ILLEGAL GAMBLING DEVICES

ILLEGAL MACHINES

ILLEGAL MONEY
Three Elements of **Gambling**

*Under Missouri Law*

- **Consideration**  
  *Something of Value*  
  Ante, Wager, Entry Fee, Admission, Required Purchase or Donation, Etc.

- **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.*
  
  572.010 (3), RSMo.

- **Reward**  
  *Something of Value*  
  Cash, Merchandise, Trips, Prizes, Award, etc.
Operators try to beat the law by saying one of the three elements is missing

**Say it’s not a “game of chance”**

**Poker** is a “game of skill”
Add player “controls” like “skill stops”

**Say there’s no “reward,” it’s just for fun**
Pay only known players
Delay payment
Hide the “knock off”
Use tickets to redeem for merchandise
Illegal Video Gambling Devices
Illegal Video Poker Machine
Cherry Master name

Video Game Screen

“For Amusement Only” disclaimer

Control Buttons for betting

Bill Acceptor (hidden by chair)

Drop Compartment
(where the money falls)
These machine look & function like “3-reel” slot machines. They ARE SLOT MACHINES under Chapter 572, RSMo.
Illegal Coin Pusher (Quarter Slide)

Skill Stop Button

Skill Coin Insert
(Quarters or Tokens)

Moving Coin Tray

Hidden Side Slots
A Two-Position Coin Pusher

- Kid’s Theme
- Skill Coin Insert
- Skill Coin Chute
- Moving Coin Tray
- Ticket Dispenser
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.

It can be set to dispense coins, tokens or tickets.
They’re Everywhere!

- Truck Stops
- Bars & Taverns
- Convenience Stores
- Taxi Companies
- Pool Halls
- Service and Veterans’ Organizations
- Private Clubs
- Restaurants
- Arcades
- Laundromats
- Auctions
- The Shed “out back”
Becoming Desensitized to Gambling

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

- Bingo *legalized 25 years ago*
- State Lottery *18 years ago – then added multi-state lotteries*
- Riverboat Casinos *authorized 11 years ago*
- Raffles *allowed 6 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:**

*Problem Gamblers Won’t “Win”*

*Creates a Regulatory Nightmare*

*Promotes and Camouflages Illegal Activity*

South Carolina reversed its $3B/year legal program

York County SC: Immediate drop in armed robberies
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
- Independently Checking/Verification of Games
- Taxes being Reported and Paid
- Support for Programs for Problem Gamblers
A Typical Operation

- Distributor gets business owner to try machines
- Often placed with legal arcade games
- Operator is told how to pay & knock off credits
- Operator usually keeps separate money/records
- Distributor’s route man does weekly drops
- Cash Profits are split 50-50; taxes are optional
- More gambling machines replace arcade games
- Competitors get machines so they can compete.
JANITOR SUPPLY ROOM
BUT NOT YOUR TYPICAL JANITOR SUPPLY ROOM
The Shelves are a Hinged Door

Revealing a Hidden Casino
13 Illegal Gambling Devices and $3191.50 in cash were seized
Video Gambling Devices – Not “Small Change!”

- Usually nickel or quarter machines
- 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 machines 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!”
Thomas Venezia dba B&H Vending

Six year operation: $37 - $48 million

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

 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 well-known chain restaurant 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, etc.*
- During a recent investigation in South MO, a coin slide was found in a McDonald’s.
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 told me the reason my 72-year old mother began writing bad checks was because she was playing the gambling machines. She ended up in jail, but nobody is doing anything about the machines!”
There are a lot of victims . . .

a lot of grief

“I caught my 16-year old son several times stealing money from my purse and my husband’s billfold to play the Cherry machines. A lot of the kids play the machines after school.”

“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 later before they carried her upstairs and called an ambulance!”

“Many retired people and people on fixed incomes are losing their disability and welfare checks playing the video gambling machines. My grandfather loses his 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.

- **Two Videos**: To *educate the public* and to *train police*

- Sent a **training bulletin** on illegal gambling to every law enforcement agency and prosecutor in the state

- Gave 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, Missouri State Highway Patrol Gaming Division & Division of Drug and Crime Control, Missouri State Water Patrol, Missouri Department of Revenue, Division of Fire Safety, Missouri Gaming Commission, Missouri Lottery Commission, Division of Alcohol and Tobacco Control, State Auditor’s Office, Kansas City & St. Louis Police Vice Units
What’s Been Accomplished?

- Seized at least 71 machines in 17 jurisdictions
- IRS seized 35 Machines and $5000 in six counties
- Six Felony Convictions - 1st Degree Promoting
- Misdemeanor Convictions – 2nd Degree Promoting
- 9 Grand Jury Indictments - Promoting Gambling
- 5 Criminal Prosecutions / 4 Investigations Pending
- Press releases by 3 agencies of their action plan
- Collected $75,000 in back taxes and penalties . . .

and we haven’t even scratched the surface!
What's Needed

- A comprehensive **public awareness campaign** - Public, business owners, police, prosecutors, judges, legislators
- **Public involvement** – reporting, complaining, calling, lobbying
- A Statewide **Toll-Free Number and Web Site** to receive reports of illegal gambling, track complaints, and forward to officials.
- Additional **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 Chapter 434, RSMo., to **sue gambling promoters**
What Can We Expect From the Distributors and Operators?

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

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

The benefits of a self-exclusion program at casinos are significantly reduced 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.
Questions, Comments?