

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON CONSUMER AFFAIRS

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May 21, 2013
Start: 2:15 p.m.
Recess: 2:40 p.m.

HELD AT: Council Chambers
City Hall

B E F O R E:
DANIEL R. GARODNICK
Chairperson

COUNCIL MEMBERS:

Council Member Charles Barron
Council Member Leroy G. Comrie, Jr.
Council Member Julissa Ferreras
Council Member Lewis A. Fidler
Council Member G. Oliver Koppell
Council Member Karen Koslowitz
Council Member Jumaane D. Williams

CHAIRPERSON GARODNICK: Good

afternoon, everyone, welcome to the Consumer Affairs Committee of the New York City Council. Today is Tuesday, May 21st. My name is Dan Garodnick and I have the privilege of chairing this Committee. I'm joined today by Council Members Karen Koslowitz, Charles Barron, Oliver Koppell and Lew Fidler. Today we're going to be moving on Intro 1035-A, a bill designed to improve the enforcement of illegal gambling in gaming at cafés. This bill's lead sponsors are Council Member Williams and Council Member Fidler. This Committee held a hearing on Intro 1035-A on April 17th. During the hearing we welcomed testimony from a number of sources, including the Department of Consumer Affairs and representatives from the game and café industry. Gaming cafés are DCA licensed businesses which offer three or more computers that consumers, for a fee, may use to play games. These businesses are subject to approval by the local community board and Council Member, cannot serve minors during school hours during the school year, and most importantly cannot offer cash prizes to their patrons.

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2 Unfortunately, we have seen a recent new trend of
3 establishments calling themselves "internet
4 sweepstakes cafés." These establishments are
5 licensed as game cafés but operate under a very
6 different business model. Internet sweepstakes
7 cafés sell a service like internet access, which
8 comes bundled with a certain number of entries
9 into a sweepstakes. Their customers can then use
10 these entries to play a casino like game, which
11 rewards winning with cash prizes. These places
12 clearly violate the terms of gaming café licenses.
13 Moreover, they violate New York State's blanket
14 ban on gambling. There's no question that there's
15 illegal activity going on here. Intro 1035-A
16 would help to crackdown on it. It allows DCA to
17 revoke the license of any gaming café that offers
18 cash prizes, or otherwise violates the section of
19 the state penal law dealing with gambling
20 offenses. This bill should help stop the spread
21 of internet sweepstakes, internet sweepstakes
22 cafés and improve the City's ability to prevent
23 illegal gambling. At this point, I would like to
24 turn the microphone over to the lead sponsors of
25 this bill, starting with Council Member Williams

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2 and then Council Member Fidler. Council Member
3 Williams, the floor is yours, welcome.

4 COUNCIL MEMBER WILLIAMS: Thank
5 you, Mr. Chair. Of course I'd like to thank the
6 Chair, Dan Garodnick, my colleague and the
7 cosponsor of this very piece of import--very
8 important piece of legislation, Council Member Lew
9 Fidler, Speaker Quinn, as well as the Council of
10 Government Affairs Division for their combined
11 work on Intro 1035-A. In addition, I'd like to
12 thank the Department of Consumer Affairs, also
13 deserves appreciation for their stated commitment
14 to crack down on illegal gambling facilities and
15 to support this legislation. And at minimum I
16 believe this legislation will do some prodding of
17 DCA to push up the enforcement. With the passage
18 of Intro 1035-A, the Department of Consumer
19 Affairs will pursue strict enforcement in our
20 City's amusement arcades and gaming cafés that
21 engage in and encourage inappropriate activities
22 and illegal activities. Amusement arcades and
23 gaming cafés do not have the proper license for
24 gambling activity and therefore should be
25 prohibited from allowing these activities to exist

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2 in their place of business. As a strong,
3 outspoken advocate for small business and economic
4 development, I understand that in times of extreme
5 economic strain, our local entrepreneurs are
6 essential to expediting fiscal recovery. At the
7 same time, it is equally important that businesses
8 respect the boundaries and parameters of the law.
9 As stated at the last, at the hearing last month,
10 I personally witnessed a number of businesses
11 engaging in unlawful gaming activity, and we have
12 seen brazen advertisement for these establishments
13 in many of our City's neighborhoods. This
14 behavior is detrimental to our local community and
15 Intro 1035-A will help to establish our position
16 against the promotion of such illegal vices. I
17 will go further and say that predatory practices
18 such as those demonstrated by these types of
19 establishments that intentionally mislead the
20 public are shameful and should be subject to
21 appropriate penalties. This legislation was
22 drafted with the interest of the larger community
23 in mind. The message we are sending is clear: we
24 will under no circumstances tolerate businesses
25 that attempt to take advantage of legal loopholes

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2 or just violate the law period, in order to prey
3 on individuals. Once again, I would like to thank
4 all parties who have stepped up on this
5 legislation that encourages responsible business
6 practices and helps keep our community safe.

7 CHAIRPERSON GARODNICK: Thank you
8 very much. Let me just note that we've been
9 joined by Council Members Ferreras and Comrie, and
10 now we'll turn the microphone over to Council
11 Member Fidler.

