

Approved *Ginger Barr*
April 25, 1990 Date

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Representative Ginger Barr at
Chairperson

12:24 ~~am~~ /p.m. on April 4, 1990 in room 526-S of the Capitol.

All members were present except:

Representatives Gjerstad - Excused
Long
Wagnon

Committee staff present:

Mary Galligan, Kansas Department of Legislative Research
Lynne Holt, Kansas Department of Legislative Research
Mary Torrence, Revisor of Statutes Office
Juel Bennewitz, Secretary to the Committee

Conferees appearing before the committee:

Jonathan Small, Greenwood County Fair Association and Rooks County Free Fair
Deems Marshall, President, Greenwood County Fair Association
Richard Boushka, President, Sunflower Racing, Inc.
Gerald Marr, Past President, New Mexico Horsemen's Association
Jack Foster, Kansas Thoroughbred Association
Linton Bartlett, Legislative Liaison, City Administrator, Kansas City, Kansas
Pete McGill, Wichita Greyhound Park
Reverend Richard Taylor, Kansans for Life at Its Best

SB 428

Representative Ramirez explained the bill addresses a simplified and less costly application procedure for county fair associations. It is the result of a recommendation from the majority report of the interim committee.

Jonathan Small spoke in support of the bill stating it would have substantial impact on both tracks conserving on their expenses. Mr. Small stated the Kansas Racing Commission (KRC) is in support of the bill, having done so through a formal resolution adopted at its meetings of two and three weeks ago. The Kansas Racing Commission (KRC) asked that the State Fair at Hutchinson be included.

Committee discussion:

1. Inclusion of the State Fair was questioned. Mr. Small restated it was the request of the KRC and read the copy of the resolution, Attachment No. 1.

Warran Wiebe, Assistant Attorney General assigned to the KRC and Mike Jones, Director of Parimutuels were recognized as the only representatives present from the KRC. Dr. Anthony, Chairman of the KRC, was attending a meeting of the Association of Racing Commissions International (ARCI) in Arizona.

2. (To Mr. Wiebe) - Where are we with the State Fair concerning this bill and how soon would you anticipate the KRC would need the authority to relax the rules and regulations? Mr. Wiebe advised the KRC could begin to adopt relaxed regulations at its first meeting after the law goes into effect. It could begin earlier if it knew the effective date of the law. The impact of the change on the State Fair would depend on when it came to the KRC with a proposal or change from what it has requested in the past. Currently it has an application in the original licensing process that is in a "semi undefined area pending. It is on file at the KRC office, however, they are not seeking action on it at the present time".
3. To clarify, staff asked if in the resolution, Attachment No. 1, the KRC was suggesting the bill be amended to include the State Fair Association. Mr. Wiebe answered in the affirmative.
4. "and such other members as the KRC considers necessary" was interpreted as some county fairs having a number of members. Each member would have an equal vote regarding the conduct of business. The power to determine the

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policy of how the race meets would be conducted rests with those individuals. They would be as important as a board of directors or the stated conditions for officers.

5. (To Mr. Small) - Why was the 14 day limitation stricken in the Senate? The response was inclusion would eliminate Eureka's qualification for division set out for the county fair associations. Mr. Small stated the KRC considers Eureka in the same category with the Rooks County Free Fair. He further stated the KRC recognized and has stated it believes the county fair associations, generically, should be treated differently from the large racing facilities such as the Woodlands. There was no one present to represent the State Fair Association.

There were no opponents to the bill.

Subcommittee Report - Parimutuel Issues

Representative Aylward, chairman of the subcommittee, referred to its report (Attachment No. 1, 4/3/90 minutes) and HB 2892. She explained the bill concerned the appointment of the executive director of the KRC. The subcommittee recommends the bill be amended to change appointment of the executive director of the KRC by the governor to appointment by the KRC itself. Employees working for the executive director, including (pg. 4, line 33) the inspector of parimutuels, (pg. 5, line 7) the director of security, the director of racing operations - a new position and the animal health officer would be appointed by the executive director. She noted an error in the report saying it was the intent of the subcommittee to strike the section concerning the hearing officers. Another amendment in the bill, as it was introduced, was changed on line 24 to say that the executive director would have "familiarity" with both horse and dog racing.

Representative Aylward moved that the subcommittee report on HB 2892 be amended into SB 428, seconded by Representative Schauf. Attachment No. 2 is a draft of SB 617 which contains the proposed language changes beginning at the bottom of page 4, excepting (g), and continues through page seven. The subcommittee report had recommended that HB 2892 be amended into SB 617. However, the subcommittee felt the bill was important and did not want it as part of a controversial bill, therefore, the recommendation to amend HB 2892 into SB 428, perceived as the least controversial of the parimutuel bills. Another member of the subcommittee explained that the KRC now has the authority to appoint hearing officers. The rules and regulations covering those appointments appeared to have potential for controversy and thus were not addressed at this time by the subcommittee. Chairman Aylward noted for the committee that the House appropriations bill, already passed, funds the new position. The bill establishes the new chain of command to be that the governor would appoint the KRC who would appoint the executive director and he in turn would hire the employees for the remaining positions. The KRC would retain ultimate approval by having control over the selection of the executive director. The motion carried. Representative Schauf moved to recommend the bill favorably, as amended, seconded by Representative Ramirez. Representative Eckert offered a substitute motion to make July 1, 1990 the effective date for the HB 2892 portion of the bill and the effective date for the remainder of the bill upon publication in the Kansas Register. The motion was seconded by Representative Schauf and then carried on a majority vote. Representative Aylward moved to recommend the bill, as amended, favorably, seconded by Representative Ramirez. The motion was adopted.

HB 3078

Staff gave an overview of the interim study on simulcasting which is in Report on Kansas Legislative Interim Studies to the 1990 Legislature and on file with the Legislative Coordinating Council, December 1989.

Due to the number of conferees, the chairman announced each conferee would be given approximately three minutes which would allow time for committee discussion.

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Jonathan Small stated that if Dr. Anthony were in attendance he would advise of the KRC's support of the bill. He emphasized three points - that simulcast wagering is not off-track wagering, the bill is permissive legislation and that simulcasting can be beneficial in Kansas as it has been in Nebraska, Attachment No. 3.

Deems Marshall testified in support of the bill saying it was important to the success of Eureka Downs, Attachment No. 4.

Richard Boushka was a proponent of the bill and highlighted various opportunities available to The Woodlands if the bill were to pass, Attachment No. 5. He stated horse racing would begin May 24th and there had been 4,000 applications for 1,250 stalls. He also noted that there are four simulcasting companies which are all publicly owned.

Gerald Marr was a proponent of the bill and described the economic effect of simulcasting in New Mexico, Attachment No. 6.

Jack Foster voiced strong support for the bill noting that 30 states have participated in simulcasting. He stated without simulcasting the horse breeding industry would be mediocre but with it there would be stimulation to the horse breeding industry as well as benefit to the agricultural economy.

Linton Bartlett testified in support of the bill citing the prospective economic benefit to the city through additional development in the areas near the track, Attachment No. 7.

Attachment No. 8 is the submitted statement of support for the bill from Jim Yonally, representing TRAK East. Mr. Yonally yielded his time to Mr. Marr.

Pete McGill spoke in opposition to the bill as it relates only to the equine industry and proposed a number of questions for consideration by the committee before adopting such legislation, Attachment No. 9. Attachment No. 9A is a letter from Jimmy Grenz to Senator Reilly dated November 8, 1989,; Attachment No. 9B is testimony dated March 19, 1990 and Attachment No. 9C is an article from Business Week, "Has Racing Staked Its Future on a Bad Pony?" dated 5/8/89.

Reverend Taylor spoke in opposition to the bill saying the issue was gambling, Attachment No. 10. Attachment No. 10A is an article from Sports Illustrated, "Racing's Big Scandal", 8/6/78 and Attachment No. 10B is The Kansas Issue, Vol. 22, No. 1, Jan. - Mar., 1973.

Committee discussion:

1. As the only representative of the KRC present, Mr. Wiebe was asked what he thought its position was on the bill. He responded, "I have been given a one sentence summary by their administrative side to repeat if I was asked this question and that's all I can provide. The sentence is, 'Dr. Anthony, representing the Kansas Racing Commission, supported simulcasting in general. The KRC, or the Kansas Racing Commission, has no position on this particular measure.'"
2. Mr. Wiebe responded he had not been authorized to make a comment when asked to confirm if the KRC was in a position to make recommendations on good or bad points of the bill or any causes for concern.
3. In view of Mr. Small's statement regarding the KRC's support of the bill, he was requested to have Dr. Anthony communicate that support to the committee as soon as possible.
4. When asked was the KRC not ready to oversee and administrate the operation, Mr. Wiebe responded, "That may be one interpretation. All I am authorized to state on their behalf is to make that statement not offer opinions other than that statement."
5. Simulcasting was explained as follows: A person may be attending a race at The Woodlands but would be able to watch a televised live race from a track at a different location either in-state or out-of-state. If he places a wager on the race and wins, he is paid on the odds posted at the track where he is attending. Mr. Boushka explained that present policy

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is that each track has its own betting pool. The simulcast race would be an additional race to the race card for the day and would not replace a live race. The simulcast would be scheduled between live races. While it is possible for a simulcast race and a live race to occur at the same time, Mr. Marr stated the racing commission would not permit it.

There is a contract fee between the racetrack receiving the signal and the track sending the signal (it could be compared to subscribing to cable T.V.). There would be two betting pools - one at the track where the race is being run and one at the track receiving the simulcast. The track receiving the simulcast would send 50% of its betting pool to the track where the live race is being run. At the track receiving the signal, the 50% is used to pay winning wagers and expenses with the remainder being divided among the horsemen. (Mr. Marr gave an example, in New Mexico, \$3.5 million was the gross on a simulcast race of which the horsemen received \$350,000.)

As further explanation, Mr. Boushka used an example of The Woodlands sending a signal to North Dakota. North Dakota would pay The Woodlands a certain percentage of the full race card (4-5%). Attendees at The Woodlands would not be affected in any way. He stated, "Most of the time, their pool is separate from The Woodlands". He went on to discuss common pooling allowed in the bill. He used the simulcast of races from The Woodlands to Eureka and because of the smaller population at Eureka, "it would be advantageous to Eureka to be part of The Woodlands betting pool". This practice is current in California and is perceived to be beneficial to the smaller tracks. All decisions governing this issue would be made by the KRC.

6. A member asked if the attorney general had been consulted for an opinion on the issue.
7. Both Mr. Marr and Mr. Boushka asserted that off-track betting does not necessarily follow where parimutuel exists and noted that it is illegal in Kansas.
8. In response to a member, Mr. Wiebe stated he had read the bill. Also in response, he stated he personally was not involved in advising the commission in the drafting of the bill. He answered he did not know who had advised the commission on the drafting of the bill.
9. Mr. Wiebe was unable to provide a reason for the preamble to the bill.
10. Representative Schauf explained the bill was drafted off model legislation from several other states where the preamble is customary to express the intent of the bill. "It was mostly the people from the Thoroughbred Association who brought the language to the commission."

Mr. Foster explained his understanding to be that the horsemen had to have the approval of the KRC for the bill. The group asked it (KRC) for its approval of this type of simulcast legislation which they gave.

Chairman Barr explained part of the charge of the interim committee was to study simulcasting. A day was reserved for hearings and discussion on the issue during which very few conferees were heard. Mr. Grenz, representing the KRC, stated it was interested and later recanted that testimony (Attachment No. 9A). Following that, Senator Reilly, chairman of the interim committee, expressed no further interest until the KRC had a position on the issue and requested such legislation. Chairman Barr met with Mr. Foster and explained the deadline for introduction of bills by individuals was past, however, the committee did accept requests from state agencies and if the KRC was interested and supportive and wanted the bill introduced as its bill, the committee would do so as a courtesy. When Dr. Anthony brought the bill request, it was introduced. Chairman Barr requested Mr. Wiebe express her disappointment to the KRC as she thought the bill was the KRC's bill, that it understood what it contained and supported it.

The meeting was adjourned at 2:00 p.m. No further meetings are scheduled although the committee may be called at any time by the chairman.

STATE OF KANSAS



KANSAS RACING COMMISSION

3400 Van Buren
Topeka, Kansas 66611-2228
(913) 296-5800

April 4, 1990

Jonathan Small, Chartered
Attorney and Counselor at Law
Suite 304, Capitol Tower
400 West Eighth Street
Topeka, Ks. 66603

Dear Mr. Small,

The following is the action taken by the Kansas Racing Commission during the March 29, 1990 meeting relative to S.B. 428.

MOTION: Schroeder (Martin) moved that the commission support S.B. 428 as amended by the senate on the floor of the senate with the provision that the house committee be told that the commission intended to include the state fair associations along with county fair associations. The motion carried unanimously.

If you have any questions, please call.

Sincerely,

Frances Snell

Frances Snell
Executive Secretary
Kansas Racing Commission

cc: Warran Wiebe

Att 1
4/4/90

Proposed Amendment to Senate Bill No. 617

Add two sections to read as follows:

"Section 1. K.S.A. 1989 Supp. 74-8804 is hereby amended to read as follows: 74-8804. (a) The commission and its designated employees may observe and inspect all racetrack facilities operated by licensees, including but not limited to all machines, equipment and facilities used for parimutuel wagering, whether or not race meetings are being conducted at the time.

(b) Commission members and hearing officers designated by the commission may administer oaths and take depositions to the same extent and subject to the same limitations as would apply if the deposition was in aid of a civil action in the district court.

(c) The commission may examine, or cause to be examined by any agent or representative designated by the commission, any books, papers, records or memoranda of any licensee for the purpose of ascertaining compliance with any provision of this act or any rule and regulation adopted hereunder.

(d) The commission may issue subpoenas to compel access to or for the production of any books, papers, records or memoranda in the custody or control of any licensee or officer, member, employee or agent of any licensee, or to compel the appearance of any licensee or officer, member, employee or agent of any licensee, for the purpose of ascertaining compliance with any of the provisions of this act or any rule and regulation adopted hereunder. Subpoenas issued pursuant to this subsection may be served upon individuals and corporations in the same manner provided in K.S.A. 60-304 and amendments thereto for the service of process by any officer authorized to serve subpoenas in civil actions or by the commission or an agent or representative designated by the commission. In the case of the refusal of any person to comply with any such subpoena, the executive director

Att. 2
4/4/90

may make application to the district court of any county where such books, papers, records, memoranda or person is located for an order to comply.

(e) The commission shall allocate equitably race meeting dates, racing days and hours to all organization licensees and assign such dates and hours so as to minimize conflicting dates and hours within the same geographic market area.

