19 licensee in the State or in any other jurisdiction, except as
20 follows:

21 (1) A member, employee, or agent of the commission may
22 participate in and wager on a gambling game conducted



1 by a licensee under this chapter, to the extent
2 authorized by the chairperson or commission as part of
3 the person's surveillance, security, or other official
4 duties for the commission; and

5 (2) A member, employee, or agent of the commission shall
6 advise the chairperson at least twenty-four hours in
7 advance if the person plans to be present in a casino
8 in this State, or in another jurisdiction, operated by
9 a licensee, applicant, or affiliate of a licensee or
10 applicant, outside the scope of their official duties
11 for the commission.

12 (x) Violation of this section by a licensee, applicant, or
13 affiliate or representative of a licensee or applicant, may
14 result in denial of the application of licensure or revocation
15 or suspension of license or other disciplinary action by the
16 commission.

17 (y) Violation of this section by a member of the
18 commission may result in disqualification or constitute cause
19 for removal under section -3(d) or other disciplinary action
20 as determined by the commission.

21 (z) A violation of this section by an employee or agent of
22 the commission shall not result in termination of employment or



1 require other disciplinary action if the commission determines
2 that the conduct involved does not violate the purpose of this
3 chapter. Employment shall be terminated:

4 (1) If the employee or agent is a spouse, parent, child,
5 or spouse of a child of a commission member; or

6 (2) If, after being offered employment or having begun
7 employment with the commission, the employee or agent
8 intentionally acquires a financial interest in a
9 licensee or an applicant, or affiliate or
10 representative of a licensee or applicant.

11 (aa) If a financial interest in a licensee or an
12 applicant, or affiliate or representative of a licensee or
13 applicant, is acquired by:

14 (1) An employee or agent that has been offered employment
15 with the commission;

16 (2) An employee of the commission; or

17 (3) The employee's or agent's spouse, parent, or child;

18 through no intentional action of the employee or agent, the
19 employee or agent shall have up to thirty days to divest or

20 terminate the financial interest. Employment may be terminated
21 if the interest has not been divested after thirty days.



1 (bb) Violation of this section does not create a civil
2 cause of action.

3 (cc) As used in this section:

4 "Outside employment" includes the following:

- 5 (1) Operation of a proprietorship;
- 6 (2) Participation in a partnership or group business
7 enterprise; or
- 8 (3) Performance as a director or corporate officer of any
9 for-profit corporation, or banking or credit
10 institution.

11 "Political activity" or "politically related activity"
12 includes any of the following:

- 13 (1) Using the person's official authority or influence for
14 the purpose of interfering with or affecting the
15 result of an election;
- 16 (2) Knowingly soliciting, accepting, or receiving
17 political contributions from any person;
- 18 (3) Running for nomination or as a candidate for election
19 to a partisan political office; or
- 20 (4) Knowingly soliciting or discouraging the participation
21 in any political activity of any person who is:



1 (A) Applying for any compensation, grant, contract,
2 ruling, license, permit, or certificate pending
3 before the commission; or

4 (B) The subject of or a participant in an ongoing
5 audit, investigation, or enforcement action being
6 carried out by the commission.

7 § -7 Authorization of limited gaming. (a) Casino
8 gaming shall only be permitted in one casino facility in the
9 Waikiki area on the island of Oahu. Any application for a
10 casino license to operate the casino facility shall include a
11 casino facility development plan for the casino facility.

12 (b) The commission's application for a casino license to
13 operate a casino facility shall be the applications and forms
14 required for an applicant for a non-restricted Nevada gaming
15 license that have been adopted by the Nevada gaming commission
16 and Nevada state gaming control board ("Nevada application") and
17 are in effect on the effective date of this Act. In addition to
18 the Nevada application, as part of an applicant's application
19 for a casino license to operate a casino facility, an applicant
20 shall submit all additional information required by section -8
21 of this chapter. Applications for a casino license shall be
22 submitted to the commission no later than thirty days after the



1 date of the commission's initial meeting. The commission shall
2 select one applicant who in the commission's judgment best meets
3 all of the criteria pursuant to section -9 no later than
4 ninety days after the final date applications must be submitted
5 to the commission. If the applicant selected by the commission
6 meets all the requirements of this chapter, the commission shall
7 issue a casino license to that applicant within thirty days
8 after the date the applicant is selected.

