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GAMBLING IN PERSPECTIVE

A REVIEW OF THE WRITTEN HISTORY OF GAMBLING AND AN  
ASSESSMENT OF ITS EFFECT ON MODERN AMERICAN SOCIETY

COMMISSION ON THE REVIEW OF THE NATIONAL POLICY  
TOWARD GAMBLING

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**PRICES SUBJECT TO CHANGE**

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## INTRODUCTION

Gambling in one form or another was as traditional in early America as the spelling bee or barn-raising. The first settlers brought their love of games with them and found that the Indians had invented some of their own. In the nonaristocratic society that developed, with the dollar as status symbol, the climate was ripe for wagering.

The written evidence suggests that for all its popularity, gambling has been misunderstood in this country. The literature itself is partly at fault, for until very recently it has treated the subject superficially, either by romanticizing its glories or preaching against its immorality. But books merely mirror thought. The underlying cause of confusion is the failure to address gambling per se, and instead to attack the abuses of antigambling laws, to cite the economic advantages of State sanctions, or to argue the moral question.

An almost casual treatment of gambling by authors until about 1950 tended to engender absolutes--acceptance or rejection. There was also a general inclination to consider gambling as a single activity, with little recognition of its diverse forms and various effects.

Most of the literature emphasized the picturesque aspects of gambling. The usual setting was appropriately romantic--the rugged frontier or the commercial center during periods of bustling industrialization. The consequence was to see gambling only as a backdrop to the panorama of progress, and while historic perspective is desirable, it was achieved at the expense of a clear focus on gambling itself.

Gambling laws passed by the States have generally been based on moral bias and reaction to criminal abuses, but sustained opposition to gambling itself has lacked broad support, which may account in part for the failure of some local police agencies to enforce the laws. The other form of gambling legislation--legalization of certain games--has been prompted by the desire of government to raise revenues, but historically these laws have foundered on some distortion of their original intent, thus opening the way to repeal.

With respect to legalization, there appears from recently published studies to be a different climate today from the one reflected in traditional literature. First, the options are open to a variety of legal games, whereas past consideration has been generally restricted to lotteries and parimutuel betting. Second, there has developed a more realistic sense of the impracticality of many antigambling laws based on their historic unenforceability. But the most important change is the current tendency to examine gambling on its own terms, rather than as an accessory to such issues as corruption or fiscal integrity.

The report that follows is based on a selective search of gambling literature, drawn from some 2,000 books in a collection at the University of Nevada, Las Vegas. As such, it contains no conclusions except those of the authors of those books, and the only assessments it attempts are limited to the literature. The purpose of the report is to establish a point of departure for further research into the complex subject of gambling, on the theory that an essential element of successful study is an awareness of how little is really known.

PART I

A HISTORY TO 1930

## ANCIENT ORIGINS

The devil, perhaps, was the first player (gamester), and contrived it for the express purpose of affording temporary amusement to his beloved subjects, who have transmitted it to their fellows to this present day.<sup>1</sup>

Although historical records indicate that gambling was practiced at least as early as 4,000 years ago, specific and detailed knowledge of gambling practices through the ages is scant. From the records that do exist, however, it can be surmised that gambling was as popular, and as controversial, an activity in ancient times as it is today.

The first records of gambling are Chinese, circa 2300 B.C. A gaming board used by Chaldean tribesmen 2,000 years before the birth of Christ was recovered in excavations of the city of Ur. Gambling was legalized and taxed in India during the reign of Chandragupta, from 321 to 296 B.C. Egyptians played tau, the Game of Robbers, and one of the Ptolemys let chance decide the fate of subjects who had committed a crime.<sup>2</sup>

Gambling flourished in ancient Greece, even though it was against the law, and history credits the Greeks with having been skillful gamblers. Aristotle considered all gamblers to be akin to thieves and robbers. In Greek mythology it is said that Mercury, in love with the earth and wanting to give her more light, gambled with the moon and won every seventieth part, or 5 days. Plutarch wrote that dice games were popular in Persia under King Artaxerxes, and he recorded the queen's plot to avenge the death of a beloved son. By cleverly engaging the king in a game she could win by cheating, she won Artaxerxes' favorite slave, the murderer of her son, and had him painfully tortured to death.

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<sup>1</sup>Persius, Charles, Rouge et noir, the Academicians of 1823; or, the Greeks of the Palais Royal, and Bulbs of St. James's, Lawler and Quick, London, 1823, p. 55.

<sup>2</sup>Primary sources for this section are: Ashton, John, The History of Gambling in England, Patterson Smith, Montclair, N.J., 1969; Steinmetz, Andrew, The Gaming Table: Its Votaries and Victims, in all times and countries, especially in England and France, Patterson Smith, Montclair, N.J., 1969, 2 vols.; Quinn, John Philip, Fools of Fortune or Gambling and Gamblers, comprehending a history of the vice in ancient and modern times, and in both hemispheres; an exposition of its alarming prevalence and destructive effects; with an unreserved and exhaustive disclosure of such frauds, tricks and devices as are practiced by "professional" gamblers, "confidence men" and "bunko steerers," G.L. Howe and Co., Chicago, 1890; and Starkey, Lycurgus Monroe, Jr., Money, Mania, and Morals; the Churches and Gambling, Abingdon Press, Nashville, 1964.

The emperors of Rome--Augustus, Caligula, Claudius, Nero--were avid gamblers, although gaming was ostensibly forbidden during their reigns. Loaded dice were discovered in the ruins of Pompeii, and the Romans are known to have played a form of lottery as dinner entertainment. The most common early gambling seems to have been done with dice crafted from the knuckle bones of goats or sheep.

The Old Testament contains references to the drawing of lots to determine God's will, which had direct bearing on the tossing of Jonah into the sea and the division of ancient Israel among 12 tribes. There are numerous allusions to gambling in the Talmud, to the effect that a thief and a dice player are one and the same. The sin of gaming--as well as its popularity--are reflected in many proverbs in the Koran.

Gambling was forbidden to early Christians, but an evasion of the code continued for centuries, extending often to the clergy itself. Constantinople, the seat of the Church, was also the 13th century gambling capital of the world. Cardinal Raffaello Piaro won 14,000 ducats from the son of Pope Innocent VIII, and Leo X was a compulsive cardplayer. On the other hand, a Christian burial was denied to cardplayers under Charlemagne, and early French law deprived them of the right to Holy Communion.

It is possible that the first public lottery was held in the French town of L'Ecluse in 1420 to raise funds for fortifications, although lotteries were also common in 15th century Italy. Cards first appeared in England and France in the 13th century, having originated, it is believed, in the Far East and been carried westward by gypsies. A wide choice of gambling was available in medieval England, and under Richard I, detailed rules were published on who could gamble for what.

## 16TH TO 19TH CENTURY EUROPE

Even if gambling were altogether an evil, still, on account of the very large number of people who play, it would seem to be a natural evil. For that very reason it ought to be discussed by a medical doctor like one of the incurable diseases.<sup>3</sup>

(Gerolamo Cardano)

The birth of Gerolamo Cardano, the gambling scholar, marked the beginning of a period of three centuries during which gambling pervaded the lives and times of monarchs and subjects, aristocrats and commoners. Although religious and moral opposition was unrestrained, and laws changed rapidly, all forms of wagering flourished until widespread abuses brought about stricter control in the 1800's.

Cardano was a Renaissance man--a physician who "did not believe in the infallibility of the classical theories of Hippocrates and Galen and...rebelled against the authority of Aristotle."<sup>4</sup> Cardano had an obsession for gambling and admitted that dicing and cardplaying were daily diversions that took their toll in time, money, and reputation.

Cardano's book on probability--Liber de Ludo Aleae, or "The Book on Games of Chance,"--is described by Darrell W. Bolen, a modern psychiatrist and noted specialist on gambling habits, as "the first 'how to' handbook of gambling." Bolen stated that, "It is a matter of historical controversy whether Cardano or Réné Pascal is to be considered the true 'Father of Probability Theory.'"<sup>5</sup>

During this period, games of chance proliferated in both France and England.<sup>6</sup> French kings were inveterate players: Henry III established card and dice rooms at the Louvre and lost heavily; Henry IV could not

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<sup>3</sup>Ore, Oystein, Cardano, the Gambling Scholar, with a translation from the Latin of Cardano's Book on Games of Chance, by Sydney Henry Gould, Princeton University Press, Princeton, N.J., 1953, p. frontispiece.

<sup>4</sup>Ibid., p. 47.

<sup>5</sup>Bolen, Darrell W., "Gambling: Historical Highlights, Trends, and Their Implications for Contemporary Society," a paper presented at the First Annual Conference on Gambling, Las Vegas, June 1974, p. 3.

<sup>6</sup>Primary sources for sections on France and England are: op. cit. Ashton, Persius, Cotton, Steinmetz and Quinn, and Sergeant, Philip Walsingham, Gamblers All, Hutchinson, London, 1931.

abide losing, so to save their heads his opponents arranged to please him; Louis XIII tried in vain to suppress gambling, but Louis XIV let it run rampant, especially among the populace.

French nobility played for large stakes--the Duchess of Berry, for example, once lost 1,700,000 livres (French pounds) in a night of faro.<sup>7</sup> Faro losses were so great that the game was banned in 1691. It was revived later under the regency of the Duc d'Orléans, and credit for its reinstatement was due in large measure to the efforts of John Law, a Scotsman with a reputation as a consistent winner and notorious cheat. Law's faro bank in Paris earned him 67,000 pounds before he was ordered to leave the country in 1715.

Gambling is estimated to have grossed from 15 to 20 million francs a year, more than half of which was operators' profit. In 1775, however, the Paris gambling houses were licensed, and the revenue was contributed to hospitals.<sup>8</sup>

Although the British invented many of their own games of chance, they frequently were victims of their French neighbors, whose gambling influence extended far beyond the French borders. During the rule of Cromwell, many British royalists fled to France and later returned with newly acquired gambling habits.

At first only the British aristocracy wagered, but gaming eventually became popular among the lower classes as well. Both honest and dishonest practices were tolerated, and there is little evidence of public pressure for enforcement of the antigambling laws that were enacted from time to time.

Henry VIII was an ardent bettor who violated his own antigambling laws; so was his daughter Elizabeth. Cromwell's puritanism was a deterrent to gambling, but with the Restoration came the heyday of gambling in England and a gambling craze that affected all Europe. An ability to gamble was one test of a gentleman, for it was the recognized entertainment of the court along with dancing and the theater.

Faro was popular during the reigns of Charles II, William and Mary, George I, and George II. George III did not favor gambling, but he made little attempt to control it, and his son, the future George IV, was a heavy gambler said to have lost 800,000 pounds before reaching his 21st birthday. His uncle, the Duke of Cumberland, conducted a faro bank in his home.

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<sup>7</sup>Faro is a banking game in which players bet on cards drawn from a dealing box.

<sup>8</sup>Op. cit., Quinn.

In the 18th century, gambling was the sport of noblemen and respected parliamentarians, men like Lord Carlisle, Lord Chesterfield, and Lord Pitt the Elder. Horace Walpole, son of Britain's first prime minister and a writer who died at age 80 in 1797, portrayed the gamester of his day:

Nor were the manners of the gamesters, or even their dresses for play, undeserving of mention. They began by pulling off their embroidered clothes, and put on frieze greatcoats, or turned their coats inside out for luck. They put on pieces of leather (such as is worn by footmen when they clean knives) to save their lace ruffles; and to guard their eyes from the light, and to prevent tumbling their hair, wore high-crowned straw hats with broad brims, and adorned with flowers and ribbons and masks to conceal their emotions when they played....<sup>9</sup>

Perhaps the most renowned of the gambling aristocrats was the Duke of Queensberry, also known as Lord March, who was described by William Thackeray in The Virginians:

My Lord March has not one devil but several devils. He loves gambling, he loves horse-racing, he loves betting, he loves drinking, he loves eating, he loves money, he loves women; and you have fallen into bad company, Mr. Harrington, when you lighted on his lordship. He will play you for every acre you have in Virginia.<sup>10</sup>

Although horseracing was Queensberry's passion, he was willing to wager on anything, but he never bet with someone unlikely to pay his losses. At his death, Queensberry left an estate of more than one million pounds.

Charles James Fox, a member of Parliament and three times foreign minister, was ultimately destroyed by excessive gambling. He frequented Almacks, the house where the highest stakes were played, and as he usually lost, he was always in debt to usurers. He died penniless in 1806.

George Bryan (Beau) Brummell, a favorite of the Prince of Wales (who became George IV in 1820) is best known for his elaborate tailoring and elegant ways. Later in life, Brummell became a heavy gambler (and loser). He believed his ill fortune was caused by the loss of a lucky sixpence with a hole in it.

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<sup>9</sup>Tenenbaum, Samuel, The Incredible Beau Brummell, A.S. Barnes and Co., New York, 1967, p. 167.

<sup>10</sup>As quoted in Blyth, Henry, Old Q, the Rake of Picadilly: a Biography of the Fourth Duke of Queensberry, Weidenfeld & Weidenfeld, London, 1967, p. 53.

London's West End had many seamy dens where the games were open to all who were not deterred by the inevitability of losing. A Select Committee of Parliament concluded after an investigation in 1808 that gambling was rampant and vicious.

The fact is our public institutions and schools, city offices and workshops, mills and mines, factories and fashionable resorts have been so completely captured by gambling that it seems almost impossible for the young worker to escape its abuses and temptations.<sup>11</sup>

The literature of the period contains numerous references to gambling, including the works of Shakespeare, Alexander Pope, and Samuel Johnson. Gambling also was responsible for many additions to the English language: harpers, rooks, huffs, hectors, settlers, gilts, pads, biters, divers, lifters, nickers, and wolves were terms for cheaters; bubbles, puffs, and pigeons were the victims.

#### THE EARLY ENGLISH LOTTERIES

A lottery is properly a tax upon unfortunate self-conceited fools. The world abounds in such fools; it is not fit that every man that will may cheat every man that would be cheated. Rather it is ordained that the Sovereign should have guard of these fools, even as in the case of lunatics and idiots.<sup>12</sup>

(Sir William Petty)

The lottery, introduced in 1566, was the original form of widespread gambling in England. To increase participation, representatives of the Crown traveled throughout the land encouraging, sometimes with force, both institutions and individuals to buy lottery tickets. For a short time, ticketholders were offered immunity from prosecution for all but major crimes.

Successful lotteries were held in 1627, 1631, and 1689 to fund a water system for the city of London. The British Museum was first financed by a lottery, and under William and Mary, the first groom-porter,<sup>13</sup>

<sup>11</sup>Glass, James, Gambling and Religion, Longmans and Green, London, 1924, p. 12.

<sup>12</sup>As quoted in Ezell, John Samuel, Fortune's Merry Wheel; the Lottery in America, Harvard University Press, Cambridge, 1960, p. 1.

<sup>13</sup>The groom-porter was an officer of the court in charge of all English gambling.

Thomas Neale, ran lotteries on the side so successfully that he was asked to apply his talents on behalf of the Crown.

Neale's first lottery was successful largely because it resembled a modern bond issue more than a lottery. A ticket cost 10 pounds, but even if it drew a blank, the holder was paid a pound a year for 16 years. In effect, the losing ticketholder had made the government a long-term loan and was being paid back with interest.

In 1699, the lottery was banned because it had led to fraud, as in the case of an "insurance" game in which a player could bet that a certain number, often one that did not exist, would be drawn on a given day. This forerunner of the numbers racket was particularly attractive to the poor--those least able to afford it. Other frauds involved the selling of numbers already drawn and the forging of tickets. The state lottery was reinstated in 1710, and in 1739 a stiff Gaming Act was passed to eliminate all sideline activities.

For a time, the odds of winning on the state lottery were high, but in 1769 the government ended its policy of paying annuities to almost all players, thereby causing the lotteries to become high-risk gambles.

From 1694 to 1826, when the lottery was finally abandoned, the government's take<sup>14</sup> was at least 35 million pounds, not including postal fees and other indirect income. But the abuses were uncontrollable, and by the time of the final offering the public was not interested enough to buy it out.

In 1776, Adam Smith wrote a fitting epitaph to the English lottery:

The chance of gain is by every man more or less overvalued, and the chance of loss is by most men undervalued...That the chance of gain is naturally overvalued, we may learn from the universal success of lotteries. The world neither ever saw or ever will see a 'perfectly fair lottery; or one in which the whole gain compensated the whole loss....'<sup>15</sup>

#### BETTING ON HORSES

Horseracing originated as a gentleman's sport, and its purpose was the pleasure of victory or a breeder's assurance that his stock

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<sup>14</sup>In gambling parlance, the "take" is the profits of a banking game or gambling operation.

<sup>15</sup>Smith, Adam, An Inquiry Into the Nature and Causes of the Wealth of Nations, as quoted in Ezell, op. cit., p. 79.

was good. It was not long, however, before horseracing became the foremost gambling sport.

The first official track was Newmarket, established by Charles II in 1667. It soon became a gambling center.

Newmarket was a wily labyrinth of loss and gain, a fruitful field for the display of gambling activities, the school of the sharpening crew, the academy of the Greeks, the unfathomable gulf that absorbed princely fortunes...the turf to them [the gamblers] is but a wider and more vicious sort of tapis vert--the racing but the rolling of balls--the horses but animated dice.<sup>16</sup>

Cheating at the races was common--in the form of substituting ringers,<sup>17</sup> bribing jockeys, and forcing a horse to perform poorly to increase future odds. The most notorious of the cheaters were the ever-present sharpers who not only rigged the races, but were ready for any con game the player wanted. The most prevalent was thimblerigging, in which the victim tried to pick the cup that hid the pea.

#### THE GAMBLING DENS AND CLUBS

The tracks were not the only centers of fraud. Gambling houses were established in most large English cities. The most popular games were faro (which was banned by Parliament in 1738 for being too vicious, but revived at the end of the century), roulette (called the "prompt murderer," able to break the Bank of England in 24 hours), and hazard (which gave sharpers an easy way of fleecing their victims).

The gambling dens were illegal, but their existence was protected by lax law enforcement and graft. For extra protection, the proprietors hired watchmen, barred their windows, and bolted their doors. Often they operated restaurants or saloons as fronts, and the route to the gaming room was circuitous.

White's, Almack's, Crockford's, and Cavendish were exclusive clubs that catered to the wealthy. They were exquisitely furnished, their wine cellars rivaled the best in France, the food was excellent. Despite these amenities, the clubs lived up to their reputation as "gold and silver hells." According to the writer, Anthony Sampson, they "...had a

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<sup>16</sup>Op. cit., Steinmetz, p. 364.

<sup>17</sup>A "ringer" is a horse run in a race under another horse's name.

desperate fascination for the nobleman arriving in London from quiet country seats. During the Regency, with the sanction of the Prince Regent himself, gambling reached its climax.<sup>18</sup>

#### THE OUTSPOKEN OPPOSITION

From the pulpit and in many forums the opponents of gambling made their feelings known throughout this period of permissiveness.

Gaming is an enchanting witchery, gotten betwixt idleness and avarice: an itching disease, that makes some scratch the head, whilst others, as if they were bitten by a Tarantula, are laughing themselves to death: or lastly, it is a paralytical distemper, which seizing the arm that man cannot chuse but shake his elbow... it renders a man incapable of prosecuting any serious action, and makes him always unsatisfied with his own condition...till he has lost sight of both sense and reason.<sup>19</sup>

Andrew Steinmetz, a gambling historian of this period, stated that suicides; duels; destruction of homes; women married for money, impoverished, and then discarded; crimes; and merchants' funds gambled away by their employees were not uncommon occurrences where gambling was concerned. Lycurgus Monroe Starkey described England as "...an open sore of gin and gambling in the eighteenth century."<sup>20</sup> Sir William Blackstone wrote that it was "...a kind of tacit confession that the company engaged therein do in general exceed the bounds of their respective fortunes; and therefore they cast lots to determine upon whom the ruin shall at present fall, that the rest may be saved a little longer."<sup>21</sup>

In 1824, a book was published that told of the "fatal effects of gambling exemplified in the murder of William Weare and the trial and fate of John Thurtell, the murderer." The book is described on the title page as "a comment on the extraordinary circumstances...in which gambling is proved to be the source of forgery, robbery, murder and general

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<sup>18</sup>Op. cit., Tenenbaum, p. 169.

<sup>19</sup>Cotton, Charles, Games and Gamesters of the Restoration: The Compleat Gamester, 1674, and Theophilus Lucas, Lives of the Gamesters, 1714, Kennikat Press, London, 1930, p. 1.

<sup>20</sup>Op. cit., Starkey, p. 38.

<sup>21</sup>Op. cit., Quinn, p. 68.

demoralization."<sup>22</sup> Published along with the account of Weare's murder was The Gambler's Scourge, "a complete exposé of the whole system of gambling in the metropolis."

Of all the disgraceful scenes which deform the metropolis, the most vicious and ruinous is that of the fashionable hells, or rouge et noir gambling; and it is matter of astonishment and reproach, that they have yet remained undisturbed by the law, and hitherto unnoticed by the public press. At this time a large number of these sinks of iniquity are open for the purposes of fraud and seduction in noonday, and not a few profane the sabbath by their diabolical and sinful purpose.<sup>23</sup>

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<sup>22</sup>A Narrative of the Mysterious and Dreadful Murder of M. W. Weare, containing the examination before the magistrates, the Coroner's inquest, the confession of Hunt, and other particulars previous to the trial, collected from the best sources of intelligence, with anecdotes of Weare, Thurtell, Hunt, Probert, and others; and a full report of the trial, and subsequent execution at Hertford, J. McGowan, London, 1824.

<sup>23</sup>Ibid., p. 345.

## GAMBLING IN AMERICA FROM COLONIAL TO FRONTIER TIMES

Gambling in the New World was introduced by Spanish, French, and English settlers, although the Indians played some primitive games before the Europeans arrived.<sup>24</sup> In Play the Devil; A History of Gambling in the United States from 1492 to 1955, Henry Chafetz described the gaming activities.