(f) The commission shall have the authority, after notice and an opportunity for hearing in accordance with rules and regulations adopted by the commission, to exclude, or cause to be expelled, from any race meeting or racetrack facility, any person:

(1) Who has violated the provisions of this act or any rule and regulation or order of the commission;

(2) who has been convicted of violating the racing or gambling laws of this or any other state or of the United States; or

(3) whose presence, in the opinion of the commission, reflects adversely on the honesty and integrity of horse or greyhound racing or interferes with the orderly conduct of a race meeting.

(g) The commission shall review and approve all proposed construction and major renovations to racetrack facilities owned or leased by licensees.

(h) The commission may suspend a horse or greyhound from participation in races if such horse or greyhound has been involved in any violation of the provisions of this act or any rule and regulation or order of the commission.

(i) The commission, within 72 hours after any action taken by a steward or racing judge and upon appeal by any interested party or upon its own initiative, may overrule any decision of a steward or racing judge, other than a decision regarding disqualifications for interference during the running of a race, if the preponderance of evidence indicates that:

(1) The steward or racing judge mistakenly interpreted the

law;

(2) new evidence of a convincing nature is produced; or

(3) the best interests of racing and the state may be better served.

A decision of the commission to overrule any decision of a steward or racing judge shall not change the distribution of parimutuel pools to the holders of winning tickets. A decision of the commission which would affect the distribution of purses in any race shall not result in a change in that distribution unless a written claim is submitted to the commission within 48 hours after completion of the contested race by one of the owners or trainers of a horse or greyhound which participated in such race and a preponderance of evidence clearly indicates to the commission that one or more of the grounds for protest, as provided for in rules and regulations of the commission, has been substantiated.

(j) The commission, after notice and a hearing in accordance with rules and regulations adopted by the commission, may impose a civil fine not exceeding \$250 for each violation of any provision of this act, or any rule and regulation of the commission, for which no other penalty is provided.

(k) The commission shall adopt rules and regulations specifying and regulating:

(1) Those drugs and medications which may be administered, and possessed for administration, to a horse or greyhound within the confines of a racetrack facility; and

(2) that equipment for administering drugs or medications to horses or greyhounds which may be possessed within the confines of a racetrack facility.

(1) The commission may adopt rules and regulations providing for the testing of any licensees of the commission, and any officers, directors and employees thereof, to determine whether they are users of any controlled substances.

(m) The commission may require fingerprinting of all persons necessary to verify qualification for any license issued pursuant

to this act. The commission shall submit such fingerprints to the Kansas bureau of investigation and to the federal bureau of investigation for the purposes of verifying the identity of such persons and obtaining records of criminal arrests and convictions.

(n) The commission may receive from the Kansas bureau of investigation or other criminal justice agencies such criminal history record information (including arrest and nonconviction data), criminal intelligence information and information relating to criminal and background investigations as necessary for the purpose of determining qualifications of licensees of and applicants for licensure by the commission. Disclosure or use of any such information received by the commission, or of any record containing such information, for any purpose other than that provided by this subsection is a class A misdemeanor and shall constitute grounds for removal from office, termination of employment or denial, revocation or suspension of any license issued under this act. Nothing in this subsection shall be construed to make unlawful the disclosure of any such information by the commission in a hearing held pursuant to this act.

(o) The commission, in accordance with K.S.A. 75-4319 and amendments thereto, may recess for a closed or executive meeting to receive and discuss information received by the commission pursuant to subsection (n) and to negotiate with licensees of or applicants for licensure by the commission regarding any such information.

(p) The commission shall adopt such rules and regulations as necessary to implement and enforce the provisions of this act.

(q) The commission may appoint hearing officers to hear matters arising under this act and shall adopt rules and regulations establishing qualifications for such hearing officers.

Sec. 2. K.S.A. 1989 Supp. 74-8805 is hereby amended to read as follows: 74-8805. (a) (1) The ~~governor~~ commission shall appoint, subject to confirmation by the senate as provided by

K.S.A. 75-4315b and amendments thereto, an executive director of the commission, to serve at the pleasure of the governor commission.

(2) The executive director shall: (A) Be in the unclassified service under the Kansas civil service act; (B) devote full time to the executive director's assigned duties; (C) receive such compensation as determined by the commission, subject to the limitations of appropriations therefor; (D) be a citizen of the United States and an actual resident of Kansas during employment by the commission; and (E) not have been convicted of a felony under the laws of any state or of the United States prior to or during employment by the commission; and (F) have familiarity with the horse and dog racing industries sufficient to fulfill the duties of the office of executive director.

(3) The executive director shall: (A) Recommend to the commission the number and qualifications of employees necessary to implement and enforce the provisions of this act; (B) employ persons for those positions approved by the commission, subject to the limitations of appropriations therefor; and (C) perform such other duties as directed by the commission.

(b) (1) The commission executive director shall appoint an inspector of parimutuels to serve at the pleasure of the commission executive director.

(2) The inspector of parimutuels shall: (A) Be in the unclassified service under the Kansas civil service act; (B) devote full time to the inspector's assigned duties; (C) receive such compensation as determined by the commission executive director, subject to the limitations of appropriations therefor; (D) be a citizen of the United States and an actual resident of Kansas during employment ~~by--the--commission~~ as inspector of parimutuels; and (E) not have been convicted of a felony under the laws of any state or of the United States prior to or during employment by the commission.

(3) The inspector of parimutuels shall: (A) Inspect and audit the conduct of parimutuel wagering by organization

licensees, including the equipment and facilities used and procedures followed; (B) train and supervise such personnel as employed by the executive director to assist with such duties; and (C) perform such other duties as directed by the commission executive director.

(c) (1) The commission executive director shall appoint a director of security to serve at the pleasure of the commission executive director.

(2) The director of security shall: (A) Be in the unclassified service under the Kansas civil service act; (B) devote full time to the security director's assigned duties; (C) receive such compensation as determined by the commission executive director, subject to the limitations of appropriations therefor; (D) be a citizen of the United States and an actual resident of Kansas during employment by--the--commission as director of security; and (E) not have been convicted of a felony under the laws of any state or of the United States prior to or during employment by the commission; and (F) be a professional law enforcement officer with a minimum of five years' experience in the field of law enforcement and at least a bachelor's degree in law enforcement administration, law, criminology or a related science or, in lieu thereof, a minimum of 10 years' experience in the field of law enforcement.

(3) The director of security shall: (A) Conduct investigations relating to compliance with the provisions of this act and rules and regulations of the commission; (B) recommend proper security measures to organization licensees; (C) train and supervise such personnel as employed by the executive director to assist with such duties; and (D) perform such other duties as directed by the commission executive director.

(d) (1) The executive director shall appoint a director of racing operations to serve at the pleasure of the executive director.

(2) The director of racing operations shall: (A) Be in the unclassified service under the Kansas civil service act; (B)

devote full time to the director's assigned duties; (C) receive such compensation as determined by the executive director, subject to the limitations of appropriations therefor; (D) be a citizen of the United States and an actual resident of Kansas during employment as director of racing operations; (E) not have been convicted of a felony under the laws of any state or of the United States prior to or during employment by the commission; and (F) have a minimum of 10 years' experience in racing operations.

(3) The director of racing operations shall: (A) Supervise racing operations, including stewards and racing judges; (B) be responsible for training and education of stewards and racing judges; (C) advise the commission on necessary or desirable changes in rules and regulations relating to conduct of races; (D) train and supervise such personnel as employed by the executive director to assist with such duties; and (E) perform such other duties as directed by the executive director.

(e) The commission may appoint an advisory committee of persons knowledgeable in the horse and greyhound breeding and racing industries to provide information and recommendations to the commission regarding the administration of this act. Members of such advisory committee shall serve without compensation or reimbursement of expenses.

~~(e)~~ (f) Except as otherwise provided by this act, all employees of the commission shall be in the classified service under the Kansas civil service act.";

Renumber the sections and amend the title and repealer accordingly

JONATHAN P. SMALL, CHARTERED

Attorney and Counselor at Law
Suite 304, Capitol Tower
400 West Eighth Street
Topeka, Kansas 66603
913/234-3686

April 4, 1990

TESTIMONY BEFORE THE HOUSE COMMITTEE
ON FEDERAL AND STATE AFFAIRS

RE: 1990 HOUSE BILL 3078

I am Jonathan Small appearing here before the Committee today in behalf of Greenwood County Fair Association which manages the famous Eureka Downs in Eureka, Kansas.

This is to advise the House Federal and State Affairs Committee that the Greenwood County Fair Association, operator of Eureka Downs horse racing facility at Eureka, Kansas, supports 1990 House Bill 3078.

1. Simulcast Wagering is not off-track wagering. The Kansas Constitution prohibits off-track wagering. Simulcast wagering does not constitute off-track betting. The Attorney General has opined that it does not. Wagering authorized by HB 3078 would allow wagering at racing facilities which are licensed and fully controlled, regulated and monitored by the Kansas Racing Commission (KRC). It does not in anyway permit the likes of betting parlors or similar programs.

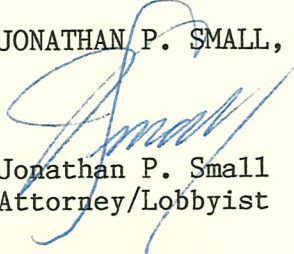
2. HB 3078 is permissive legislation only. This bill if enacted would give the KRC the option to consider whether simulcast wagering should or should not be allowed in Kansas. The KRC will not be under any obligation to proceed with simulcast. It will have the ability to analyze the issue in depth as it has on many other complicated issues and determine if such activity is in the best interest of the state racing program. We are confident the KRC can review the issue and implement it properly.

3. Simulcast Wagering has proven beneficial to the Nebraska racing program and can do so for Kansas. Testimony from the executive director of parimutuel racing in Nebraska indicated that that state has profited from implementing simulcast wagering. The increase in handle resulting from simulcast wagers has produced dramatic positive results to the economic health. Simulcast programs are a supplement to the result racing programs. We believe it will have similar, beneficial effects for Kansas horse tracks.

The potential income generated for the horse industry in Kansas from simulcast wagering could benefit all Kansans and it could add an important dimension to this valuable Kansas industry. We urge your favorable consideration of HB 3078.

Thank you,

JONATHAN P. SMALL, CHARTERED


Jonathan P. Small
Attorney/Lobbyist

Att. 3
4/4/90

Eureka Downs

April 3, 1990

MEMO

TO: The Federal and States Affairs Committee:

FROM: Eureka Downs:

Subject: SIMULCASTING:

Eureka Downs feels that Simulcasting is vital to the track's successful operation as it will allow the track to bring in feature races such as the Kentucky Derby, Preakness and other major horse races as the feature race of the day which will enhance our crowds which will improve operating margins for Eureka Downs, The State, and the Breeder Associations due to increase in wagering and attendance.

As a example, Adams County, Colorado, brought in a feature race from Bay Meadows last year for the 6th race. Their average attendance was 1100 per day and average wager per race was \$8,000. For the feature race from Bay Meadows was \$27,000 alone plus, the rest of the live races that day generated substantially higher handles. Attendance increased that day from a average of 1100 to 1560. Because of the success of the Bay Meadows race, Adams County brought in the Preakness as a feature race and the attendance jumped to 1630 that day. The wagering for the Preakness feature race was \$36,000 and the live races of that day increased from a average of \$8,000 per race to \$9,500 per race. That represents a 19% increase in wagering for the day. In addition you have increased concession sales, program sales, parking, and admissions. These are all profit centers of a race track.

Costs for receiving simulcasting are reasonable and benefit both the sender and the receiver. The charges are a percentage of the feature race usually based on the horse mens share of the handle. Due to competition these percentages are now negotitable as stated by Mr. Johnson of Southwest Satelite.

Eureka Downs believes that Simulcasting is in the best interest of the Horse Racing Industry and in particular Eureka Downs future success and strongly urge the Committee's support of HB 3078.

Respectively Submitted

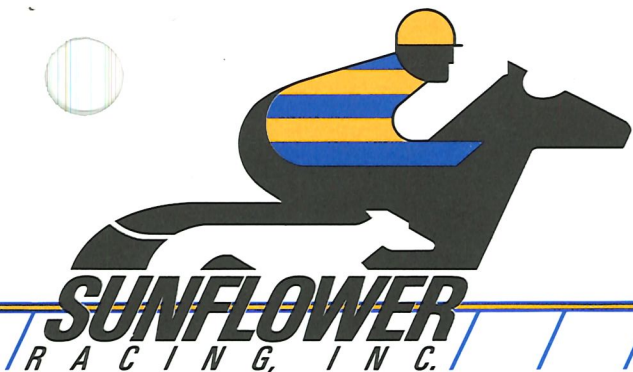

Deems Marshall

President

Greenwood County Fair Association, Inc.

Att. 4
4/4/90
A Non-Profit Entity Operated By The Greenwood County Fair Association, Inc.

P.O. Box 228 — Eureka, Kansas 67045 — (316)583-5528



The Woodlands and Sunflower Racing, Inc., support this simulcasting bill and urge this committee to pass HB 307-8 forward for full House and Senate approval.

As I testified this summer, simulcasting is not life or death for The Woodlands. It is, however, very important to us in several respects. We spend approximately \$1.5 million per year on advertising and promotion, attempting to keep the customers we have and to attract new ones to our facilities. With simulcasting, our marketing program continues the momentum we have generated by attracting big crowds for the Kentucky Derby, Preakness, Belmont, and Travers Stakes, among others, generating additional funds for the State of Kansas and providing purse supplements for all breeds.

Without simulcasting, the customers we have converted to The Woodlands from Council Bluffs, Ak-Sar-Ben, and Remington Park will return to those facilities to view these special events, and Kansas, our kennels, and our stables will lose valuable revenue.

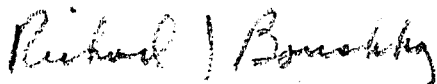
All aspects of economic life are competitive. With the states surrounding Kansas utilizing simulcasting as a marketing tool for attracting customers, it is important that you give racing in Kansas all the opportunity it can have to flourish. Through the joint efforts of the Legislature, the Kansas Racing Commission, and developers, Kansas has emerged as a national force in racing. With one of the top greyhound tracks in the United States already established, we at The Woodlands are ready to embark with horse racing on May 24 of this year, and our goal is to also be one of the top tracks in the country. Passage of this simulcasting bill gives us an additional marketing tool and gives us the added national stature to compete for horses and customers with facilities in our area that already have simulcasting.

Ironically, between the time I gave that testimony before this committee on March 19, we have had several business opportunities that would further enhance economic development in the State of Kansas. As you know, our primary emphasis at this time regarding HB307-8 has been the bringing-in of major events to The Woodlands. Now it appears this upcoming summer we will have the opportunity to simulcasting our full summer race card each day to states such as North Dakota, South Dakota, Idaho, Montana, and possibly even Alabama. The economics for doing this for horsemen are tremendous, and we will be able to significantly increase purses if we are able to avail ourselves of this opportunity.

