

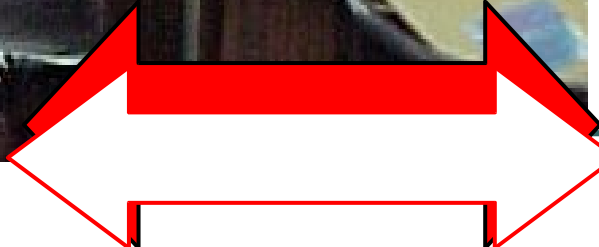
ILLEGAL GAMBLING MACHINES



**ILLEGAL
MACHINES**



**ILLEGAL
MONEY**



Missouri Gaming Commission

Very Limited Role and Authority

- Mo Gaming Commission regulates **legal** casinos and charitable bingo operations.
- Has **NO** jurisdiction over illegal gambling.
- We find illegal machines in some bingo halls (and revoke the bingo license).
- We assist police and prosecutors if requested.

Three Elements of **Gambling**

Under Missouri Law

- **Consideration** Something of Value
Ante, Wager, Entry Fee, Admission, Purchase, Donation, Buy-in, Etc.
(What the player may LOSE)
- **Chance** *Any contest, game, or device in which the outcome depends in **a material degree** upon an element of chance, notwithstanding that skill of the player(s) may also be a factor.*
State Statute 572.010 (3)
- **Reward** Something of Value
Cash, Merchandise, Trips, Prizes, or anything (tickets or tokens) that is redeemable for something of value.
(What the player may WIN)

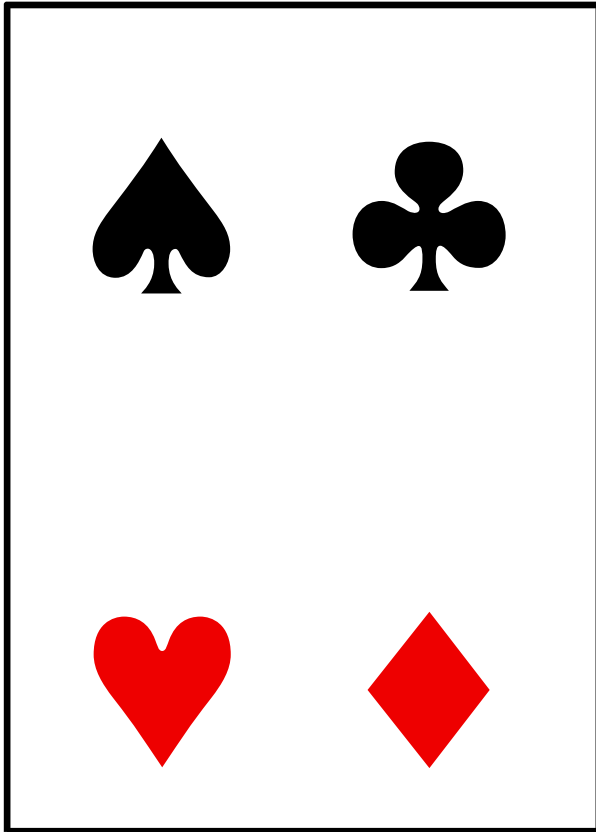
Operators try to circumvent the law – claiming all elements are not present

- There is **no consideration**
The “donation” was voluntary.
The fee was for admission, the game was free.
You paid for a product or service, the game was a promotion!
- It's not a “**game of chance**”
Poker is a “game of **skill**”
The player has control: “**skill**” stops, buttons & wheels
- There's no “**reward,**” it's just for “**amusement**”
Pay only known, trusted players
Delay payment (*separates the play from the payment*)
Hide the mechanism that “knocks off” credits to be paid
Dispense tickets or tokens & claim they have no value
Redeem credits for merchandise only

Illegal Video Gambling Devices



Illegal Video Poker Machine



Cherry Master name -----

(Various Fruit Themes)

Video Game Screen

“***For Amusement Only***” disclaimer ---

Control Buttons for betting

Bill Acceptor (hidden by chair)-----

Drop Compartment

(money box for later collection)-----



Cherry Master, the favorite
tool of organized crime!

Cheating Gambling Machines

- *Not intended to be tested by a gaming lab*
- **Would not be approved by any regulator**
- ***Many have designed-in cheating features***
 - Morphing – Winning symbols change to non-winning symbols*
 - Coasting – Symbols keep moving after skill stop is pushed*
 - Variable Speed Reels, Stutter-step Reels, Blurred Symbols, etc.*
- **Some are programmed to report false coin-in totals so distributors can cheat the operators**

Route people also steal from the distributor

Ploys, Diversions & Mislabeled *by Masters of Deception*

- ***For Amusement Only***
- **This is NOT an Illegal Gambling Device under Section 572.010 (5), RSMo.**
- ***This is NOT an Illegal Gambling Device pursuant to Cole County Circuit Court***
- **“Skill Stops”**
- ***It’s not what it is, it’s whatever you call it!
i.e., Magical Irish Instant Bingo***



These machines look & function like “3-reel” slot machines.