9 § -8 Application for casino license. (a) A person may
10 apply to the commission for a casino license to conduct a casino
11 gaming operation in the Waikiki area on Oahu. The application
12 shall be made under oath on forms required by this chapter and
13 shall include all of the following:

14 (1) The name, business address, telephone number, social
15 security number and, where applicable, the federal tax
16 identification number of the applicant and every
17 qualifier;

18 (2) The identity of any business, including, if
19 applicable, the state of incorporation or
20 registration, in which the applicant or qualifier has
21 an equity interest of more than five per cent. If the
22 applicant or qualifier is a corporation, partnership



1 or other business entity, the applicant or qualifier
2 shall identify any other corporation, partnership, or
3 other business entity in which it has an equity
4 interest of more than five per cent, including, if
5 applicable, the state of incorporation or
6 registration;

7 (3) An explanation whether the applicant or qualifier has
8 developed and opened a new land-based casino in an
9 urban area within a jurisdiction in the United States
10 that previously did not allow gaming, including a
11 description of the casino, the casino's gross revenue,
12 and the amount of revenue the casino has generated for
13 state and local governments within that jurisdiction;

14 (4) A statement whether the applicant or a qualifier has
15 been indicted, convicted, pled guilty or nolo
16 contendere, or forfeited bail for any felony or for a
17 misdemeanor involving gambling, theft, or fraud. The
18 statement shall include the date, the name and
19 location of the court, arresting agency, prosecuting
20 agency, the case caption, the docket number, the
21 offense, the disposition, and the location and length
22 of incarceration;



1 (5) A statement whether the applicant or a qualifier has
2 ever been granted any license or certificate issued by
3 a licensing authority in the State, or any other
4 jurisdiction, that has been restricted, revoked, or
5 not renewed. The statement shall describe the facts
6 and circumstances concerning that restriction,
7 revocation, or nonrenewal, including the licensing
8 authority, the date each action was taken, and the
9 reason for each action;

10 (6) A statement whether the applicant or a qualifier has,
11 within the last ten years, filed or had filed against
12 it a civil or administrative action or proceeding in
13 bankruptcy;

14 (7) A statement whether the applicant or a qualifier has,
15 within the last five tax years, been adjudicated by a
16 court or tribunal to have failed to pay any final
17 amount of any income, sales, or gross receipts tax due
18 and payable under federal, state, or local law, after
19 exhaustion of all inter-agency appeals processes.

20 This statement shall identify the amount of the tax,
21 type of tax, time periods involved, and resolution;



1 (8) A statement listing the names and titles of all public
2 officials or officers of any unit of state government
3 or county government in the jurisdiction in which the
4 casino facility is to be located, and the spouses,
5 parents, and children of those public officials or
6 officers who, directly or indirectly, own any
7 financial interest in, have any beneficial interest
8 in, are the creditors of or hold any debt instrument
9 issued by, or hold or have an interest in any
10 contractual or service relationship with, the
11 applicant or a qualifier. As used in this paragraph,
12 "public official" or "officer" does not include a
13 person who would be listed solely because of the
14 person's state or federal military service;

15 (9) The name and business telephone number of any
16 attorney, counsel, or any other person representing an
17 applicant or a qualifier in matters before the
18 commission;

19 (10) A description of the applicant or its qualifiers'
20 history of, or plan for, community involvement or
21 investment in the area where the casino facility will
22 be located; and

1 (11) For the applicant only, a description of any proposed
2 or approved casino gaming facility, including the
3 economic benefit to the community, anticipated or
4 actual number of employees, any statement from an
5 applicant regarding compliance with federal and state
6 affirmative action guidelines, projected or actual
7 admissions, projected or actual gross receipts, and
8 scientific market research, if any.

9 (b) Information provided on the application shall be used
10 as the basis for a thorough background investigation that the
11 commission shall conduct with respect to each applicant and
12 qualifier. An incomplete application shall be cause for denial
13 of a license by the commission.

14 (c) Applicants shall submit with their application a plan
15 for training residents of the State for jobs that are available
16 at the casino facility. The plan shall take into consideration
17 the need to provide training to low-income persons to enable
18 such persons to qualify for jobs that will be created in the
19 casino facility.

20 (d) Each applicant and qualifier shall disclose the
21 identity of every person, association, trust, or corporation
22 having a greater than five per cent direct or indirect financial



1 interest in the casino gaming operation for which the license is
2 sought. If the disclosed entity is a trust, the application
3 shall disclose the names and addresses of the beneficiaries; if
4 a corporation, the names and addresses of all stockholders and
5 directors; if a partnership, the names and addresses of all
6 partners, both general and limited.

7 (e) A nonrefundable application fee of \$1,000,000 shall be
8 paid to the commission by an applicant at the time of filing to
9 defray the costs associated with an applicant and qualifier's
10 background investigation conducted by the commission. If the
11 costs of the investigation exceed \$1,000,000, the applicant
12 shall pay the additional amount to the commission.

13 (f) All information, records, interviews, reports, notes,
14 recommendations, statements, memoranda, or other document, data,
15 or information supplied to or used by the commission in the
16 course of its review or investigation of an application for a
17 license under this chapter shall be:

- 18 (1) Confidential and not disclosed by the commission or
19 its staff for any reason;
- 20 (2) Used by the commission only for the purpose of
21 evaluating an applicant;



1 (3) Exempt from public disclosure required by chapter 92F;
2 and

3 (4) Inadmissible as evidence and not discoverable in any
4 action of any kind in any court or before any other
5 tribunal, commission, agency, or person.