We have been very fortunate to attract over 200 stables in our initial stall application list. Many of these applications belong to the leading trainers in the Midwest; names that may mean nothing to you but names that are significant to horsemen: Telefero, Von Hemel, Hazelton, etc., These men and their owners will come to Kansas City this summer, spending a great deal of time and money while racing at The Woodlands. Not until they are convinced that we are a big-league operation will they come back the second year. The above-mentioned purse supplements will be a driving force in the future attitude toward racing in Kansas.

I have never approached any contest without thinking I had a chance to win, even if I was playing Las Vegas, Nevada, on a good night! There is an expression in sports: "You win some, you lose some, and some are rained out." We certainly do not wish to lose this simulcasting bill-- we especially do not want to get rained out. No one has approached this committee with substantiated facts against simulcasting. It is all shadows and innuendos, and most of these opinions have been expressed privately, not publicly. Please pass this bill out of your committee and let the full House and Senate vote on this bill. There is nothing evil or sinister regarding simulcasting. You are blessed with one of the top greyhound tracks in the country in Kansas City and have a very successful operation in Wichita; Eureka Downs continues to make progress. Racing in Kansas has achieved a national reputation. As I have testified before, horse racing is a developmental and economical prospect for track owners. In spite of this, Sunflower Racing has lived up to its commitment to the State of Kansas by constructing a first-class facility in Kansas City. Give us the opportunity to put Kansas on the map in horse racing, just as we have done in greyhound racing-- continue the economic development program that parimutuel has fostered and don't let the "Negative Nellies," rumor-mongers, and mud-slingers win even a partial victory. It is not good enough to just be against something without reason.

Thank you for your consideration and for the opportunity to appear before you today.



Richard J. Boushka
President

GERALD MARR

Past President of the New Mexico Horsemen's Association

Simulcasting in general from the horsemen's standpoint is an essential to the racing industry under present day conditions. It creates job on both ends of the spectrum. It brings money to a state wherein the past you absolutely no possibility from drawing millions from outlying states. With the advent of simulcasting, we have the potential to do that now for both the horsemen and the tracks. The horsemen benefit at both ends--they benefit where they reside and benefit at the host site.

Let me tell you about our experiences in New Mexico. We started simulcasting on June 17, 1989. By December 10, 1989, Sunland Park by itself had a \$312,000 surplus in the purse fund. We had a bottom purse of \$2,200 as opposed to 1988-89 that was \$1,700--that's a 30% increase in just a six month period. Simulcasting has created an environment in New Mexico as it will in any jurisdiction of the race horse owner being able to break even if not make money. This in turn has stimulated the agriculture industry, sales of horses, and new owners getting in the business. As opposed to the lottery, racing, with the support of simulcasting, creates economic development from the man who grows hay to the jobs created at tracks.

There really are no negatives from the horseman's standpoint. The only negative anyone has seen in New Mexico is the fact there has been a slight decline in on track attendance and handle. The race track operator is affected because he sells fewer hot dogs or cokes but in New Mexico even the race track operators are very supportive of simulcasting because they realize how very important this additional purse money to horsemen is for the long term viability of the industry.

In New Mexico, the sending of a simulcast signal from one track to another within the state has been very important to us but even more important is the ability to send our signal out of state. This gives us the ability to reach far more people than we could possibly do within our own local community.

Simulcasting has been the savior of racing in New Mexico and upgraded it to the point that our business is once again attractive to new owners and as the base of the industry expands our importance to the New Mexico economy grows every day.

AH. 6
4/4/90

**TESTIMONY TO THE HOUSE FEDERAL AND STATE AFFAIRS
COMMITTEE ON HOUSE BILL 3078
LINTON BARTLETT, CITY OF KANSAS CITY, KANSAS**

The City of Kansas City, Kansas appears here today in support of House Bill 3078 which would allow the Woodlands Racing facility in our City to simulcast races from other states. The City Council endorsed the idea of simulcasting as part of its 1990 Legislative Program.

In our view, the ability to simulcast races such as the Kentucky Derby and Breeders Cup would only serve to increase the economic benefits for both the State and the City. The Woodlands is already attracting an average of 45,000 per week and has brought in approximately \$3.5 million in revenue to the State. The success the Woodlands has demonstrated in drawing people has led to many proposals for ancillary development in the area near the facility. The City believes simulcasting will make any future ancillary development more attractive because it will bring even more people into the City.

For these reasons, the City of Kansas City supports House Bill 3078 and respectfully asks the House Federal and State Affairs Committee to act favorably on this legislation. Thank you for the opportunity to express our opinion.

*AA.7
4/4/90*



The Racing Association
of Kansas East

TESTIMONY BEFORE THE HOUSE COMMITTEE

ON FEDERAL AND STATE AFFAIRS

March 19, 1990

Madam Chairman and members of the committee, my name is Jim Yonally, representing the board of directors of TRAK-East, the non-profit corporation holding the organization license for the Woodlands race track in Kansas City. We are pleased to appear today in support on HB 3078.

As you know, HB 3078 allows the Racing Commission to grant permission for simulcasting at licensed racing facilities in Kansas. We look at this as the next logical development for racing in our state. I know that you will hear from others about specific benefits of simulcasting.

The question I want to address is the one I hear most often from legislators. That is, "I don't understand what simulcasting is." It is as simple as watching the race on a television screen, rather than on the track. It can only happen at a licensed facility. The betting pools are based on the wagering of the people in attendance at each track. The "events" must be approved by the commission, as are all live events, and all aspects are controlled by the commission.

We are excited about the coming schedule of horse racing at The Woodlands, and would certainly like to offer to our patrons the opportunity to wager on races such as the Kentucky Derby, Preakness, and others. To suggest that Kansans don't wager on these major races is, I believe, naive. Let's put this wagering under the supervision of the commission, tax it, use a portion of the handle to enhance purses for the owners, and allow us an additional avenue for profits which we will turn over to charity.

We believe this is a proposal that benefits everyone, and it's now time to approve it for Kansas. I would be happy to try to answer any questions.

Att 8
4/4/90

TESTIMONY PRESENTED
TO THE
HOUSE FEDERAL & STATE AFFAIRS COMMITTEE
ON
HOUSE BILL 3078
BY PETE MCGILL
OF PETE MCGILL & ASSOCIATES
ON BEHALF OF
WICHITA GREYHOUND PARK, INC.
ON
APRIL 4, 1990

Att. 9
4/4/90

Good afternoon Chairperson Barr and members of the Committee:

I am Pete McGill of Pete McGill & Associates appearing on behalf of Wichita Greyhound Park, Inc. in opposition to HB 3078. We appreciate the opportunity to appear here this afternoon and address a few comments to the Committee on the issue of simulcasting.

A number of you were on the Interim Federal & State Affairs/Governmental Organization Committee this past year and remember taking up the issue of simulcasting. Initially, there was some question as to whether the Kansas Racing Commission was a proponent or opponent of such legislation. Executive Director Jim Grenz appeared and offered support for a permissive bill and then later retracted his statements at the direction of the Racing Commission. Included with my testimony is a copy of a letter from Mr. Grenz explaining the position of the Kansas Racing Commission as it was during the interim.

I, or a representative of our office have attended all meetings of the Kansas Racing Commission since its inception. I bring this up, as we were extremely surprised when Chairman Anthony of the Kansas Racing Commission appeared before the House Federal & State Affairs Committee meeting on Tuesday, February 27 and formally requested the introduction of a simulcasting bill.

On February 19, at their regular commission meeting, the Kansas Racing Commission heard a presentation by Jack Foster of the Kansas Thoroughbred Association in regard to simulcasting.

I have placed before you a copy of the Jimmy Grenz letter to Senator Ed Reilly dated November 8, 1989. Mr. Grenz was then Executive Director of the Kansas Racing Commission and the Commission had asked Mr. Grenz to write the letter to explain the position of the Racing Commission as it relates to simulcasting.

On February 19, after Mr. Foster's presentation, Commissioner Kay Arvin stated and I quote from transcripts of the meeting:

"...Our position to the legislature is that we want to have input and will consider any bill which is introduced. I personally am very comfortable with that position and would hate to move from it and say that we want to sponsor a bill that does generally this. I think we have had a very good position. If someone wants to sponsor a bill, I think that should be their responsibility, they should go ahead with it, they know how we feel about it, we are going to consider it, we will consider it and I don't think anyone has any reason to delay or make us take a position prior to seeing a specific bill. I am more comfortable with that and I think I am personally going to have to oppose this motion, although it is in no way to be interpreted that I oppose simulcasting. It is just that I think that a good position for us to take is the one we have taken which is we want to have input and will seriously consider any simulcasting bill that's introduced. I don't think we need to be introducing one.

Chairman Schroeder responds by stating *"I do not think my motion contemplates sponsoring the bill .*

Arvin: *Then I misunderstand it.*

Schroeder: *The Commission's position did not oppose the introduction of this legislation.*

Anthony: *I think this is correct.*

Arvin: *Well, you're saying that we are moving and saying we don't oppose this bill? We're not proposing anything"*

Schroeder: *We're not going to the legislature and beat the drums.*

I was present at that discussion. I was present when the motion was made. Apparently I did not understand the motion, as it was my impression that the Commission merely moved to consider any legislation which was introduced.

As for the bill itself, our position remains the same as it was when I testified before the interim committee. We are not necessarily opposed to simulcasting – but we are opposed to the approval of simulcasting at this particular time and strongly oppose even the consideration of any legislation that would authorize simulcasting of the equine industry alone.

The position of Wichita Greyhound Park has been and still is -- that we believe the parimutuel industry in Kansas is just getting started and has yet to experience a full year of primutuel racing at a major facility in Wichita or Kansas City.

I would respectfully suggest the committee should seek conclusive answers to a number of questions before simulcasting is approved in Kansas.

1. Specifically, what is simulcasting, how does it work, what kind of impact would it have on all licensed parimutuel facilities in Kansas, specifically in those geographical areas where one licensee competes with another?

2. Who are the people that sell and service simulcasting, what is their history at other tracks? Is it true that some states have had problems with those that provide simulcasting services?

3. You should determine the precise costs of simulcasting and determine if there would indeed be any benefits to all of those or just a select few in the paramutuel industry in Kansas.

4. The bill before you authorized simulcasting only for horse racing but to date, greyhound racing has been the only successful part of the parimutuel industry in Kansas.

5. You should determine if simulcasting would be the initial instigation of off-track betting at the Racing Commission on February 27th.

The number of questions you could ask and should ask goes on and on. Would it not be better to know the answers to all these questions before making further changes in the parimutuel wagering law?

We respectfully suggest, Madam Chairperson, parimutuel wagering in Kansas would not have become a reality in Kansas without the combined effort of both the horse and greyhound industry. It is an established fact, parimutuel wagering would not be successful in Kansas today without the prominence of the greyhound industry.

We ask that if simulcasting is to be approved in Kansas, it be done after an exhaustive study has been made and a bill developed with the participation and approval of both the horse and greyhound industry, and above all, the potential impact simulcasting might have on all market areas.

Thank you, and I would be happy to respond to any questions.

STATE OF KANSAS



KANSAS RACING COMMISSION

3400 Van Buren
Topeka, Kansas 66611-2228
(913) 296-5800
November 8, 1989

The Honorable Edward F. Reilly, Jr.
The State Senate
P.O. Box 9
Leavenworth, KS 66048

Dear Senator Reilly:

I am writing to inform you that I misstated the Kansas Racing Commission's present position with regard to simulcasting when I appeared before your special committee on federal and state affairs and governmental organization on October 23, 1989.

The following statements more correctly represent the commission's present position with regard to this issue.

The commission has an interest in the subject of simulcasting and the commission is studying it presently. The commission would be interested in having the opportunity to view any proposed legislation or participate in the drafting of any possible legislation in this regard.

If you will recall, I testified to the effect that in my opinion it was the consensus of the commission that they would support permissive legislation with regard to simulcasting if the technical aspects of implementation of simulcasting were to be left to the commission to implement through administrative regulation. I am informed that this position is not necessarily correct and that the above statements more accurately define the commission's present position on simulcasting. I apologize for my misinterpretation of the commission's position and would ask that you share this correspondence with the members of your committee.

Should you desire additional information or comment concerning this topic, please advise.

Sincerely,


Jimmy D. Grenz
Executive Director

JDG#48-cd

Att. 9A
4/4/90

TESTIMONY PRESENTED
TO THE
HOUSE FEDERAL & STATE AFFAIRS COMMITTEE
ON
HOUSE BILL 3078
BY PETE MCGILL
OF PETE MCGILL & ASSOCIATES
ON BEHALF OF
WICHITA GREYHOUND PARK, INC.
ON
MARCH 19, 1990

AH 9B
4/4/90

Good afternoon Chairperson Barr and members of the Committee:

I am Pete McGill of Pete McGill & Associates appearing on behalf of Wichita Greyhound Park, Inc. in opposition to HB 3078. We appreciate the opportunity to appear here this afternoon and address a few comments to the Committee on the issue of simulcasting.

A number of you were on the Interim Federal & State Affairs/Governmental Organization Committee this past year and remember taking up the issue of simulcasting. Initially, there was some question as to whether the Kansas Racing Commission was a proponent or opponent of such legislation. Executive Director Jim Grenz appeared and offered support for a permissive bill and then later retracted his statements at the direction of the Racing Commission. Included with my testimony is a copy of a letter from Mr. Grenz explaining the position of the Kansas Racing Commission as it was during the interim.

I, or a representative of our office has attended all meetings of the Kansas Racing Commission since its inception. I bring this up, as we were extremely surprised when Chairman Anthony of the Kansas Racing Commission appeared before the House Federal & State Affairs Committee meeting on Tuesday, February 27 and formally requested the introduction of a simulcasting bill.

When I was informed of this action, I instructed Whitney Damron of our office to go the Racing Commission and review the taped recording of their February 19 meeting when this subject was brought before the Commission by the Kansas Thoroughbred Association. I have had our staff transcribe, to the best of their abilities, the portion of that debate which dealt with the Commissions' support of such a bill.

If you will turn to page four of that transcript (4), Commissioner Arvin states, in part:

"...Our position to the legislature is that we want to have input and will consider any bill which is introduced. I personally am very comfortable with that position and would hate to move from it and say that we want to sponsor a bill that does generally this. I think we have had a very good position. If someone wants to sponsor a bill, I think that should be their responsibility, they should go ahead with it, they know how we feel about it, we are going to consider it, we will consider it and I don't think anyone has any reason to delay or make us take a position prior to seeing a specific bill. I am more comfortable with that and I think I am personally going to have to oppose this motion, although it is in no way to be interpreted that I oppose simulcasting. It is just that I think that a good position for us to take is the one we have taken which is we want to have input and will seriously consider any simulcasting bill that's introduced. I don't think we need to be introducing one.