The first card game, in the modern sense, on this continent was probably played by the conquistadors under Cortez. Montezuma, while held as a hostage, showed great interest in watching his Spanish captors gamble with cards. The early colonists along the Atlantic seaboard imported their card games, but the Indians had similar forms of gambling with straws and sticks. William Strachey in a history of Virginia said the Indians "use a game upon rushes much like primero, wherein they card and discard, and lay a stake, too....They will play at this for their bows and arrows, their copper heads, hatchets and their leather coats."<sup>25</sup>

Chafetz describes the reaction of a Jesuit explorer, Pierre Francois Xavier de Charlevoix, to the gambling habits of the Hurons:

At this (game of the dish of which these people are fondest) they sometimes lose their rest and in some measure their reason. At this game they hazard all they possess, and many do not leave till they are almost stripped quite naked and till they have lost all they have in their cabins. Some have been known to stake their liberty for a time, which fully proves their passion for this game....<sup>26</sup>

The colonists also introduced to America the moral and legal debates over gambling that were raging in Europe. In the southern colonies, where many of the settlers were aristocrats, gambling was deemed acceptable, and

<sup>24</sup>primary sources for this section are: op. cit., Ezell and Quinn; Bender, Eric J., Tickets to Fortune; the story of sweepstakes, lotteries, and contests, Modern Age Books, New York, 1938; Asbury, Herbert, Sucker's Progress; an informal history of gambling in America from the colonies to Canfield, Dodd, Mead and Co., New York, 1938; and Chafetz, Henry, Play the Devil; A History of Gambling in the United States from 1492 to 1955, C. N. Potter, New York, 1960.

<sup>25</sup>Op. cit., Chafetz, p. 10.

<sup>26</sup>Ibid., p. 11.

the few gambling laws that existed were not strict. One law passed by the Virginia Assembly in 1624 stated that "Mynisters shall not give themselves to excess in drinking or yette spend their tyme idelie by day or by night, playing at dice, cards or any unlawful game."<sup>27</sup>

In New England, the Puritans were sternly opposed to gambling "not so much on moral grounds," according to Lycurgus Monroe Starkey, "as upon its rivalry of God's powers."<sup>28</sup> Chafetz quotes Cotton Mather's statement of general disapproval:

...lots, being mentioned in the sacred oracles of Scripture as used only in weighty cases and as an acknowledgement of God sitting in judgment...cannot be made the tools and parts of our common sports without, at least, such an appearance of evil as is forbidden in the word of God.<sup>29</sup>

A severe antigambling law was passed within 10 years of the landing of the Mayflower. Specific bans of lotteries, dice, and cards were passed in Massachusetts and Connecticut in the 1670's. Undergraduates at Harvard College caught playing cards were fined heavily--about twice the amount for profane cursing.

Horse racing was popular in the early South. Chafetz reports many tracks were built by 1700, the best of them claimed by Virginia.

The racing sessions at Williamsburg, Annapolis, Alexandria, and Fredericksburg were country-wide attractions. George Washington was a steward of the Alexandria Jockey Club and often ran his horses there and at Annapolis. At the time it was the sole right of the gentry not only to enter horses in a race but also to bet on the outcome....<sup>30</sup>

Although the first thoroughbreds were imported to Virginia, the settlers of South Carolina took pride in their racing stock. Chafetz writes, "...Charlestonians were willing to match pride, purses, and horses with them and for more than a century devoted themselves to breeding and training horses that would outrace Virginia's."<sup>31</sup> The first jockey club was established in Charleston in 1735, 15 years ahead of its famous London counterpart.

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<sup>27</sup>Ibid., p. 13.

<sup>28</sup>Op. cit., Starkey, p. 39.

<sup>29</sup>Op. cit., Chafetz, p. 14 (Note: Cotton Mather was an American Puritan theologian.)

<sup>30</sup>Op. cit., Chafetz, p. 16.

<sup>31</sup>Ibid., p. 188.

New York became a center of gambling activity after the Dutch left, and horseracing was among the diversions enjoyed there, along with bull-baiting and cockfighting. An initial act of Colonel Nicolls, the first English governor, was "...to order that part of the Salisbury Plains (now Garden City, Long Island) be converted into a racetrack. It was called Newmarket, and the first American race for a stake was run there in 1666."<sup>32</sup>

#### THE LOTTERY IN AMERICA

Lotteries played a significant part in the economic development of the New World from the time of their introduction in the colonies to the height of their popularity in the early 1800's.

Although it is difficult to support Chafetz' claim that the colonies were "floated on lotteries," there is evidence that at a time when cash was in short supply the lottery was a logical device for raising funds. The early lottery also was a land sales device. Few early settlers could afford to buy property, and some were willing to buy a ticket on the chance of winning it. In 1612, King James I granted permission for a lottery that would be held in England with the proceeds going to the colonies.

In America, the lottery was a constant source of confusion and controversy. On the one hand, it was considered a form of voluntary taxation, a sound source of revenue, and for this reason it was generally supported by citizens and by most churches. But the practice was abused and used for private gain, merchants complained of the unfair competition, and advocates of the people felt the lottery preyed on the poor. Consequently, all lotteries except those authorized by the legislature were banned in Massachusetts in 1719; New York and Connecticut followed suit in 1721 and 1728 respectively. In 1728, the city government of Philadelphia ruled against a proposed private profitmaking scheme, and a law was passed in New York in 1747 to eliminate "pernicious consequences to the public by encouraging members of labouring people to assemble at taverns where such lotteries are usually set on foot and drawn."<sup>33</sup>

The first effective antilottery law was not passed in Pennsylvania until 1762, and lotteries were operating in Virginia until 1769. Moreover, the laws did not affect public-spirited citizens who petitioned the government for the right to hold an authorized lottery. Massachusetts had one in 1744. In 1748, Benjamin Franklin sponsored a drawing in Philadelphia, the proceeds of which were designated to buy cannons to

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<sup>32</sup>Ibid., p. 18.

<sup>33</sup>Ibid., p. 21.

defend the city. In 1762, in Boston, John Hancock put his influence behind a lottery effort to rebuild Faneuil Hall, which had been damaged by fire in 1761.

In the 1760's, Great Britain moved against lotteries in America on the grounds that the colonies were not sufficiently stable to regulate them and that they promoted idleness, conflicted with regular commerce, and upset colonial finances. This opposition developed into an outright ban levied in 1769 against all but charter colonies like Virginia (which in the same year decided independently to abolish its lottery), except by special dispensation of Parliament. The Crown's opposition coincided with a rising disinterest on the part of the colonists themselves, who had little cash to spare for lotteries. By the time of the Revolution, the lottery was in temporary decline in America, but it had played an important role in colonial economic development.

Undoubtedly lotteries made an important contribution to colonial finances, providing a means of collecting funds for projects too costly for the local governments or too large for private parties to handle unaided....<sup>34</sup>

#### The Lottery After Independence

Following the Revolutionary War, the States needed a method of raising funds to meet their new financial obligations. Taxation was both unpopular and inadequate, and the bond issue was still to be discovered as a method of public financing. As Ezell explains, "...the lottery many times seemed to be the only recourse."<sup>35</sup>

Between 1790 and 1860, 24 of 33 States had financed internal improvements by lottery, and for a total of 287 lottery authorizations, an estimated \$32 million had been raised. The proceeds were used to build transportation and communications facilities and to support orphanages, hospitals, and other humanitarian endeavors. Private organizations such as the Rhode Island Historical Society, the Redwood Library of Newport, the Order of Masons, and various churches also were lottery beneficiaries. Georgia once used the lottery to distribute land, and in Louisiana any resident could sell property by lottery provided the State appraised it and collected a 2-percent tax.

A number of prominent universities, such as Harvard, Columbia, and Brown, were partly financed by lotteries, as were many primary and secondary schools. From 1790 to the Civil War, according to one historian, 23 States had authorized educational lotteries; 47 colleges

<sup>34</sup>Op. cit., Ezell, p. 53.

<sup>35</sup>Ibid., p. 69.

and 300 lower schools were the beneficiaries. In 1809, the total lottery sales, including fees, for the Nation exceeded \$66 million--five times the annual expenses of the Federal Government during that period.<sup>36</sup>

Among the largest American businesses in the first half of the 19th century were lottery management companies, some of which had hundreds of employees. Sometimes these companies would approach a potential beneficiary and offer to manage a lottery for a fee of anywhere from 5 to 25 percent. Customers were enticed to buy tickets on installment, rent them, or purchase fractions of them. These lottery companies, in Ezell's view, were the genesis of big business in America, and their promotional and management techniques were later applied to major U.S. corporations. They were also the progenitors of banks and brokerage houses: both the First National Bank of New York and Chase Manhattan Bank were founded by former lottery managers.

Lotteries retained their popularity through the 1830's, but after that began to decline due in part to adverse economic conditions. But in the end it was public opinion that put an end to the lotteries for the remainder of the 19th century and well into the 20th century. Revelations of fraudulent lottery practices made the public wary of the operators, and this factor coincided with a growing public sentiment that lotteries were immoral.

In 1833, Job Roberts Tyson presented a report to a meeting of Philadelphia citizens opposed to lotteries. It enumerated these arguments:

- Lotteries were not a good source of government revenue because they put many workers on relief.
- Fraud was rampant, as in the case of the Union Canal lottery, which took in \$5,313,056 against an authorized \$540,000.
- Lotteries were more pernicious than gambling halls because they were more available to the general public.
- Even the winners of lotteries were losers because they were unable to cope with sudden wealth.
- Lotteries were a disguised form of gambling, luring victims by the appearance of fostering good causes.<sup>37</sup>

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<sup>36</sup>Op. cit., Asbury, Sucker's Progress, pp. 77-78.

<sup>37</sup>Tyson, Job Roberts, A Brief Survey of the Great Extent and Evil Tendencies of the Lottery System, as existing in the United States, W. Brown, Philadelphia, 1833, p. 11.

The District of Columbia is believed to have been the first government to ban lotteries. In 1793, the city commissioners were authorized by the Federal Government to raise funds for building, and the grand prize was to be a hotel built from the proceeds. The project was destined to fail from the outset and the city commissioners were so embittered by the experience that they banned lotteries "forever."

A problem for the antilottery forces was that not every State passed equally restrictive legislation. As long as lotteries were allowed in one State, the tickets could be sold in others, albeit illegally. By 1830, however, the reform movement had gained momentum, and in the decade that followed most States passed abolition laws.

The pattern of lottery abolition generally coincided with that of other reforms. The antilottery drive was in line with the prevailing concept that man could and should better his condition. Although the drive was not the result of a national crisis, the Panic of 1837 probably hastened action in some states. The speed of the movement decreased with latitude, the South being the slowest to react. In all cases, however, abolition actions by a state always preceded that of the federal government. And though lacking the usual international connections, abolition could claim a religious motivation.<sup>38</sup>

In 1833, Pennsylvania became the first State to abolish lotteries, followed by Massachusetts and New York the same year. Other States followed suit, although Missouri, Kentucky, and Delaware held out until after the Civil War. The Louisiana Lottery was yet to appear and be exposed as the most scandalous of all, but as a 19th century American institution, the lottery was finished.

#### ORIGINAL GAMES AND GAMESTERS

Gambling after the war for independence was not limited to the lottery. In 1892, a reformed gambler named John Philip Quinn published a voluminous moralistic history of gambling in which he reasoned that a gambling mania was an intrinsic quality of the democratic system.

It may be questioned whether any other country on the globe affords a more striking illustration of the prevalence and the power of the gambling mania than does the great Republic of the North American Continent. Nor are the reasons far to seek. Hereditary titles of nobility are not recognized

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<sup>38</sup>Op. cit., Ezell, p. 204.

by the American constitution. In the general scramble for position and power, wealth counts for more in the United States than in any other land under the blue vaulted dome of Heaven.<sup>39</sup>

The gambling mania was most evident on the frontier--New Orleans, St. Louis, San Francisco, the Klondike--or wherever restless adventurers could be found. By the 1880's and 1890's, when there was no more new land to conquer, the gamblers had settled in the large cities, where pioneer energy and ingenuity were put to work building industrial empires.

Not many gambling games were invented in America, but the European imports were skillfully adapted to suit particular tastes, which often meant they were altered to give the professional an even greater advantage over the amateur. Most games originated in the South, especially in New Orleans, which was a wide-open gambling city until the Civil War.

Faro was the most popular game, although as Herbert Asbury wrote in Sucker's Progress, a history of gambling in America, it was "...a cheating business almost from the day of its invention."

The advantages thus given the dealer were so widely used that cheating soon became as much a part of Faro in America as a pack of cards. The fundamental fairness of the game made such a situation well-nigh inevitable.<sup>40</sup>

An extensive system of cheating at cards developed around faro, including such methods as the use of ropers and cappers to lure victims to a game. Many common idioms had their origins in faro; for example, keeping tabs--maintaining a printed record of the play; both ends against the middle--originated with a method of cheating by trimming the deck; and square deal--a square cornered pack of cards that made cheating more difficult. In 1822, a Virginia watchmaker invented a dealing box on which he painted a tiger for decoration. The box was intended to make cheating more difficult but it actually had the opposite effect, which gave rise to the term bucking the tiger, a colorful description of a faro player who takes on the house and a skillful dealer.

A noted early dealer was Elijah Skaggs, a Kentucky backwoods boy who arrived in Nashville at the time faro was being introduced by professionals from New Orleans. It took Skaggs little time to realize that a sharp dealer could control the game, and he set out to learn the tricks.

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<sup>39</sup>Op. cit., Quinn, p. 185.

<sup>40</sup>Op. cit., Asbury, Sucker's Progress, p. 13.

...and Skaggs retired to his room and drilled himself till he had mastered the trick, which seldom cost more than \$2000 and soon realized him \$50,000 or \$100,000. After this he traveled the country dealing faro. By the third decade of the nineteenth century he was a master of the art of fleecing.<sup>41</sup>

The American statesman, Henry Clay, was described by one writer as "one of the sharpest all time poker players of Kentucky." The American version of poker originated in New Orleans. It was an adaptation of an English game, brag, and a French game called poque (northern boatmen who had come to New Orleans down the Mississippi could not master the pronunciation).

In Sucker's Progress, Asbury credits the introduction of craps to Bernard de Marigny, a French aristocrat who migrated to Louisiana around 1800. Chafetz claims that Louis Phillippe, a Frenchman visiting Louisiana, taught the game to blacks, for whom it had a "wildfire popularity." Asbury and Chafetz agree craps was not widely adopted by whites until after the Civil War.

Confidence games often were practiced by itinerant gamblers. One such game was three-card monte, in which the victim is tricked into thinking he can pick a face card or ace from three cards that are being shuffled before his eyes. Another version of the same swindle was thimblerigging, in which the victim is asked to pick the cup that covers the pea.

Quinn describes the hierarchy of early gamblers. At the top were highly skilled faro dealers, called "mechanics" or "artists," who worked the first-class houses where the wealthy played for high stakes. Next were professionals of less skill who handled a variety of games at less exclusive casinos. At the lowest level were the thimbleriggers and other con artists.

The first gambling houses were built in New Orleans by John Davis, a man of society and culture who also brought the opera to that city. Davis called the gambling houses palaces of fortune, and they were appropriately decorated with ornate imported furnishings and handsome paintings. Gamblers from all over the country were attracted to New Orleans to play for high stakes and, often, heavy losses.

While Davis' palaces catered to the wealthy, most gamblers stayed in the Swamp, the underworld of New Orleans, so difficult to control that the police were forced to agree to a hands-off policy. The establishments in this area, according to Asbury,

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<sup>41</sup>Op. cit., Chafetz, pp. 52-53.

...were literally and figuratively stink-holes of creation--mazes of narrow streets and alleys teeming with gamblers, murderers, footpads, burglars, arsonists, pickpockets, prostitutes and pimps, and ruffians who would gouge out a man's eye or chew off his nose for the price of a drink... All [the dens] ran wide open twenty-four hours a day, brawling and debauchery of every description were virtually continuous, and murder was so common as to attract only passing attention...busily stirring the unholy mess were the gamblers; they financed the saloons, the brothels, and the taverns, had a finger in every unsavory pie cooked up in these dives, and ran gambling joints wherein they impartially fleeced the river men, stray suckers, and one another. For more than thirty years they dominated every underworld district on the Ohio and Mississippi Rivers from Pittsburg to New Orleans,...<sup>42</sup>

It was not long before gambling spread from New Orleans to other regions; it reached New York and Washington in the 1830's and 1840's and the West Coast in time for the gold rush of 1849. But the population centers along the great rivers like the Mississippi and the Ohio were the first stops along the routes of the migrant gamblers. The riverboat steaming northward from New Orleans is a traditional symbol of American gambling, but the riverboat's lasting influence as far as gambling is concerned is found in the cities where it docked.

On the riverboat itself, gambling was the territory of itinerant swindlers who made their living by preying on plantation owners, tradesmen, and vacationers. In the 1830's an estimated 1,500 riverboat gamblers were plying their trade. Usually they worked in pairs or in groups and their methods were elaborate. After selecting a likely victim from among the passengers, one of them, well dressed and posing as a man of culture, would engage the passenger in conversation, offer to buy him a drink, and eventually suggest a game, usually faro. Once engaged in play, the swindlers would employ a variety of devices to win, such as using hidden mirrors to reflect the victim's cards, rigged faro boxes, and marked cards.

The towns along the rivers were early gambling centers. With only 600 inhabitants when it was incorporated in 1833, Chicago had a large gambling colony, and by the late 1840's, it had more first-class gambling houses and big-time gamblers than either Cincinnati or St. Louis, which had twice the population of Chicago. Chicago's major gambling figure of

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<sup>42</sup>Op. cit., Asbury, Sucker's Progress, pp. 211-213.

the period was John Sears, a "thoroughly honest big-time professional gambler," who, when he was not gambling, "was likely to have his nose in a book of poetry."<sup>43</sup>

Cincinnati was the original home of the "wolf-trap," an establishment that leased facilities to professional faro dealers and other "wolves" for a percentage of their winnings. By most accounts the games were honest, but chip stealing and "dropping a bet"--adding chips on a winning card when the dealer's attention was elsewhere--were commonplace. The wolf-traps were favorite haunts of cutthroats and thieves who also were known to "bonnet" a dealer, that is cover his head with a blanket or a sack and make off with his money. Cincinnati for a short time in the 1840's was also considered the poker capital of the world, but in the 1850's, competition with the policy racket and the cost of graft drove the gamblers from the city.

Southern gambling suffered a serious setback in the 1830's, when the citizens of Vicksburg, Miss., decided that crime had gotten out of hand. Vicksburg had been a gambling capital, but it was not gambling per se that aroused the citizens' wrath. It was an underworld conspiracy in which gamblers participated, brought to a head by a specific plot to start an uprising of slaves that would divert attention from a planned sacking and burning of New Orleans, Mobile, Memphis, Vicksburg, and Natchez. John A. Murrel, a notorious bandit who organized The Clan of the Mystic Conspiracy to carry out the plan, was betrayed and jailed in 1834. On July 4, 1835, the day Murrel had designated for the uprising, isolated incidents involving the underworld in Memphis, Vicksburg, and Natchez made the citizens more determined than ever to drive out the gamblers. In Vicksburg, a notice was posted threatening to hang any gambler who had not departed the city by the next morning. The citizens made good their threat by executing five stragglers, and by July 7, the cleanup was complete.

Other cities such as Natchez, Cincinnati, and Baltimore followed the Vicksburg example. In New Orleans, a State law that was to be enforced for several years shut down the dens and banned all gambling.

The suppression of gambling in the South fostered its growth elsewhere, and at any rate it was not long before the gamblers began returning. The number of swindlers on the river between Louisville and New Orleans had reached 2,000 by 1840. Asbury describes the riverboat gambler of the 1840's and 1850's as "perhaps the gaudiest and most picturesque dresser of his day," compared to whom, "the New York dude, who flourished at the same time, was a veritable scarecrow."<sup>44</sup>

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<sup>43</sup>Op. cit., Chafetz, pp. 214-215.

<sup>44</sup>Op. cit., Asbury, Sucker's Progress, p. 233.

Itinerant gamblers also were found in rural towns and counties. They were called "peripatetic tricksters," and the most successful of them, Elijah Skaggs, turned one scheme into a million dollar business. "Skaggs Patent-Dealers" became a synonym for many types of fraud and dishonesty at the gaming table.<sup>45</sup>

In the mid 1840's, the Mexican-American War restored gambling fever to New Orleans, and the upsurge of interest was reinforced by the discovery of gold in the West. From 400 to 500 gambling houses were operating, and although most were second rate, a few better places, euphemistically called supper rooms, were gambling dens with a social atmosphere. On a visit to New Orleans, a Greek merchant lost a half million dollars, \$80,000 of it in one night.

#### GAMBLING IN THE BIG CITIES

The roots of gambling were planted deep in what were to become some of the country's major cities. For example:

- St. Louis was the commercial center of the Mississippi valley, the jumping off point for the western exodus, and the headquarters of many professional gamblers.
- In Minneapolis, the first fortune palace was opened in 1849 in a building owned by General Lucius Fairchild, former Secretary of State and later Governor of Minnesota.
- Indianapolis was the foremost midwestern gambling town of its size from 1855 to the 1870's.
- In Chicago, the election in 1857 of John Wentworth, a reform mayor, failed to prevent the city's greatest era of gambling, which began during the Civil War.

It is important to note, however, that most of the bustling centers of trade and commerce were really country towns until after the Civil War, and thus gambling remained an essentially rural pastime during the first half of the 19th century. From 1860 to 1900, gambling was transformed into an urban phenomenon. By 1890, the New Orleans Swamp was overshadowed by the gambling hells of New York and Chicago.

Washington's reputation as a gambling city was not long-lived, but as soon as the first Congress convened in 1800, professional gamblers invaded the capital. Gambling houses began opening in 1815, and by 1825, even though Congress had declared gambling illegal, there were approximately 12 operating houses. The most famous house, established

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<sup>45</sup>Op. cit., Chafetz, p. 53.

in 1832 by Edward Pendleton, black sheep member of an illustrious Virginia family, became a favorite meeting place of politicians and lobbyists.

High class gambling houses first appeared in New York in the early 1830's, and by 1835, they were well established. Swindlers, many of whom had fled vigilante terrorism in the South, roamed the streets in gangs, preying on victims in their usual way, but with one new technique--the use of a morphine injection to bolster a victim's courage.