6 § -9 Criteria for award of a casino license. (a) The
7 commission shall issue one casino license to operate a casino
8 facility to the applicant that has paid the application fee
9 required under section -8, is eligible and suitable to
10 receive a casino license under this chapter and the rules
11 adopted by the commission, and best satisfies all of the
12 following criteria:

13 (1) The applicant has submitted a casino facility
14 development plan for the casino facility that provides
15 the greatest likelihood that the applicant's casino
16 facility will increase tourism, generate jobs, provide
17 revenue to the local economy, and provide revenue to
18 the general fund;

19 (2) The applicant or its qualifiers have a history of, or
20 a bona fide plan for, community involvement or
21 investment in the area where the casino facility will
22 be located;



- 1 (3) The applicant has the financial ability to purchase
2 and maintain adequate liability and casualty insurance
3 and to provide an adequate surety bond;
- 4 (4) The applicant has provided data identifying the
5 applicant's sources of capital and demonstrating that
6 the applicant has adequate capital to develop,
7 construct, maintain, and operate the proposed casino
8 facility;
- 9 (5) The applicant has adequate capitalization to develop,
10 construct, maintain, and operate, for the duration of
11 the license, the proposed casino facility in
12 accordance with the requirements of this chapter and
13 rules adopted by the commission and to responsibly pay
14 off its secured and unsecured debts in accordance with
15 its financing agreement and other contractual
16 obligations;
- 17 (6) The extent to which the applicant or any of its
18 qualifiers demonstrate that they have at least ten
19 years of experience in helping to revitalize an urban
20 area by successfully planning, developing, and opening
21 a land-based casino in any jurisdiction in the United
22 States that previously did not permit casino gaming.



1 For purposes of this paragraph, "urban area" means a
2 city with a population of at least seven hundred fifty
3 thousand residents;

4 (7) Neither the applicant nor any of its qualifiers have
5 been indicted, convicted, pled guilty or nolo
6 contendere, or forfeited bail for any felony or for a
7 misdemeanor involving gambling, theft, or fraud;

8 (8) Neither the applicant nor any of its qualifiers,
9 within the last ten years, have filed, or had filed
10 against them a proceeding for bankruptcy;

11 (9) The extent to which an applicant or any of its
12 qualifiers have, within the last five tax years, been
13 adjudicated by a court or tribunal to have failed to
14 pay any final amount of income, sales, or gross
15 receipts tax due and payable under federal, state, or
16 local law, after exhaustion of all inter-agency
17 appeals processes;

18 (10) The extent to which the applicant meets other
19 standards for the issuance of a casino license that
20 the commission may have adopted by rule;

21 (11) The adequacy of the applicant's plan for training
22 residents of the State for jobs that are available at



1 the casino facility and the extent to which the plan
2 considers the need to provide training to low-income
3 persons to enable those persons to qualify for jobs
4 that will be created in the casino facility; and

5 (12) The caliber of the proposed casino gaming facility,
6 including the proposed casino facility's aesthetic
7 appearance, amount of economic benefit to the
8 community, anticipated or actual number of employees,
9 compliance with federal and state affirmative action
10 guidelines, and projected or actual gross receipts.

11 (b) Any rules adopted pursuant to chapter 91 shall not be
12 arbitrary, capricious, or contradictory to the expressed
13 provisions of this chapter and shall further define and clarify
14 the criteria listed in subsection (a) rather than create new
15 conditions for licensure.

16 (c) An applicant shall be ineligible to receive a casino
17 license if the applicant or any employee or qualifier of the
18 applicant:

19 (1) Has been convicted of a felony under the laws of this
20 State, any other state, or the United States;



1 (2) Has been convicted of any violation under part III of
2 chapter 712, or substantially similar laws of another
3 jurisdiction;

4 (3) Knowingly submitted an application for a license under
5 this chapter that contains false information;

6 (4) Is a member or employee of the commission; or

7 (5) Has had revoked their license to own or operate gaming
8 facilities in this State or any other jurisdiction.

9 (d) To demonstrate financial ability, the applicant may
10 include the economic resources available directly or indirectly
11 of the casino license applicant and its qualifiers.

12 (e) Simultaneous with an applicant's submission of an
13 application, each applicant and qualifier that is a natural
14 person shall submit to the commission on fingerprint cards
15 issued by the Federal Bureau of Investigation or in digital
16 format two sets of fingerprints for each applicant and
17 qualifier.

18 (f) The commission may revoke the casino license if the
19 licensee fails to begin regular casino gaming operations within
20 twelve months of receipt of the commission's approval of the
21 application or twelve months after a certificate of occupancy
22 for the casino facility is first issued, whichever is later,



1 upon a finding by the commission that the casino license
2 revocation is in the best interest of the State.