Chairman Schroeder responds by stating *"I do not think my motion contemplates sponsoring the bill .*

Arvin: *Then I misunderstand it.*

Schroeder: *The Commission's position did not oppose the introduction of this legislation.*

Anthony: *I think this is correct.*

Arvin: *Well, you're saying that we are moving and saying we don't oppose this bill? We're not proposing anything"*

Schroeder: *We're not going to the legislature and beat the drums.*

I was present at that discussion. I was present when the motion was made. Apparently I did not understand the motion, as it was my impression that the Commission merely moved to consider any legislation which was introduced.

As for the bill itself, we are opposed to a simulcasting proposal which deals solely with the equine industry. The position of Wichita Greyhound Park has long been that we believe that the parimutuel industry in Kansas is just getting started

and has yet to experience a full year of parimutuel racing at a major facility (Kansas City of Wichita). We must learn to walk before we run.

Supporters of this bill argue that it only applies to horse racing since the greyhound people (W.G.P.) did not support the issue in the interim or SB 347 in the Senate Federal & State Affairs Committee last year. To state that this bill would not affect the greyhound industry or W.G.P. if adopted is naive, at best. The Racing Commission has yet to comprehensively study this issue and its effect upon competing markets and greyhounds and horses. We have an \$18+ million investment into the Sedgwick County market area; we provide first class LIVE racing of some of the finest greyhound action in the United States. We are attempting to cultivate a new industry and promote our entertainment package to the state. We believe that we should be entitled to give the state of Kansas what they voted for before we move to re-vamp the entire racing picture.

Proponents may also quote statistics on the number of other states that have some sort of simulcasting or off-track betting. We would ask, "Did simulcasting begin within the first two years of authorization of parimutuel racing in those particular states?" Most tracks which have run into financial difficulties have been mismanaged, over-built or located within a market area inadequate to support their debt service.

We would respectfully suggest that it would be improper to allow for the

simulcasting of horse racing to the exclusion of the greyhound industry in Kansas. We would also argue that the responsibility for the possible future implementation and promulgation of simulcasting should be a joint effort of the legislature and the Racing Commission.

Thank you for this opportunity to address the Committee.

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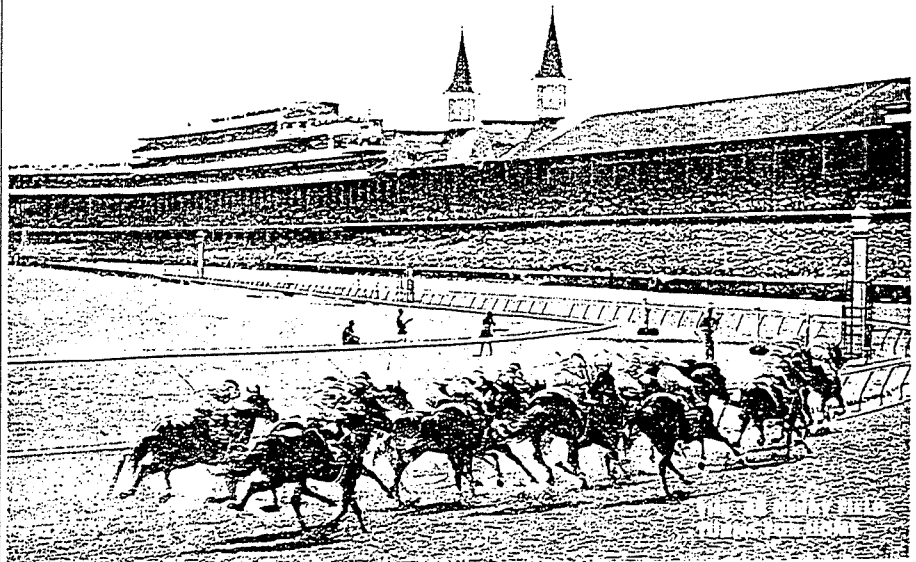
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You would be hard-pressed these days to find a happier guy than Gerald Lawrence, general manager of Churchill Downs, home of the Kentucky Derby. Not only does he expect 135,000 racegoers to bask in the pageantry of the Derby on May 6, but he also plans to telecast the race nationwide to about 119 racetracks and off-track betting facilities chock full of horseplayers. "Christmas in May" is how Lawrence and others associated with the track describe the annual race.

Indeed, just the \$2 million Lawrence expects to net on Derby Day from bettors outside Kentucky makes it seem as if Santa Claus decided to take up residence in Louisville. The boost from off-track telecasting and betting has been an important element in rejuvenating the once-stagnant track, although spruced-up facilities and sharper marketing have helped, too. Of the \$1.86 million Churchill Downs Inc. netted from off-track betting on the 1988 Derby—considerably more than the \$1.1 million cleared at its own windows—half went into richer purses, which attract better horses and bigger crowds during the season.

There's a hitch, though. After Derby Day, Lawrence is not so euphoric. He shares with other racing officials a gnawing concern about the long-term effects of sending and receiving televised

races for betting purposes, otherwise known as simulcasting. Although total wagering on thoroughbred racing nationwide has increased 62%, to \$9.5 billion, since 1968, the rise in betting has not meant a boost in attendance at the tracks. Paid admissions have fallen 19% over the same period. In fact, Lawrence contends that simulcasting is exacerbating the decline: "This is a disaster waiting to happen, if we are not careful."

AGING RAILBIRDS. Why? Simulcasting has not fulfilled hopes of broadening racing's appeal. It has only made it easier for experienced railbirds to bet more often. This is a problem because that crowd is growing older and dwindling in number. That has placed Churchill Downs and other tracks like it in a horse race to fill their grandstands with new fans. Says Ogden M. Phipps, president of the Jockey Club in New York: "The industry must do two things—lure people to the track and educate them."

That's no easy task. "Pitiful is how you can describe the racing industry's attempt to bring in new fans," says Ken Alhadeff, executive vice-president of Longacres Race Course in the Seattle suburb of Renton. "Kids grow up with football," he says, "but horse racing remains a mystery to most of us. Simulcasting won't be the savior of racing. The savior of racing will be our ability to

FOCUS ON SPORTS

Att. 9C
4/4/89

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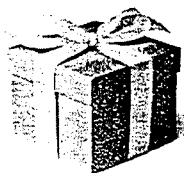
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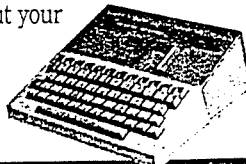
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attract new fans by ripping out the intimidation factor."

Longacres is trying to develop a strategy to bring in the uninitiated. It passes out a "First Timer's Kit" explaining how to read the *Daily Racing Form*. And there's also a "New Comer's Corner," where an ex-jockey explains the arcane science of handicapping and betting.

VENERABLE OVAL. Churchill Downs has some things going for it that other major tracks lack, however—foremost being that horse racing is an integral part of Kentucky social life. As a result, the 115-year-old track doesn't have as hard a problem attracting new racing fans, and it doesn't need to run handicapping seminars. But its facilities were showing their age. In the past four years, clubhouses in the white clapboard, twin-spired grandstand have been redone, replete with plush carpets and white linen tablecloths. And now fans can get a bet-

THE SIMULCASTING PAYOFF

Results of closed-circuit broadcast of
1988 Kentucky Derby to betting outlets

Total wagers at simulcast outlets	\$25,500,000
Less: State taxes	880,000
Bettors' winnings	20,900,000
Simulcast outlets' share	1,860,000
Churchill Downs' simulcast share	\$1,860,000

DATA: CHURCHILL DOWNS INC.

ter view of the horses before a race.

In addition to the \$25 million refurbishing program, Churchill Downs' management has had to learn to market the venerable oval. It now offers fans the opportunity to attend receptions for jockeys and is pushing hard to increase group sales, which currently represent about 15% of the track's total annual attendance of 1.2 million. One prime target is Kentucky-based companies. They're being urged to reward employees with a day at the races.

Here again there's a problem, however. Although Churchill Downs doesn't simulcast the Derby locally, for fear of cannibalizing attendance, the track does simulcast regular-season races. So it has stopped advertising to northern and western Kentucky and Cincinnati because those areas receive the broadcasts. Instead, management has had to concentrate much of the track's annual \$1 million promotion budget in such far-away places as Indianapolis and Nashville. And if Churchill Downs can't attract the folks in those areas to the twin spires after Derby Day, there may not be much hope for growth at the nation's less storied racetracks.

By Stephen Phillips in Louisville

April 4, 1990
Hearing on HB 3078
House Federal and State Affairs Committee

Simulcast races
Rev. Richard Taylor
Kansans For Life At its Best!

Gambling is a criminal activity. Organized crime has always promoted gambling to raise revenue.

Many attended the Kansas Prayer Breakfast. Tom Landry told us this nation is in a moral crisis. "We must reverse our course," he said. For 20 years I've heard lawmakers claim, "you can't legislate morality." So what has happened? We have had legislated immorality.

The issue is not revenue. The issue is not tourism. The issue is not economic development. The issue is gambling.

Legal prostitution will attract tourists and produce revenue. Legal cocaine will attract tourists and produce revenue. Legal pornography will attract tourists and produce revenue. Legal gambling will attract tourists and produce revenue.

A friend sent me this clipping with the caption, "Gambling on the Ball Games Illegal? - Until the State gets it's cut!."

The Oregon State Lottery last September 6 kicked off legal gambling on professional football games. When the football season ended, they expanded sports betting to include professional basketball.

Years ago SPORTS ILLUSTRATED carried a long article on criminal activities at parimutuel tracks. The message I'll always remember is this: Horse and dog racing are no longer a sport. They have degenerated into little more than a vehicle for gambling.

If the Kansas legislature legalizes more and more gambling activities, we will lose college basketball as a sport. It will become little more than a vehicle for gambling.

Our Constitution states, "No off-track betting shall be permitted in connection with horse and dog racing permitted pursuant to this section."

The people were told this means persons must go to the track where the race is being run in order to gamble. The integrity of every lawmaker is on the line. Are you honest or not?

Research has found that more opportunities for people to gamble means more people lose more money gambling, and more become compulsive gamblers.

More gambling means more consumer dollars redistributed from main street merchants and lost at the track.

(Please see dollar amounts on attached sheet)

SB 347 in 1989 claimed simulcast races were not off track betting because the proposed law said the TV screen is deemed to be a live horse or dog race. My comment at the hearing was, who will clean out all the manure in the TV set?

Every WHEREAS on this bill can be summed up in one short sentence. PLEASE HELP RACE TRACK GAMBLING PROMOTERS FLEECE MORE DOLLARS FROM KANSANS. And the price any track must pay is to conduct "at least one live horse race meet during each calendar year."

(Page 2, line 9)

Att 10
4/4/90

Why do so many people believe gambling is harmless and acceptable? True or false? TV game shows are gambling? The quarterback gambles on a certain play? Farmers are the greatest gamblers? Trying to win the Publisher's Clearing House sweepstakes is gambling?

People who say these things are ignorant of the difference between risk and gambling. All the above statements are false. Under Kansas law, gambling involves consideration, chance, and prize. The above activities involve chance and prize, but none require payment or consideration. No one loses their paycheck, their home, or their farm.

Gambling is not getting something for nothing. Gambling requires payment or consideration. For the vast majority of people, gambling is getting nothing for something.

According to the Wall Street Journal, gambling is technically a swindle. A swindle is theft by deception. Gambling is legalized stealing. Gamblers agree to steal from each other in a legal skimming operation that makes the promoters very rich. The winner does not earn what is won and has done nothing to deserve it as a reward or bonus. Losers do not want to give their money to the winner. But all have agreed to steal from each other.

If lawmakers continue to expand legalized stealing, we will become a nation of thieves. Thieves live on what others have produced. In a nation of thieves, who will raise the food and build the cars?

Where will you draw the line on legalized stealing and skimming? The first exception was bingo gambling. Then came parimutuel and lottery gambling. Now some want riverboat casino gambling and simulcast gambling. The Oregon lottery has legal gambling on professional sports. Where will it end in Kansas?

If every state tries to become Nevada and if every city tries to become a Las Vegas, all will become slums. Nevada and Las Vegas can exist only because they are blood-suckers. They are economic leeches supported by the GNP produced elsewhere - the life blood of America.

Persons who refuse to learn from history are doomed to repeat the same mistakes. In our Wyandotte Constitution, the one that brought us to statehood in 1861, we read, "Lotteries and the sale of lottery tickets are forever prohibited." Why was this included?

Our founding fathers came from other states and they knew the personal, social, and economic damage done by legal gambling. Kansas would be a FREE STATE in many ways - freedom from the economic blood-suckers who run legal skimming operations where people steal from each other.

What a sad day for Kansas when the call for more and more gambling is heard year after year when our founding fathers proclaimed freedom FOREVER from this criminal activity.

LEGAL OFF-TRACK BETTING CAUSES 250,000 TO 500,000 MORE PERSONS TO BECOME COMPULSIVE GAMBLERS.

"the non-profit National Council of Compulsive Gambling estimates that since off-track betting was legalized in New York City, the number of compulsive gamblers may have jumped by 250,000 to 500,000. The reason: This form of betting exists."

THE WICHITA EAGLE, August 20, 1980, page 22B

What is Pari-mutuel Wagering?

Pari-mutuel means, literally, a mutual wager, or betting against other bettors. It is legal in thirty states, including all states west of Kansas except Utah. A pari-mutuel wager is much like a stock transaction. When you buy a \$2 ticket on a horse, you are, in effect, buying one share in the horse's performance in that race. The race track acts as the broker for the transaction and deducts its commission, which is fixed by state law. The track has no interest in which horses win or lose, because the patrons do not wager against the track; they wager against each other via a mutual pool, based on the odds existing at the close of betting. The odds on each horse, and the eventual payoffs, are determined by the sums wagered on the various entries.

Terminology

In pari-mutuel wagering, all bets of each type (e.g. "win") are added together. This sum (**handle**) is reduced by a state-determined percentage (**takeout**) and by about one percent of the **handle**, due to rounding payouts to the nearest ten cents (**breakage**). The **handle** minus the **takeout** and **breakage** forms the **mutual pool**.

Racing Economics: Where does the money go?

The mutual pool is returned to the bettors. If the takeout is set at 15%, as in Nebraska, the mutual pool would be about 84% of the handle. **Since the racing association in Kansas must be a nonprofit organization**, the takeout plus breakage (16%) would be allocated to these three categories: 1) the State, 2) the horsemen, and 3) track operating expenditures.

Here is what happens if the public wagers \$250,000.00 on the first race, if all winners wager their total winnings on the next race, and if losers do not make additional wagers.