Ocean racing was a popular sport, and according to Chafetz, hundreds of thousands of dollars were bet when the George Washington beat the Sheffield and the Columbus in a 17-day race to Liverpool in 1836. Hudson River steamboat racing and foot racing also were popular among spectators and bettors.

Even more popular than racing, according to Chafetz, was numbers, "the old American sucker swindle, 'policy,' under a new name...."<sup>46</sup> The policy king was Reuben Parsons, one of the most industrious gentlemen gamblers, who died a poor man in 1875 after losing at least one million dollars in the stock market.<sup>47</sup>

By 1850 there were an estimated 6,000 gambling houses in New York, or one for every 85 residents. Gambling had become so entrenched that the "day house," open from 11 a.m. to 6 p.m. or 7 p.m. on weekdays, did a thriving business in the financial district. There were two types of gambling houses in New York: one, indescribably filthy and abominable; the other, opulent and comfortable.<sup>48</sup>

The Herald called the New York of the 1850's "the greatest headquarters of the gamblers in this country," and Horace Greeley editorialized in the Tribune:

...not less than five millions of dollars are annually won from fools and shallow knaves, by blacklegs in this city alone; and that not less than one thousand young men are annually ruined by them. The money is mainly wasted on harlots, strong drink, and extravagant living. Gamblers are all libertines....there is no other vice so devastating in its consequences in proportion to the number addicted to it...our present laws are very defective, and our police either bribed or powerless.<sup>49</sup>

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<sup>46</sup>Ibid., p. 224.

<sup>47</sup>Ibid., p. 235.

<sup>48</sup>Op. cit., Asbury, Sucker's Progress, pp. 169 and 176.

<sup>49</sup>Ibid., pp. 162-164.

Asbury writes, "The only fly in the gamblers' ointment in New York before the Civil War was Jonathan H. Green, widely known as the Reformed Gambler, whose revelatory buzzing annoyed the sharpers for several years around 1850."<sup>50</sup> Green sought to expose gambling as "...a sin of the deepest dye--one that strikes at the root of every good and virtuous feeling known to our nature;" and the gambler as "a man...without respectability or real friends, a sort of highwayman, whose hand is against every man who possesses money; a complete drone, who never dreams of living honestly, but by filching from the producer that which he procured by honest and persevering toil."<sup>51</sup>

Green was well received by reform-minded audiences. In the late 1840's, he lobbied for a stiff antigambling law before the New York legislature, and in 1850 it appeared that he would be successful. But he was forced to return to New York City to defend himself against charges fabricated by gambling interests, and during his absence from Albany the bill was tabled. The plot to defame Green brought Horace Greeley and a group of prominent citizens to his defense, and they formed the New York Association for the Suppression of Gambling. The association succeeded in getting an antigambling law passed in New York, but because enforcement efforts by police were lax, gambling remained unchecked for another 50 years.

#### FOLLOWING THE WESTWARD MIGRATION

Professional gamblers and swindlers were among those who migrated west during the 1840's. Three events attracted them:

1. The founding of the Texas Republic with its gambling capitals of Austin, El Paso, and Santa Fe.
2. The Mexican-American War, bringing thousands of soldiers to the border where they were easy prey for swindlers.
3. The gold rush of 1848 and 1849, which prompted gamblers to follow the first prospectors.

Along the route west, hundreds of tiny, ramshackle dens opened overnight and closed as quickly as the transient market of miners and cattle drovers moved on. The gamblers, like everyone else, traveled by

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<sup>50</sup>Ibid., p. 191.

<sup>51</sup>Green, Jonathan Harrington, Gambling Exposed; a full exposition of all the various arts, mysteries and miseries of gambling, T. B. Peterson, Philadelphia, 1857, pp. 12 and 82.

horse or covered wagon, until the completion of the transcontinental railroad in 1869 provided them with a more comfortable setting for plying their trade while en route.

Three western gambling centers, Denver, Kansas City, and San Francisco, remained active after the boom had ended. For a brief time, San Francisco was the gambling capital of the world. The estimated 1,000 gambling houses there were licensed by the city until 1855. A State antigambling law was passed in 1854, but its only effect was to close down a few small establishments. The law was repealed in 1859, and in 1873 a stronger antigambling law drove the games underground.<sup>52</sup>

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<sup>52</sup>Asbury, Herbert, The Barbary Coast; an informal history of the San Francisco underworld, Alfred J. Knopf, New York, 1933, p. 19.

### THE AGE OF EXPANSION AND GROWTH

From the Civil War to World War I, the country was led through an era of phenomenal industrial progress by extraordinary men like Andrew Carnegie, J. P. Morgan, and John D. Rockefeller. It was the era of the individual, and of risktaking that could produce enormous profits. Gambling flourished throughout this period.

#### THE RESTLESS WEST

Gambling was nurtured by the boomtowns of the western frontier. When these towns died, gamblers gravitated to cities such as San Francisco, Denver, and Kansas City. Most of the professional gamblers became itinerants, setting up small, temporary gaming houses along the routes to the western population centers. The favorite games on the western frontier were faro and poker; cheating was widespread. Individual bets were small, but the volume of business was tremendous since so many early westerners liked to gamble. Among the noted women gamblers were Poker Alice Tubbs and Eleanore Dumont (Madame Mustache).

Three developments--the end of the great ore discoveries, completion of the cross-country railroads, and shipping cattle by rail--brought an end to the period of rowdy, impetuous western gambling. Gradually becoming more like its eastern counterpart, gambling in the West began going underground, as the increasing stability of life attracted more and more reform-minded citizens.

In San Francisco, the gambling houses were replaced by poker rooms where the stakes--\$50,000 to \$100,000 in a pot--were described by Asbury as possibly the highest in the history of the game.<sup>53</sup> Craps later became popular, along with the purchase of illegal lottery tickets and betting on horseraces in poolrooms.<sup>54</sup>

The atmosphere of early Denver was equally conducive to a gambling mania that lasted beyond the end of the century.

Denver was a lusty, wide-open, free-spending young frontier city in 1876. Born of the Pikes Peak gold rush, nurtured on the wealth pouring from the mines of the richest square mile on earth at Central City, it had been transformed from a boom town to a boom city by the coming of the Kansas Pacific Railroad six

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<sup>53</sup>Op. cit., Asbury, Sucker's Progress, p. 323.

<sup>54</sup>Op. cit., Quinn, p. 446.

years earlier. The resulting real estate and building boom yielded a golden harvest equal to anything produced up to that time by the nearby gold diggings.<sup>55</sup>

Of the few hundred Denver residents in 1859, many were gamblers. An 1866 law banning games such as faro and three-card monte was not enforced. "The pernicious practice of gambling was conducted in the most open and shameless manner...," wrote historian J. E. Wharton in 1866. "At night everything that could add attraction was resorted to in order to seduce miners and strangers into the coils of the scores of blacklegs who were the habitués of these resorts."<sup>56</sup>

In the 1870's and the 1880's, as many as 40 gambling clubs, including two of the finest in the West, were operating in Kansas City, Mo., but they were closed down after a strong antigambling law was passed in 1881. When the clubs went underground, many of the gamblers fled across the border to Kansas where they served the same clientele, unmolested by the law except for an indirect tax described by Asbury as "...a sort of licensing-by-fines system...used to regulate gambling in many American cities...." Quinn wrote that Kansas business entities, especially the packing industry,

...were quick to perceive the disastrous effects which the running of the game was producing upon their business interest. For some years a bitter fight was waged upon this issue. It soon, however, became apparent that the gamblers exercised a controlling influence...and the packers abandoned what promised to be a profitless warfare.<sup>57</sup>

In the mid-1870's conditions across a vast area, stretching from the Mississippi to the Pacific and from the Rio Grande to Canada, were, in Asbury's words, "...almost precisely the same as they had been in the East and South forty years earlier. The entire country swarmed with itinerant Faro artists, Monte dealers, short card cheats and Three-Card Monte swindlers, many of whom were notorious outlaws and gunmen as well."<sup>58</sup> Throughout the area, the boomtowns appeared and disappeared--places like Abilene, Hays and Dodge City, Kans.; Tombstone, Ariz.; Cheyenne, Wyo.; Virginia City, Mont.; Leadville, Creede, and Cripple Creek, Colo.; Deadwood, S. Dak.; and Virginia City, Calif. Many of

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<sup>55</sup>Parkhill, Forbes, The Wildest of the West, Holt and Rinehart, New York, 1951, p. 3.

<sup>56</sup>Ibid., pp. 63-64.

<sup>57</sup>Op. cit., Quinn, p. 514.

<sup>58</sup>Op. cit., Asbury, Sucker's Progress, p. 310.

them disappeared when the strikes ended, but their history is a colorful chapter in the story of pioneer America, and gambling is an important aspect of that chapter.

Cheyenne was a railroad town, settled when the Union Pacific arrived in 1867. It was a town in which "Gamblers, desperadoes, prostitutes and their hangers-on comprised at least one-half of the population."<sup>59</sup> A little order came when Cheyenne was made the capital of Wyoming in 1869, but gambling remained wide open, and there was at least one faro or monte bank in every bar.

Tombstone was typical of the boomtowns:

...a hell-roaring town of some 15,000 population, with banks, hotels, newspapers, theaters, saloons, bawdy houses, gambling dens, and other appurtenances of civilization...during the early 1880's, there were facilities for public gambling in every building on one side of Allen Street, the main thoroughfare...None of these places ever closed their doors, no limits were ever imposed on the games, and ten and twenty dollar gold pieces were commonly used as chips.<sup>60</sup>

The mines were exhausted by 1887, and 10 years later Tombstone was a ghost town.

The most famous western towns of the time, Abilene, Hays, and Dodge City, were inhabited by such figures as Wyatt Earp, Bat Masterson, Doc Holliday, and Luke Short--all resourceful gamblers. Holliday was a notorious cheat as a faro dealer. Earp was an expert player, and one of the few who made money at it. Luke Short, an honest faro dealer, was part owner of the Long Branch Saloon, which Masterson, Earp, and Holliday often frequented. In 1883, Short was driven out of Dodge, the victim of a plot between the mayor and a rival gambler. But the real cause of his downfall was the changing attitudes of a more stable population, which viewed the gambler as one who lived on the fringes of respectability. Short moved to Fort Worth and ran a gambling resort until an 1887 law banning open gambling forced him to operate as an outlaw. Unable to accept his circumstances he became an alcoholic and died at age 40. By that time, Masterson was a newspaper writer in New York, Earp was operating illegal games and buying horseraces in San Diego, and Holliday had died of tuberculosis.<sup>61</sup>

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<sup>59</sup>Ibid., p. 340.

<sup>60</sup>Ibid., p. 345.

<sup>61</sup>Cox, William Robert, Luke Short and His Era, Doubleday, New York, 1961.

Gambling continued in Arizona and New Mexico until early in the 20th century, but there too it died a hard death. In 1907, New Mexico passed the strictest antigambling law in the country, and in Prescott, Ariz., among the last of the frontier towns, even cardplaying at home was banned.<sup>62</sup>

The unique features of gambling on the frontier were the universality of the vice; the employment of women as dealers and croupiers, and the picturesqueness of the suckers. The sharpers of no town east of the Mississippi could boast that their clientele comprised virtually the entire population of the community; it is doubtful if a woman ever dealt Faro or spun a Roulette wheel in an Eastern gambling house except in those operated exclusively for females; and the East could provide nothing to match the bewhiskered miner, the grizzled ranchman and cattle baron, the death-dealing gun-fighter, and the dashing cowboy with his jingling spurs and ornamental pants. But in every other respect gambling in the East was far superior to the Western brand, the principal reason being more and richer suckers. Despite their mushroom growth and the great fame they acquired, the mining camps and the cattle towns were in reality little more than villages; the population of only a few ever exceeded 10,000 even in boom times, and even these lost most of their inhabitants as soon as the brief flurries of mining or cattle shipping had subsided....<sup>63</sup>

#### GAMBLING IN POSTWAR LOUISIANA

It took the bloody, tragic war between the States to achieve what had stymied reformers and law officers for years: the war severely curtailed gambling in New Orleans, but did not eliminate it altogether. In May 1862, General Benjamin F. Butler, commander of Union occupation forces in New Orleans, prohibited gambling except in houses willing to pay a license fee to his brother. In 1864, Butler was replaced by General A. Hulbert who closed all the houses, putting an end to gambling until the carpetbaggers came to power. By 1866, gamblers were returning, and in 1869, gambling was legalized again. When the dens were licensed for \$5,000 a year, it appeared that the big gambling interests had won, but the gamblers themselves later opposed the law because it increased the competition.

Hundreds of sharpers hurried to New Orleans from every large city in the union, and gambling houses were opened on all the principal streets; and though relatively few paid the license

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<sup>62</sup>Op. cit., Asbury, Sucker's Progress, p. 346.

<sup>63</sup>Ibid., p. 349.

fee, all submitted to blackmail by the police and city officials....The sidewalks...were a jostling mass of cappers, steerers, ropers-in and pickers-up, fighting over the suckers and literally dragging their prey into the gambling houses.<sup>64</sup>

The gamblers lobbied successfully for repeal of the liberal law and then began paying off the police and politicians to limit the number of illegal operators working New Orleans. By 1880, about 30 houses were still operating.

#### The Louisiana Lottery

By far the biggest gambling activity of the period, one that reached well beyond the Louisiana border, was the Louisiana State Lottery, described by Eric Bender in Tickets to Fortune as

...the largest, most powerful, richest and most corrupt lottery system in American history...It had all the benefits ascribed to lotteries. It had all the abuses. During its long life it owned the State of Louisiana. It controlled governors, legislatures, and officials. It silenced the pulpit with gifts, and the press with advertising.<sup>65</sup>

There had been other State lotteries since the Civil War--in Missouri, Kentucky, Mississippi, Alabama, California, and Arizona--but none matched Louisiana's in size, scope, success, and corruption.

The lottery was chartered by the Louisiana legislature in 1869 and given an absolute 25-year monopoly in return for a \$40,000 annual fee. It was controlled by a New York syndicate formed by John Morris and John Morrissey, among others, and their New Orleans front man was a native named Charles Howard. Also hired for the appearance of respectability and to oversee the drawings were two former Confederate generals. A massive advertising campaign was organized. Lawyers were retained in every major city in the Nation. Donations were made to churches, charities, and election-year campaigns.

More than four-fifths of the lottery revenue came from outside Louisiana, even though lotteries were illegal in most States. One-third of all the mail in New Orleans carried lottery money--between \$20,000 and \$30,000 daily. The annual profit ran to as high as \$13 million. In 1887, the stock earned 110 percent; in 1890, 125 percent. In 1890, with the charter due to expire, Morris offered the State \$500,000, then \$1 million for a renewal, revealing just how lucrative the lottery had become.

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<sup>64</sup>Ibid., p. 415.

<sup>65</sup>Op. cit., Bender, p. 134.

Opposition arose from the outset, powerless at first but gaining momentum on the strength of charges of corruption, unfair odds, low ticket prices to lure the poor, illegal sales, and an alliance with policy racketeers. But it took the Federal Government to put an ultimate end to the Louisiana Lottery. Congress first took steps to regulate lotteries after the Civil War, and the laws it passed were progressively stiffer. In 1864, a Federal tax was levied--\$100 on all ticket dealers and 5 percent of gross receipts. In 1868, it was declared unlawful to transport illegal lottery prizes and offerings by mail; a stricter version of the law was passed in 1872, but the operators regarded the prescribed \$500 fine as a modest tax. An 1876 statute that outlawed any use of the mail by any lottery eliminated all but the Louisiana Lottery, which survived until 1890, when Congress voted an explicit bill that barred all letters, postal cards, circulars, lists of drawings, tickets, and other materials referring to lotteries. When the Supreme Court upheld this law, the company withdrew its application to the State for a new franchise. On December 31, 1893, the Louisiana legislature passed a law prohibiting all lotteries.

The company continued to operate in Honduras, using a loophole in the Florida antilottery law that provided an inlet into the U.S. The renowned journalist, Richard Harding Davis, described the Honduras operation:

There was something almost pathetic to me in the sight of this great, arrogant gambling scheme, that had in its day brought the good name of a state into disrepute, that had boasted of the prices it paid for the honor of men, and that had robbed a whole nation willing to be robbed, spinning its wheel in a back room in a hot, half-barbarous country, and to an audience of gaping Indians and unwashed Honduran generals. Sooner than fall as low as that it would seem to be better to fall altogether;...<sup>66</sup>

In 1894, Congress passed a law that prohibited the importation of lottery paraphernalia and closed all forms of interstate commerce to lotteries.

#### CHICAGO: MIDWESTERN GAMBLING MECCA

Riverboat activity never returned to its prewar pace: the planters were not as wealthy, captains were less tolerant of con men and crooks, and many States along the rivers had passed antigambling laws. To escape the unfavorable conditions, many gamblers moved to the western boomtowns, and many went only as far as midwestern cities such as St. Louis and Chicago. The latter soon became the gambling mecca of the Midwest:

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<sup>66</sup>Davis, Richard Harding, Three Gringos in Venezuela and Central America, Harper and Bros., New York, 1896, p. 55.

...the bars were let down and the gamblers began to return, their numbers augmented by tricksters from the Mississippi steamboats, and from St. Louis and other towns along the river. And with them came the riffraff and criminals of a dozen cities--prostitutes and fancy men, sneak thieves and pickpockets, race-track touts and confidence men, burglars and foot-pads, garroters and safe-crackers, all attracted to Chicago by its riches and opportunities for plunder. During the Civil War and until the Great Fire of 1871, while the one-time "mud-hole in the prairie" was tripling in population and expanding in every direction, the underworld literally ran wild, with almost no interference from the authorities. For at least ten years Chicago richly deserved its reputation of being the wickedest and toughest place in the United States.<sup>67</sup>

The police seldom ventured into the houses of Chicago's two notorious gambling sections, Hairtrigger Block and Gambler's Row, and when they did it was merely a gesture, or it may have been the city's way of exacting a small tax on the gaming houses.

The raiding squads were careful not to damage furniture or equipment, and policemen obligingly guarded the resort while the gamblers and their employes and suckers rode in hacks to the office of the nearest Magistrate and deposited small sums as bail, which was usually forfeited. This formality completed, they returned in their carriages to the gaming house, the police retired, and play was resumed.<sup>68</sup>

A long line of powerful figures was associated with gambling in Chicago. Among them were George Trussell and his successor, Michael Cassius "King Mike" McDonald. McDonald, considered by Asbury to be one of the three or four most important gamblers ever to operate in the U.S., was the right-hand man of Mayor Carter Harrison and a close friend of Illinois Governor John Altgeld. McDonald's gambling palace, called The Store, was for 20 years the top Chicago resort. Mayor Harrison was killed in 1893, and McDonald, aware that his power was waning, retired in 1895 to enjoy his wealth.

In addition to Harrison, Chicago's corrupt politicians included such men as John Joseph "Bathhouse John" Coughlin and Michael "Hinky Dink" Kenna, alderman of the city's infamous First Ward. Carter Henry Harrison II was elected mayor in 1897, the same year Hinky Dink joined Bathhouse John on the Board of Aldermen. The younger Harrison had the support of the Lords of the Levee, as the First Ward was called, and the arrangement worked well.

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<sup>67</sup>Op. cit., Asbury, Sucker's Progress, p. 290.

<sup>68</sup>Ibid., p. 292.

At a time when Harrison's chief of police, Joseph Kipley, told the Baxter investigating committee, "There is not a gambling house in Chicago, and the city is freer from gambling today than it has ever been in its history," an estimated two thousand professional gamblers were happily plying their trade within the boundaries of the First Ward, and paying handsomely for the privilege.<sup>69</sup>

The Lords' leading competition was Mont Tennes, the gambling chief of the north side.

In 1907, for approximately \$100,000 a year, Tennes acquired, from the Payne Telegraph Service of Cincinnati, domination of the Chicago wire service for daily returns from race tracks throughout the country. Within two years any gambling house in Chicago that wanted immediate race results by telephone or telegraph had to pay Tennes, and every handbook operator had to turn over one half of his daily profits to Tennes' General News Bureau or go out of business.<sup>70</sup>

The gambler most closely allied with the Lords was "Big Jim" Colosimo, who eventually ruled the Levee. When Colosimo was murdered in 1920, a tough bodyguard he had imported from New York, Johnny Torrio, took over, and Torrio in turn brought along another New York gunman, Alphonse Capone.

#### NEW YORK: EASTERN GAMBLING CAPITAL

Gambling in New York City was barely interrupted by the Civil War, and as corrupt politicians organized themselves under the name of Tammany, it flourished.

With the connivance of a corrupt police force which found a measure of justification in the fact that gambling was the favorite pastime of the nation's leaders in politics and business, hundreds of gaming houses ran wide open, from the Thimble-Rig and Three-Card Monte dens of the Bowery to the "day houses" of the financial district and the palatial establishments farther uptown.<sup>71</sup>

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<sup>69</sup>Wendt, Lloyd and Herman Kogan, Lords of the Levee; the Story of Bathhouse John and Hinky Dink, the Bobbs-Merrill Co., New York, 1943, p. 201.

<sup>70</sup>Op. cit., Chafetz, p. 270.

<sup>71</sup>Op. cit., Asbury, Sucker's Progress, p. 358.

Conditions in New York were favorable to the development of large successful gambling operations. The first in a series of such endeavors belonged to John Morrissey, State senator, member of Congress, and power in Tammany Hall. Morrissey's resort in Saratoga, N.Y., was regarded as "American's finest gaming establishment and was being favorably compared with the greatest gambling casinos of Europe."<sup>72</sup>

Morrissey's successor was Richard Canfield, a self-educated, cultured man. Canfield was a member of the Walpole Society, an art collector, and an admirer and friend of James Whistler, whose unfinished portrait of Canfield is titled "His Reverence." Canfield bought Morrissey's Saratoga Club House, which proved to be a profitable investment. In addition, his extravagantly decorated house on East 44th Street in Manhattan in 2 years netted \$1.5 million. Canfield's clientele included some of the wealthiest and most powerful businessmen and politicians in America.