3 (g) The commission shall establish a process to facilitate
4 and expedite the approval of the necessary licenses and permits.
5 The commission may establish its own procedures for the issuance
6 of liquor licenses for any holder of a casino license under this
7 chapter; provided that all state laws and county ordinances
8 relating to liquor are met.

9 (h) Nothing in this chapter shall be interpreted to
10 prohibit a casino licensee from operating a school to train
11 occupational licensees.

12 § -10 Bond of licensee. Before a casino license is
13 issued, the licensee shall file a bond in the sum of \$200,000
14 with the department. The bond shall be used to guarantee that
15 the licensee faithfully makes the payments, keeps books and
16 records, makes reports, and conducts games of chance in
17 conformity with this chapter and rules adopted by the
18 commission. The bond shall not be canceled by a surety on less
19 than thirty days' notice in writing to the commission. If a
20 bond is canceled and the licensee fails to file a new bond with
21 the commission in the required amount on or before the effective
22 date of cancellation, the licensee's license shall be revoked.



1 The total and aggregate liability of the surety on the bond
2 shall be limited to the amount specified in the bond.

3 § -11 **Application deficiency.** (a) If, in the review of
4 an application submitted under this chapter, the executive
5 director identifies an apparent deficiency that, if true, would
6 require denial of the license or the disqualification of a
7 qualifier, the executive director shall immediately notify the
8 affected applicant or qualifier in writing of the apparent
9 deficiency. The applicant or qualifier may then request a
10 confidential informal conference with the executive director to
11 discuss the factual basis of the apparent deficiency.

12 (b) The executive director shall provide the applicant or
13 qualifier a reasonable period of time to correct the apparent
14 deficiency and, if the apparent deficiency is not corrected
15 within the reasonable time period, the executive director shall
16 find that the apparent deficiency has not been corrected.
17 Following this finding, the affected applicant or qualifier
18 shall have an opportunity to appeal the executive director's
19 finding of an apparent deficiency to the commission. The
20 commission shall conduct an investigative hearing, pursuant to
21 section -17 and in accordance with rules adopted under this
22 chapter, to determine whether there is sufficient evidence to



1 support an apparent deficiency finding. At the hearing, the
2 burden of proof shall be on the executive director to
3 demonstrate that the finding of an apparent deficiency is
4 supported by law and facts. Any finding by the commission
5 regarding an applicant or a qualifier's apparent deficiency
6 shall not constitute a final determination by the commission as
7 to the suitability of the applicant to hold a license, or the
8 suitability of a qualifier to hold an ownership interest in a
9 casino applicant.

10 (c) At any time prior to a finding by the commission that
11 a qualifier is unsuitable to hold an ownership interest in a
12 casino applicant, a qualifier shall have the ability to sell its
13 ownership interest in the casino applicant to the casino
14 applicant, another qualifier, or a third party.

15 (d) A qualifier who has been issued a finding of an
16 apparent deficiency shall have the right to request that the
17 commission expand the apparent deficiency hearing under this
18 section to include a determination of the qualifier's
19 suitability to hold an ownership interest in the casino license
20 applicant. If such a request is made, the commission shall
21 determine the suitability of the affected qualifier separate
22 from the suitability of the casino applicant and any of its



1 other qualifiers. A request by a qualifier for an extended
2 hearing pursuant to this section shall not prevent the
3 commission from issuing a license to the applicant. Until the
4 commission determines that a qualifier under this section is
5 suitable to hold an ownership interest in the casino applicant,
6 the casino applicant or licensee shall not do any of the
7 following:

8 (1) Make any direct or indirect payments or distributions
9 of revenue or other benefits to the qualifier that are
10 related in any way to the qualifier's interest in the
11 applicant; and

12 (2) Pay any direct or indirect compensation to the
13 qualifier for services rendered to the applicant,
14 unless specifically approved and authorized by the
15 commission.

16 § -12 Institutional investor. (a) Unless the
17 commission determines that an institutional investor is
18 unqualified, an institutional investor holding less than ten per
19 cent of the equity securities or ten per cent of the debt
20 securities of a casino licensee's affiliate or affiliated
21 company that is related in any way to the financing of the



1 casino licensee, shall be granted a waiver of the eligibility
2 and suitability requirements if:

3 (1) The securities represent a percentage of the
4 outstanding debt of the affiliate or affiliated
5 company not exceeding twenty per cent, or a percentage
6 of any issue of the outstanding debt of the affiliate
7 or affiliated company not exceeding fifty per cent;

8 (2) The securities are those of a publicly traded
9 corporation and its holdings of such securities were
10 purchased for investment purposes only; and

11 (3) Upon request by the commission, the institutional
12 investor files with the commission a certified
13 statement that it has no intention of influencing or
14 affecting the affairs of the issuer, the casino
15 licensee, or its affiliate or affiliated company.

16 (b) The commission may grant a waiver under this section
17 to an institutional investor holding a higher percentage of
18 securities than allowed in subsection (a) upon a showing of good
19 cause and if the conditions specified in subsection (a) are met.