They ARE SLOT MACHINES under Chapter 572, RSMo.

AKA: Eightliners

Illegal Coin Pusher (Quarter Slide)

Skill Stop Button

Skill Coin Insert

(Coins or Tokens)

IT LOOKS

SO EASY !!!

Moving Coin Tray

Hidden Side Slots



FEB 25

A Two-Position Coin Pusher

Gives the player an ILLUSION of CONTROL

Kid's Theme

Skill Coin Insert

Skill Coin Chute

Moving Coin Tray

Ticket Dispenser



Placed With Games for Children

The Pot O' Silver drops the coin (or token) into “**skill** wheels” activated by the “**skill** button” in the upper left before it drops onto the moving tray.

These machines often use an “attract mode.”



They're Everywhere!

Truck Stops

Bars & Taverns

Convenience Stores

Service and Veterans' Organizations

Taxi Companies

Pool Halls

Service and Veterans' Organizations

Arcades

Private Clubs

Restaurants

Pawn Shops

Barber Shops

Laundromats

Auctions

The Shed "out back"

Desensitized to Gambling

All gambling in Missouri used to be a crime, but not now!

- ***Bingo legalized 25 years ago***
 - ***State Lottery 19 years ago – then added multi-state lotteries***
 - ***Riverboat Casinos authorized 12 years ago***
 - ***Raffles allowed 7 years ago***
-
- **World Series of Poker on TV – Poker Tournament Craze**
 - **Movies & TV Programs based on Gambling, Las Vegas, etc.**
 - **Internet Casinos and Sports Betting**
 - **Other Jurisdictions - Other Forms of Legal Gambling**

Why Not Legalize These Machines?

License, Regulate & Tax Them – Everyone Wins!

NOT REALLY !!

- *The promoters are yesterday's felons*
- *Problem Gamblers Won't "Win"*
- *Creates a Regulatory Nightmare*
- *Promotes and Camouflages Illegal Activity*

South Carolina threw out their legalized video poker.

They are “a cancer on the state!” *Gov. David Beasley*

Kentucky Debate to Legalize

“While it’s easy to count the revenue, the state shouldn’t ignore the human cost. I think we should find ways to raise revenues that don’t ruin people’s live.” *State Representative C. B. Embry, Jr.*

BIG DIFFERENCES

BETWEEN LEGAL and ILLEGAL GAMBLING

LEGAL CASINO GAMING involves:

- **Voter Approval followed by Controlling Legislation**
- ***Background Investigations***
- **Licenses and Regulations**
- ***Ongoing Audits and Inspections***
- **Age Restrictions on Players**
- ***Independent Checks & Verification of Games***
- **Taxes (Reported, Audited and Paid)**
- ***Support for Programs for Problem Gamblers***

A Typical Operation

This is Racketeering – This is Organized Crime!

1. Distributor gets business to try the machines
2. Often placed with legal arcade games
3. Operator is told how to pay & knock off credits
4. Usually keeps separate funds and records
5. Distributor's route man does weekly drops
6. Cash Profits are split 50-50; taxes are optional
7. More gambling machines are brought in
8. Competitors get machines to compete . . .

THE JANITOR SUPPLY ROOM

Another case of
Mislabeling



**IT'S NOT YOUR
TYPICAL JANITOR
SUPPLY ROOM**



The Shelves are a Hinged Door



Revealing a Hidden Casino



**13 Illegal Gambling Devices and
2-days receipts of \$3191.50 seized**

\$580,000/Yr – winnings paid out = \$300,000 Net/Yr

Video Gambling Devices – Not “Small Change!”

- *Nickel or quarter machines BUT THEY TAKE BILLS!*
- Many accept multiple bets, i.e., 45 nickels = \$2.25/play
- *One play takes about 6 seconds*
- Ten plays/minute equals \$22.25 coin-in/minute
- *Playing Max Coin equals \$1333 coin-in/hour!!!*
- Payout Rate is usually only 40-60%
- *Some devices have minimum bets, i.e., 8 coins min.*

A 38-year old tree trimmer who went through \$7000 in 12 hours said “*It’s like doing dope!*”

Cash Seizures from homes of distributors in Pennsylvania

- \$250,000 in a chimney
- \$100,000 buried in PVC pipe
- \$230,000 in pants pockets

Thomas Venezia dba **B&H Vending**

6-year Illinois operation: \$37 - \$48 million

- **Convicted of racketeering**, defrauding the IRS
- **Mayor** convicted of taking protection bribes
- **Police Chief** convicted of lying to grand jury
- **Attorney/Partner** convicted for conspiracy
- **US Congressman** - an unindicted co-conspirator

Venezia murdered his girl friend & committed suicide 7-19-05

Coin Slides Yield Big Profits, Too!