At the peak of his career, Canfield became the target of District Attorney William Travers Jerome, who in 1901 succeeded in closing Canfield's New York operation permanently. An antigambling campaign in Saratoga in 1907 put Canfield out of the gambling business altogether.<sup>73</sup>

The most common form of betting in New York was the policy game (numbers). The low ticket price appealed to a large segment of the population. The closing of the lottery further enhanced the game's popularity.

New York was always the heart of the Policy octopus, and it was there that the most powerful of the so called Policy kings arose who dominated the game, not only in the metropolis but in the other cities as well, and drew tribute from a wide area.<sup>74</sup>

The post-Civil War New York policy king was Zachariah Simmons, who made a deal with Tammany, then offered protection to the independent dealers for a percentage of their take. Because resistance invited a police raid, the dealers cooperated. Within a year Simmons' Central Organization controlled approximately three-fourths of the policy shops, and its influence extended west to Milwaukee and south to Richmond. One week's profit from 20 cities exceeded a million dollars.

Simmons' successor, Albert J. Adams, ran the policy racket from the early 1880's to 1901, and Asbury credits him with "increasing the actual

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<sup>72</sup>Ibid., p. 383.

<sup>73</sup>Gardiner, Alexander, Canfield; the true story of the greatest gambler, Doubleday, Doran and Co., Garden City, N.Y., 1930, p. 208.

<sup>74</sup>Op. cit., Asbury, Sucker's Progress, p. 98.

odds against the policy players to astronomical proportions.<sup>75</sup> In 1902, Jerome brought Adams to trial. He was convicted and jailed, and the policy business was temporarily stopped.

Jerome was supported by the Society for the Prevention of Crime, a reform organization led by Dr. Charles Henry Parkhurst, pastor of the Madison Square Presbyterian Church. A sometime ally of Parkhurst was Anthony Comstock, secretary of the Society for the Suppression of Vice. Comstock was a strict puritan and fundamentalist who was outraged obsessively by vice, particularly obscenity.

Comstock's biographers, Heywood Broun and Margaret Leech, wrote of Comstock, "He represented an important block of public opinion in the United States, and exerted a considerable influence on American thought."<sup>76</sup> Comstock was instrumental in hindering gambling in New York and in bringing about the demise of the Louisiana Lottery, but the long-range effect of his work was negligible. Comstock's writings exposed the frauds of lotteries and other gambling and the corruption of police, but his fire and brimstone attacks were immoderate and naive. When an investigating committee chaired by State Senator Clarence Lexow began its probe in 1894, Comstock was not asked to participate.<sup>77</sup>

If any one man embodied the golden age of gambling in America, it was John W. "Bet a Million" Gates. Gates began his lucrative career selling barbed wire to Texas ranchers. By 1900, he was in a position to exchange his holdings in American Steel and Wire for those in a new corporation--to be called United States Steel--but he was rejected by J. P. Morgan. Rebuked but resilient, Gates continued gambling, alternately winning and losing fortunes. When he died in 1911, he still was worth between \$40 million and \$50 million.<sup>78</sup>

Toward the end of the 19th century--in gambling, as well as in business and other endeavors--the era of rugged individualism began to give way to an institutionalized society. In both gambling and industry, the individual with enough vision to design the institution for his own benefit came out on top in the transition.

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<sup>75</sup>Ibid., pp. 104-105.

<sup>76</sup>Broun, Heywood and Margaret Leech, Anthony Comstock: Roundsman of the Lord, Albert and Charles Boni, New York, 1927, p. 14.

<sup>77</sup>Comstock, Anthony, Frauds Exposed; or, How the people are deceived and robbed, and youth corrupted, J. H. Brown, New York, 1880, reprinted by Patterson Smith, Montclair, N.J., 1969, p. 324.

<sup>78</sup>Wendt, Lloyd, Bet a Million! The Story of John W. Gates, Bobbs-Merrill, Indianapolis, 1948, pp. 226-227.

TO 1930: THE RISE OF ORGANIZED CRIME

By the beginning of World War I, gambling was a crime in America, driven underground and run by gangsters. An underworld organization was forming--for the dual purpose of protecting itself from the law and withstanding the competitive differences among its many factions. The first objective was, for a time, more easily attained; the agencies of law enforcement, inadequate and often corrupt, were no match for a crime cartel of national proportion. The struggle within the structure of organized crime itself was prolonged and violent, but the winners' rewards were great.

The years approaching 1930 were prosperous ones for gambling, which was on the verge of supplanting bootlegging as the number one business of the underworld. The bribe and the pistol were the gambler's chief weapons against his opponents.

In the deadly scramble for power by criminal gamblers in the early 20th century, many figures emerged victorious for brief periods and disappeared literally overnight. If one were to make an arbitrary selection of three men whose careers epitomize the period, the top contenders would include Arnold Rothstein, Al Capone, and Meyer Lansky--all first generation Americans raised in New York within 20 years of one another.

Arnold Rothstein, the "King of Gamblers," was born in 1882. He was also nicknamed "The Brain" for his invention of the intercity layoff system that insured bookmakers against heavy losses and thus laid the foundation for a nationwide illegal gambling apparatus. Rothstein also devised a system for fixing sporting events, for which he gained the reputation as the epitome of evil in a corrupt society. But his most notorious accomplishment was the introduction of an organization to the profession of illegal gambling.

Basically, he transformed the world of crime from an anarchic into an authoritarian state. He gathered the loose, single strands of crime and wove them into a tapestry. He took the various elements that were needed to change crime from petty larceny into big business and fused them. The end result was a machine that runs smoothly today. Runs as Rothstein made it run.<sup>79</sup>

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<sup>79</sup>Katcher, Leo, The Big Bankroll; the Life and Times of Arnold Rothstein, Arlington House, New Rochelle, N.Y., 1958, p. 9.

In the hierarchy of organized crime it is improbable that Rothstein's influence extended beyond his role as advisor to Salvator "Lucky" Luciano and to Frank Costello, another mob leader whose sphere of gambling activity extended from New York to New Orleans and Las Vegas. Rothstein was a gambler first and gangster second, "who played with loaded dice and marked cards....a sportsman who denigrated sport," who fixed horseraces, prize fights and even, it is alleged, the 1919 World Series.

When Charles F. Murphy, the Tammany leader, decided to replace the corrupt Lieutenant Becker with a "...man whose relationship to the new graft would be even more important than Becker's was to the old. A man of business...,"<sup>80</sup> he chose Rothstein.

World War I and the income tax dampened the gambling fervor to the distress of small operators, but Rothstein was insulated by his success. In 1919, he established a luxurious gambling house in Saratoga.

But Rothstein's criminal career was not confined to his gambling interests. He was one of the first to take advantage of the business potential created by Prohibition. He financed retail outlets for bootleggers and provided them with trucks and drivers. He also operated large bail bond and insurance businesses.<sup>81</sup>

Rothstein's addiction to gambling eventually cost him his life. He was shot and killed in 1928 for failing to pay his losses at cards. For all his brilliance and organization skill, Rothstein lacked the fundamental ability to define his role and importance in the underworld hierarchy.

Al Capone, born in 1889 in New York, lived by violence and blatant disregard for the law. Brought by his friend Johnny Torrio to Chicago in 1920, he emerged 7 years later as the unchallenged overlord of the organization that ran bootlegging, prostitution, and gambling in Illinois. He too was an addicted player, known to bet as much as \$100,000 on a horserace.

Al Capone was an organizer, ruthless and bold....His gun-crazy hoodlums, directed by Capone himself, soon poached on the territories of other outlaw leaders and touched off ghastly gang wars and that made the depredations of the Quincy Street boys and the other old-time First Ward hoodlums seem like child's play. A murder a day for five days running was not unusual.<sup>82</sup>

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<sup>80</sup>Ibid., p. 97.

<sup>81</sup>Ibid., p. 232.

<sup>82</sup>Op. cit., Wendt and Kogan, Lords of the Levee..., pp. 343-344.

Most of Capone's profit was the product of Prohibition, but when he established his fief in Cicero, 30 minutes west of the Chicago Loop, he opened a "composite of Monte Carlo gambling palace and Barbary Coast dance hall--craps, poker, stuss, and faro--and from midnight till dawn, a ritzy cabaret."<sup>83</sup>

The above is taken from a biography of Capone by Fred D. Pasley. The book was published in 1930, well before Capone's downfall and nearly 30 years before there was sufficient information for a detailed analysis of La Cosa Nostra. Pasley's research provided details that were lacking even in the testimony of such later witnesses as Joe Valachi before congressional committees. For example, Pasley produced a dollar breakdown of the revenues from Capone operations in 1927, as estimated by government investigators:

Beer and liquor, including alky cooking. . .	\$60,000,000
Cambling establishments and dog-tracks . . .	25,000,000
Vice, dance halls, roadhouses and other resorts . . . . .	10,000,000
Rackets. . . . .	10,000,000 <sup>84</sup>

Capone's downfall can be attributed in large measure to his flamboyance, which attracted national attention. Convicted for income tax evasion in 1931 (the Internal Revenue Service estimated his worth in 1929 at \$20 million), he spent 8 years in a Federal prison. His death in 1947 was attributed to a stroke.

In contrast to Capone, Meyer Lansky, born in Russia in 1902, was quiet and outwardly unassuming. There is general agreement that Lansky succeeded Rothstein as the master mathematician of the underworld, for which he was well paid from the proceeds of gambling.

Lansky was the principal organizer along with Lucky Luciano of the New York power base of the underworld. The alliance that Lansky and Luciano worked out in New York benefited both of the formerly warring factions that the two men represented.

National coexistence was more difficult to achieve, but in 1929, the realities of survival forced the heads of organized crime to come together in Atlantic City for the first gangland convention.

...The New York delegation included Adonis, Costello, Luciano, Lansky, Lepke and various minor characters, such as Larry Fay and Frank Erickson. In addition to Capone, Guzik was there

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<sup>83</sup>Pasley, Fred D., Al Capone, the Biography of a Self-Made Man, Ives Washburn, New York, 1930, pp. 39-40.

<sup>84</sup>Ibid., p. 60.

(representing Chicago). Cleveland sent Lou Rothkopf and Moe Dalitz along with Chuck Polizzi, whose real name was Berkowitz. Joe Bernstein led a delegation from the Purple Gang of Detroit, operators of the Little Jewish Navy on Lake Erie. King Solomon came down from Boston. Nig Rosen and Max "Boo-Hoo" Hoff were there from Philadelphia, where Lansky's influence was strong. Pendergast sent his enforcer, John Lazia, from Kansas City. New Jersey was represented by another friend of Lansky's, Abner "Longie" Zwillman, who was scheduled to replace Dutch Schultz and Waxey Gordon just as soon as those bitter rivals killed themselves off.<sup>85</sup>

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<sup>85</sup> Messick, Hank, Lansky, Putnam, New York, 1971, p. 38.

PART II  
1930 TO THE PRESENT

### THE PERMISSIVE THIRTIES

Two important events affected gambling in the thirties: (1) the Depression, which accelerated efforts by a number of States to seek fiscal relief in legalization, and (2) the end of Prohibition, which made illegal gambling the economic underpinning of organized crime.

Legalization was a slow process, due mainly to public opposition, but also because when illegal gambling is widespread, it tends to preempt the competition. This was not the case in Nevada, however, where in 1931 the legislature voted across-the-board legalization, except for lotteries.

In 1930, when parimutuel betting in Kentucky and poker rooms in Gardena, Calif., were among the few exceptions to a unanimous antigambling policy among the States, illegal gambling was on its way to becoming a multibillion dollar enterprise.

Reformers continued to preach against the sins of gambling, but crusading prosecutors often were more effective. Skilled district attorneys such as Thomas Dewey and Frank Hogan had more to contend with than the gamblers themselves. Their jobs were made more difficult by the proliferation of corrupt police and politicians and by an indifferent public.

In such cities as New York, Chicago, and New Orleans, there was an atmosphere of lawlessness in the last years of Prohibition. The gambler, like the bootlegger, was accorded a certain respectability by a public that tended to regard both drinking and gambling as morally acceptable activities. If some games could be legal, it was reasoned, then there was justification for disobeying the law that prohibited others.

The traditional games were still popular: poker, blackjack, craps, roulette, and bingo. Only faro had lost its appeal. Few illegal lotteries were held, possibly because the numbers racket had been able to fill the void created when lotteries were banned. Sports betting also was popular in most communities, as were chain letters, sweepstakes, and raffles. In Hollywood, the movie colony was so involved in horseracing that production schedules had to be arranged so as not to conflict with post times.

As the depression continued, the States began to regard gambling as a source of relief for their desperate condition. Eighteen States legalized horseracing, "...in the wave of revulsion against the folly of liquor legislation, and in the financial crisis of the times..."<sup>86</sup>

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<sup>86</sup>Cook, Fred J., A Two-Dollar Bet Means Murder, The Dial Press, New York, 1961, pp. 207-208.

Casino gambling was legalized in Nevada. But in that State, "The gamblers were there as illegal operators before the law was changed in 1931. They were followed in the early years by hoodlums from all over."<sup>87</sup>

The big operators did not arrive in Las Vegas until the 1940's; before that they were able to operate with wide latitude in their own metropolitan markets. In New York, Arnold Rothstein's bookmaking business had been appropriated by Frank Erickson. After the murders of feuding old-line bosses Giuseppe Masseria and Salvatore Maranzano, control was firmly in the hands of the organization operated by Lucky Luciano and Frank Costello, a power transfer that led directly to the murder of Dutch Schultz, the New York numbers czar, in 1935. In Chicago, the Capone organization maintained control, even after Capone himself was sent to Federal prison for income tax evasion. In New Orleans, Carlos Marcello had let it be known he was in charge. In Florida, Santo Trafficante was well-established in Tampa, but the lucrative concessions on the East Coast and Cuba were run by Meyer Lansky.

In anticipation of the repeal of Prohibition, the gangsters became deeply involved in gambling. One purpose of the 1929 meeting in Atlantic City (see page 40) was to discuss the alternatives.

Even with liquor out of the way, there were myriad other illegitimate enterprises into which they could move...some that could easily mushroom on a national scale, require the cooperation and alliance of every organization and might end up even bigger than booze. Gambling was the major one, in casinos of all kinds and on horses and any other kind of sporting event. If Americans liked to do anything...it was to gamble. And except on horses and then only at the tracks, gambling in most places in the United States was just as illegal as liquor.<sup>88</sup>

The mob soon offered any action the players wanted--numbers, slot machines, casinos--and operations were expanded to include the tourist trade in such popular resorts as Miami, Hot Springs, Atlantic City, and Saratoga. It was not long before organized crime succeeded in establishing monopoly control over gambling.

In 1929, a Chicago newspaper publisher named Moses Annenberg conceived the idea of setting up a national wire service for bookmakers. His Nationwide News Service was a consolidation of a number of smaller wires that served approximately 15,000 bookmakers. Annenberg sold

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<sup>87</sup>Turner, Wallace, Gamblers' Money: The New Force in American Life, Houghton Mifflin Co., Boston, 1965, p. 51.

<sup>88</sup>Hammer, Richard, "Playboy's History of Organized Crime, Part III: Slicing Up the Big Apple," Playboy, October, 1973, vol. 20, no. 10, p. 238.

Nationwide in 1939, when he became the subject of a tax investigation. It was run by the Capone gang in the 1940's as the Continental Press Service, serving an estimated 60,000 books.

The mob also succeeded in bribing police and politicians, for without the cooperation of officials the games could not operate. Frank Costello's alliance with Tammany Hall in New York City is one example.

Costello began his gambling career in 1919, with Arnold Rothstein as his mentor.

...the important thing that Costello got from Rothstein was... an insight into a way of doing business. When Arnold Rothstein died, leaving a very big gap in the New York underworld, Frank Costello was the man who knew enough to take his place.<sup>89</sup>

In 1928, Costello and another Rothstein protégé, Dandy Phil Kastel, introduced slot machines to New York. These strictly illegal devices, located in plain view in shops, restaurants, and saloons, were equipped with a sticker bearing the name of the Costello-Kastel Company, Tru-Mint Novelty Corporation, which made them immune to police interference.

Costello's main man around town in those days was the always cooperative Jimmy Hines. Costello pulled so well with Hines that he stayed in the same room with him at the 1932 Democratic convention....

Of course Hines didn't let the Tru-Mint machines into town on the basis of friendship alone. Hines and other political leaders, assistant district attorneys, police officials, and judges--everybody down to the cop on the beat--had to be paid to keep Costello's machines producing money.<sup>90</sup>

Fiorello La Guardia was elected mayor of New York in 1933. When he cracked down on slot machines, Costello and Kastel relocated in New Orleans where with the initial help of Huey Long they were able to operate their slot machines until the mid-1940's when reform efforts again caught up with them.

A pattern of corruption was developing: gambling would flourish in a city, eventually arousing sufficient indignation that a reform administration would be voted in, at which time the racketeers would reestablish their operations a short distance away. Cicero, Ill., for example, became the headquarters for the Capone gang after they were made to feel uncomfortable in Chicago.

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<sup>89</sup> Zeiger, Henry A., Frank Costello, Berkley Publishing Corp., New York, 1974, p. 24.

<sup>90</sup> Ibid., p. 54.

#### POSTWAR GAMBLING IN THE FORTIES

Operators of illegal gambling were among the most successful wartime profiteers. Gambling in the Armed Forces was widespread. John Scarne, a recognized gambling authority, was hired by the government to lecture servicemen on how to avoid being cheated. By 1944, according to the Encyclopedia Britannica, some form of gambling could be found within 30 miles of any U.S. city. By the end of the decade, the Gallup Poll reported that 57 percent of the population gambled, a 12 percent increase over 1945.

A statistical spot check of gambling activity during the period shows a consistent pattern of growth. The bookmaking business was grossing an estimated \$8 billion a year. A 1949 survey found the network of slot machines to be made up of approximately 175 distributors, 10,000 operators, and 70,000 establishments where the machines were played. One source estimated that 208,000 slot machines were turning over a gross annual revenue of more than \$500 million.<sup>91</sup>

The numbers business was doing so well that by 1949, in Harlem alone, up to \$4,000 was bet daily at each one of 175 drops,<sup>92</sup> and the total weekly play in New York City was estimated at \$500,000.<sup>93</sup> Sports betting also became lucrative for the syndicate, which set the handicap line and recruited college students to furnish intelligence that could change the odds on a game.

During the 1940's, the public spent an estimated \$6 billion a year on illegal gambling, more than the combined profits of U.S. Steel, General Motors, General Electric, and the other 100 largest manufacturing companies.<sup>94</sup> The business community became a target of the professional gamblers, who invaded conventions and engaged their victims in rigged

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<sup>91</sup>Anonymous, "Slot Machines and Pinball Games," Gambling, ed. Morris Ploscwe and Edwin J. Lukas, The Annals of the American Academy of Political and Social Science, Philadelphia, vol. 269, May 1950, pp. 64-65.

<sup>92</sup>The place from which a numbers controller operates and to which his runners bring their day's receipts.

<sup>93</sup>Havemann, Ernest, "A Panorama of Gambling," Gambling in America, ed. Herbert L. Marx, The Reference Shelf, H.W. Wilson Co., New York, vol. 23, no. 6, 1952, p. 15.

<sup>94</sup>Ibid., p. 18.

dice games that produced a weekly take of up to \$1 million.<sup>95</sup> During the war, they had gained a foothold in the factories and were able to maintain their operations thereafter. A Business Week survey of several plants in 1948 revealed that one out of every 250 workers was retained by the syndicate as an inplant agent. In plants of more than 1,000 employees, 10 percent of the work force gambled consistently, 50 percent occasionally, playing the numbers and betting on horseraces, football, and baseball pools. In Detroit, approximately \$75 million was being bet annually, and about \$20 million of it changed hands in the auto plants.<sup>96</sup>

By...(1948) the racket had grown to such proportions that both auto management and honest union men became deeply concerned...Whenever the numbers racket moved into a new department, production fell off. The men neglected their machines to pore over dream books or exchange number hunches at the water fountains.<sup>97</sup>

Also during the 1940's, legal gambling in Nevada became an enormous enterprise, with Las Vegas overshadowing the casino resorts of Reno and other cities. But Las Vegas also attracted the organized criminal. One was Bugsy Siegel, who dreamed of building a luxurious complex that would offer gambling, recreation, entertainment, and other services. Construction was begun on the \$5 million Flamingo Hotel, which was to become the successful prototype of the casino resort on the Las Vegas strip. The Flamingo opened behind schedule and lost money for about one year. For these and other transgressions that angered the syndicate, Siegel was murdered in 1947. The investigation of Siegel's murder made public the facts that Siegel was a gangster, that he had financial backing from syndicate coffers in New York, Chicago, and Cleveland, and that his involvement was not limited to the Flamingo but included the operation of a wire service that earned monthly receipts of \$25,000.

After Siegel came a long list of criminal gamblers from cities such as Detroit and Cleveland or resorts like Newport-Covington, Ky. Included among them were Moe Dalitz of the Desert Inn and Ed Levinson of the Fremont.

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<sup>95</sup> MacDougall, Michael, "Gyps that Pass in the Night," op. cit., Gambling in America, ed. Herbert L. Marx, pp. 27-33.

<sup>96</sup> "A Knotty Problem for Industry," from a Business Week article, "How Much Do Gamblers Take from Your Plant?" op. cit., Gambling in America, ed. Herbert L. Marx, pp. 33-40.

<sup>97</sup> Maisel, Albert Q., "The Numbers Racket," op. cit., Gambling in America, ed. Herbert L. Marx, p. 68.

In Cleveland, Moe Dalitz was a bootlegger; but in Las Vegas he stands as an elder statesman of what they call the "gaming industry." In Detroit, Eddie Levinson paid a \$1500 fine for conducting a gambling place; in Las Vegas he is becoming as wealthy as Croesus running two, and his greatest problem is to get the taxes paid.<sup>98</sup>

The underworld also invaded the one other legal gambling reserve, the racetrack. At Bowie, in Maryland, for example, an agent of organized crime used the manager's office for calls and made deposits with the track cashier against which he could make comeback bets to lower the odds on an entry if an excessive sum of money had been bet on it.<sup>99</sup> Other operatives at tracks ran a "pitcher-catcher" system, a method of signaling final odds and race results for distribution to bookies via the wire service.

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<sup>98</sup>Op. cit., Turner, p. 63.