20 (c) An institutional investor granted a waiver under this
21 section that subsequently intends to influence or affect the
22 affairs of the issuer shall provide notice to the commission and



1 file an application for a determination of eligibility and
2 suitability before taking any action that may influence or
3 affect the affairs of the issuer.

4 (d) Notwithstanding any provisions of this chapter, an
5 institutional investor may vote on all matters that are put to
6 the vote of the outstanding security holders of the issuer.

7 (e) If an institutional investor changes its investment
8 intent or if the commission finds that the institutional
9 investor is unqualified, no action other than divestiture of the
10 security holdings shall be taken until there has been compliance
11 with this chapter.

12 (f) The casino licensee or an affiliate or affiliated
13 company of the casino licensee shall immediately notify the
14 commission of any information concerning an institutional
15 investor holding its equity or debt securities that may affect
16 the eligibility and suitability of the institutional investor
17 for a waiver under this section.

18 (g) If the commission finds that an institutional
19 investor, holding any security of an affiliate or affiliated
20 company of a casino licensee that is related in any way to the
21 financing of the casino licensee, fails to comply with the
22 requirements of this section, or if at any time the commission



1 finds that, by reason of the extent or nature of its holdings,
2 an institutional investor is in a position to exercise a
3 substantial impact upon the controlling interests of a casino
4 licensee, the commission may take any necessary action to
5 protect the public interest, including requiring the
6 institutional investor to satisfy the eligibility and
7 suitability requirements under sections -8, -9, and
8 -10.

9 § -13 **Supplier's licenses.** (a) No person shall furnish
10 in excess of \$500,000 worth of equipment, devices, or supplies
11 to a licensed casino gaming operation under this chapter unless
12 the person has first obtained a supplier's license pursuant to
13 this section. The commission may issue a supplier's license to
14 any person, firm, or corporation who pays a nonrefundable
15 application fee as set by the commission upon a determination by
16 the commission that the applicant is eligible for a supplier's
17 license and upon payment by the applicant of a \$5,000 license
18 fee. Supplier's licenses shall be renewable annually upon
19 payment of the \$5,000 annual license fee and a determination by
20 the commission that the licensee continues to meet all of the
21 requirements of this chapter.



1 (b) The holder of a supplier's license may sell or lease,
2 or contract to sell or lease, gaming equipment and supplies to
3 any licensee involved in the ownership or management of casino
4 gaming operations.

5 (c) Casino gaming supplies and equipment shall not be
6 distributed unless supplies and equipment conform to standards
7 adopted by rules of the commission.

8 (d) A person, firm, or corporation shall be ineligible to
9 receive a supplier's license if:

- 10 (1) The person has been convicted of a felony under the
11 laws of this State, any other state, or the United
12 States;
- 13 (2) The person has been convicted of any violation under
14 part III, chapter 712, or substantially similar laws
15 of another jurisdiction;
- 16 (3) The person has knowingly submitted an application for
17 a license under this chapter that contains false
18 information;
- 19 (4) The person is a member of the commission;
- 20 (5) The firm or corporation is one in which a person
21 defined in paragraph (1), (2), (3), or (4) is an
22 officer, director, or managerial employee;



- 1 (6) The firm or corporation employs a person, defined in
- 2 paragraph (1), (2), (3), or (4), that participates in
- 3 the management or operation of casino gaming
- 4 authorized under this chapter; or
- 5 (7) The license of the person, firm, or corporation issued
- 6 under this chapter, or a license to own or operate
- 7 casino gaming facilities in any other jurisdiction,
- 8 has been revoked.
- 9 (e) A supplier shall:
- 10 (1) Furnish to the commission a list of all equipment,
- 11 devices, and supplies offered for sale or lease in
- 12 connection with casino games authorized under this
- 13 chapter;
- 14 (2) Keep books and records for the furnishing of
- 15 equipment, devices, and supplies to casino gaming
- 16 operations separate and distinct from any other
- 17 business that the supplier might operate;
- 18 (3) File quarterly returns with the commission listing all
- 19 sales and leases;
- 20 (4) Permanently affix its name to all its equipment,
- 21 devices, and supplies, used for casino gaming
- 22 operations; and



1 (5) File an annual report listing its inventories of
2 casino gaming equipment, devices, and supplies.

3 (f) Any person who knowingly makes a false statement on an
4 application is guilty of a petty misdemeanor.

5 (g) Any casino gaming equipment, devices, or supplies
6 provided by any licensed supplier may either be repaired in the
7 casino facility or be removed from the casino facility to a
8 facility owned by the holder of a casino license for repair.
9 Any supplier's equipment, devices, and supplies that are used by
10 any person in an unauthorized gaming operation shall be
11 forfeited to the county.