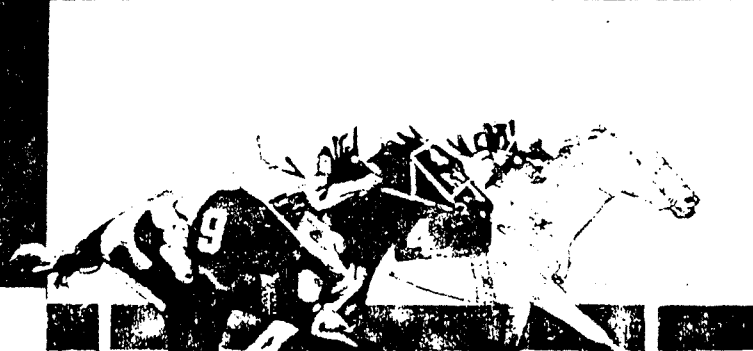
\$ 250,000.00	Wagered by the public on the first race.	18% take-out leaves a mutual pool of
205,000.00	returned to the winners who bet it all on the second race.	18% take-out leaves
168,100.00	returned to the winners who bet it all on the third race.	18% take-out leaves
137,842.00	returned to the winners who bet it all on the fourth race.	18% take-out leaves
113,030.00	returned to the winners who bet it all on the fifth race.	18% take-out leaves
92,685.00	returned to the winners who bet it all on the sixth race.	18% take-out leaves
76,002.00	returned to the winners who bet it all on the seventh race.	18% take-out leaves
62,322.00	returned to the winners who bet it all on the eighth race.	18% take-out leaves
51,104.00	returned to the winners who bet it all on the ninth race.	18% take-out leaves
<u>\$1,156,085.00</u>	Total (Sales tax exempt)	\$41,905.00 returned to winners of ninth race.

\$ 34,682.00	Taxes for the state, (3% of \$1,156,085.00)	Some of these dollars would be needed for increased law enforcement budgets, administration expenses, and social costs.
\$ 173,413.00	Into pockets of non-profit track operators, gambling lobbyists, lawyers for legal counsel, public relations firms, advertising agencies, rich owners of winning horses and dogs, shady vets with quick fixes for injured animals. (15% of bets)	
\$ 41,905.00	Returned to the public.	Gambling track operators enrich themselves from the
\$ 250,000.00	"investment" by the public on which is charged a commission of \$173,413.00.	

Who would pay a stockbroker a "commission" of \$173,413.00 on an "investment" of \$250,000.00 which was certain to be worth \$41,905.00 by the end of the day? Parimutuel is a swindle.

Sports Illustrated

CONFESSIONS OF A MASTER FIXER



Frey Anderson

AH 10 A

RACING'S BIG

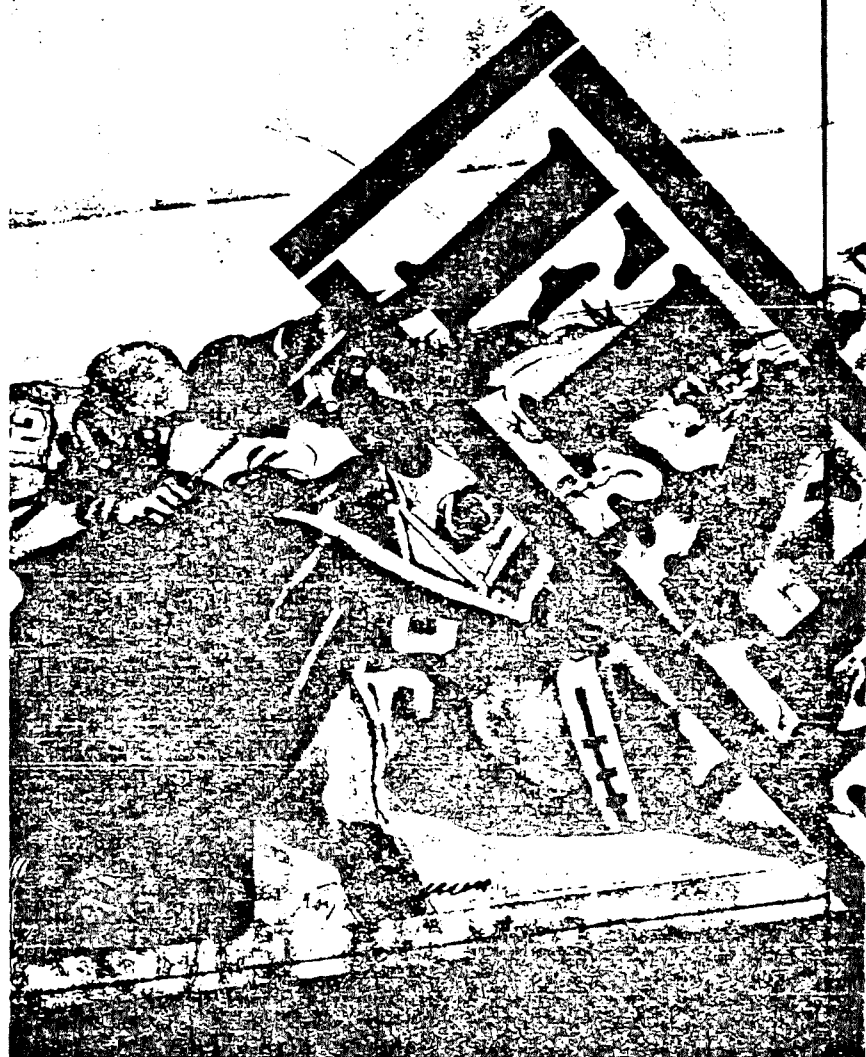
Thoroughbred racing is facing what appears to be its biggest crisis—a series of grand jury investigations in several states involving testimony about fixed races, hidden ownership of horses and druggings. Hundreds of witnesses, ranging from veterinarians, stewards and owners to some of the most successful jockeys and trainers in the country, have been questioned or have been under surveillance by federal and state law-enforcement agencies. Current and former famous jockeys such as Angel Cordero Jr., Jorge Velasquez, Braulio Baeza, Jacinto Vasquez, Mickey Solomone, Mike Venezia, Eddie Belmonte and Con Errico are among dozens under investigation.

The key witness against them is Tony Ciulla (pronounced shoo-la), a 6' 3", 320-pound career fixer and the acknowledged mastermind behind the wholesale rigging, who is now under federal protection. Ciulla's testimony before a recent U.S. grand jury in Detroit helped bring about the seven-count indictment of eight co-conspirators, including jockeys Billy Phelps and Larry Kunitake and Trainer Michael Marion, for allegedly fixing races at Detroit Race Course and Hazel Park in 1973.

In New Jersey, Jockey Ralph Baker and Trainer John Salvaggio have pleaded guilty to charges of race fixing masterminded by Ciulla at Garden State Park in 1974 and 1975, and a State Superior Court jury in Mount Holly, N.J. is hearing testimony in a race-fixing case based on evidence primarily supplied by Ciulla.

Jockeys Kevin Daly, Paul Kallai, Frank Verardi, Steve Plomchok, Jesus Guadalupe and Ralph Ortiz Jr. are defendants, along with trainers Tony Famiglietti, Mickey Crock and Louis DePasquale.

The Federal Bureau of Investigation and the U.S. Department of Justice Organized Crime Strike Force have been working on various race-rigging cases since 1973, but the fixing was on such a massive scale that it has taken until now to fit the whole scheme together. By his own admission, Ciulla fixed several hundred races at 39 tracks across the country and was most active in the New York area between 1972 and 1975. His crew of intermediaries and runners was



so large, the FBI discovered, that it cost Ciulla \$6,000 a week for motel rooms, food, liquor, telephone calls and travel expenses.

Ciulla says his customary method of operation was to make sure certain horses—favorites when possible—lost so that he could win on long shots in exactas or trifectas. He claims that by means of bribes—as much as \$6,000 for Cordero, who has won the Kentucky Derby twice, and as little as a couple of hundred dollars for lesser jockeys—he could control races such as the ninth at Aqueduct on April 7, 1975.

10A2

SCANDAL

Tony Ciulla says he fixed hundreds of races—some by bribing top jockeys such as Angel Cordero Jr. and Jorge Velasquez. The Organized Crime Strike Force is investigating by **BILL SURFACE**



ILLUSTRATION BY ROY ANDERSEN

In that race, according to Ciulla, by bribing the jockeys to hold their horses back, he eliminated four horses, among them three of the leading choices, horses that most knowledgeable bettors would include when they tried to select the exact one-two-three finish to win the trifecta. Then Ciulla put only "live" horses in his \$18 "box" tickets. Box tickets give the bettor every possible combination of three horses—and therefore a winning ticket no matter in what order the three horses finish—as long as they're among the first three. In order to maximize profits and to give Ciulla more options he also made other bets on the live horses.

According to Ciulla, Baeza kept Ham, the favorite, in fifth place, although with some difficulty; Velasquez put Bostons Boy in sixth; Cordero brought Saratoga Prince in 10th; and Venezia finished 11th and last on Sassy Prince. The payoff should have told people something. Ordinarily, the lucky bettors who had selected the unlikely winning combination would have received upwards of \$3,000 per ticket. But the 475 or so tickets that Ciulla's runners bought on the winning combination reduced the trifecta's payoff to \$632, giving him and his partners a net of about \$200,000 from the mutual pool of \$539,206. The investment was between \$20,000 and \$25,000 in bribes and \$48,000 in tickets, Ciulla says.

To hear Ciulla tell it, few, if any, riders could pull a horse as skillfully as Cordero could. "He'd have you thinking he was pumping and whipping and hustling more than anybody else in the race," Ciulla says, "but Cordero would almost be breaking the horse's jaw with his left hand and only fanning the horse with his whip. And Cordero always did the job, even if a few of those races looked suspicious." One such ride, Ciulla says, came in the ninth race at Aqueduct on April 10, 1975. "Cordero practically bent Greek Holiday in half to keep him out of the trifecta," says Ciulla.

Some of the races that Ciulla says he rigged at Aqueduct that spring did not go unnoticed, however. The New York State Racing and Wagering Board questioned John Cotter, a New York trainer, about drug and claiming violations for which he was subsequently fined \$1,000. In the course of the questioning Cotter testified that he had seen horses pulled in New York.

"By whom?" the attorney for the board asked.

"By the jockeys."

"Give me the name of the jockeys."

"Cordero, No. 1," said Cotter.

Cordero immediately denied the charges in the press, claiming that "Cotter's comments are so stupid that I have no answer. Look at my record. I made over \$200,000 each of the last three years. I'm the second-leading money-winner for the last four years. My heart is clean."

continued

A longtime New Jersey lawmaker told Senate President Ross Doyen that if he could have one vote back, it would be his YES vote for casino gambling in Atlantic City. New Jersey voters later approved casino gambling, but the legislature approved casinos as the First Step. Casino promoters in New York claim "An exclusive admission policy would discourage casual trade, keeping working people from gambling away their paychecks...Pardon our disbelief." (Quotation from New York Times editorial, Dec. 17, 1980)

"As Attorney General, my concern has been with commercial gambling. The losses become more extreme. The likelihood of infiltration by organized crime will increase. I prefer keeping the law as it is. We've got a healthy state and I'm very pleased with it.

"I've a lot of friends who are in favor of pari-mutuel gambling, and I have a lot of friends who are not. Some of my good friends have horses. They raise them for racing purposes and are somewhat bewildered at my position on the parimutuel question. It is just that I see no positives in opening up the state to commercial gambling. I see a lot of negatives.

"We have very little problem with public corruption in Kansas. One of the reasons for that, for example, are the difficulties involved in opening liquor stores, in regulated private clubs, in the lack of commercial gambling. The cash flow that attracts so many problems just isn't here. And I'm glad.

"The thing other than organized crime, is the fact that there is always illegal off track betting and there are many stories of the drugging of horses, and about cheating in regard to the races. And then the regulation, and the problem of people who can't afford to gamble, and gamble too much. They hurt themselves and hurt their families. We have enough problems with bingo gambling.

"My main concern about commercialized gambling, particularly parimutuel betting, is the fact that I don't see any positives. All I see are negatives. I think we can continue to have a wonderful state and enjoy our wonderful people without those negatives.

"Every law is a moral issue and that is the business of government, to determine what is best."

-Attorney General Bob Stephan
WIBW-TV interview, March 5, 1983

TOPEKA (AP) — Both sides of the question of pari-mutuel wagering on horse races had their day of rebuttal Thursday before a Kansas Senate committee.

Thomas Kelly, director of the Kansas Bureau of Investigation, warned that introducing trackside betting would cause significant law enforcement problems.

HE SAID A KBI survey of the 32 states with pari-mutuel wagering indicated that such an operation in Kansas would mean increases in crime, including illegal gambling, bribery, race-fixing, fraud and corruption in the race organizations.

"There is a definite impact of parimutuels on law enforcement when it comes into a state," he said, adding that some states such as Oregon and Rhode Island had problems with organized crime trying to control the gambling operations.

"The thing that bothers me most about it is that when people gamble away their money, they don't spend it on an honest product that someone has put work into. There's only so much money, and if it is lost at a gambling table, it is taken out of the productive part of our economy. Who would you rather see employed, a blackjack dealer in a casino in Las Vegas or a machinist at an automobile assembly plant in Detroit? Which contributes most to what's good about American life?"

-Andy Rooney, national columnist
Topeka Capital-Journal, August 24, 1983

"Attorney General Curt Schneider said Sunday he is opposed to a proposed amendment to the Kansas Constitution which would allow parimutuel betting. Schnieder said he opposed gambling because it doesn't add to the Gross National Product of the nation or to Kansas."

-Topeka State Journal, March 21, 1977

Virgil Peterson of the Chicago Crime Commission wrote, "As a business, gambling is parasitic. It is non-productive. It creates no new wealth and performs no useful service. It redistributes wealth from many into the hands of the few."

The Daily News

(MASSACHUSETTS)

Springfield, Ma.

15 Cents

Tuesday, September 16, 1980

20-Day Deadline

Racing Track Foes Collect Signatures

Gambling promoters told voters in West Springfield a pari-mutuel track would net the town \$200,000 a year in taxes and create 300 part-time jobs, 80% to go to town residents. The voters later voted NO!

THE CHRISTIAN SCIENCE MONITOR, Tuesday, February 10, 1981

Expansion of horse and dog racing in Massachusetts was dealt a setback last November when West Springfield voters said "no" to a new race track in their town.

Petitioners Push for Special Vote

By ELISA GALLARO

WEST SPRINGFIELD — Opponents of pari-mutuel racing took advantage of today's primary election to gather outside at polling places to collect the signatures needed to force a referendum on the issue.

The move was in reaction to a 2-1 Board of Selectmen vote Monday to approve construction of a dog and harness race track on a 50-acre Riverdale site occupied by E.M. Loew's Riverdale Drive-In theater.

Opponents of a track have 20 days in which to obtain the signatures of 12 percent of registered voters for a reconsideration petition. If the selectmen do not reconsider their vote — and they have said they plan not to — a special election would be called within 45 days to decide the matter.

State law would not have permitted supporters of the track to appeal for reconsideration if a majority of selectmen had voted against the racing proposal. So, the affirmative vote was the only way voters could record their preference.