<sup>99</sup>Drzazga, John, Wheels of Fortune, Charles C. Thomas, Springfield, 1963, pp. 67-68 and 70.

## GAMBLING AT MIDCENTURY

In 1950, the gambling craze showed no signs of abating.

• In Chicago, an estimated 70 percent of the population played policy (numbers).<sup>100</sup>

• Casinos were operating openly in Louisiana. Elaborate establishments like Costello's Beverly Club near New Orleans offered dice games, roulette wheels, blackjack and keno, horserace, and other sports betting.<sup>101</sup>

• A handbook operation that extended to 43 States, Canada, and Cuba was operating out of Terre Haute, Ind.<sup>102</sup>

• Biloxi, Miss., which shared with Newport-Covington, Ky., a reputation as the Nation's layoff center, also boasted games like blackjack, poker, dice, and roulette, as well as horse betting parlors and, at one time, as many as 1,250 slot machines.<sup>103</sup>

• In Bergen County, N.J., a mafia organization run by Joe Adonis controlled wirerooms throughout the East from 2,600 telephones, many of them rented for part-time use from local residents. In northern New Jersey, gambling casinos catered to the wealthy from nearby Manhattan.<sup>104</sup>

• Throughout the country in 1950, approximately 5 million horse bettors attended 57 tracks in 23 States, and the popularity of the track had not yet reached its peak.<sup>105</sup>

To be sure, this activity prompted calls for reform, but they were addressed to a public unwilling to listen and were exhorting forces of

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<sup>100</sup>Ibid., p. 139.

<sup>101</sup>Ibid., pp. 268-269.

<sup>102</sup>"The Big, Big Bettors Hide and Hide," Life, Time-Life, Inc., New York, September 1, 1958.

<sup>103</sup>"Biloxi's Hand Is Called at Last," Life, Time-Life, Inc., New York, November 5, 1951.

<sup>104</sup>Berger, Meyer, "Bergen County--A Case Study," op. cit., Gambling in America, ed. Herbert L. Marx, pp. 49-55; op. cit., Cook, p. 91.

<sup>105</sup>Dowst, Robert Saunders, "Why Horse-Players Die Poor," op. cit., Gambling in America, ed. Herbert L. Marx, p. 93.

the law unable to respond effectively. Part of the problem was geographical. A reform movement in Cincinnati, for example, could do little more than publicize the illegal operations across the river in Kentucky. Or, as in the case of the poker rooms in Gardena, Calif., which were legal by local option, any effort to repeal the law would be countered by organizations such as the Veterans of Foreign Wars or the American Legion, in whose clubhouses some of the rooms were located.<sup>106</sup>

Efforts to repeal local option laws permitting slot machines were more successful in Idaho and Iowa following the revelation that the operators were skimming 50 percent off the proceeds. In Wisconsin, the machines were all but eliminated by a strong law that became the prototype for antigambling legislation passed later in other States. The Wisconsin law awarded enforcement power to the State and provided for revocation of food and liquor licenses as the penalty for an infraction.

The repeal of local option laws was often the result of a unified lobbying effort by civic and business groups and the church. In Montana and Iowa, the drive to eliminate slot machines was based on economic as well as religious considerations. As a rule, however, it was the Protestant church that stood most strongly against legalization. When Mayor William O'Dwyer of New York proposed legalized sports betting in 1949, the Federal Council of Churches of Christ in America reaffirmed its "vigorous opposition to gambling...an insidious menace to personal character and morality. By encouraging the idea of getting something for nothing...gambling tends to undermine the basic ideals of public welfare."<sup>107</sup>

Still the public was not listening. The few studies of compulsive gambling and its effect on human behavior, such as those published by Sigmund Freud in the 1920's and Dr. Edmund Bergler in the 1940's, were scholarly works directed at a limited audience. In addition, the average citizen was unaware of the link between gambling and organized crime, even though it was becoming apparent that gambling proceeds were used by the underworld to invest in legitimate business and to corrupt government officials.

In any city where gambling exists the odds are a thousand to one that the police department knows the addresses and owners of every joint in town. The reason the joints stay open is always just one thing: graft, paid either to the police, the city officials or the political machine, and in

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<sup>106</sup>Wagner, Walter, To Gamble or Not to Gamble, The World Publishing Co., New York, 1972, pp. 31 and 33.

<sup>107</sup>Deland, Paul S., "The Facilitation of Gambling," op. cit., Gambling, ed. Morris Ploscove and Edwin J. Lukas, p. 24.

some cases all three. The United States is full of policemen, sheriffs and prosecuting attorneys who have built mansions, bought yachts or loaded their safe & deposit boxes to bursting. It is also full of city political machines which have grown so rich and powerful from gambling graft that it will take a mighty effort by decent citizens to knock them out.<sup>108</sup>

#### THE KEFAUVER INVESTIGATION

Public awareness of gambling-related corruption was increased when in 1950 a select committee of the United States Senate, chaired by Estes Kefauver, opened hearings on the influence of organized crime in interstate commerce. The Kefauver hearings, televised in 14 cities and the District of Columbia, revealed to the public the pervasiveness of organized crime operated gambling. Witness after witness testified that gambling was the one racket operating in virtually every city, and that the proceeds from gambling supported loansharking and other syndicate activities.

The Kefauver investigation focused attention on the details of gambling--names, dates, and figures.

• Sheriffs in Dade County (Miami) and Broward County (Fort Lauderdale), Fla., had incomes far in excess of their salaries, while casinos, run by mob figures such as Joe Adonis, were allowed to operate.

• In Philadelphia, the arrest of 5,000 numbers offenders over 5 years had resulted in only two jail sentences.

• Evidence turned up in Cleveland showed that a million dollar loan to Wilbur Clark, proprietor of the Desert Inn in Las Vegas, gave the syndicate 59 percent of the resort casino, even though Nevada law prohibited a gangster from owning a share of gambling operations.

• In New Orleans, the Marcello organization used gambling revenues to import drugs.

The committee's final report concluded that organized crime was firmly entrenched in large city gambling enterprises, chiefly bookmaking, numbers, and slot machines. Since Prohibition, the syndicate had shifted its major interest to gambling. The profits had been enormous because the mob had a virtual monopoly, which in some cities was held secure by police protection. Huge earnings from gambling, the report continued, enabled ordinary criminals to become powerful racketeers, political bosses, businessmen, even philanthropists.

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<sup>108</sup>Op. cit., Havemann, Gambling in America, p. 19.

The report described a national network of illegal gambling, made up of smaller syndicates coordinated at such national centers as Covington, Ky., and Las Vegas. Widespread corruption nurtured the network, and its largest income came from bookmaking. "Bookmaking provides the richest source of revenue from gambling operations, and the wire service, which transmits up-to-minute information about racing news, is essential to big-time bookmakers."<sup>109</sup> It was noted, however, that horseracing was not the only sport that brought high profit.

The committee concluded that the public was partially responsible for the success of this criminal activity:

There is a segment of public opinion in many cities that believes that gambling, in some cases, "just a little gambling," is good for business, and that strict enforcement of the anti-gambling laws could be a mistake. This attitude on the part of normally law-abiding citizens can only come from a failure to comprehend the violence and racketeering which inevitably accompany gambling operations, and the extent of the resulting damage to the economic and social fabric.<sup>110</sup>

The committee's recommendations were far reaching, calling for action at both Federal and local law enforcement levels, but emphasizing that the principal responsibility for eliminating corruption belonged to State and local agencies. The Federal contribution would consist of guidance and stronger enforcement in the areas of Federal authority--interstate commerce, communications, and internal revenue. There were some specific proposals for Federal action:

- Creation of a special racket squad in the Department of Justice and an independent Federal Crime Commission.
- A ban on transmitting across State lines information for the purpose of gambling, and a ban on transporting gambling devices from one State to another.
- Closing the loopholes in a Federal law against shipping slot machines across State lines, and extending the law to cover gambling-type pinball machines.
- Revision and enforcement of Federal tax laws governing gambling income.

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<sup>109</sup> Report of the Special Senate Committee to Investigate Organized Crime in Interstate Commerce, U.S. Congress, Senate, 82nd Congress, Arco Publishing Co., Inc., New York, May 1951, p. 150.

<sup>110</sup> Ibid., p. 187.

Concerning legalization as a control device, the committee stated:

The legalization of gambling would not terminate the widespread predatory activities of criminal gangs and syndicates. The history of legalized gambling in Nevada and in other parts of the country gives no assurance that mobsters and racketeers can be converted into responsible businessmen through the simple process of obtaining State and local licenses for their gambling enterprises.<sup>111</sup>

The Kefauver investigation set two precedents: (1) It was the first national investigation of organized crime, and (2) it was the first direct effort by the Federal Government to combat criminal gambling. Before 1950, Federal involvement had been sporadic. In 1941, Congress legislated a tax on slot machines, but it contained many loopholes. A revised and more comprehensive antilottery law was passed in 1948, and there was a Federal statute against gambling ships. The Internal Revenue Service prosecuted gamblers for tax evasion, but Federal enforcement agencies were not actively attacking gambling per se. By focusing on the link between organized crime and gambling, the Kefauver investigation set the stage for a gradual change in policy.

Little immediate action was taken in response to the committee's recommendations. Antigambling legislation passed in the early 1950's was ineffective. Committee proposals to close the loopholes of the Johnson Slot Machine Act of 1950 were not heeded, and in 1953, many provisions of the law were struck down because of their vagueness. The Wagering Tax Act passed in 1952 required gamblers to pay a 10 percent excise tax on wagers they accepted and a \$50 occupational tax annually (parimutuel betting excluded). But with no additional appropriations for extra manpower, the Treasury Department was hard pressed to enforce the law. It was not until the 1960's that the Federal Government passed more effective antigambling legislation, much of which was based on the Kefauver committee's recommendations.

The committee's findings did encourage State and local investigations of organized crime.

There was a brief series of local investigations in cities where the Senate committee had exposed organized crime operations and public corruption, but law enforcement generally failed to develop the investigative and prosecutive units necessary to root out the activities of the criminal cartels.<sup>112</sup>

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<sup>111</sup>Ibid., p. 2.

<sup>112</sup>The Challenge of Crime in a Free Society, a report by the President's Commission on Law Enforcement and Administration of Justice, U.S. Government Printing Office, Washington, D.C., 1967, p. 196.

New Jersey was a case in point. The revelations of the committee caused a flurry of activity, and, due primarily to the effort of a crusading special duty attorney general, a number of gamblers were convicted, including Joe Adonis who disappeared before serving his sentence. But then the drive lost its thrust. The police were called off, sentences of those convicted were light, and the harassed special prosecutor was fired.

Not even the horrified national reaction caused by the Kefauver exposé could force a cleanup down to the grassroots. What happened in Jersey is what usually happens: a few heads roll, the law is pacified, the headlines die, and the system goes on.<sup>113</sup>

The exposure forced the Continental Press Service to close down, but bookies could still obtain the information they needed. They could get odds from companies such as Athletic Productions, Inc., of Minneapolis, which catered to some 10,000 clients but could not be closed because it simply sold information. The Delaware Sports Service also dealt in information, in this case race results at the rate of 1,300 in 10 minutes. Layoff and comeback betting services continued to operate out of Newport-Covington, Ky., long after they were exposed by the Kefauver investigation. In the Northeast, demand for these services became so great that in New York City a separate system was established that operated from hotels and nightclubs, usually one step ahead of the law.

In Nevada, the mob's million-dollar investment in the Desert Inn and similar operations exposed by the Kefauver investigation led the State to tighten licensing procedures, but there were indications of continued underworld influence. In 1957, in New York, when Frank Costello was wounded in an assassination attempt, he had in his pocket a slip of paper that showed the handle for the current month at the casino of the Tropicana Hotel. Other links were revealed in 1959: the Cleveland syndicate still controlled the Desert Inn; gang money from New York, Chicago, and Cleveland was behind the Sahara; the Chicago mob owned the Riviera; Raymond Patriarca's New England family controlled the Dunes.

On the positive side, the Kefauver investigations prompted increased awareness by public interest groups of the gambling issue, including the legalization question, the effect of gambling on society, and the influence of criminal elements. A Committee on Organized Crime and Law Enforcement of the American Bar Association drafted model legislation based on the Kefauver recommendations, and this became a guide for future lawmakers at the Federal, State, and local levels.

In 1953, the Council of State Governments produced another model antigambling law, one that would have broadened existing statutes to

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<sup>113</sup>Op. cit., Cook, p. 114.

include all forms of gambling and would have set more severe penalties. This precursory legislation ruled out legalization, reflecting the position of legal and public interest groups, the ABA, and others.

It is frequently argued that the best way to deal with gambling is to legalize it. This is not true. The American Bar Association's Commission on Organized Crime Control, after careful study, decided that "professional gambling should not, under any circumstances or in any degree, be licensed or legalized."<sup>114</sup>

The public concurred. A 1951 Gallup poll indicated that legalization was favored only in the Northeast and middle Atlantic States and was most heavily opposed in agricultural regions.

An antigambling position based on social and economic factors was gaining support in the early 1950's. For example, Ernest Havemann wrote in Life: "Gambling is the biggest single cause of such crimes as embezzlement; it is also a cause of broken marriages, neglected children, poverty and sometimes suicide."<sup>115</sup> Virgil Peterson, operating director of the Chicago Crime Commission, took an even harder line:

Gambling as a business is wrong. That is not just a notion inherited from puritanical forebears, but the solid conclusion written into American Jurisprudence (24: 399-400) in these words: "Gambling is injurious to the morals and welfare of the people, and it is not only within the scope of the state's police power to suppress gambling in all forms, but its duty to do so."

That's the starting point for any proper discussion of this question. It is founded not only on morality but on the hard-headed fact that gambling withdraws money from the regular channels of trade vital to the well-being of a nation or a community. Gambling is parasitic by nature.<sup>116</sup>

#### MOB ROUNDUP AT APALACHIN

The arrest in 1957 of 58 underworld leaders at Joseph Barbara's isolated estate in Apalachin, N.Y., confirmed the existence of a national

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<sup>114</sup>Coggins, Ross, The Gambling Menace, Broadman Press, Nashville, 1966, p. 123.

<sup>115</sup>Op. cit., Havemann, Gambling in America, p. 11.

<sup>116</sup>Peterson, Virgil W., "Legalization Solves Nothing," op. cit., Gambling in America, ed. Herbert L. Marx, p. 162.

criminal conspiracy. This inspired an unprecedented series of Federal and State investigations over the next few years that resulted in a systematic and enlightening revelation of the mob's inner workings.

Action at the Federal level was swift and decisive. In the Senate, a Select Committee on Improper Activities in the Labor or Management Field, which would come to be known as the McClellan Committee for its long-time chairman, Senator John McClellan of Arkansas, opened hearings in 1958 on organized crime and labor racketeering. It was followed in 1961 by hearings on organized crime and gambling, held by the Permanent Subcommittee on Investigations, also under the chairmanship of Senator McClellan. In the Justice Department in 1958, a Special Group on Organized Crime was directed to investigate the implications of the Apalachin meeting for the purpose of prosecution, and the Organized Crime and Racketeering Section was expanded.

In New York State, an investigation that had begun in 1957 in Ithaca was expanded to cover the entire upstate area, and in Brooklyn in 1957 and 1958 a grand jury probed widespread gambling activity. In a short time, details were made public, as the New York State Commission of Investigation and the Brooklyn grand jury began to issue reports.

The findings from Ithaca came first. In this small community on Lake Cayuga, home of Cornell University, gambling and corruption were rife. For example, the Sons of Italy lodge was the scene of a regular crap game where \$100 and \$500 bets were common. There was a wide-ranging football pool, and one bookie had set up shop 75 yards from police headquarters. Local officials seemed surprised by what the State investigators had discovered, and they were unable to explain the disappearance of the police files on gambling.

In the fall of 1959, agents of the State Commission of Investigation conducted carefully coordinated raids across upstate New York, targeting more than 100 bookmaking establishments in 27 cities and towns. After 6 weeks of sorting the evidence, the committee was able to delineate a network extending from Canada to Cuba and to implicate officials from the cop on the beat to top assistants in the mayor's office.

The Brooklyn grand jury issued its report in 1958. It concluded in part:

Gambling is the very heartbeat of organized crime both on a local and national scale....From the evidence presented to us, we state categorically that gambling crimes are linked on innumerable occasions with the most obnoxious criminal enterprises known to man....if you scratch the professional operator of gambling ventures, you find the narcotics peddler, the loan shark, the dice-game operator, the white slaver, the murderer. Brooklyn has been the scene of a number of

unsolved gangland homicides...Almost every one of those killings is involved with gambling ventures in one form or another.<sup>117</sup>

New York was not singled out as the only State with an advanced gambling industry. In 1957, Federal agents raided a layoff center in Terre Haute, Ind., and found evidence of a nationwide betting web with links to Florida, Mississippi, Kentucky, and Nevada. Telephone records identified 170 gamblers in 40 States from whom testimony was taken.<sup>118</sup>

Other investigations into gambling around the country revealed the following:

According to the McClellan Committee, gambling-type pinball machines in Chicago grossed \$2,426,000 between 1952 and 1957, and the profit was used by the forces of organized crime to infiltrate the legitimate amusement machine business.<sup>119</sup>

In Richmond, Va., in 1960, a single bookie was handling an average of \$2 million a year, and his records showed monthly protection payments of \$3,500 to \$5,000. When a Federal grand jury subpoenaed 105 members of the police department, 60 of them pleaded the fifth amendment.<sup>120</sup>

The investigation by the Justice Department's Special Group on Organized Crime estimated that the American public was gambling at an annual rate of \$46.5 billion, out of which the profit was \$9 billion, half of which, in turn, was used to buy protection.<sup>121</sup>

Layoff centers were continuing to operate in Kentucky and Mississippi, and gambling was wide open in New Orleans.<sup>122</sup>

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<sup>117</sup>Op. cit., Cook, p. 22.

<sup>118</sup>Op. cit., "The Big, Big Bettors...."

<sup>119</sup>McClellan, John L., Crime without Punishment, Duell, Sloane, and Pearce, New York, 1962.

<sup>120</sup>Op. cit., Cook, p. 12.

<sup>121</sup>Ibid., p. 11.

<sup>122</sup>Op. cit., Drzazga, and Gambling and Organized Crime, Report of the Committee on Government Operations, U.S. Senate, made by its Permanent Subcommittee on Investigations, U.S. Government Printing Office, Washington, D.C., March 28, 1962.

Attempts had been made to persuade college athletes to shave points, and in one case a University of Oregon football player testified about the way he was pressured to fix a game.<sup>123</sup>

Modern equipment employing the latest electronic technology was used to enable the professional gambler to cheat at cards or at the racetrack.<sup>124</sup>

The McClellan Committee concluded in its report:

...that all the foregoing activities with interstate aspects--the horserace and handicap informational services to bookmakers, the attempted corruption of athletes, and the manufacture and distribution of crooked gambling equipment--were perfectly legal under Federal law.<sup>125</sup>

The committee said further that law enforcement agencies, plagued by graft from the gamblers, had failed to keep pace with the progress of organized crime. The committee recognized that the problem was caused in part by the interstate nature of syndicated crime, and it submitted recommendations for an increased Federal effort.

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<sup>123</sup>Op. cit., Gambling and Organized Crime, U.S. Senate.

<sup>124</sup>Ibid

<sup>125</sup>Ibid., p. 2

### THE SIXTIES: A NEW APPROACH

America's gambling mania and the underworld's capacity for exploiting it peaked in the 1960's and thereby set in motion a gradual process of reform. By 1960, it was generally acknowledged that a more sophisticated and diverse approach to the problem of gambling was needed. This approach would include:

1. Attacking criminal gamblers with more effective law enforcement techniques;
2. Undertaking careful analysis of gambling laws, which might include decriminalization of certain types of gambling; and
3. Understanding the psychology of individual gambling behavior and the social effects of gambling.

The status of gambling in the 1960's showed little change over earlier periods. Legal gambling was still rare. Nevada remained the only State where almost all games were legal, the lottery being the major exception. Parimutuel betting, primarily on horseracing but also at dog tracks and jai-alai games, was legal in 24 States, where an estimated \$3.5 billion was wagered annually. Legal bingo was played in 11 States by some 17 million people each year; about five States permitted slot machines. There were legal poker rooms in Gardena, Calif., and gambling-type pinball machines in Illinois.

The volume of illegal gambling was much greater. An estimated \$5 billion was bet each year on numbers. It was estimated that even more was spent on sports betting, although total figures were not compiled. Individual bets--mostly on football and baseball games--were supplemented by a high volume of pool card betting. Casino gambling, due to public opposition and vigilant law enforcement, was not able to exist for long in one spot and so assumed a floating status. Bookmaking continued to be commonplace in most cities, earning approximately \$14 billion a year.<sup>126</sup>

The amount of money gambled each year is twice the amount spent on medical care. Moreover, the ten billion dollars retained by professional gamblers as profit is twice the total expenditure for all religious and welfare activities. It is also twice the amount spent on all private research and

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<sup>126</sup>Op. cit., Drzazga, Coggins, Starkey, and Cook.

education, and it is 20 percent more than the combined net profits of the hundred largest manufacturing concerns in this country.<sup>127</sup>

#### CONTROL OF ORGANIZED CRIME

In general, the operations of organized crime were characterized by five qualities that made law enforcement efforts against them extremely difficult.

1. Stability--based on an organization and structure similar to that of a well-run corporation.
2. Devoted loyalty--a membership bound by a rigid code of silence, for the most part adhered to without question.
3. Expertise--in all necessary fields, legal or illegal.
4. Intelligence--provided by informers in law enforcement agencies.
5. Financial solvency--through almost unlimited sources of capital, much of it from gambling.

One method employed by enforcement agencies against organized crime was prosecution for failure to pay taxes on gambling income. But the gamblers and their skillful lawyers quickly learned the loopholes and technicalities and could still depend on corrupt officials to protect them.