12 § -14 Occupational licenses. (a) The commission may
13 issue an occupational license to an applicant upon:

14 (1) The payment of a nonrefundable application fee set by
15 the commission;

16 (2) A determination by the commission that the applicant
17 is eligible for an occupational license; and

18 (3) Payment of an annual license fee in an amount set by
19 the commission.

20 (b) To be eligible for an occupational license, an
21 applicant shall:



1 (1) Be at least twenty-one years of age if the applicant
2 performs any function involved in casino gaming by
3 patrons. Any applicant seeking an occupational
4 license for a non-gaming function shall be at least
5 eighteen years of age;

6 (2) Not have been convicted of a felony offense in any
7 jurisdiction or a crime involving dishonesty or moral
8 turpitude; and

9 (3) Have met standards for the holding of an occupational
10 license as provided in rules adopted by the
11 commission, including background inquiries and other
12 requirements.

13 (c) Each application for an occupational license shall be
14 on forms prescribed by the commission and shall contain all
15 information required by the commission. The applicant shall set
16 forth in the application whether the applicant:

17 (1) Has been issued prior gaming-related licenses in any
18 jurisdiction;

19 (2) Has been licensed in any other jurisdiction under any
20 other name, and if so, the name and the applicant's
21 age at the time; and



1 (3) Has had a permit or license issued from any other
2 jurisdiction suspended, restricted, or revoked, and if
3 so, for what period of time.

4 (d) Each applicant shall submit with the application two
5 sets of the applicant's fingerprints. The commission shall
6 charge each applicant a fee to defray the costs associated with
7 the search and classification of fingerprints obtained by the
8 commission with respect to the application.

9 (e) The commission may refuse to grant an occupational
10 license to any person:

11 (1) Who is unqualified to perform the duties required of
12 the applicant;

13 (2) Who fails to disclose or states falsely any
14 information called for in the application;

15 (3) Who has been found guilty of a violation of this
16 chapter or whose prior casino gaming related license
17 or application has been suspended, restricted,
18 revoked, or denied for just cause in any other
19 jurisdiction; or

20 (4) For any other just cause.

21 (f) The commission may suspend, revoke, or restrict any
22 occupational licensee:



- 1 (1) For any violation of this chapter;
- 2 (2) For any violation of the rules of the commission;
- 3 (3) For any cause which, if known to the commission, would
- 4 have disqualified the applicant from receiving a
- 5 license;
- 6 (4) For default in the payment of any obligation or debt
- 7 due to the State or the county; or
- 8 (5) For any other just cause.

9 (g) A person who knowingly makes a false statement on an
10 application is guilty of a petty misdemeanor.

11 (h) Any license issued pursuant to this section shall be
12 valid for a period of one year from the date of issuance and
13 shall be renewable annually upon payment of the annual license
14 fee and a determination by the commission that the licensee
15 continues to meet all of the requirements of this chapter.

16 (i) Any training provided for an occupational licensee may
17 be conducted either in a licensed casino facility or at a school
18 with which a casino licensee has entered into an agreement.

19 § -15 Temporary supplier and occupational licenses. (a)
20 Upon written request of a person applying for a supplier or
21 occupational license under this chapter, the executive director
22 shall issue a temporary license to the applicant and permit the



1 applicant to undertake employment with, conduct business
2 transactions with, and provide goods and services to, casino
3 licensees, casino license applicants, and holders of
4 certificates of suitability, provided that all of the following
5 provisions are met:

6 (1) The applicant has submitted to the commission a
7 completed application, an application fee, and all
8 required disclosure forms and other required written
9 documentation and materials;

10 (2) Preliminary review of the application and a criminal
11 history check by the executive director and the
12 commission staff does not reveal that the applicant or
13 the applicant's affiliates, key persons, local and
14 regional managerial employees or sales and service
15 representatives, or substantial owners have been
16 convicted of a felony or misdemeanor that would
17 require denial of the application or may otherwise be
18 ineligible, unqualified, or unsuitable to permit
19 licensure under this chapter;

20 (3) There is no other apparent deficiency in the
21 application that may require denial of the
22 application; and



1 (4) The applicant has an offer of employment from, or
2 agreement to begin providing goods and services to, a
3 casino licensee, casino license applicant, or holder
4 of a certificate of suitability upon receipt of the
5 temporary license or the applicant shows good cause
6 for being granted a temporary license.

7 (b) A temporary license issued under this section shall be
8 valid for not more than one hundred and eighty days, but may be
9 renewed upon expiration by the executive director.

10 (c) An applicant who receives a temporary license under
11 this section may undertake employment with or supply a casino
12 licensee, casino license applicants, and holders of certificates
13 of suitability with goods and services subject to this chapter
14 until a license is issued by the commission pursuant to the
15 applicant's application or until the temporary license expires
16 or is suspended or revoked. During the period of the temporary
17 license, the applicant shall comply with this chapter and rules
18 adopted by the commission.

