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  \textit{(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

PAYTABLE
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 & Mislabling 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 machine 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
A Two-Position Coin Pusher

Kid’s Theme

Gives the player an ILLUSION of CONTROL

**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
Arcades
Restaurant
Pawn Shops
Laundromats
Private Clubs
Auctions
Pool Halls
The Shed “out back”
Barber Shops
Desensitized to Gambling

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

- Bingo legalised 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
“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 girlfriend & 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 coin slides (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!”
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 . . .

“... and 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!”

“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
<table>
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<th>Complaints</th>
<th>Cases Made</th>
<th>Devices Seized</th>
<th>Cash Seized</th>
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<td><strong>2000-2001 Average</strong></td>
<td>10.5</td>
<td>5.5</td>
<td>40</td>
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<td><strong>2002 Transition</strong></td>
<td>9.0</td>
<td>4.0</td>
<td>31</td>
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<td><strong>2003-2005 Average</strong></td>
<td>3.7</td>
<td>1.3</td>
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**DECREASED:** 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*
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.