In some parts of the country where the political bosses are in complete control, the operator of a dice game will obtain their okay to run such an operation and the police are instructed to stay away. In other places the okay may be obtained from the local head law enforcement officer if he can be reached. In the larger cities, the okay is obtained from the captain in the precinct covering the location, the lower ranks being disregarded, and the unit assigned to the enforcement of gambling laws.<sup>128</sup>

The problems of law enforcement were manifold. Neither Federal nor local agencies had the resources for a sustained effort to control gambling. It was in part a matter of priority. The primary objective of the Internal Revenue Service, for example, was to recover unpaid tax

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<sup>127</sup>Op. cit., Coggins, p. 28.

<sup>128</sup>Op. cit., Drzazga, p. 171.

dollars. Thus IRS agents would investigate corporations or wealthy individuals suspected of evading taxes rather than track down numbers runners. In addition, the political priorities of elected officials varied. Some officials took a tough antigambling stance, others did not. Law enforcement suffered, moreover, from lack of information about the illegal gambling apparatus, while the gamblers seemed to be acutely aware of enforcement strategies. "By developing expertise in the interstices of the law at police and judicial levels, a well-informed and well-counseled underworld can operate safely in the legal gaps."<sup>129</sup> The numbers racket, in particular, was carefully constructed to take advantage of advance word on new police strategy, with each level in a chain of activity isolated from the next. Similarly, when it was learned that the government would resort to electronic eavesdropping, gambling operations were moved to hotels and nightclubs where they were less likely to be tapped.

Perhaps the best example of a gambler staying one step ahead of the law occurred when Meyer Lansky, under pressure in Las Vegas, obtained the right to operate casinos in the Bahamas.

Through the Sixties, then, the money poured across the tables on Grand Bahama and Paradise Island. And Lansky's gambling empire expanded through much of the rest of the Caribbean, including Haiti, and even across the Atlantic to England.<sup>130</sup>

Flaws in the judicial system--long delays and case overloads--also benefited the criminals. Case preparation was difficult and time consuming and the laws contained many technicalities that defense attorneys could use to get cases dismissed. Funds for bail and fines were considered everyday operating expenses for organized crime figures. If cases did finally go to a jury, convictions were hard to obtain.

A Boston judge pointed out that jail sentences were rarely imposed on gambling cases. Gamblers and promoters always opted for trial by jury because jurors were infected with "two of the great mental diseases of modern American life, the twin credos that gambling could not be stopped and that, so long as gambling was controlled, it remained a harmless foible."<sup>131</sup>

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<sup>129</sup>Tyler, Gus, "The Roots of Organized Crime," Social Problems in a Changing World, ed. Walter M. Gerson, Thomas Y. Crowell Co., New York, 1969, p. 208.

<sup>130</sup>Op. cit., Hammer, "Part XI: Attack on a Hoodlum Empire," Playboy, vol. 21, no. 6, June 1974, p. 185.

<sup>131</sup>Ludovici, L. J., The Itch for Play, Jarrolds, London, 1962, p. 124.

Where convictions were obtained, many judges imposed light sentences because they believed that antigambling laws were hypocritical. Often the gambling laws themselves permitted only minimal sentences. Because of the inadequacies in the law and the imposition of light sentences for gambling offenses, the prosecutor's office and the police department were "forced to find other means of punishing, harassing and generally making life uneasy for gamblers."<sup>132</sup>

Public attitudes also made it easier for professional gamblers to avoid prosecution. As the President's Commission on Law Enforcement and Administration of Justice noted, "...millions of people who gamble illegally are willing customers who do not wish to see their supplier destroyed."<sup>133</sup> Others were apathetic, or unaware of the link between gambling and organized crime.

Few Americans seem to comprehend how the phenomenon of organized crime affects their lives. They do not see how gambling with bookmakers, or borrowing money from loan sharks, forwards the activities of great criminal cartels.<sup>134</sup>

The general public was unaware that the infiltration of a legitimate business often was the result of a gambling debt, and that those who incurred large gambling debts were likely prospects for other underworld services. "Many victims of usury operators are compulsive or eager gamblers who have borrowed from loan sharks in an attempt to recoup gambling losses."<sup>135</sup>

#### Signs of Change

In 1961, Congress passed three laws that made it easier for the government to prosecute criminal gamblers. The first made it illegal to transmit gambling information by wire; the second banned the transport via commercial interstate facilities of paraphernalia for numbers, pool card selling, or sports betting; and the third outlawed travel by commercial interstate facility for racketeering, notably gambling.

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<sup>132</sup>Goldstein, Joseph, "Police Discretion Not to Invoke the Criminal Process: Low-Visibility Decisions in the Administration of Justice," Delinquency, Crime, and Social Process, ed. Donald R. Cressey and David A. Ward, Harper and Row, New York, 1969, p. 182.

<sup>133</sup>Op. cit., The Challenge of Crime..., p. 198.

<sup>134</sup>Ibid., p. 188.

<sup>135</sup>Cressey, Donald R., Theft of the Nation, Harper and Row, New York, 1969, p. 77.

Attorney General Robert F. Kennedy made a full-scale drive against organized crime a first order of business when he took office in 1961. The staff of the Justice Department's Organized Crime and Racketeering Section was expanded fourfold and given responsibility for collecting intelligence from 26 Federal agencies. Strike forces were dispatched around the country to coordinate the efforts of Federal and local agencies and keep them abreast of developments in Washington.

A three-pronged attack was launched in which gambling was a specific target. First, an effort was made to prosecute the leaders of organized crime, even though they were more insulated than their underlings. Second, gambling facilities--the betting line and wire service--were prohibited by statute. Third, evidence was seized in a series of well-planned raids.

The campaign produced results--prosecutions increased dramatically (by 1967 there were 704 cases pending against 1,231 alleged racketeers), and a high conviction rate was achieved. Those convicted included two mob leaders who operated statewide organizations. Other accomplishments included the following:

- Athletic Productions, Inc., the Minneapolis odds maker, and the Delaware Sports Service were closed down.
- The Biloxi, Miss., and Newport-Covington, Ky., layoff centers were put out of operation.
- Slot machines were eliminated in Kentucky.
- A sweep of illegal operations in Chicago by local police and U.S. Treasury agents netted 1,000 operators and \$400,000 in equipment.

At the same time, the gambling interests were fighting back. An attempt to overturn the ban on slot machines in Kentucky almost succeeded; a drive to reform Chicago laws covering coin-operated machines met stiff resistance; a major Federal case against underworld ties and skimming in Las Vegas had to be dropped because critical evidence was the product of wiretaps.

In 1967, the President's Commission on Law Enforcement and Administration of Justice concluded that "Gambling is an activity that is controlled by organized criminals and is a major source of their wealth and power."<sup>136</sup> Further, the commission stated "...the American system [of justice] was not designed with Cosa Nostra-type criminal organizations in mind, and it has been notably unsuccessful to date in preventing such organizations from preying on society."<sup>137</sup>

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<sup>136</sup>Op. cit., The Challenge of Crime..., p. 5.

<sup>137</sup>Ibid., p. 7.

The commission found that efforts to combat organized crime had been sporadic. "...until recently, spurts of concentrated law enforcement activity have been followed by decreasing interest and application of resources."<sup>138</sup> Development of specialized intelligence units was proceeding slowly, and the permanent units that had been created were the exceptions, such as the New England State Police Compact and the Law Enforcement Intelligence Unit, established in California in 1956. New York City had a special intelligence unit, but it constituted only one-third of 1 percent of the police force.

Authorities in most States and at the Federal level were also handicapped, they felt, by their inability to use wiretaps in building court cases. Because only a few States permitted court-ordered wiretaps, and before 1968 there were no such provisions under Federal law, it was extremely difficult to build a case against the leaders of the underworld, who were careful to insulate themselves from the actual commission of crimes. Several States had immunity laws, but because there was no Federal immunity law, witnesses in Federal cases could plead the fifth amendment over and over to avoid self-incrimination.

The Omnibus Crime Control and Safe Streets Act of 1968 contained provisions that allowed Federal authorities to employ wiretaps if certain conditions were met, which meant that the evidence gained through legal wiretaps could be presented in court. In the same year, however, the Supreme Court struck down disclosure features of the 1951 Wagering and Stamp Tax Act when it applied to illegal gamblers, but the Court decision left the door open for new legislation that could restore the disclosure power.

In its efforts to combat organized crime, the Department of Justice employed traditional law enforcement methods supplemented by the new wiretap authority and modern police technology. In addition, organized crime strike forces were operating in 18 cities, and largely through their efforts a number of underworld chieftains were sent to prison, including Cosa Nostra commissioners Vito Genovese of New York, Raymond Patriarca of New England, Sam DeCavalcante of New Jersey, and Carlos Marcello of Louisiana. Meyer Lansky fled the country under Federal indictment.

In Las Vegas, there was a general squeeze on underworld operations, making things so uncomfortable for the syndicate men that many were eager to sell out to Howard Hughes, who had been encouraged by State authorities to invest in the pleasure palaces.

The Organized Crime Control Act of 1970 extended Federal authority over illegal gambling to cover intrastate games that met a certain specification as to dollar volume, number of employees, and duration.

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<sup>138</sup> Ibid., p. 196.

The situation at the local level was more discouraging because State antigambling laws were "antiquated, hit-or-miss, and generally inadequate."<sup>139</sup> Furthermore, funds were lacking. Federal grants-in-aid of \$60 million, awarded to local agencies in 1968 and 1969 by the Law Enforcement Assistance Administration, were much less than was needed.

Although often willing to act, the States were handicapped by jurisdictional limitations that often required a local government to request assistance. The requests seldom came, because at the local level, in keeping with tradition, laxity and corruption were compounded by judicial leniency and public apathy.

Even if requests had been forthcoming, many States lacked the resources to meet them. But there were some exceptions. For example, in New York an organized crime task force was placed under the attorney general, assigned a special prosecutor, and given intercounty jurisdiction. In Pennsylvania, a Crime Commission established in 1968 issued a report in 1970 that contained two major findings:

1. ...that organized crime thrives throughout the Commonwealth and is a problem of tremendous and unrecognized magnitude.<sup>140</sup>
2. Illegal gambling is by far the largest and most lucrative activity in which organized crime is engaged.<sup>141</sup>

The Pennsylvania Crime Commission's report covered such deceptively isolated events as a raid on a flower shop, which revealed that the Mafia organization of Angelo Bruno was running gambling junkets to London; that just a few of the city's 25 numbers banks were found by police to be grossing \$240 million a year; that the bookmakers were still linked by wire service to Las Vegas, Detroit, and Houston; and that gambling dollars were used for loansharking.

The structure of these operations was described by the commission as follows:

Organization increases the efficiency and profitability, and expands the markets of illegal gambling. It systematically corrupts and negates law enforcement and thereby increases protection. It enhances the welfare of workers by supplying bail and legal counsel, by paying all criminal fines, and by

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<sup>139</sup> King, Rufus, Gambling and Organized Crime, Public Affairs Press, Washington, D.C., 1969, p. 11.

<sup>140</sup> Report on Organized Crime, Pennsylvania Crime Commission, Harrisburg, 1970, p. 1.

<sup>141</sup> Ibid., p. 25.

supporting the worker's family when he is in jail. Most importantly, organization means insurance against severe gambling losses....Through our modern telephone system, this service of an organization is available anywhere in Pennsylvania, even in the smallest towns or rural areas.<sup>142</sup>

Pennsylvania gambling laws, most of them written in 1860, were cited as inadequate, and the problem with the judiciary was exemplified by a statistic: in 3,865 arrests for vice and gambling in 1969, 2,336 defendants were discharged in preliminary hearings. Local government was found to be burdened by limited resources, corruption, lack of expertise, understaffed intelligence units, and mistrust. And at the root of this "nullification of government," the commission found, was public opinion: "Apathy toward the effects of syndicated gambling develops a tradition of poor government."<sup>143</sup>

A Commission to Investigate Alleged Police Corruption, established in 1970 under Whitman Knapp, a private attorney, reported in 1972 that gambling was at once the main source of payoff money and the principal recipient of protection.

The commission report described the "pad" system of protection payments collected and distributed regularly. A policeman's "nut," or share of the pad, ranged from \$300 to \$1,500 per month, depending on the location of his beat, and often he was lured against his will into the system.

The Commission found that corruption within the Department was so pervasive that honest rookies joining the police force were subject to strong pressures to conform to patterns of behavior which tended to make cynics of them and ultimately led many of them into the most serious kinds of corruption. This situation was the result of an extremely tolerant attitude toward corruption which had existed in the Department for the better part of a century and had flourished despite the efforts--sometimes vigorous and sometimes not--of police commissioners and various law enforcement agencies.<sup>144</sup>

The Knapp Commission also documented the failure of the judiciary to support gambling laws: of 9,456 felony arrests for gambling from 1967 to

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<sup>142</sup>Ibid., p. 96.

<sup>143</sup>Ibid., p. 74.

<sup>144</sup>Knapp Commission Report on Police Corruption, the Commission to Investigate Allegations of Police Corruption and the City's Anti-Corruption Procedures, December 26, 1972, George Braziller, New York, 1973, p. 260.

1970, indictments were obtained in 921, there were only 61 convictions and, for those, sentences were nominal.

#### LEGALIZATION DEBATE

Although religious and moral views were heard, in the 1960's, the debate over whether to legalize gambling turned primarily on practical issues: legal gambling as a source of State and local revenue, legal gambling as an alternative to the multibillion dollar illegal industry that supported organized crime, and legal gambling in place of the futile effort to uphold antigambling laws.

The trend toward legalization of one or more forms of gambling gained momentum in the 1960's, as two States--New Hampshire in 1964, and New York in 1967--legalized lotteries. In addition, parimutuel licenses were being issued with regularity, and State legislatures were holding hearings with a view to placing the issues before the voters.

Many public officials commissioned studies by economists to determine the revenue generating potential of certain forms of gambling, particularly lotteries. Other studies were conducted on such diverse topics as:

- The feasibility of gaining acceptance of a legal numbers game in black and Puerto Rican communities where the illegal one is valued as a social tradition.
- The practicality of establishing sports betting in view of the difficulty of duplicating the important layoff system used in illegal operations.
- The efficacy of legalization as a weapon against organized crime.

When New Hampshire established its State lottery, Governor John W. King stated: "We were faced with a choice between compulsory taxation through the proven, but harsh, method of a sales tax, and voluntary taxation through the sweepstakes..."<sup>145</sup> His critics later contended the proceeds from the lottery were disappointing.

#### The Nevada Experience

The States considering legalization had only the experience of Nevada to draw from. The pioneers of legal gambling in Nevada are two

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<sup>145</sup> Interview with Governor John W. King, This Week Magazine, July 14, 1963, p. 12.

men who have been operating in Reno since the 1930's, Raymond I. Smith and William F. Harrah. Smith, who opened Harold's Club in 1937, and Harrah, who established the club that bears his name in 1937, are essentially promoters. From the outset, their aim was to make gambling acceptable morally as well as legally.

Smith decorated his casino with bright lights and colorful trappings to disabuse the notion that the appropriate setting for gambling was a seedy, smoky backroom. He lowered the stakes to attract small bettors and provided transportation home for players who went broke.

Harrah added modern technology to Smith's technique. He commissioned a research firm to determine his likely clientele and how to attract it. When the results pointed to the elderly and low-income people who owned no car, he provided bus service to 31 nearby cities. He opened up his gambling rooms to full view from the sidewalk, creating the impression there was nothing to hide. From an initial investment of \$2.5 million, Harrah was earning \$20 million a year by 1962.

Through Harrah's efforts--and those of his imitators--the Nevada side of Lake Tahoe, once a drowsy summer resort, has become a bustling, year-round Monte Carlo for average Americans; a thirty-mile line of cheery and comfortable casinos where thousands of families bring the kiddies and feel no guilt about betting their bankrolls, and where thousands of lonely, elderly people come to bet....<sup>146</sup>

In Las Vegas, the gambling emporiums were built to provide many services under one roof, including tennis, swimming, jai-alai, shops, nightclubs, restaurants, bars, baby-sitting, and children's activities.

In judging the success of Nevada's gambling industry, a number of questions had to be answered beyond a determination of the profitability and honesty of individual gambling enterprises; for example, did the economy of the State reap the expected return?, what was the effect on the life of the people of Nevada?, what other problems accompanied legalization?

One negative effect was the repeated scandals caused by the presence of syndicate figures in the casinos, despite the efforts of one control board after another to eliminate their influence and illegal activities.

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<sup>146</sup>Monroe, Keith, Harper's Magazine, January 1962, as quoted in, op. cit., Ludovici, p. 196.

Numerous behavior studies found the Nevada resident to be an indifferent gambler, the theory being that the novelty had worn thin. A counter argument cited the ubiquity of slot machines--in supermarkets, drug and department stores--and the claim by the merchants that their survival depended on the play. Inevitable questions were raised about family life in such an atmosphere. What effect did dependence on gambling have on the values of the young? Did it increase the divorce rate?

From an economic standpoint, the State seemed satisfied; its share of the proceeds amounted to approximately 40 percent of the State's revenues. But the question remained: what would happen if neighboring California legalized gambling, or if a downturn in the national economy tempered the wagering mania? Moreover, there was a feeling that due to profit skimming, the State was receiving less than its due share of the proceeds.

As interest in legalization mounted, a subsidiary argument developed concerning the relevance of the Nevada experience to other States. Because Nevada is sparsely populated and gambling is concentrated in just two cities (Reno and Las Vegas), it is easier for enforcement agencies to monitor gambling activities there than in more populous States such as New York and California. In addition, Nevada's desert climate and lack of transportation facilities discouraged manufacturing and other industries from locating there, and so gambling was a logical alternative. Finally, the amount of gambling revenue generated in Nevada could not be used as a basis for predicting earnings in other States since Nevada would no longer have a monopoly if more States permitted casino gambling.

Besides casino gambling, other forms of legalized gambling in Nevada were closely watched by proponents of both sides in the late 1960's. Parimutuel betting was, by and large, well run and well policed, although a case often was made that its contribution to State and local coffers was relatively insignificant. The charity games were under constant attack. Churches, it was charged, often would contract with professional gamblers to operate a bingo game, and as a result would lose a large portion of the take to the local **Criminal elements**.

Other critics denounced the temptation that charity gambling offered the young.

#### Sociological and Psychological Issues

The legalization debate prompted studies of the possible effects of legalized gambling on society. In the early 1960's, although some new research was undertaken, most of the work consisted of summarizing for a

wide audience the pioneering studies of Edmund Bergler, Thorstein Veblen, Robert Linder, William Foote Whyte, and others.

In 1967, Robert D. Herman published a book entitled Gambling, in which he studied bettors at Hollywood Park, Calif., to determine if there was a connection between socioeconomic status and wagering habits. Herman found that the racetrack served a function in the lives of the bettors he surveyed.

...commercialized gambling offers to many people efficient means of enhanced self-esteem and gratification in a culture in which satisfactions are increasingly likely to be found in enterprises of consumption rather than production.<sup>147</sup>

Irving K. Zola studied horserace bettors in a bar in an unidentified New England town, a group of men who met each afternoon to form a gambling community that was separate from social existence outside the bar. After each race the results were discussed, and the men judged each other on betting skill. Zola determined that the values the men attached to this betting community were symbolic of more fundamental conditions of their lives. "'Beating the system' was beating the game of life, showing some ability to control fate, achieving recognition and venting frustration."<sup>148</sup>

The sociological studies conducted in the 1960's also produced diverse theories to explain why people gamble, which included: "buying hope on credit,"<sup>149</sup> "elderly life seeking,"<sup>150</sup> needing an opportunity to make decisions in an increasingly regulated world;<sup>151</sup> and the more down-to-earth explanation of simple recreation.

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<sup>147</sup>Herman, Robert D., "Gambling as Work: A Sociological Study of the Race Track," Gambling, ed. Robert D. Herman, Harper and Row, New York, 1967, p. 104.

<sup>148</sup>Zola, Irving K., "Observations on Gambling in a Lower-Class Setting," op. cit., Gambling, ed. Robert D. Herman, pp. 19-32.

<sup>149</sup>Wykes, Alan, The Complete Illustrated Guide to Gambling, Doubleday and Co., Inc., Garden City, N.Y., 1964, p. 8.

<sup>150</sup>Campbell, Felicia, "The Gambling Mystique: A Positive View," a paper presented at the First Annual Conference on Gambling, Las Vegas, June 1974.

<sup>151</sup>Kusyszyn, Igor, "How Gambling Saved Me from a Misspent Sabbatical," a paper presented at the First Annual Conference on Gambling, Las Vegas, June 1974.

Herbert A. Bloch maintained that gambling was a manifestation of idealism: "Our heroes are often gamblers--people who take risks, who play to win (possibly lose all), who gamble their very lives. In fact, we often look down upon the person who always 'plays it safe'...."<sup>152</sup>

Lycurgus Monroe Starkey found gambling deeply rooted in modern society:

...symptomatic of deeper distresses in our social structure--tedious and purposeless occupations, inequitable distribution of the nation's wealth, cheap and inconsistent law enforcement, the Horatio Alger myth of success by sweat in the face of insurmountable economic and social obstacles, the continued stress on personal initiative to the neglect of community responsibility. No solution for gambling corruption in a society may be found which ignores society's provocation of gambling.<sup>153</sup>

The traditional view of the effect of gambling on society is that it is destructive to the individual, that it undermines the work ethic, and that it removes money from the legitimate marketplace. The research of the 1960's developed some less rigid views. For example, the proposition that people gamble beyond their means was disputed as unproven, and the claim that gambling is detrimental to society was countered by the argument that gambling is an outlet for frustrations, a relief from loneliness, and a leveler of class distinction. Some psychological theorists regarded gambling as a normal form of recreation, destructive, apparently, only to those who become addicted to it or get involved in its illegal aspects. In the case of addiction, they claimed, the proper solution is to cure the addict and not condemn gambling per se.

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<sup>152</sup>Bloch, Herbert A., "The Gambling Business: An American Paradox," op. cit., Social Problems in a Changing World, p. 98.

<sup>153</sup>Op. cit., Starkey, p. 63.

PART III  
EFFECT ON A MODERN SOCIETY

The effects of gambling on modern American society must be studied in terms of subissues, four of which predominate and are the subjects of individual essays that follow. They are:

1. Legal gambling as an effective means of raising public revenue.
2. The extent of gambling-related corruption.
3. Gambling habits and attitudes.
4. The social gambler and the problem gambler.

The final section summarizes the economic, criminal/prosecutorial, social, and psychological arguments for and against legalized gambling.