19 (d) If the temporary license expires, is not renewed, or
20 is suspended or revoked, then the executive director shall
21 immediately forward the applicant's application to the
22 commission for action on the application after first providing a



1 reasonable time period for the applicant to correct any apparent
2 deficiency in its application that may require denial of the
3 application.

4 § -16 Annual report. The commission shall file a
5 written annual report with the governor and the legislature at
6 least sixty days prior to the close of each fiscal year and
7 shall file any additional reports that the governor or the
8 legislature requests. The annual report shall include:

- 9 (1) A statement of receipts and disbursements related to
10 casino gaming pursuant to this chapter;
11 (2) Actions taken by the commission; and
12 (3) Any additional information and recommendations that
13 the commission may deem valuable or which the governor
14 or the legislature may request.

15 § -17 Hearings by the commission. (a) Upon order of
16 the commission, one of the commission members or a hearings
17 officer designated by the commission may conduct any hearing
18 provided for under this chapter related to casino gaming or by
19 commission rule, and may recommend findings and decisions to the
20 commission. The record made at the time of the hearing shall be
21 reviewed by the commission, or a majority thereof, and the



1 findings and decisions of the majority of the commission shall
2 constitute the order of the commission in that case.

3 (b) Any party aggrieved by an action of the commission
4 denying, suspending, revoking, restricting, or refusing to renew
5 a license under this chapter may request a hearing before the
6 commission. A request for a hearing shall be made to the
7 commission in writing within five days after service of notice
8 of the action of the commission. Notice of the actions of the
9 commission shall be served either by personal delivery or by
10 certified mail, postage prepaid, to the aggrieved party. Notice
11 served by certified mail shall be deemed complete on the
12 business day following the date of the mailing. The commission
13 shall conduct all requested hearings promptly and in reasonable
14 order.

15 § -18 Conduct of casino gaming. Casino gaming may be
16 conducted by the holder of a casino license, subject to the
17 following:

18 (1) The site of the casino facility shall be restricted to
19 the Waikiki area on the island of Oahu;

20 (2) The casino facility shall be a stand-alone facility
21 and shall not be located within a hotel;



1 (3) The term of the casino license shall be ten years and
2 shall be renewed for additional ten-year terms
3 provided that:

4 (A) The casino facility has demonstrated an effort to
5 increase tourism, generate jobs, provide revenue
6 to the local economy, and provide revenue to the
7 general fund;

8 (B) The casino licensee's actions have not caused the
9 casino licensee's casino license under this
10 chapter to be suspended or revoked; and

11 (C) The applicant and its qualifiers remain eligible
12 and suitable for a casino license;

13 (4) The casino facility may operate twenty four hours per
14 day, each and every day of the year;

15 (5) Minimum and maximum wagers on games shall be set by
16 the casino licensee;

17 (6) The commission's agents may enter and inspect the
18 casino facility at any time for the purpose of
19 determining whether the casino licensee is in
20 compliance with this chapter;



- 1 (7) Commission employees shall have the right to be
2 present in a casino facility or on adjacent facilities
3 under the control of the casino licensee;
- 4 (8) Gaming equipment and supplies customarily used in
5 conducting casino gaming shall be purchased or leased
6 only from suppliers licensed under this chapter;
- 7 (9) Persons licensed under this chapter shall permit no
8 form of wagering on games except as permitted by this
9 chapter;
- 10 (10) Wagers may be received only from a person present in a
11 licensed casino facility. No person present in a
12 licensed casino facility shall place or attempt to
13 place a wager on behalf of another person who is not
14 present in the casino facility;
- 15 (11) Wagering shall not be conducted with money or other
16 negotiable currency, except for wagering on slot
17 machines;
- 18 (12) No person under age twenty-one shall be permitted in
19 an area of a casino facility where casino gaming is
20 being conducted, except for a person at least eighteen
21 years of age who is an employee of the casino
22 facility. No employee under age twenty-one shall



1 perform any function involved in casino gaming by
2 patrons. No person under age twenty-one shall be
3 permitted to make a wager under this chapter;

4 (13) All tokens, chips, or electronic cards used to make
5 wagers shall only be purchased from the casino
6 licensee within the casino facility. The tokens,
7 chips, or electronic cards may be purchased by means
8 of an agreement under which the casino licensee
9 extends credit to the wagerer. The tokens, chips, or
10 electronic cards shall be used while within a casino
11 facility only for the purpose of making wagers on
12 authorized games; and

13 (14) In addition to the above, casino gaming shall be
14 conducted in accordance with all rules adopted by the
15 commission.

16 § -19 Collection of amounts owing under credit
17 agreements. Notwithstanding any other law to the contrary, a
18 casino licensee who extends credit to a wagerer shall be
19 expressly authorized to institute a cause of action to collect
20 any amounts due and owing under the extension of credit, as well
21 as the licensee's costs, expenses, and reasonable attorney's
22 fees incurred in collection.



