

STATE OF NEW JERSEY
Office of the Attorney General
Department of Law and Public Safety
Division of Gaming Enforcement

IN THE MATTER OF THE FUNDS
HELD BY THE DEPARTMENT OF
TREASURY FOR REDEMPTION
OF PLAYBOY CHIPS

: Civil Action
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: **EMERGENCY ORDER**
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In 1982, the Casino Control Commission ("CCC") denied the application of Hugh Hefner, CEO of Playboy Enterprises, for a plenary casino license while granting the application for licensure of Playboy's partner in the joint venture that operated the Playboy Hotel and Casino, Elsinore. As a result, Playboy sold its interest in the Playboy Hotel and Casino to its partner, Elsinore. While the property stayed open, with Playboy's license denial, the property had to undergo a name change. It subsequently became The Atlantis Hotel and Casino in 1984. As part of the property's rebranding to Atlantis, CCC required Playboy chips to be redeemed by Atlantis. However, the CCC denied Elsinore's casino license renewal application and ordered the Atlantis to close on May 22, 1989. Elsinore was ordered to deposit a fund with the State Treasury in the amount of \$875,000 to cover redemptions of both Playboy and Atlantis chips. This money was reserved for gamblers who were owed money by Playboy or Atlantis, with such debts represented by gaming chips. Gamblers could redeem their chips with the Treasury until the fund ran out of money. No time limit was placed on the period for redemption. Elsinore would later assert that the value of chips and slot tokens issued by Playboy was \$450,000. Elsinore would subsequently petition the CCC to return these funds. The CCC ruled that it lacked jurisdiction to determine whether such funds should be escheated to the State. The Chancery Division then issued a ruling in July 1990 that the holder of the funds was the CCC, who could choose to deliver them to the Treasury for claims to be made by patrons who held such chips.

Almost 40 years have passed since the casino property, which no longer exists, was operated under the Playboy name. This is more than sufficient time for actual Playboy gamblers to have redeemed any chips or other instruments of gaming winnings owed by the former casino. At this time, any such chips are most likely to have been obtained by gift, inheritance or sale from the secondary market. The fund held by Treasury was meant for the benefit of the original patrons who have winnings to claim. It was never intended to be an open-ended invitation for subsequent acquirers of such chips to cash them in.

I now FIND that such Playboy gaming chips are expired and the fund for redemption is closed. There have been recent attempts to present such chips for payment from the funds held by the Treasury where it is clear that the chips were not being presented by gamblers who were owed money by Playboy. I also note that the company Playboy contracted with to destroy chips

held not by patrons but in its inventory failed to do so and those chips remain in circulation. Such chips were never eligible for redemption from the funds held by the Treasury.

In Order to prevent further attempts at such redemptions, I, as Director of the Division of Gaming Enforcement ("Division") am exercising my power pursuant to *N.J.S.A. 5:12-109a(3)* to IMMEDIATELY ORDER that no further redemptions of Playboy chips are permitted. I am authorized to issue an Emergency Order as "Such action is necessary immediately for the preservation of the public peace, health, safety, morals, good order and general welfare or to preserve the public policies declared by this act." I am issuing this EMERGENCY ORDER to prevent fraudulent claims on the chip redemption fund, which was intended only to compensate Playboy customers and was not intended for redemptions by chips subsequently acquired by other persons. Such fund was also not intended as a means to redeem chips that were supposed to have been destroyed but were not.

This EMERGENCY ORDER shall be served on the Department of Treasury and shall be posted on the website of the Division. Within five (5) days from the date of this EMERGENCY ORDER, the Division shall file a petition with the CCC requesting that such Commission modify its prior order and permanently discontinue further redemptions from the fund held by the Treasury. This EMERGENCY ORDER shall remain in effect until the CCC acts upon the Division's petition.

Dated: July 7, 2023

David L. Rebeck
DAVID REBUCK
DIRECTOR