## THE ECONOMICS OF LEGALIZED GAMBLING

By the 1960's, the trend to legalize gambling in State after State was accelerated by economic necessity. According to a report of the Council of State Governments in 1972, "State deficits and uncertainties centering around school finance and revenue sharing triggered considerable legislative activity on bills legalizing various forms of gambling to supplement state revenues during the past two years."<sup>154</sup> As examples, New Hampshire approved a lottery in 1964, followed by New York in 1967 and 11 other States in the early 1970's. New York authorized off-track betting in 1970, as did Connecticut in 1972. Equally significant were the many studies undertaken by numerous States of legalized numbers, sports betting, slot machines, and casinos.

These studies, prepared by experts, are on the whole careful investigations of past experience both in the U.S. and abroad. The studies cover all forms of gambling and consider social and economic arguments for and against legalization as well as those that propose legal gambling as a deterrent to organized crime. The general economic arguments are as follows:

### FOR LEGALIZATION

1. As an alternative to increased taxation, it is a politically feasible way to raise revenues.
2. Recognized as a small percentage of total revenue, it still enables new programs to be established and/or existing ones to be improved.
3. It is a voluntary, neutral, and nonregressive tax.
4. It preserves for a State revenues that would be drawn off by other States where gambling is legal or by the underworld.
5. It cuts the cost of government by eliminating the major source of corruption and reducing law enforcement activities.
6. It provides employment and stimulates the economy of depressed areas.

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<sup>154</sup> Gambling: A Source of State Revenue, the Council of State Governments, Lexington, Ky., 1973, p. v.

AGAINST LEGALIZATION

1. Gambling revenue is insufficient to offset the cost of its administration and regulation.
2. It increases law enforcement and welfare costs.
3. It is a regressive tax because it weighs more heavily on lower income groups.
4. It competes for consumer dollars, returns little to the economy for what it takes out, and is a disincentive to industry.
5. It lowers productivity and erodes the work ethic.
6. As a form of revenue, it rises and falls on the whims of consumers, competition from other States, and general economic conditions. Its revenue raising potential is limited by a saturation point.
7. Instead of luring consumers from illegal gambling, it creates new customers.
8. It simply postpones a State or local government's need to raise sufficient revenue through taxation.

Some experts believe that, while gambling never can be a major source of State revenue, it can fill a distinct need at a critical time. Ernest T. Bird, director of the New York lottery, cautions that States "...should not picture a lottery as a panacea for all fiscal problems of government, but instead as an aid in slowing down the spiraling costs of government services."<sup>155</sup>

Some people believe that the time is right for a legal lottery when even a slight tax increase will not be tolerated, as in the case of New York. (It has been estimated that a 1.7 percent surtax on the New York income tax or a .1 percent hike in the general sales tax would match the money raised by the lottery each year.) "Although small as a percent of total state revenues, lottery income to a state from an absolute standpoint represents a large sum of money."<sup>156</sup>

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<sup>155</sup>Bird, Ernest T., "State Lotteries--A Good Bet?" State Government, The Council of State Governments, Lexington, Ky., Winter, 1972.

<sup>156</sup>Weinstein, David and Lillian Deitch, The Impact of Legalized Gambling; the Socioeconomic Consequences of Lotteries and Off-Track Betting, Praeger Publishers, New York, 1974, p. 74.

But there is disagreement on this point. Sam Rosen, a professor of economics at the University of New Hampshire, believes many States have not exhausted other revenue sources and politicians resort to lotteries to stay in office. He claims the New Hampshire lottery, designed to raise school funds and prevent local property tax increases, has failed on both counts.<sup>157</sup>

The New Jersey lottery, currently raising about \$10 per resident annually, has shown that a 1 to 2 percent contribution to total revenue is not unrealistic. After studying the competition in New York and New Hampshire, New Jersey was able to design a more consumer-oriented lottery. When New York adopted some of the new features and Pennsylvania followed suit, New Jersey's profits dropped.

The practice of conducting advertising campaigns to promote lottery sales has also prompted debate.

The real significance of the lottery and other forms of publicly sponsored gambling...lies not in the revenue but in the change it signifies in our national conception of the nature and functions of government. Government sponsorship and encouragement of any form of private consumption, especially those widely held to be deserving of disapprobation, seem to me to be dubious public policy.<sup>158</sup>

The role that government assumes in respect to legalized gambling varies. The State can act simply as a regulator, only collecting taxes, as is the case in Nevada. Or it can establish a quasi-public corporation for public benefit, one that assumes responsibility and costs and collects both revenue and taxes, such as in the case of New York City's Off-Track Betting Corporation. Or the State can operate a gambling enterprise directly, as New Hampshire runs its lottery, bearing all responsibility and reaping all the profits.

The dependability of gambling as a revenue source has been questioned by antilegalization forces. Gambling revenues, essential to the preparation of a budget, are difficult to predict. Gambling profits generally decline during adverse economic periods, and sometimes the public simply loses interest. Nevada, for example, has had periodic downturns that had to be countered by stepped-up advertising campaigns.

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<sup>157</sup>Rosen, Sam and Desmond Norton, "The Lottery as a Source of Public Revenue," Taxes--The Tax Magazine, Chicago, September 1966.

<sup>158</sup>Stocker, Frederick D., "State Sponsored Gambling as a Source of Public Revenue," National Tax Journal, National Tax Association, Columbus, Ohio, vol. XXV, no. 3, September 1972, p. 443.

Another case in point is horseracing. A drop in popularity in the early 1970's indicates that track betting may have saturated its market, which is a signal for serious concern. If the trend toward legalization reaches the point that all games--numbers, sports betting, casinos--are sanctioned, they will all be competing for a market that may not be unlimited.<sup>159</sup>

If gambling is legalized to undercut organized crime, that goal may ultimately come into conflict with the purely economic objective. In order for legal games to compete with illegal ones, they must attract customers by offering better odds, which means lower profits. This problem was underscored in studies conducted by the Hudson Institute for the New York State Commission on Gambling and by the Fund for the City of New York.

Some specialists regard gambling as a short-term solution to a basic fiscal problem, a stopgap that will simply delay the inevitable demand for new revenue sources.

Those who advocate resolving the fiscal dilemma of state and local governments by the introduction of gambling taxation... seemingly do not recognize the nature and magnitude of the fiscal tasks confronting state-local governments....To meet the expanding needs of the public sector will require an unprecedented use of broad-based and equitably structured expenditure and/or income taxes. On the other hand, gambling taxation, a seemingly politically palatable panacea, at best can only represent a token effort. It cannot resolve the basic fiscal problem....<sup>160</sup>

Although some experts, such as William R. Eadington in Nevada,<sup>161</sup> argue that gambling has the effect of a regressive tax, others believe that the point has been overstated.

...although somewhat regressive, it is no more so than some of the alternative taxes which may have taken its place, and probably returns as much or more in benefits to lower classes as it removes.<sup>162</sup>

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<sup>159</sup>Op. cit., Weinstein, p. 112.

<sup>160</sup>Op. cit., Coggins, pp. 81-82.

<sup>161</sup>Eadington, William R., "Some Observations on Legalized Gambling," New Mexico Business, University of New Mexico, Albuquerque, October 1973.

<sup>162</sup>Op. cit., Weinstein, p. 84.

Opponents of legalization argue that equal wagering patterns across the income scale simply prove regressivity, because the betting accounts for a greater proportion of a poor man's income.

Surveys indicate that a slightly smaller proportion of the poor play the lottery than middle income groups, but the amount spent comprises a higher proportion of their income.<sup>163</sup>

Frederick D. Stocker, a tax specialist, questions whether the regressivity argument is relevant at all.

At the same time one wonders how relevant traditional concepts of progressivity and regressivity are to a revenue source consisting of profit from a commercial enterprise, especially when the customer's expenditure represents essentially money that would otherwise have been spent on some other consumer good.<sup>164</sup>

Some recent studies claim that there is no conclusive evidence that gambling has negative economic effects. Such studies suggest that productivity does not decline as a result of gambling, businesses do not go bankrupt, investment money is not deflected, and there is no appreciable increase in bad debts. They claim further that gambling does not compete significantly with other leisure industries, and that, in fact, gambling can stimulate new employment and bolster the economies of depressed areas. This is the rationale behind a suggestion that casinos be opened in New York's Catskill Mountains, where the resort business has been declining.<sup>165</sup>

The opponents, however, can point to past examples of how gambling has diminished productivity and deterred new industry. The effect of a dog track on the economy of Portland, Ore., is often cited,<sup>166</sup> as is the case of legal slot machines in Maryland. Ellis P. Murphy, director of the Los Angeles County Department of Public Social Services, says that:

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<sup>163</sup>"Legalized Gambling in America, the Socio-Economic Consequences of Lotteries and Off-Track Betting, Some Tentative Findings," working paper, The Futures Group, Glastonbury, Conn., July 17, 1973.

<sup>164</sup>Op. cit., Stocker, p. 439.

<sup>165</sup>Legalized Gambling, A Report to Nelson A. Rockefeller, Governor, and the Legislature, New York State Commission on Gambling, Albany, N.Y., February 1, 1973, including the summary volume of Increased Legal Gambling in New York--A Policy Analysis, The Hudson Institute, Croton-on-Hudson, N.Y., January 1973.

<sup>166</sup>Neuberger, Richard L., "Oregon Goes to the Dogs," op. cit., Gambling in America, ed. Herbert L. Marx, pp. 104-108.

...family problems created by gambling cost between \$10 million and \$20 million a year in welfare payments in his bailiwick alone....Also not considered is the price the state will pay for sending more of its citizens on welfare due to gambling losses, for gambling-related crime,..."<sup>167</sup>

A related question is whether gambling receipts earmarked for a specific purpose, such as education, have been of direct benefit, and again the answer is equivocal. In New Jersey and New Hampshire the lottery revenue simply replaced funding from other sources, so there has been no detectable increase in benefit. In Massachusetts, on the other hand, money has been distributed to cities and towns, bringing about some reduction in property taxes. In Pennsylvania, where proceeds go to relief for the elderly, there has been some spinoff in the form of transportation subsidies and lower property taxes.<sup>168</sup>

At the Federal level, neither the executive nor the legislative branch has ever seriously considered legalization, although in times of economic uncertainty bills providing for a national lottery have been introduced and routinely defeated. The Federal Government does, however, exert a direct influence on State and local legalized gambling through tax laws as well as criminal and regulatory statutes. There are, for example, laws that prohibit the shipment in interstate commerce of lottery tickets or gambling equipment, the mailing of lottery tickets, or the announcement of results on radio or television. Some gambling proponents claim that these laws unfairly interfere with legal gambling and actually benefit the operators of illegal gambling.

The gambling taxation laws are also cited in this argument. The Treasury Department collects a 10 percent excise tax on all but parimutuel wagers. A loophole in the law exempts lotteries that use horserace results in the drawings, and would presumably exempt a legal numbers game that did the same. But the law would place legal sports betting at a distinct disadvantage to its illegal counterpart. A Federal income tax on winnings of more than \$600 also tends to drive bettors, especially high rollers, to the illegal competition.

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<sup>167</sup>Op. cit., Wagner, pp. 95-96.

<sup>168</sup>Op. cit., Weinstein, p. 75+.

## CORRUPTION AND THE FAILURE OF ANTIGAMBLING LAWS

For any widespread, profitable, illegal racket such as gambling...to exist, there must be public officials who look the other way.<sup>169</sup>

Corruption efforts designed ostensibly or primarily to protect illegal gambling are the largest single components of corruption in the criminal justice system.<sup>170</sup>

Illegal gambling flourishes in most parts of the country, due in large part to the failure of local law enforcement and to a number of other factors, including:

- Insufficient money, manpower, and modern equipment and the relatively low priority generally assigned to gambling investigations.
- Incomplete and confusing legislation and jurisdictional conflicts.
- A judicial system that is overtaxed, staffed by judges who are not authorized or are otherwise reluctant to mete out severe punishment for gambling offenses.
- Police departments beset by low morale, poor pay, inadequate training, and lack of discipline.
- Inadequate coordination between local police and other government agencies.
- Unavailability of a victim to lodge a complaint to police in gambling cases.
- Indifference of a public that likes to gamble or at least believes the decision to gamble should be left to the individual.
- Corruption, which when related to illegal gambling, involves the passing of money or some other form of bribe to a police officer, politician, or other public official for the purpose of assuring protection from the law.

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<sup>169</sup>Task Force Report: Assessment of Crime and Criminal Justice in Pennsylvania, Pennsylvania Crime Commission, Harrisburg, 1969.

<sup>170</sup>Report and Recommendations to Extend Legalized Gambling, New York State Commission on Gambling, Albany, February 1, 1973.

Although in quantitative terms corruption may not be the major obstacle to upholding gambling laws, it is the most insidious because it erodes respect for both the institutions and the individuals of enforcement. It is a practice as established as unlawful gambling itself, and for an entire century beginning in the mid-1800's it enabled illegal activities to survive in most States.

Until the 1950's, general public indignation over illegal gambling was precluded either by an ignorance of or an indifference to what was going on, and there were even some people who regarded gambling corruption as no more dishonest than fixing speeding tickets. But the Kefauver hearings provided an insight into the wider implications of corruption (see page 51), which led to more intense investigations of its causes and effects. Then, in the 1960's, following the McClellan Committee investigation, there was a commitment at the Federal level to mount a coordinated attack on organized crime, and this included innovative measures against illegal gambling, the financial base of the underworld.<sup>171</sup> But local government, the first line of responsibility, was still unwilling or unable to crack down on illegal gambling, and there was no workable mechanism for a State that passed antigambling laws to guarantee enforcement at the local level.

It is impossible to measure the dollar volume of gambling-related corruption over a given period, since estimates vary widely. The Pennsylvania Crime Commission estimated that in a single county numbers alone generates from \$4 to \$6 million in payoffs each year. In New York State, an estimated \$40 million a year is spent on "bribes, payoffs, political contributions and other techniques for securing political power and protection against law enforcement."<sup>172</sup>

Corruption is believed to be more prevalent at the county and municipal levels than at the State or Federal levels, partly because the local police officer is the most frequent target of the payoff. The cop on the beat and the vice squad detective are vulnerable because they are more likely to come into contact with illegal gambling operators, and it is they who must take direct action in the event of a violation. It goes without saying, however, that the effectiveness of the corruption rises proportionately with the rank of the official who has been corrupted.

Legal gambling also offers opportunities for corruption and may involve officials who are able to use their position to cover up their wrongdoing.

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<sup>171</sup>Op. cit., Drzazga, Cook, Cressey, King, and others.

<sup>172</sup>Increased Legal Gambling in New York--A Policy Analysis, The Hudson Institute, Croton-on-Hudson, N.Y., January 1973, vol. I.

## SOME CASE STUDIES

There has not been sufficient indepth investigation to present a complete profile of gambling corruption, but in general, the purpose of the corruption is to:

...finance political campaigns or bribe and corrupt political leaders and criminal justice personnel--either the policeman, prosecutor, court clerk, or judge, depending on the type of protection desired and also on who is the weakest link of the criminal justice chain.<sup>173</sup>

In Reading, Pa., the city studied by John A. Gardiner and identified as "Wincanton," the deal was made at a high level. A mayor was willing to appoint a police chief who shared the graft with him, while a city councilman kept the books for the rackets boss. Honest officials throughout the city administration were loath to blow the whistle, presumably for fear of losing their jobs.

In Johnstown, Pa., subject of a recent investigation by the Pennsylvania Crime Commission, the situation "represents a deep structural problem caused in large part by the fragmentation of authority and responsibility inherent in commission government."<sup>174</sup> Again the mayor was key, since he had the power to appoint the police chief. Gamblers who refused to make payoffs were harassed by raids, while those who fell into line were warned in advance of a "crackdown." Two police officers who balked at the system were demoted.

In New York City, the Knapp Commission, which concluded its investigation in 1972, discovered that most gambling corruption was confined to the police department, and that allegations that payments were made to officials in city hall could not be substantiated, although a thorough probe of all city agencies was not undertaken. It was a well-organized system, perhaps because it was so confined. Gamblers regularly contributed to a "pad" from which vice squad detectives collected. An individual share, or "nut," was determined by rank, and the amount a gambling operation paid was fixed according to its location and type.

Gambling corruption occurs in all parts of the country, in cities of all sizes, and it follows no clear geographic pattern. On the West Coast, Seattle has been the subject of testimony by an ex-gambler who

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<sup>173</sup>Op. cit., Report on Organized Crime, p. 2.

<sup>174</sup>Johnstown Report, Pennsylvania Crime Commission, Harrisburg, 1972, p. 59.

told of payoffs to police officers totaling \$12,000 a month.<sup>175</sup> In the South, casino operations in remote parishes in Louisiana have thrived due to the cooperation of high State police officials, sheriffs, and district attorneys.<sup>176</sup>

Protection is not the only return an illegal gambler derives for his money, though it is by far the most important. He can also expect police harassment of his competitors as well as favored treatment in licensing if he decides to branch out into legitimate operations. And there are spinoff benefits for his other racketeering ventures.

Similarly, the effect on the corrupted institution can be contagious:

...heinous crimes committed by policemen occur most often in departments where a climate of corruption has existed through the years, where a man might be lulled into thinking that the violation of one law, felony or otherwise, is no more serious than the violation of another,...<sup>177</sup>

Furthermore, corruption gives organized crime forces a base within the system, allowing them to become "...major political, corporate and community influences in Chicago, New York, Miami and New Orleans...."<sup>178</sup> But the indirect and less obvious influence on the government process may, in the longer run, be of greater significance. Referring to corruption in general, Gardiner wrote:

...less measurable costs of corruption have included a loss of trust in politicians and respect for the performance of local government, leading to the recruitment of less competent officials and the depression of most revenue and expenditure policies.<sup>179</sup>

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175 "Crooked Cops: Seattle Is Latest City to Find Police Graft: Is Problem Solvable?" The Wall Street Journal, August 21, 1970.

176 "The Mob," Life, Time-Life, Inc., New York, vol. 63, no. 9, September 1, 1967.

177 Williams, Robert H., Vice Squad, Thomas Y. Crowell Co., New York, 1973, p. 19.

178 Ibid., p. 223.

179 Gardiner, John A., The Politics of Corruption, Organized Crime in an American City, Russell Sage Foundation, New York, 1970, pp. 91-92.

#### THE CAUSES OF CORRUPTION

There are various reasons for corruption. Such underlying factors as a tradition of lawlessness, public apathy, and the low pay of public servants apply to corruption in general, and gambling corruption has the additional advantage of an association with a set of laws that many people disdain.

Factors that contribute to gambling corruption can be categorized as follows:

Public attitude. In the view of many citizens it is beyond the purview of government to legislate morality; each individual should decide for himself if gambling is right or wrong. Once the law is suspect, it is a short step to condonation of behavior that profits by its existence. The President's Commission on Law Enforcement and Administration of Justice concluded that: "...public resistance to the enforcement of such laws greatly increases the temptation to accept favors, gratuities or bribes, or to simply ignore violations."<sup>180</sup>

Gardiner found in "Wincanton" that ignorance compounded the problem. Most people did not know the extent of gambling, its relationship to corruption, or its economic and social costs. When people became aware of corruption, however, they opted to end it:

...when critical events reveal that citizens have been wrong in assuming that law and law enforcement agencies were protecting their interests, their normal quiescence and noninvolvement disappear and they become involved in the restoration of official morality.<sup>181</sup>

Gardiner's subjects may have been exceptional, for there are other indications that some people, even when made aware of corruption, hold firm in their approval of gambling. This would seem to explain the lack of sustained public agitation over the revelations of the Kefauver hearings, as well as the results of a Quayle poll taken during the Knapp Commission's public investigation, which indicated that most New Yorkers (81 percent) continued to gamble, many of them illegally.

Political system. Illegal gambling is not a "gut" issue of political campaigns in much of the country, and it requires disclosure of a direct involvement with corruption to put a politician at a disadvantage with the electorate. Beyond that, the nature of the political system itself

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<sup>180</sup>Task Force Report: The Police, The President's Commission on Law Enforcement and Administration of Justice, U.S. Government Printing Office, Washington, D.C., 1967, p. 208.

<sup>181</sup>Op. cit., Gardiner, The Politics of Corruption..., p. 57.

actually contributes to corruption. The party machine offers a candidate an essential base, but all too often the machine makes alliances with criminal interests, in which the quid pro quo for support is cooperation once the candidate wins office.

Even when a tainted machine is not a factor, the campaign contribution is an inroad for corruptive influence. The cost of campaigning is high, and candidates are often tempted to ignore the source of financial support, even though, if elected, they will be expected to respect the immunity of certain illegal gambling interests.

Structure of government. There is agreement that the organization of local government lends itself to effective corruption, but expert observers differ diametrically as to how and why. On the one hand, Gardiner blames a fragmented system that removes checks and balances. Such a system, he wrote, "seems to attract more temptable leaders and contain fewer forces, such as party organization, interest groups and élite associations which might persuade tempted officials to conform to legal norms."<sup>182</sup> But the Pennsylvania Crime Commission cites centralization as a root cause:

Increasing centralization of organized crime activities has accompanied increasing centralization of governmental and political control within communities. For this reason it is no longer necessary to bribe hundreds of street-level enforcement agents. It has become essential to secure the cooperation of a few top-level officials--high ranking police, mayors, district attorneys, and judges.<sup>183</sup>

Prosecution and trial. With all the conditions that are conducive to corruption--low pay, poor morale, political interference--police comprise only one part of a criminal justice system that is vulnerable. Prosecutors and judges are also likely targets, especially when, to speed the judicial process, they resort to plea bargaining, a practice that at least sets the stage for a bribe. Moreover, district attorneys and judges are often politicians, either elected to their posts or dependent on elected officials for their appointments, but either way they can find themselves in a compromising position.

Self-policing methods should be adopted throughout the criminal justice system; not just by police, but also by prosecutors, court clerks, probation officers, and judges. No agency dealing with crime can expect to remain immune from the syndicate's influence-peddling.<sup>184</sup>

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<sup>182</sup>Ibid., p. 7.

<sup>183</sup>Op. cit., Report on Organized Crime, p. 65.