1 § -20 Wagering tax; rate; disposition. A wagering tax
2 shall be imposed on the monthly gross receipts received from
3 casino gaming authorized under this chapter at the rate of six
4 and three-fourths per cent. The wagering tax imposed by this
5 section shall be in lieu of all other state taxes on gross or
6 adjusted gross receipts, except income taxes, including taxes
7 levied under chapters 237 and 239. Tax revenues collected under
8 this section shall be deposited into the state general fund;
9 provided that the following amounts shall be retained by the
10 commission and deposited into the state gaming fund for use by
11 the commission as follows:

- 12 (1) One per cent of the tax revenues to fund a compulsive
13 gamblers program and for public security at the casino
14 facility; and
- 15 (2) Not more than one per cent of the tax revenues to fund
16 administrative expenses of the commission.

17 § -21 State gaming fund; disposition of taxes collected.
18 There is established within the state treasury the state gaming
19 fund to be administered by the Hawaii gaming control commission
20 into which shall be deposited all fees, taxes, and fines
21 collected under this chapter other than the wagering tax

1 collected pursuant to section -20. Moneys from the state
2 gaming fund shall be used to fund:

- 3 (1) A compulsive gamblers program and for public security
- 4 at the casino facility; and
- 5 (2) Administrative expenses of the commission.

6 § -22 **Legislative oversight.** After the first full
7 fiscal year of operation, the auditor shall conduct a program
8 and financial audit of the Hawaii gaming commission.
9 Thereafter, the auditor shall conduct a program and financial
10 audit every four years after the initial audit is completed.

11 § -23 **Compulsive gambler program.** The commission shall
12 create and implement a program to assist individuals who are
13 identified as compulsive gamblers.

14 § -24 **Disclosure of information.** (a) Except as
15 otherwise provided in this chapter, all information, records,
16 interviews, reports, statements, memoranda, or other data
17 supplied to or used by the commission shall be subject to
18 chapter 92F; provided that the following shall be exempt from
19 disclosure under chapter 92F:

- 20 (1) All information, records, interviews, reports,
- 21 statements, memoranda, or other data supplied to or
- 22 used by the commission that have been received from



1 another jurisdiction or local, state, or federal
2 agency;

3 (2) All information provided in an application for a
4 license required under this chapter; and

5 (3) All information, records, interviews, reports, notes,
6 recommendations, statements, memoranda, or other
7 document, data, or information disclosed to the
8 commission by a licensee that is identified by the
9 licensee as confidential, proprietary, or a trade
10 secret by the licensee notating "Confidential" on the
11 first page of that disclosure.

12 (b) Notwithstanding subsection (a), the commission, upon
13 written request from any person, shall provide the following
14 information concerning the applicant or licensee, the
15 applicant's or licensee's products, services or gambling
16 enterprises, and the applicant's or licensee's business holdings
17 if the commission has the information in its possession:

- 18 (1) The name, business address, and business telephone
19 number;
- 20 (2) An identification of any applicant or licensee
21 including, if an applicant or licensee is not an
22 individual, its state of incorporation or



1 registration, its corporate officers, and the identity
2 of its qualifiers;

3 (3) The name and business telephone number of any
4 attorney, counsel, lobbyist, or any other person
5 representing an applicant or licensee in matters
6 before the commission; and

7 (4) A description of the product or service to be supplied
8 by, or occupation to be engaged in by, a licensee."

9 SECTION 2. Chapter 712, Hawaii Revised Statutes, is
10 amended by adding a new section to part III to be appropriately
11 designated and to read as follows:

12 "§712- Casino gaming; exempted. This part shall not
13 apply to casino gaming as authorized by chapter ."

14 SECTION 3. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$5,000,000 or so much
16 thereof as may be necessary for fiscal year 2010-2011 for the
17 purpose of funding the commission's operations; provided that
18 the casino licensee licensed under chapter , Hawaii Revised
19 Statutes, shall reimburse the amount by remitting \$5,000,000 to
20 the director of finance no later than the first day on which the
21 casino opens for operation; provided further that the casino
22 licensee's application fee under section -8(e), Hawaii



1 Revised Statutes, shall be applied as a credit against the
2 \$5,000,000 amount due under this section; and provided further
3 that the amount the casino licensee reimburses the State under
4 this section shall also be credited against the wagering tax
5 imposed under section -20, Hawaii Revised Statutes.

6 The sum appropriated shall be expended by the department of
7 business, economic development, and tourism for the purposes of
8 this Act.

9 SECTION 4. New statutory material is underscored.

10 SECTION 5. This Act shall take effect on July 1, 2010.

11

INTRODUCED BY: *Cyrus Hee*
James Mercedo Ki



Report Title:

Stand-Alone Casino Gaming; Waikiki

Description:

Grants 10-year license for 1 stand-alone casino in Waikiki not in a hotel. Establishes Hawaii gaming control commission. Imposes 6.75% wagering tax on gross receipts. Creates state gaming fund and compulsive gambler program.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