Once the vote was cast, about 25 of the 60 residents who came to hear the decision began organizing to collect the necessary 1,646 signatures to force a vote on the racing proposal.

In addition to soliciting signatures today, opponents of the track scheduled a meeting for 7 p.m. Wednes-

(Continued on Page 2)

10A5

Track Opponents Seek Signatures for Vote

(Continued from Page 1)

day in the Municipal Office Building auditorium.

If selectmen receive the certified petitions, they must schedule a vote on the issue no sooner than 30 days, and no later than 45 days.

Selectmen Chairman Charles T. Grucci and Selectman Frederick S. Conlin Jr. voted to approve the \$4.7 million track because "it's the only way to get this on the ballot," they said

Selectman J. Edward Christian voted against the two-track facility.

Before the vote Grucci said, "If I vote to approve this, I will not be saying that I am in favor of racing."

He said that under state law, selectmen could not call for a referendum within the next few months without first approving the proposal.

A non-binding referendum without a prior board vote could be held in April during elections for municipal officials, according to Town Counsel Robert Tassinari, but principals of the race track could lose their option on the property by then.

"The board has always attempted to be fair to all businesses coming into the community," Grucci said. "We could be causing them undue hardship if they have to renew their option on the land."

But Christian accused Grucci and Conlin of "renewing their responsibility."

"The Board of Selectmen can't pop off their responsibility," Christian said. "They have to say yes or no."

Christian said he voted "no" because the track "is going to bankrupt our town." He said the "yes" vote by the other two selectmen left open the possibility of a track in town without a prior referendum.

"If the petitioners don't get 1,646 names, this becomes law," he said. "They might fall short."

But Conlin said "a negative vote would take away the prime ingredient of democracy: the right to say yes or no. My vote is not intended to reflect my personal opinion."

A board majority vote against the proposed two-track facility would have precluded a resident vote.

South Hadley attorney Edward J. Ryan, one of the promoters of the track, found the selectmen's decision

acceptable. "I can't quarrel with it or find fault with it," he said. "It's an awesome task to ask a board of three to make a decision of this magnitude."

With the board's decision, Ryan and his partner in Pioneer Valley Raceway Inc., John O'Neill of West Roxbury, can petition the state Racing Commission for meeting dates subject to voter approval of the proposal. Ryan and O'Neill, a realtor and horse breeder, must petition for the dates by Oct. 1.

The commission must then schedule a public hearing in West Springfield by Nov. 15.

The commission hearing will check the partners' experience and ability to run a track, their financial status and the site of the proposal, Ryan said. He and O'Neill will fund the track partly with their own money, receiving the rest from financial institutions.

The two men have unsuccessfully proposed racetracks in Agawam, Chicopee and Hatfield.

The most recent racing proposal for Western Massachusetts, a plan for a multi-million dollar dog track in Wales, was rejected overwhelmingly by voters in that town last week.

The West Springfield proposal would net the town \$200,000 a year in taxes and create about 300 part-time jobs, 80 percent to go to town residents, Ryan said.

As President of the American Council on Alcohol Problems, Mary Louise and I were returning from the annual meeting in Maine and found these headlines on a newspaper rack at our motel. A careful reading of the story reveals that gambling promoters in Massachusetts say the same things that gambling promoters in Kansas are saying. Why? Because they want to get rich from the gambling losses of others.

Selectmen who voted for the track said "it's the only way to get this on the ballot." They said "If I vote to approve this, I will not be saying that I am in favor of racing."

This same half-truth is being promoted in Kansas. Groups are asked to endorse a vote of the people by saying this does not necessarily mean they endorse pari-mutuel gambling.

One Selectman named Christian spoke the truth, "They have to say yes or no" to gambling. Lawmakers in Topeka must say yes or no to gambling. Groups in Kansas who endorse approval by a vote of the legislature of an amendment are endorsing the FIRST STEP toward pari-mutuel gambling. They are not necessarily endorsing the SECOND STEP, approval by a vote of the people.

Christian said he voted NO because the track "is going to bankrupt our town." Every informed businessman in Kansas wants his lawmaker to vote NO in Topeka because gambling tracks in Kansas could bankrupt some businessmen.

THE TWO GAMBLING PROMOTERS HAVE UNSUCCESSFULLY PROPOSED TRACKS IN AGAWAM, CHICOPEE, AND HATFIELD. Concerned
citizens in states with pari-mutuel gambling don't want it!

WALE'S
Reverend Dick Taylor

THANK GOD KANSANS ENJOY LIFE AT ITS BEST WITH FREEDOM FROM LEGALIZED GAMBLING, THE POWER OF WHICH IS SO STRONG IT CAN CORRUPT THE MOST IMPORTANT PERSONS IN GOVERNMENT.



Chicago Tribune

THE WORLD'S GREATEST NEWSPAPER

Tuesday, February 20, 1973

Midwest Edition

42 Pages

Joe Kerner guilty

Isaacs also convicted on all charges

Daley names Pikarsky to head CTA

By Tom Buck

MILTON PIKARSKY, the city's public works commissioner for the last nine years, yesterday was named by Mayor Daley to be the new chairman of the Chicago Transit Authority. Pikarsky will fill the vacancy created by the death Jan. 17 of Michael Caffery, who had headed the CTA since early in 1971.

The mayor's appointment of Pikarsky to the CTA board will be submitted to the City Council for confirmation at its next meeting March 14. The appointment also will require the confirmation of Gov. Walker.



Milton Pikarsky

Alto Daley appointed Pikarsky only as a board member, under long-standing practice in Chicago. Pikarsky will be named chairman of the board by an election of CTA board members.

DALEY SAID HE had selected Pikarsky after conferring with more than 20 nationally known transit leaders. As a result of these interviews, the mayor said he found Pikarsky to be "the most outstanding man in the nation" for the job.

"His (Pikarsky's) knowledge of mass transportation and his close working relationship with the nation's transportation leaders, members of Congress, and the Illinois General Assembly give him outstanding qualifications for service with the CTA," said Daley.

In recent years, Pikarsky has been a member of the U.S. Transportation Advisory Council to the U.S. secretary of transportation. He is also a member of the Legislative Affairs Committee of the Institute for Rapid Transit, a national not-for-profit organization.

Pikarsky, 61, will become the sixth regular chairman of the CTA since it was created in 1957, and the third public works commissioner to assume the post. Previous CTA chairmen who had been city public works commissioners were the late Virgil Gutsock and the late George L. Dodson.

PIKARSKY BECAME public works commissioner in 1963. Continued on page 7, col. 1

Inside

How boyhood affected JFK

The pressures of John F. Kennedy's boyhood left him with emotional problems that affected his presidency—and the American people. So says Nancy Gager Clinch in an excerpt from the provocative new book, "The Kennedy Neurosis," in Tempe.

Intellectuals and isolation

Mike LaVelle argues that the intellectuals at the Center for the Study of Democratic Institutions are isolated from society. His column is in Perspective, page 11.

Meet Apollo, son of Nova

Buck introduces its new companion car, Apollo, which is an offshoot of the Chevrolet Nova. James Marjha has the details, in Business.

Chatting with Bruins' Derek

Columnist Robert Marjha found out how nice it is to talk to Derek Sanderson, the hockey player who scored three goals and got paid a million dollars, in Sports.

Index on page 2

Weather

CHICAGO AND VICINITY: Cloudy and colder with a few light flurries today. High in lower 30s; north to northeast winds 12 to 22 m. p. h. Map and other reports on page 10.



Judge Otto Kerner driving his car into the underground garage of the Dirksen Federal Building yesterday morning. Shortly after, the jury delivered its verdict of guilty on all counts.

Two face 83, 73 yr. terms

By Thomas Powers

FORMER GOV. OTTO KERNER and Theodore J. Isaacs, former state revenue director, were convicted yesterday on all 10 counts of an indictment charging them with bribery, conspiracy, income tax evasion, and mail fraud.

A jury of seven women and five men deliberated for 15 hours over three days before returning their verdict in the packed courtroom of Judge Robert L. Taylor in the Dirksen Federal Building.

Kerner, 84, now a United States Court of Appeals Judge on leave of absence, also was convicted of making false statements to special agents of the Internal Revenue Service and committing perjury before a federal grand jury.

Kerner could be sentenced to 83 years in prison and fined \$20,000. Isaacs faces a maximum sentence of 73 years in prison and a \$23,000 fine.

KERNER AND ISAACS were called nervously as the jury, which had been sequestered since Jan. 2, walked into the courtroom. The jury's appearance was silent as they filed into the jury box and the verdict was handed to clerk John Morris.

Morris read the two one-line statements finding the defendants guilty as charged. The Isaacs verdict was read first. Kerner and Isaacs took the verdict without flinching, but Kerner soon whispered to his attorney, Paul H. Connolly, "I want the jury pulled."

But the judge already had started asking each juror if it was his verdict, and each said it was; then all held up their hands to show there was no mistake.

THE BULLET-LIKE verdicts and the words delivery was over in three minutes. Attorneys for Kerner and Isaacs asked for 30 days to file motions for a new trial. The judge granted them 30 days as requested.

Out of court, United States Atty. James R. Thompson said he will recommend prison sentences for both men.

Kerner, the first U. S. Court of Appeals judge to be indicted, tried, and convicted in the 10-year history of the nation's second highest court, avoided interviews after court adjourned. He walked with his two children and three attorneys out thru the judge's door of the courtroom, where he took a special elevator to his own chambers on the 27th floor of the building.

ON LEAVE FROM HIS \$125,000 a year post, Kerner is expected to appeal to a special panel of federal judges set up to hear reviews of his case and to the United States Supreme Court. He issued a statement from his chambers which read:

"Despite the verdict of the jurors, and to me that I have held public office here I taken any advantage and my are dearer than life itself, and I intend to continue this battle."

Isaacs and his attorney, Warren Wolfson, stayed in the courtroom briefly before leaving thru the main door. Isaacs first refused comment when asked for his reaction. Later he said, "I'd have to sit down and write my whole philosophy before I could answer that."

KERNER AND ISAACS were convicted of secretly purchasing racetrack stock in 1966 which had been offered to them in 1962 by Mrs. Marie Everett, former head of the Arlington Park and Washington Park racetracks, to gain favors from Kerner after their official actions such as signing racing bills.

They bought the stock at bargain 1962 prices, in one instance paying \$50,000 for stock valued at \$200,000 at the time of purchase. A phony promissory note and phony interest payments were used to make it appear they actually paid something on the stock before they acquired it in 1966.

They were convicted of conspiring with William S. Miller, former Illinois Racing Board chairman, Miss Faith McWhirter, Miller's private secretary, and Joseph E. Knight, former state director of financial institutions, to purchase the stock thru a complicated scheme in which the identities of Kerner and Isaacs were shielded by the use of other names in transferring the stock.

Checks used by Kerner to purchase the stock were furnished thru Isaacs' bank account and Kerner's bank account, and in so doing the checks passed across state lines and moved thru the mail, making them guilty of interstate transportation in the furtherance of the conspiracy.

THE INCOME TAX EVASION conviction resulted from Continued on page 4, col. 1

Jury shatters Kerner career

By Fredric Sall

AT 11:00 A. M., former Gov. Otto Kerner walked into the courtroom, smiled a slight smile at his old friend Theodore Isaacs, and slipped into his chair and the impenetrable depression he wore throughout the trial.

It would only take a moment for the jury to shatter the career of the man who once ran Illinois.

Warren Wolfson, Isaacs' attorney, wanted a jury and sport coat, joined his client, Isaacs, half-sat on the defense table and the two men chatted for a moment. Later, the jury would deal with his first.

And then Kerner walked in and he and Isaacs talked for a moment. Continued on page 4, col. 1



Theodore Isaacs leaving the Federal Building after the verdict.

Verdict of guilty shocks politicians

By Nell Mehler

PUBLIC FIGURES from throughout the state reacted with shock yesterday on hearing of the conviction of former Gov. Otto Kerner in the racing stock case.

A Democratic state legislator suggested that since Kerner has been held in high esteem by citizens of Illinois, his conviction will lead to further disillusionment with the political system. The legislator, Rep. Daniel Patrick (Highland Park), said, "Paul Powell just asked about it an old-fashioned, 'whore-the-heck kind' of politician. But you didn't just about Kerner. He was convicted."

THE GALEL made obligatory placed around the DuSannom cemetery, where lie 15,000 French soldiers who died in the Verdun holocaust. When

BY NELL MEHLER, Political Editor

Continued on page 2, col. 4

French hero, traitor

Grave robbers take Petain body

HELE D'YVEL, France, Feb. 19 [AP]—Grave robbers stole the remains of Marshal Philippe Petain, French hero of World War I and traitor of World War II, from his tomb on this bleak Atlantic coast island Sunday night.

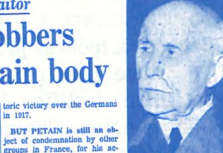
The action, discovered today, bound to raise a political storm during the final weeks of the campaign for national legislative elections March 4 and 11.

High-wing groups have long demanded that Petain's body be moved from the island where he died in prison in 1951 to the national military cemetery at Douaumont, near Verdun, the scene of Petain's heroic victory over the Germans in 1917.

BUT PETAIN is still an object of condemnation by other groups in France, for his actions in signing the armistice with the invading Nazis in 1940 and heading the collaborationist Vichy government.

There was no indication what motivated a group of men to rob the tomb. They had to shift a massive concrete cover on the grave, extract a coffin weighing 1,700 pounds, and move it from the isolated cemetery. The coffin was taken around an inner lining of wire enclosing the marshal's embalmed body. There were reports a helicopter may have been used.

Heavy extra guards were placed around the Douaumont cemetery, where lie 15,000 French soldiers who died in the Verdun holocaust. When



Marshal Petain in 1942.

Continued on page 2, col. 4

A.H. 10B
4/4/90

Institutional Change is Serious Business

Some legislators lightly pass off their vote for submitting a constitutional amendment with the remark, "The people have the right to vote on it." In this way a legislator feels absolved from all responsibility by simply saying it is entirely up to the people. But legislators who understand our form of government do not speak so lightly of constitutional change.

KANSAS REPORTS, the record of proceedings of the Kansas Supreme Court, Volume 207, page 651, carries an opinion written by Chief Justice Fatzer in 1971. Mr. Fatzer writes, "The Kansas Constitution was adopted in 1859, and is the supreme and paramount law, receiving its force from the express will of the people. It established three separate departments of government and placed upon each of them limitations which experience has shown to be essential to a progressive government. It has worked well in practice, and is a monument of the wisdom and patriotism of its framers. But no product of the human mind is perfect, so the framers prescribed the manner by which the Constitution could be amended or revised, which is clearly defined. Those wise men saw that, in a state where the people were admitted to a direct participation in the government, party passions and interests might likely lead to too much tampering with the Constitution, if effectual checks were not imposed, and, what may be thought otherwise, restriction with respect to amendment and revision was the policy of the constitutions of the states that were selected as models from which to fashion the new Kansas Constitution. (Proceedings and Debates, Wyandotte Constitutional Convention, 1859.)"