- *Payout percentage can be as low as 10%*
- A coin slide in a Golden Corral brought in ***\$1000+ in its first month.***
- *Coin slides are common in children's arcades, Dave & Buster's, Miner Mike's, Chuckie Cheese, shopping malls, even McDonalds!*
- State Fair – 40 coinslides (one 12-player)

A Loss of Trust!

in the Criminal Justice System and Government

“The Sheriff knows about it, but won’t do anything to stop it.”

“Police officers play the machines. The owner brags that the police won’t bother him. He thinks he is above the law.”

“The prosecutor said my 72-year old mother was writing bad checks to play the gambling machines. She ended up in jail, but nobody is doing anything about the machines!”

Official Fingerprinting

Law Enforcement Officials say:

“The prosecutor said he won’t prosecute these cases, so I’m not going to waste my time.”

The Prosecutor says:

“They never brought me a case. I can’t prosecute it if they don’t bring me a case.”

There are a lot of victims . . .

a lot of grief

“The store owner would extend Mom \$1,000 credit, then she had to pay before she could play more. She was \$37,000 in debt to friends and family – when we found out and told her ‘no more,’ she decided to sell her house!”

“No one would call 9-1-1 when my wife fell and broke her leg because the gambling machines were there. It was a half-hour before they carried her upstairs and called an ambulance!”

“Many retired people on fixed incomes are losing their monthly checks playing the machines. Granddad loses his entire Social Security check within two days of getting it every month.”

What's Being Done?

- We forward reports of illegal gambling machines to **every** agency having jurisdiction or having a regulatory role - in writing.
- *2 Videos: To educate the public and to train police*
- Training bulletin on illegal gambling sent to every law enforcement agency and prosecutor in the state
- 3 training courses to police (*53 officers/26 agencies*)

What's Being Done?

- ◆ *Presentations to Missouri Prosecutors and Sheriffs*
- ◆ *Organized a mutual assistance “Network” of law enforcement and administrative agencies:*

Various Police & Sheriffs Departments, Department of Public Safety, Highway Patrol Gaming Division & Division of Drug and Crime Control, Water Patrol, Department of Revenue, Division of Fire Safety, Gaming Commission, Lottery Commission, Division of Alcohol and Tobacco Control, State Auditor's Office, Kansas City & St. Louis Police Vice Units

- ◆ *Asked DPS to take charge, start an advisory panel, and create a hotline to take and forward complaints*

Bingo Licensees & Illegal Machines

Before & After a "No Tolerance" Policy

	Complaints	Cases Made	Devices Seized	Cash Seized
2000-2001 Average	10.5	5.5	40	\$4,675
2002 Transition	9.0	4.0	31	\$1,180
2003-2005 Average	3.7	1.3	10.3	\$ 867
<u>DECREASED:</u>	65%	76%	74%	81%

What's Been Accomplished in the Criminal Justice System?

- **Seized over 135 machines** in 25 jurisdictions
(In addition to 132 machines seized by Gaming Agents in Bingo Halls)
- **8 Felony Convictions**
Plus Misdemeanor Convictions (reduced from felonies)
- **9 Grand Jury Indictments**
- **10 Investigations/Prosecutions Are Pending**
- **“No tolerance” Press releases** by 4 police depts
- **Collected \$75,000 in back taxes and penalties**
and we haven't even scratched the surface!

What's Needed?

- A comprehensive **public awareness campaign** – media blitz!
Public, business owners, police, prosecutors, judges, legislators
- **PUBLIC ACTION and SUPPORT** by reporting, complaining, lobbying, & voting in officials who will take action
- A Statewide **Toll-Free Number and Web Site** to receive reports of illegal gambling, track complaints, and forward info.
- More **training** for law enforcement and criminal justice officials including a minimum training for new officers.
- **Cooperation:** Police – prosecutors – tax – liquor regulators
- **Support** of prosecutors, the state attorney general, and courts.
- Focus enforcement and prosecution on the **Distributors**
- Victims using Ch 434, RSMo., to **sue gambling promoters**

What Can We Expect

From Distributors & Operators? **A FIGHT!**

- Continued contributions to elected officials
- Claims of ignorance or innocence
- A community-minded, reputable facade
- Preemptory legal challenges
- Aggressive defense of any prosecution
- Lobbying the legislature for legalization

Minimal or no registration fee

No regulation, no background checks or audits

No concern for problem and compulsive gamblers

Summary

Illegal gambling machines are a **widespread, well-organized, low profile, untaxed, multi-million dollar criminal enterprise** that operates for the most part in the shadows of public view at everyone's expense.

Conclusion

Legal forms of gambling blur the line for everyone, including criminal justice officials.

The benefits of a self-exclusion program at casinos are decimated when a person can go to the nearest truck stop, convenience store, or bar and find illegal gambling machines readily available.

Illegal Gambling Machines are just a small part of a much larger problem

- **Illegal Poker Tournaments**
- **Illegal Sports Betting**
- **Illegal Internet Gambling**
- **Illegal Pull-tabs**
- **Illegal Lotteries, Bingo, etc.**