12 COUNCIL MEMBER FIDLER: Thank you,
13 Chairman Garodnick, and let me also begin by thank
14 you for your assistance in getting this
15 legislation to this point today. Also, thank Brad
16 Reed from my staff who's sitting here in the front
17 row, for his work on this bill, and particularly
18 Council Member Williams and the other cosponsors.
19 Council Member Williams and I noted a problem that
20 seemed to be growing in our communities, didn't
21 know if it was affecting everybody else, but
22 apparently to some degree it is. And for once,
23 we're going to get out in front of a problem and
24 stop it from spreading. There's no question--
25 well, there can be argument that the government

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2 should or shouldn't be involved in gambling. What
3 there can be no argument about is that we don't
4 need private enterprises popping up, bringing
5 gambling to our commercial strips and to our
6 neighborhoods, en masse and unregulated. Council
7 Member Williams and I both sought the assistance
8 of the Department of Consumer Affairs, the New
9 York City Police Department, and it was kind of a
10 little bit like the Scarecrow in the Wizard of Oz,
11 who said, "They went thataway." And particularly
12 at DCA, which right up through our initial hearing
13 here, seemed to be oblivious to their role in
14 protecting our communities. So, I am hopeful that
15 we will pass this legislation out of Committee
16 today, pass it on the floor tomorrow, and wipe out
17 this illegal business from spreading throughout
18 our neighborhoods. And I thank you again and I
19 urge the Committee to vote aye.

20 CHAIRPERSON GARODNICK: Thank you,
21 Council Member Fidler. I'm going to go back to
22 Council Member Williams for a moment.

23 COUNCIL MEMBER WILLIAMS: Thank
24 you. I am embarrassed and remiss, because I did
25 not thank my staff, Stefan Ringle [phonetic] and

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2 most importantly Kay Bane [phonetic], my
3 Legislative and Budget Director, for his work on
4 this.

5 CHAIRPERSON GARODNICK: Good, we're
6 glad you did that, Council Member Williams.
7 [laughter] Let me see if there's--I don't see
8 anybody else on the panel who wishes to make
9 remarks on this. So we will ask the Council, the
10 Clerk, to call the roll, and we will go from
11 there.

12 CLERK: Kevin Pin, Committee Clerk,
13 roll call on the Committee on Consumer Affairs,
14 Intro 1035-A. Council Member Garodnick.

15 CHAIRPERSON GARODNICK: Thank you.
16 I vote aye and recommend an aye vote.

17 CLERK: Barron.

18 COUNCIL MEMBER BARRON: I did want
19 to say one thing before I vote, and I am going to
20 support and vote aye on this, but this is a very
21 contradiction in the sense that, as Lew Fidler
22 alluded to, I remember when they was running
23 numbers in our neighborhoods, number runners, it
24 was the worst thing in the world, it was morally
25 corrupt. But then when they legalized it and

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2 called it a lottery, you know, then it became
3 something that was all right. And this lottery
4 money's supposed to be coming to education and see
5 in the Census, I never see that. And I'm always
6 concerned when the illegal activities are whether
7 these things are being come down upon because of
8 some competition with some more legalized
9 gambling. So, I think we're very inconsistent
10 when it comes to gambling, particularly when it
11 comes to poor neighborhoods and some of the
12 chances that they take, is because of the
13 oppression, the unemployment. So they are willing
14 to take more chances. The reason why I'm voting
15 for this bill, because I think this exploits that
16 condition, and I think y'all did a good job in
17 making that clear. But I think we need to be
18 consistent across the board with this kind of
19 approach. You know, people will run to Atlantic
20 City and run to different places, and engage in
21 gambling and this state is even considering
22 gambling casinos coming in and saying it'll create
23 jobs and all of that stuff. But then when it
24 comes to others, then we now we have this moral
25 authority, you know, to sustain it all on this

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2 level. I support this, 'cause this is the right
3 thing to do, but I think we need to be consistent
4 and look at the larger issue of gambling and its
5 addiction and its exploitation of people who are
6 struggling to make ends meet. I vote aye on this.

7 CLERK: Comrie.

8 COUNCIL MEMBER COMRIE: Pass. No,
9 I'm just kidding, I vote [laughter] I vote aye.

10 CLERK: Koppell.

11 COUNCIL MEMBER KOPPELL: [off mic]
12 Aye.

13 CLERK: Ferreras.

14 COUNCIL MEMBER FERRERAS: I vote
15 aye.

16 CLERK: Koslowitz.

17 COUNCIL MEMBER KOSLOWITZ: I vote
18 aye.

19 CLERK: By a vote of six in the
20 affirmative, zero in the negative, no abstentions,
21 the item has been adopted and members please sign
22 the Committee report.

23 CHAIRPERSON GARODNICK: Thank you
24 very much. And with congratulations to Council
25 Members Williams and Fidler, this Committee is

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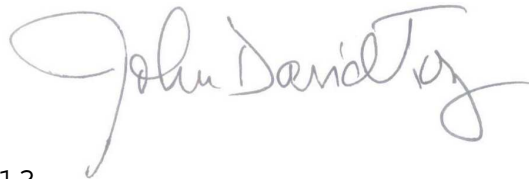
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adjourned. [gavel]

C E R T I F I C A T E

I, JOHN DAVID TONG certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature

A handwritten signature in cursive script that reads "John David Tong". The signature is written in black ink and is positioned to the right of the printed word "Signature".

Date May 21, 2013