He continues in the next paragraph, "The idea of the Kansas people thus restricting themselves was a part of the American system of written constitutions, and was convincing evidence that amongst them liberty and freedom meant, not the giving of rein to passion or to thoughtless impulse, but the considered exercise of power by the people for the general good, and, therefore, always under the restraint of law. Hence the framers of our Constitution avoided the dangers attending a too frequent change in our fundamental law, and likewise obviated the danger—to be equally shunned—of making amendments too difficult. No government can expect to be permanent unless it guarantees progress as well as order; nor can it continue to secure order unless it promotes progress. Thus, the Kansas Constitution reconciled the requisites for progress with the requisites for safety and order."

Chief Justice Fatzer later quotes from a previous decision that said, "The action of the legislature in respect to constitutional changes is something like the action of a committee of the legislature in respect to the legislative disposition of a bill. It presents, it recommends, but it does not decide . . ."

A committee member may have many reasons for being in favor of sending a bill to the floor of the House or Senate, but no committee member would simply say, "I believe the full House or Senate has the right to vote on this bill." If such were the case, then no need exists for committees.

Three steps are required to bring legalized gambling or liquor by the drink to Kansas. 1st Step—Legislators vote for submission of an amendment. 2nd Step—Persons at polls vote for the amendment. 3rd Step—Legislators vote for a gambling or liquor by the drink law.

Every legislator, for whatever reasons, who votes for submission of an amendment is voting for the 1st step toward whatever that amendment will do. Every legislator has the right to vote however desired, but responsibility for that vote can not be evaded with the casual remark, "but the people have the right to vote on it."

Chicago Tribune, Tuesday, February 20, 1973

By Thomas Powers

FORMER GOV. OTTO KERNER and Theodore J. Isaacs, former state revenue director, were convicted yesterday on all 19 counts of an indictment charging them with bribery, conspiracy, income tax evasion, and mail fraud.

Kerner, 64, now a United States Court of Appeals judge on leave of absence, also was convicted of making false statements to special agents of the Internal Revenue Service and committing perjury before a federal grand jury.

Out of court, United States Atty. James R. Thompson said he will recommend prison sentences for both men.

"I don't think the evidence here warrants probation, not with the crimes committed here," he said.

Kerner, the first U. S. Court of Appeals judge to be indicted, tried, and convicted in the 189-year history of the nation's second highest court, avoided interviews after court was adjourned. He walked with his two children and three attorneys out thru the judge's door of the courtroom, where he took a special elevator to his own chambers on the 27th floor of the building.

KERNER AND ISAACS were convicted of secretly purchasing racetrack stock in 1966 which had been offered to them in 1962 by Mrs. Marje Everett, former head of the Arlington Park and Washington Park racetracks, to gain favors Kerner could offer thru official actions such as signing racing bills.

They bought the stock at bargain 1962 prices, in one instance paying \$50,000 for stock valued at \$300,000 at the time of purchase. A phony promissory note and phony interest payments were used to make it appear they actually paid something on the stock before they acquired it in 1966.

They were convicted of conspiring with William S. Miller, former Illinois' Racing Board chairman, Miss Faith McInturf, Miller's private secretary, and Joseph E. Knight, former state director of financial institutions, to purchase the stock thru a complicated scheme in which the identities of Kerner and Isaacs were shielded by the use of other names in transferring the stock.

Kerner and Isaacs were convicted of filing false tax returns in hiding racetrack stock under other names in their returns. Both men had Chicago Harness Racing, Inc., stock under the name "Chgo. Co." Their Chicago Thoroughbred Enterprises, Inc., stock was listed as "C. T. Co." and Isaacs hid his as "Bajo."

KERNER WAS CONVICTED of perjury when he said he never discussed the allocation of racing dates with anyone while he was governor from 1961 thru mid-1968, when he resigned to become a federal judge.

Clyde Lee, general manager of the Egyptian Trotting Association, testified he discussed allocation of the association's racing dates. Thomas Bradley, former Illinois Harness Racing Commission chairman, testified Kerner once gave him a direct order to change the Maywood Park Trotting Association dates and he refused.

Kerner was convicted of making false statements when he told Oliver T. Stufflebeam and Robert Campbell of the IRS when they first interviewed him July 15, 1970 the "Chgo. Co." listed on his return was a financial company in which a good friend of his, Isadore Brown, was a director. Kerner denied several times he had Chicago Harness Racing stock, the agents testified.

Illegal Gambling Feeds on Legal Gambling

Both legal and illegal gambling are a major part of organized crime. The LEGAL NUMBER PROPOSED clipping tells of a recommendation in New York that the backbone of organized crime in that state be broken by legalizing the numbers racket. But in New Jersey officials have found the illegal system is getting a free ride by using the winning combination of the legal system that was designed to put it out of business! Legal gambling is being promoted chiefly because there is money to be made by individuals from it. This is true everywhere—even in Kansas!

THE CHRISTIAN SCIENCE MONITOR

THE CHRISTIAN

"First the blade, then the root"

Monday, December 11, 1972

The Monitor's view

Gambling and New Jersey

It must be embarrassing to the citizens of New Jersey to learn that they are failing to beat the criminals of that state at their own gambling game. And what's worse, the racketeers are using the state's legal gambling mechanism to help run their own operations.

New Jersey's superintendent of state police has disclosed that the new daily New Jersey lottery number has been adopted by the underworld numbers syndicates. Thus the illegal system is getting a free ride in publicizing its winning combination by the legal system that was designed to put it out of business. And the illegal games have achieved a better competitive position by offering a payoff as much as ten times greater than the legal lottery.

These columns have questioned all along whether there is any validity to the key rationale for the legalization of gambling — that it would deprive the underworld of a basic source of income. Events are bearing out our skepticism. Only recently, it was learned that the legal New York off-track betting operation was not cutting into illegal bookie business; its main effect has been to cut down track attendance and reduce overall state revenue from racing.

The New Jersey lottery experience came out during an inquiry into the possibilities of even broader state gambling activity. New Jersey already permits bingo and race track betting as well as the state-run lotteries. Forces in the

state want to admit Las Vegas-style casino operations and gambling on professional sports.

New Jersey's Governor Cahill, correctly, opposes a state constitutional amendment that would enable him to establish any kind of gambling he wishes. The state's police superintendent opposes it. Professional sport leaders — who fear the stigma that could attach to their leagues by association with gambling, legal or otherwise — similarly have testified against it.

There should be no confusion over why legalized gambling is being promoted, in New Jersey as well as in other states. It's not because legalization would diminish underworld revenues. Indeed, this point can be argued the opposite way: legalization could give gambling an umbrella of respectability which could shield illegal operations from police action as well as reduce the moral disapproval which may keep many from gambling.

Legal gambling is being promoted chiefly because there is money to be made by individuals from it. It also provides another sphere of patronage and hence is an instrument of political power.

Legal gambling stands scarcely higher than illegal gambling. If the state is out to make easy money from gambling instead of undergoing responsible tax reform to make fiscal ends meet, it is deluding itself in much the same way as those who look to wagering for a financial windfall.

The Capital-Journal 37
Sunday, Nov. 26, 1972

Legal Number Play Proposed

NEW YORK (AP) — A report on gambling in New York City recommended Saturday that the backbone of organized crime's income, the numbers racket, be legalized.

The report said illicit gambling operators here gross nearly \$1.7 billion annually, \$600 million of which comes from the numbers game.

The study by the Fund for the City of New York said that one out of four New Yorkers plays the numbers.

The report concluded that the state legislature should legalize the numbers game with the major objective of driving organized crime from that business and reducing official corruption.

It said that city residents spent a total \$2 billion a year illegally on the numbers game, sports and horse racing, with about \$350 million of that amount going directly to crime organizations for operating costs, protection and "other investments."

The New York Fund, a non-profit agency set up by the Ford Foundation in 1968, said its findings were based in part on a poll of 3,100 New Yorkers conducted by the Oliver Quayle organization.

Kansas workers enjoy freedom from legalized gambling and all the problems listed here. Let every Chamber of Commerce be thankful for our advantages and work to keep it this way.

GAMBLING – IN THE PLANT AND ELSEWHERE

Description of the Threat

Regardless of the ethical tag attached to gambling, the economic effect on the firm where it takes place is bad news. This is especially true where management blithely assumes that in-plant gambling does not exist or writes it off as a harmless nickle-and-dime pastime. But is the baseball pool, for example, just a once-a-year phenomenon, or is it merely a single facet of a pervasive and deleterious condition throughout the business?

In-plant gambling is a common problem, Internal Revenue Service officials report. A source within a private investigation company estimates that there is a bookie in three out of four companies employing fifty or more. Among the more prevalent forms of in-plant gambling are the following:

**Bookmaking*— the solicitation and acceptance of bets on the outcome of a sporting event.

**Numbers* – a form of lottery where bettors select a number and winners are determined by a drawing, published stock and bond quotations, or other means, sometimes referred to as “policy.”

**Treasury balance* – prenumbered tickets are sold to bettors. The winning number is the one coinciding with the U.S. Treasury balance, as published weekly in the financial sections of many newspapers.

Gambling adversely affects business on two levels. On the first, these are the hazards:

**Inefficient employees.* Workers will be prone to waste time by visiting or roaming about in search of a racing form, the latest sporting news, the in-plant bet collector.

**Accident-prone employees.* When a gambler becomes a loser – and in the long run they all do – he becomes worried, distracted, perhaps tense as debts mount.

**Potentially dishonest employees.* As losses mount, the employee may resort to a loan shark to bail himself out. More often than not, this merely compounds his problem. He becomes subjected to such intense loan-shark pressure that he begins to steal or embezzle from the company in a last ditch effort to get out from under.

**Public relations problems.* If gambling in the business becomes widespread, the company's reputation is bound to suffer as the word spreads throughout the community.

The second level of danger is present when organized crime takes interest and assigns a bookie to the premises. The preceding hazards are escalated. Even worse, you are unnecessarily advertising yourself to organized crime. The organized underworld's gambling organization can also function as an efficient information-gathering system. The spotlight a company focuses upon itself through tolerance of in-plant gambling may inspire racketeers to consider hijacking your trucks, stealing your supplies and equipment, perpetrating a planned bankruptcy, “suggesting” you purchase supplies from mob-run outfits, creating labor trouble and then recommending you add one of their “labor consultants” to your payroll.

Off-premises gambling – especially by key salaried or hourly personnel – may also lead to serious consequences for the business. A “real swinger” among your employees could easily find his leisure-time gambling debts turned over to a loan shark for collection. In lieu of cash, the loan shark may exact payment in a manner quite costly to your firm. According to a state investigator, every so-called legal casino in the western hemisphere is linked to the organized underworld in some manner. More than one gambler has learned to his dismay that his casino debts have been turned over to a loan shark for collection.

Perhaps the biggest threat of all from tolerating gambling is that by so doing business management is contributing to the Cosa Nostra's largest source of income; business management is helping its most ruthless competitor.

Symptoms of Gambling

A number of external and internal signs are possible tip-offs to gambling activity, such as:

1. Routine appearance of a nonemployee on the premises.
2. Lengthy use of the pay telephone by the same individual at a specified time each day.
3. Frequent calls from wives complaining that workers are not taking home all their wages.
4. Paychecks of several employees endorsed over to the same person (bookie or loan shark?).

10B4

IF PERMANENT RESIDENTS CAN NOT AFFORD TO GAMBLE AND STILL LIVE IN A GAMBLING CITY, WHY BRING IT TO KANSAS?

Every Legislator Who Votes for Submission of a Constitutional Amendment to Open the Door to All Forms of Gambling in Kansas is voting for the 1st Step Toward all these Problems.

WASHINGTON (AP) — The director of the New Orleans Crime Commission told a congressional committee Wednesday that New Orleans Saints football team owner John Mecom Jr. was associated in a business deal with a convicted gambler and with a developer with ties to alleged Mafia kingpin Carlos Marcello.

Aaron M. Kohn told the House Select Committee on Crime that he would ask for perjury charges against a former Louisiana state official who denied under oath that he had accepted campaign contributions for two governors from the owners of a New Orleans race track and a Buffalo, N.Y. holding firm.

Kohn's testimony highlighted a day in which only three witnesses were called. Appearing with him was Kenneth Norris of the Louisiana State Police.

Pleads Fifth

Also appearing before the committee was Richard Castucci of Massachusetts, who took the Fifth Amendment to questions asked of him. The committee had asked Castucci if he had attempted to bribe jockeys and if he had invested in racetracks with money he made through bookie operations.

Kohn told the committee that Mecom was one of six directors and shareholders in the Hidden Lake Corp. and one of four directors in New Orleans Properties Inc.

Also a director in both corporations is Sam Lee Presley Jr. who was convicted Sept. 9, 1971, in Biloxi, Mass., of conspiracy and of using an inter-

state facility to promote a gambling enterprise, Kohn said.

Kohn said another partner is Berald E. Sonnor, who "has a considerable record of forming business partnerships with individuals who are also partners of Carlos Marcello or other major members of the Marcello structure."

Kohn said also Mecom is a close friend of James and Anthony Moran, owners of La Louisiane Restuarant in the French Quarter of New Orleans.

Close Ties

Kohn said the Moran brothers, sons of the late professional boxer and Huey P. Long bodyguard (Diamond) Jim Moran, had "close social and sometimes financial association" with the Marcello family.

The Crime Commission director said also James Moran was a business partner of Johnny Robinson, all-pro safety for the Kansas City Chiefs. He said Moran and Robinson purchased the Mirror Lake Town Club in Kansas City and named it Johnny Robinson's Swim and Tennis Club.

The property was purchased from Edward P. Osadchey, alias Eddy Spitz, Kohn said. Spitz has been described by the Kansas City Crime Commission as part of the Kansas City organized-crime structure, Kohn testified.

Kohn said he would ask the district attorney in Jefferson Parish, La., to file perjury charges against former Louisiana Racing Commission chairman J. M. Pete Menefee.

Two witnesses before the House committee testified earlier that they gave Menefee campaign funds for the late Gov. Earl Long and the former Gov. John McKeithen.

One witness—John Masoni, president of Jefferson Downs race track near New Orleans, testified Tuesday he gave Menefee \$25,000 for McKeithen's campaign in 1964. He said the funds came from himself and from his associates, including the Jacobs brothers who run Emprise Corp. of Buffalo, N.Y.

Emprise Convicted

Emprise recently was convicted in Los Angeles of conspiring to use interstate facilities to acquire a hidden interest in a Las Vegas casino-hotel.

Two weeks ago, a former Emprise lawyer, Bradford P. Leacy, testified Emprise gave \$10,000 to Long's campaign.

Kohn said Menefee, who served as racing commissioner under Long in 1956 and as commissioner of conservation the past eight years under McKeithen, had denied under oath that he accepted any funds from Emprise or Jefferson Downs interests.

L. A. Times-Washington Post Service
LAS VEGAS, Nev. — The mayor of the gambling capital of the world never gambles himself.

And he always warns strangers in town:

"All these plush hotels and casinos around here were built by people like you — with their gambling losses."

As for gambling, the mayor said:

"I never do. Not even a few coins in a nickel slot machine. If you gamble you know you're going to lose.

"Living here with gambling day in and day out, year in and year out, you just can't afford to get in the habit of it.

Few Resident Gamblers

"Very few of our permanent residents gamble. They couldn't afford to live here if they did."

Dear Ann Landers: Do millions of people a favor and print the address of Gamblers Anonymous. It is P. O. Box 17173, Los Angeles, Calif. 90017.

If more people were aware of the help that is available to the compulsive gambler and his family, they would seek it. As one who has lived through hell I can tell you that a gambler's wife gets so desperate after a while she'll try anything. The basic philosophy of Gamblers Anonymous is patterned after Alcoholics Anonymous. A.A. has proven that people who share a common problem give one another strength and encouragement. Meeting with folks who have been cured of a sickness is proof that it can be done.

I feel as if my husband owes his life to Gamblers Anonymous. He thinks so, too. Please tell people. Thanks, Ann.—SALVAGED

Dear Sal: Here's your letter with an added word from me. Compulsive gambling is as much a sickness as arthritis—and it can be equally crippling. Gamblers Anonymous has been the answer for thousands. I recommend it and hope your letter generates a zillion responses.



State Lotteries Are a 'Tax'

By SYLVIA PORTER

Bill Patrono, a jolly elevator operator in our Fifth Avenue apartment building, takes home about \$110 a week — after his weekly deductions for federal income taxes and Social Security taxes. He then voluntarily pays another "tax" of one dollar every week to New Jersey or to New York for their 50-cent lotteries. Whenever Bill sees me coming in from work in the evening, he grins and threatens he won't take me up until I get his "name in the paper." When I answer with a shrug, "Okay, take me sideways," we both crack up; then I say, "I'll do it next week." He lets me into the elevator — and our little charade is completed for that day.

Whether or not Bill Patrono's name will ever be listed among the winners of these or any other 50-cent lotteries (and I'll wager my buck that he bets more than one buck per week), I'm putting Patrono's name in the paper because what he symbolizes is becoming ever more important financial news.

BILL IS typical of mounting millions of lower-income American wage-earners who are regularly buying inexpensive lottery tickets and thereby voluntarily contributing what amounts to a fairly impressive proportion of their take-home pay to state treasuries across the land. Bill thinks of it as a happy bet and dreams of winning big.

Actually, Bill is making a contribution to the state treasury. Actually, it's a "tax" and a regressive tax at that.

And while the amount the ticket costs each time may seem insignificant — even 50 cents twice a week adds up to \$52 a year — the contribution is made week after week after week.

To indicate the scope of this financial development, lotteries are spreading across the land and undoubtedly will spread to more states. In the November elections, voters in Iowa, Maryland and Washington approved constitutional amendments authorizing lotteries. When Michigan became the seventh state operating a lottery on Nov. 13, it reported it sold more than \$5.8 million worth of 50-cent tickets the first week and grossed nearly \$3 million.

The push behind lotteries has gained power fast. New Hampshire was the first state to enact a lottery law in 1963, New York was second in 1967, and New Jersey third in 1970. In 1971, Connecticut, Massachusetts and Pennsylvania joined in. Says the Federation of Tax Administrators, All signs "suggest the increasing use of this form of gambling as a means for obtaining marginal amounts of additional state revenue."

WHILE THE lotteries are surely siphoning off some funds from illegal gambling, they also are adding to the total gambling take. Organized crime has begun to use the lottery numbers for illegal gambling. And, of course, the states would not be adopting lotteries if

they were not an easy source of revenues.

The public's appetite is constantly whetted by the publicity about the winners.

Nevertheless, I submit the lottery is a regressive "tax" — and even in the face of the certain growth of this form of revenue raiser. I submit my argument.

Betting among lower-income groups is far more frequent than among higher-income individuals. Profiles of the winners underline and dramatize these points. The lottery is cousin to the numbers game — and "numbers" is the poor man's game.

Bill may laugh, "What can I lose?" as he hands over his 50 cents twice a week. (I hope he wins and laughs at me all the way to the bank.) The states may retort that since betting is voluntary, this can't be called a "tax." And no one can deny the lottery does raise money.

Still, it's sad to see our states returning to a medieval method of financing. (The first money lottery was established in Italy during the Middle Ages.) It's discouraging to see tax experts, who do know better, defending the lottery as a harmless money-raiser.

It was late in the 19th century that Congress outlawed the lottery in the U.S. An "enlightened" nation is reviving the discredited institution.

Perhaps, the salt tax will be our next step forward?

Field Enterprises, Inc.

Kuhn Says Legal Betting Would Open Door to Crime

BOSTON (AP) — Legalized betting on professional sports would help nurture the illegal gambling operated by organized crime, Baseball Commissioner Bowie Kuhn said Tuesday.

Kuhn told a state legislative committee considering legal betting bills that state sanctioned betting would create many new gamblers, permitting the underworld to "simply find new and better ways to take advantage of the new gamblers and draw them into its net."

"In my opinion," said Kuhn, "I think it's immoral."

State-operated legal betting, the baseball commissioner said, would be unable to compete with illegal bookies, who can provide "loan shark" credit and other services to entice customers away from legitimate operations.

Furthermore, Kuhn warned, legalized betting would shatter public confidence in the honesty of professional sports and

multiply the risk of tampering with the competition.

"If we lost the confidence of the people, the game is certainly not going to survive," he said. He predicted that even the "suspicion" of dishonesty in the conduct of professional sports would drastically cut attendance.

Kuhn's views were challenged by several Massachusetts legislators on the committee, who argued that legalized betting would

divert income flowing into organized crime and allow it to be used for beneficial social purposes.

The commissioner said studies of legal gambling in Europe, largely on soccer, have shown both serious social consequences as well as a "staggering" amount of tampering.

"Even with legalized gambling, the record of attempted fixes is really quite staggering," Kuhn said. "I don't know how the sport survives. I don't think our public here would accept it."

Powell Helped Mob Henchmen Get Jobs in State Racetracks

BY GEORGE BLISS

Illinois' late Secretary of State Paul Powell joined hands with a Capone era hoodlum to obtain jobs at Illinois racetracks for crime syndicate gamblers or their representatives, THE TRIBUNE learned yesterday.

Powell's role in the infiltrating of the tracks by the crime syndicate came during disclosures of a multimillion-dollar gambling racket at the tracks.

Unaware of Presence

At the same time officials of the Illinois Bureau of Race-track Police admitted they were unaware of the many gangsters on track payrolls. They said they didn't have access to payroll records. The records, the track police said, were in the offices of the Illinois Racing Board. However, Alexander MacArthur, board chairman, said the track police and the board work together on track matters.

Powell's friend at the tracks was the aging Robert [Big Bob] McCullough, a notorious Capone gangster, who controls many concessions at Chicago area tracks. Federal sources said that last year McCullough was in charge of some concessions, including the parking lots, at Sportsman's Park in Cicero.

Investigators said that at some of the track concessions McCullough used "front men" to direct the business but they said they have evidence to connect him directly with the parking concessions at several tracks.

Tells of Influence

It was learned that on several occasions when track officials balked at hiring gangsters as mutuel clerks McCullough called Powell. Powell would then call the track officials and the gangsters would get their jobs.

On April 7, 1971, Daniel P. Sullivan, executive vice president of the Crime Commission of Greater Miami, wrote to crime fighters here and cited McCullough's influence at Illinois race tracks and the Miami Beach Kennel Club. McCullough, according to Sullivan, was connected with dog tracks in Florida for many years.

Workers at Sportsman's said that last year, McCullough held roll calls of his men at the track and gave orders to track employees. Despite his background as a crime syndicate terrorist, McCullough has been able to move freely at tracks here unmolested by track police who have the responsibility of keeping hoodlums off track premises.

McCullough is known to keep a residence in Hammond, where he also is influential in the vast and highly profitable crime syndicate gambling concessions throuth the Lake County [Ind.] area.

THE TRIBUNE disclosed Sunday that hoodlums and their relatives have worked behind mutuel windows at Chicago area tracks. It also was disclosed that some of the mutuel sellers took part in the racket by handling bets for on-track bookies at the tracks when betting became too heavy on certain races.

On July 8, 1970, officials of the racetrack police reported to MacArthur that relatives of "at least two crime syndicate figures" were working as mutuel window cashiers at Arlington Park.

Giancanas, Buccieri

However, federal officials told THE TRIBUNE that more than

a dozen relatives of the hoodlums and a number of men active in gangster affairs were working at the tracks at that time.

Among them were William McGuire, a long-time hoodlum front man, and Michael J. Bakes, a known gambler from Cicero. Also on the track rolls were Joseph [Pepe] Giancana, brother of Sam [Momo] Giancana, crime syndicate boss, and Anthony J. Giancana, son of Joseph and nephew of Sam. Another was Carmen Buccieri, nephew of Fiore [Fifi] Buccieri, a loan shark and gambling boss of the syndicate.

McGuire, who was on the track payrolls for three years, was seen by federal agents at the tracks last year. He now is on the payroll of a prominent liquor distribution company, but continues his contacts with the syndicate.

Thomas Brown, executive director of the track police bureau, said he had no records showing that McGuire, Bakes, Buccieri, and the Giancanas were on the track rolls.

"Don't Get to See Them"

"Those records [the track payrolls] are at the offices of the track board in the State

Building and we don't get to see them," Brown explained.

A TRIBUNE reporter was allowed to study the payroll records, tho, and Racing Board officials said the records were available to the track police. It was learned that Internal Revenue Service agents had made a close study of the records in an investigation of the on-track bookie operation at the tracks.

Brown, a former Chicago and Cook County sheriff's policeman, was hired in 1970 to replace Dave L. Pearson, who was fired during an investigation of hoodlum wagering at Illinois tracks. It was estimated that Illinois has lost more than \$4 million in track revenues because of the prevalence of illegal bookmaking at the tracks.

Leads to 2d Probe

The IRS investigation of mob infiltration at the tracks led to an investigation of the many influential Chicago politicians buying track stock at bargain prices.

MacArthur told THE TRIBUNE that he will ask the Illinois Bureau of Investigation to check the backgrounds and activities of any track employees who possibly have hoodlum connections.

Drinking Bet Is Fatal

Alain Chevillard, 25, bet a friend in Nantes, France, that he could drink more than one and a half pints of alcohol without stopping. He won his bet—but died shortly afterwards in an alcoholic coma.

(This was on same page. An alcohol gamble lost)

"Show Me One Person That Gambling Has Made into a Better Person."

226. ECONOMIC COST OF CRIME, BY COMPONENTS OF COST: 1965
(In millions of dollars. Estimates for year ending June 30)

COMPONENT	Cost	COMPONENT	Cost
Total	20,980	Illegal goods and services	8,075
Crimes against person ¹	815	Gambling.....	7,000
Homicide.....	750	Narcotics.....	350
Assault and other.....	65	Loan-sharking.....	350
Crimes against property ²	3,352	Prostitution.....	225
Commercial theft unreported.....	1,400	Alcohol.....	150
Fraud.....	1,350	Enforcement and Justice	4,212
Robbery, burglary, larceny (\$50 and over), auto theft.....	600	Police.....	2,792
Embezzlement.....	200	Corrections.....	1,034
Forgery and other.....	82	Courts.....	261
Arson and vandalism.....	300	Prosecution and defense.....	135
Other crimes	2,036	Private costs related to crime	1,910
Driving while intoxicated.....	1,818	Prevention services.....	1,350
Abortion.....	120	Insurance.....	300
Tax fraud.....	100	Prevention equipment.....	200
		Counsel, bail, witness expenses.....	60

¹ Loss of earnings, etc. ² Transfers and losses.

Source: Executive Office of the President, The President's Commission on Law Enforcement and Administration of Justice; *The Challenge of Crime in a Free Society*, 1967.

TOTAL ECONOMIC COST OF CRIME \$20.98
BILLION FOR ONE YEAR

If Kansas had its share of legal gambling, it would be the economic cost of crime from such would be \$70 million yearly. (We have 1% of the nation's population, and 1% of \$7 billion is \$70 million) The Kansas worker, the Kansas businessman, the Kansas home, the Kansas economy is dollars ahead without legalized gambling.

Legal gambling increases the amount of illegal gambling. The legal daily lottery in New Jersey is used by the illegal numbers racket to increase their take. The legal racetrack is used by the illegal bookie for his payoff. Because there is no take for the state or for the legal gambling operation, the payoff from the illegal operation is greater. And since the winner is unknown, income tax is not paid on any winnings. Legal gambling brings nothing but additional problems, since it greatly increases the amount of gambling, both legal and illegal.

"WHERE THERE IS GAMBLING, THERE'S ORGANIZED CRIME," said Peter Maas, author of "The Valachi Papers," a probe into the activities of the Cosa Nostra. (Front page of The Wichita Eagle on January 14, 1971)

THE DALLAS TIMES HERALD

6-8... DALLAS, TEXAS, THURSDAY EVENING, MAY 2, 1963

Editorials

Thoughts on a Lottery

To those of us who think of New Hampshire as part of the stern and rock-bound New England which the Puritans created, it comes as a shock.

For New Hampshire to set up a state sweepstakes seems to dispute everything ever written about the region. In the words of Bernard De Voto, "New England is a finished place . . . It is the first American section to be finished, to achieve stability in the conditions of its life. It is the first old civilization, the first permanent civilization in America."

New Hampshire needs money, the officials say.

Every state does—and the small ones feel the squeeze particularly hard because this is not the age of smallness.

But history has valuable lessons for those who would dabble with luck as a means of making a living—on either side of the table. All lottery, all gambling is based on the twinkling fantasy that heaven can be had on a sight-draft.

Easy money is sterile money, at best. Scandal is its consort and graft is its family retainer. Lottery as a state business is the mark of immature culture—a public announcement of a childish belief that fairy tales come true.

Somehow, in the workings of economic law, lottery dollars seem to lose more fat than any other kind; just as gambling bonanzas never quite bring the state coffers as much percentage as everyone predicted.

Visions of a tax-free climate dance like sugar plum fairies in the heads of those who buy the idea that every state is a potential Monte Carlo. It's never the case. Someone always skims off the cream as soon as the old cow turns it loose. Commissioners draw Hollywood-sized salaries; minor officialdom (set to watching the watchers who are watching the commissions) soaks up revenue—on and off the books—like Sahara sand absorbs a summer shower.

What graft doesn't take, the underworld finds a way to get its hands on. Show us one example where it is not so.

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