<sup>184</sup>Ibid., p. 4.

## GAMBLING HABITS AND ATTITUDES

Many gambling studies have been conducted,<sup>185</sup> but none has been comprehensive enough to supply a complete picture of American gambling behavior and attitudes toward gambling. Sometimes the information accumulated is too general to account for the wide variations in attitude and behavior, or it is so narrow that no conclusions can be drawn.

Many surveys are designed to serve the limited purpose of a special interest group, and even when that is not the case, it is doubtful that many bettors answer questions honestly since so much gambling is illegal. Finally, not enough has been learned about the reasons for gambling attitudes, gambling frequency, or its effect on spending patterns; whether legalization has affected the attitude of citizens toward government or community responsibility; or if gambling increases the crime rate or puts an added burden on welfare and other public services. Nevertheless, the study results are sufficient to form a fragmentary profile of American gambling behavior and attitudes.

### THE LOCALE

In July 1974, various forms of gambling were legal in 32 States, ranging numerically from horseracing (31 States) down to casino gambling and sports betting, legal only in Nevada. Lotteries were legal in 13 States, jai-alai in 4, and off-track betting in 3. In no State does legalization apply to all gambling (even Nevada outlaws lotteries), but several States allow more than one game, and in seven States expanded legalization is under consideration or actually underway. In two States

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<sup>185</sup>For example: op. cit., Bloch; Devereux, Edward C., Jr., "Gambling," International Encyclopedia of the Social Sciences, MacMillan and Co., and The Free Press, New York, vol. 6, 1968; op. cit., Herman and Weinstein and Deitch; op. cit., Increased Legal Gambling..., The Hudson Institute; Legal Gambling in New York: A Discussion of Numbers and Sports Betting, Fund for the City of New York, November 1972; Initial Report, New Jersey Gambling Study Commission, Trenton, N.J., June 1, 1972; Report of the Study Relative to Public Wagering, House Committee on Government Regulations, Commonwealth of Massachusetts, Boston, 1972; op. cit., Gambling: A Source of..., The Council of State Governments; Maxwell, James A., Financing State and Local Governments, The Brookings Institution, Washington, D.C., 1969; Legalized Numbers in Washington, Washington Committee for Civil Rights Under Law, Washington, D.C., 1973; op. cit., Weinstein and Deitch.

where no gambling is presently permitted a legalization law is at some point in the legislative process. In 16 States, no games are legal, and none are being considered.<sup>186</sup>

Seven of the 10 most heavily populated States operate a lottery. These populous States have traditionally faced revenue raising problems, caused by a heavy tax burden on citizens who resist tax increases or are too poor to provide sufficient tax revenue.

Religion also helps indicate gambling proclivities. Studies have found that gambling tends to be more acceptable in areas with large concentrations of Catholics and Jews, while Protestants are more likely to oppose it, particularly those fundamentalists who inhabit small cities or rural areas of the South and Midwest. Doubts have been voiced, however, about the actual relationship between religious belief and gambling attitudes, since the surveys have not been designed to determine whether the opinions expressed by those surveyed are the result of religious convictions or various other factors, such as geography, income level, and educational background.

Illegal gambling is most prevalent in cities for reasons that are easier to pinpoint: the need for a concentrated market as well as a ready labor force; the availability of layoff banking services; the adaptability of an urban system to corruption.

#### THE PLAYER

There are no accurate estimates of the number of Americans who gamble. Many people gamble with friends;<sup>187</sup> others do so in illegal games and are reluctant to be identified. Even with legal, public games an accurate count is difficult to obtain because repeaters cannot be differentiated from first-time players. Attempts have been made to determine the participation rate by type of gambling, but the results fail to account for such factors as location, seasonal variations, demographic patterns, or overlap among games. Other existing figures that apply to a specific area (New York City, the State of Michigan) cannot be extrapolated nationally.

The most useful national survey of gambling habits and attitudes was performed by the National Opinion Research Center of Chicago in 1973. It showed the following breakdown by game, based on a full probability sample of adults nationally: cards, 27.1 percent; lotteries, 21.4 percent;

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<sup>186</sup>The NLW Newsletter, "Mid-Year Report," NLW Advisory, Inc., vol. 3, no. 7, July 1974.

<sup>187</sup>"Gambling Related Data," Continuous National Survey of the National Opinion Research Center, Chicago, February 10, 1974.

trips for legal casino gambling, 20 percent; sports bets with friends, 19.1 percent; foreign sweepstakes, 16.6 percent; horseraces (not including off-track betting), 8.5 percent; sports, 6.3 percent; numbers and dog races, 1.9 percent each.<sup>188</sup> Another survey, conducted by Oliver Quayle and Co., for the Fund for the City of New York in 1972, estimated that 81 percent of the city's population gambled--33 percent of them on cards, 24 percent on numbers, 74 percent on lotteries, 36 percent on sports, 22 percent on bingo.<sup>189</sup>

More men gamble than women, proportionately, and whites more than blacks, but the figures vary according to the game. Gambling is predominantly a middle-class pastime, although numbers is patronized heavily by lower income groups. Gamblers are likely to be skilled workers, blue or white collar, and union members, rather than professionals, the unskilled or the unemployed, and they tend to be well-educated, having completed at least high school.

Other data compiled in the surveys, although fragmentary, helps put together the national gambling picture:

- Of the general religious classifications, Jews gamble the most, followed by Catholics, except on sporting events where Protestants are most active.
- Participation increases with income.
- Gambling is overwhelmingly an urban activity.
- Gambling as a whole has increased steadily, but it is not known whether this is due to a general population increase, a greater availability of leisure time and discretionary income, or the trend toward legalization.

#### THE SOCIETY

The traditional view that gambling is a negative force, disrupting social patterns, negating the work ethic, and creating selfish motivation, is supported by some current evidence. According to a study of the Congressional Research Service, "The Family Service Association of Greater Boston estimates that gambling addiction figures prominently in

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<sup>188</sup>Ibid.

<sup>189</sup>"A Study of the Numbers Game in New York City," Study No. 1458-A, conducted by Oliver Quayle and Co., Bronxville, N.Y., for the Fund for the City of New York, March 1972.

about one out of every 20 marriage counseling cases it handles."<sup>190</sup> Gamblers Anonymous in New York City states that since off-track betting opened, there has been a sizable increase in requests for help on its "hot line."<sup>191</sup> A white paper prepared by members of the New York Police Department (which has not received official sanction) claims that there has been a 62 percent increase in illegal gambling since the off-track betting parlors opened.

Chief Paul F. Delise of the Public Morals Division's Organized Crime Control Bureau said in an interview: "A climate has been created to gamble. Because it is now possible to bet legally on horses, thousands of persons who would never in the world have thought of betting on football or basketball or baseball are now betting with the bookies."<sup>192</sup>

Among the effects of this increased gambling, Delise lists greater involvement of organized crime, and related crime, such as women turning to prostitution to raise money for gambling debts and people renting their phones to bookies.

On the other hand, there is evidence that gambling does not destroy the family or other social institutions or cut production. One modern school of thought--based on sociological studies of special groups--sees gambling as having positive overall effects. The idea is that gambling is a pleasurable form of recreation and an escape from the frustrations of industrial, urbanized society, that it offers social relationships to those who are otherwise lonely, and that it provides an outlet for antisocial drives that could be harmful.

Indeed, within the situational reality of the typical urban industrial worker, gambling made sound rational sense. It provided an outlet of escape from humdrum depersonalised existence, it offered facilities for the otherwise repressed desires for expression of enterprise, initiative, concentrated effort and expertise; it constituted a harmless vehicle for the indulgence in fantasies of windfall wealth, and satisfied the personal needs for sociability and informal social interaction.<sup>193</sup>

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<sup>190</sup>"Legalized Gambling in the United States: A Survey," Congressional Research Service, Library of Congress, Washington, D.C., August 11, 1971, p. 5.

<sup>191</sup>Op. cit., Cady.

<sup>192</sup>Eskenazi, Gerald, "Rise in Illegal Gambling Linked to OTB Climate," The New York Times, January 10, 1973, p. 1.

<sup>193</sup>Newman, O., Gambling: Hazard and Reward, Athlone, London, 1961, pp. 3-4, as quoted in, op. cit., Kusyszyn, "How Gambling Saved Me....," p. 9.

Available surveys indicate that low-income groups do not gamble proportionately more than other income groups. Only numbers, a small bet game, is played by a heavy percentage of the poor. As a rule, the only form of gambling that draws more than moderate individual outlays is sports betting, which is played by inveterate regulars, some of whom wager on the average of \$500 a week. In contrast, the average lottery player spends \$1 to \$2 a week, the numbers player, 25 cents to a dollar.

The largest betting group by income is the middle class, and the amount wagered appears to rise with income. What has not been determined, however, is the proportion of income bet by different groups, or whether betting takes money that should be used for basic needs such as food and shelter. In the case of off-track bettors in New York City, the amount spent appears large enough to alter spending patterns, but the point has not been proven.<sup>194</sup> In general, social gamblers probably spend discretionary income, so their ability to purchase basic necessities is not called into question.<sup>195</sup>

Reliable spending figures for illegal gambling are virtually nonexistent, though numbers has been the subject of frequent studies that have produced general findings. On the positive side, numbers is a social institution that reinforces community ties. It also offers employment and often emergency relief to ghetto dwellers, and it provides capital to minority enterprises denied access to traditional lending institutions.

In the long run, however, the negative effects of numbers may be stronger. More money is bet on the numbers in New York City than is held by minority owned banks and savings and loan agencies. If this money were used to more than double the assets of lending institutions, it would directly benefit minority enterprise. As for the individual, although the average bet rarely exceeds \$1, the cumulative total over many years may have important consequences.

#### THE GOVERNMENT

In his study of "Wincanton," John Gardiner assembled the attitudes of citizens toward a government that condoned illegal gambling; Gardiner found that most subjects interviewed did not connect gambling with corrupt government, perhaps because they felt that both gambling and good

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<sup>194</sup>Op. cit., Weinstein and Deitch, p. 133+.

<sup>195</sup>Op. cit., Stocker.

government were desirable. But when gambling-related corruption was exposed, the same people opted to end gambling by electing a reform government.<sup>196</sup>

A Gallup poll conducted in 1951 on the connection between illegal gambling and government revealed that most of those surveyed professed to believe that corruption was more prevalent at the Federal level than at the local level, a complete reverse of what turned out to be the fact.<sup>197</sup>

Some people believe that even legalized gambling undercuts the public's respect for laws and governments. "The case for legalized gambling is, at bottom, simply an argument in favor of the government raising revenue by swindling its citizens rather than by taxing them."<sup>198</sup>

#### ATTITUDES TOWARD LEGALIZATION

Asked whether they generally favor legalization of gambling, most Americans respond negatively, but when the question specifies a particular game, the answers tend to correspond to participation patterns. There are other influences--a number of nongamblers favor liberalized laws, and geographic factors are significant--but the National Opinion Research Center survey demonstrated that approval of legalization corresponds to the popularity of the games. Bingo, raffles, or other games that offer cash prizes head the list with 47.6 percent approval, followed by lotteries with 43.1 percent; horseracing (at the track) 42.4 percent; dogracing (at the track) 36.4 percent; betting on sports events 32.7 percent; slot machines 29.7 percent; lotto or keno 27.5 percent; casino games 26.8 percent; and numbers 22.4 percent.<sup>199</sup>

Attitudes toward legalization vary considerably according to sex, race, income, and education level. There is no game that most women would vote to legalize, while 53.6 percent of the men questioned would approve of legal bingo and 50.8 percent would approve betting on horses at the track. Although no game received black majority approval, a greater percentage of blacks than whites favored legalization of sports betting, slot machines, and numbers. People earning less than \$4,000 favored

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<sup>196</sup> Gardiner, John A., "The Politics of Corruption in an American City," Political Corruption, ed. Arnold J. Heidenheimer, Holt, Rinehart and Winston, Inc., New York, 1970.

<sup>197</sup> Gallup Compendium, Survey No. 473-K, conducted March 26-31, 1951, p. 979.

<sup>198</sup> Kristol, Irving, "Vice and Virtue in Las Vegas," The Wall Street Journal, September 13, 1973, p. 16.

<sup>199</sup> Op. cit., National Opinion Research Center survey.



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legalization the least, while the greatest support for legalization came from those who earned \$20,000 or more. Support for legalization increased with advanced education, as shown by the fact that betting at the track on horses, lotteries, and bingo was approved by college graduates, while bingo won slim approval from high school graduates.

Two other recent surveys show the distinct difference between attitudes in large cities as opposed to those in other parts of the country. The Bureau of Social Science Research, Inc., for example, found that 76.3 percent of the population of metropolitan Washington, D.C., favored a legal lottery.<sup>200</sup> In a Michigan survey conducted by Market Opinion Research, legalization of any form of gambling was opposed by the State as a whole, but residents of the Detroit area voiced majority support for numbers, sports betting, and off-track betting.<sup>201</sup>

In a Montana poll, 91 percent of the population supported legalization of bingo, 60 percent would legalize punch-boards, and 57 percent opted for legal lotteries, even though in a vote on whether the effect of legal gambling would be negative or positive, the negatives won 47 to 46 percent. In other words the people of Montana decided that the economic benefits of gambling would outweigh the harm it might cause.<sup>202</sup>

#### SUMMARY

While the foregoing fails as a complete analysis of gambling behavior and attitudes, it helps to dispel some common misconceptions; e.g., that the poor gamble more than the rich, or that all gambling is considered as a single entity. Further, it points the way to areas of additional research needs. For example, no information is available on the percentage of disposable income spent on gambling, nor is it known which social forces encourage gambling and which restrain it. In sum, a greater range of attitudes must be explored, and more detailed information on the amount, frequency, and distribution of betting behavior must be accumulated before a valid account of American gambling habits and attitudes can be presented.

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<sup>200</sup>Taken from data tables compiled by the Bureau of Social Science Research, Inc., for The Washington Survey, Washington, D.C., 1973.

<sup>201</sup>Survey draft from the Victimization Study, prepared by Market Opinion Research in 1973 for the State of Michigan.

<sup>202</sup>Gambling, a survey conducted by George Gallup for the Montana Board of Crime Control, December 1973.

### THE SOCIAL GAMBLER AND THE PROBLEM GAMBLER

Beginning in the 1960's, there was a growing recognition of the need to study and identify the characteristics that distinguish the social gambler from the problem gambler. This becomes particularly important in view of the trend toward legalization; there is a need to know whether legalized gambling would increase the number of compulsive or problem gamblers, and if so, how significantly. The social gambler represents a potential market for legal gambling while the compulsive gambler represents a problem for society.

Sometimes it is difficult to identify the compulsive gambler, but it is generally agreed that to base the distinction on frequency alone is to oversimplify the problem. Increasingly behavioral scientists are looking for the internal psychological factors that cause a person to gamble, of which he may or may not be aware. The bettor who spends \$50 a day, but who derives pleasure from it and can afford it, may not be compulsive. Some psychiatrists even suggest that clearly compulsive gamblers may not constitute a problem. For example, Irving Katz, a Las Vegas psychiatrist, has described a cab driver who works only long enough to earn his way back to the casino tables. "...he is a compulsive gambler and recognizes himself as such. Still in his terms he's built a meaningful life."<sup>203</sup>

### THE OCCASIONAL PLAYER

Among the first investigators to consider gambling were economists, who generally found gambling to be a losing proposition and therefore irrational. An early challenger to this idea, also an economist, was William Vickery, who proposed in 1945 the theory of "increasing utility of money." Vickery held that gambling should not be evaluated solely on net expected monetary gain, but that the money a gambler does not have may be more valuable to him than what he has. Alex Rubner, author of The Economics of Gambling, advanced a similar position, to which he added the pleasure principle. "...gambling can be rational when non-pecuniary pleasure or sensations are desired; gambling as an economic goal is only rational when a person's wish to obtain an otherwise unattainably large lump is very strong."<sup>204</sup> Thus for a millionaire to gamble is economically irrational, for he stands to gain more from other sources with less risk, but for a poor man, it may be rational.

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<sup>203</sup>Op. cit., Wagner, p. 226.

<sup>204</sup>Rubner, Alex, The Economics of Gambling, MacMillan and Co., London, 1966, p. 52.

Other products of recent study suggest that gambling is an effective form of recreation, an outlet for frustrations. In a society where most people are passive participants, it affords a chance to make decisions and direct events. For the poor, it is a glimmer of hope: "...gambling frequently represents the way up and out of the slums for the depressed classes...."<sup>205</sup> For the bored, it offers excitement; for the lonely, it is a means of companionship.

Insight into the motivational patterns of a type of recreational gambler can be derived from the methods employed by Nevada casino operators to attract him. In a study of Las Vegas,<sup>206</sup> it was found that an extravagant effort is made to direct attention to big winnings, because money is the prime attraction. When the jackpot is hit on a slot machine, lights flash, bells ring, and the event is announced by loudspeaker. The prestige-seeking drives of a player are catered to by expensive, ostentatious architecture and decor, and his desire for recreational variety is satisfied by swimming pools, golf courses, shows, shops, and, of course, games. The casinos also try to appeal to the competitive instincts of a gambler. In blackjack, for instance, the player is pitted against the dealer, one to one, and the battle is usually witnessed by a gallery of his peers.

How people gamble is also of interest to contemporary researchers, although the results of their efforts are fragmentary and theoretical. One interesting betting habit is a preference for long odds and the faint chance for a big win over the lower risk wager on a contest that offers better return in the long run. Kusyszyn attributes this in part to how a social gambler perceives his chances, which frequently he does not understand well enough to realize maximum benefit. Other influences on gambling behavior cited by Kusyszyn are cognitive factors--perceived amount of skill involved, belief in luck, subjective probability, and situational factors--amount previously won or lost, amount of money available, mathematical probabilities, whether a gambler is betting his own money, whether he is alone or a member of a group.<sup>207</sup>

Gamblers are notoriously superstitious according to Dr. Ralph R. Greenson, a psychiatrist. "A characteristic of all gambling situations

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<sup>205</sup>Op. cit., Starkey, p. 61.

<sup>206</sup>Hess, Harrie F. and Jerry V. Diller, "Motivation for Gambling as Revealed in the Marketing Methods of the Legitimate Gambling Industry," Studies in the Psychology of Gambling, ed. Igor Kusyszyn, Simon and Schuster, New York, 1972.

<sup>207</sup>Kusyszyn, Igor, "The Psychology of Gambling: Unrelated Facts and Fancies," an address presented at the annual meeting of the Rocky Mountain Psychological Association, Las Vegas, May 11, 1973.

is the prevalence of superstitions and magical rituals. There are a great many colorful and varied practices which are used as attempts to bring good luck....<sup>208</sup>

Numbers probably best demonstrates the influence of superstition. An example is the belief that dreams hold the key to the next day's number, so special books and other devices are used to interpret them.

#### THE COMPULSIVE PLAYER

Information about the compulsive gambler is even more fragmentary than what has been collected on the occasional bettor. Writers on compulsion seldom concur completely on the origins of the problem. "At the moment it seems hazardous to go beyond a broad description of the gambling addict as a 'compulsive neurotic' with no clearly defined common genetic factor or single personality structure," writes Lyn Barrow.<sup>209</sup> Even the estimates of how many compulsive gamblers there are--10 million, at last count--must be considered unscientific guesses.<sup>210</sup>

Edmund Bergler, the first to try to define the compulsive gambler, listed five criteria:

- An attraction to gambling that is chronic, highly repetitive, and totally absorbing;
- An inability to stop when winning;
- A willingness to risk more than can be afforded;
- A pathological belief in the ability to win, usually in the very near future;
- A pleasurable-painful tension felt between the placing of a bet and the outcome.

The pathological gambler, in Bergler's view, is neither weak-willed nor greedy; he is obsessed by the action. Barrow agrees: "Compulsive gambling is not a financial problem, and a big win or indeed any other form of financial help rarely does more than feed the disease."<sup>211</sup> Barrow would add to the characteristics of the compulsive gambler:

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<sup>208</sup>Op. cit., Wagner, p. 57.

<sup>209</sup>Barrow, Lyn, Compulsion; One of the Major Neuroses of Our Time, West Publishing Corp., Sydney, 1969, p. 39.

<sup>210</sup>Estimate by Gamblers Anonymous.

<sup>211</sup>Op. cit., Barrow, p. 37.

- A feeling of guilt when away from the tables;
- A progressivity in the intensity of the obsession;
- An unwillingness to seek help;
- The existence of a condition from which gambling is an escape.

Custer found that most compulsive gamblers began playing before they were 21 and that compulsion is much more common in men.<sup>212</sup>

Gamblers Anonymous poses 19 questions, to which seven positive responses indicate a gambling problem. They concern the effect of gambling on personal and professional life: Are work time or efficiency and ambition lost? Is home life made unhappy? Is property sold to finance bets? Is there a tendency to resort to crime? Is there remorse? Is there a reluctance to spend money for normal necessities? And, ultimately, is self-destruction considered? Attributed by Karl Menninger to a "punitive superego" that drives one to "suicide by inches," self-destruction is often cited as a common trait of compulsive gamblers.

To modern theorists, the compulsive gambler is like an alcoholic or drug addict, driven by complex hungers and inadequacies, no single one of them predominant. Bolen and Boyd include among them unsatisfactory personal relationships and the need to recapture past associations.

Irving Katz, a Las Vegas psychiatrist, emphasizes the role of gambling as a source of meaning in life, which may suggest in part the absence of satisfactory personal relationships:

So many people are alienated and lonely. I find this among compulsive as well as social gamblers. They are not getting enough out of life, they are not getting contact out of life. They feel powerless. In gambling they have a sense of power. A turn of a card, the roll of the dice, the spin of a roulette wheel gives them a feeling that they are somewhat controlling their lives and luck is on their side.<sup>213</sup>

#### THE TREATMENTS

A variety of techniques have been employed to help compulsive gamblers, but so few addicts have been treated that it is impossible to say which treatment is the most effective, if indeed there is one that is

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<sup>212</sup>Cady, Steve, "The Gambler Who Must," The New York Times Magazine, January 27, 1974.

<sup>213</sup>Op. cit., Wagner, p. 224.

clearly superior. It is known, however, that no treatment is effective unless the subject wants to stop gambling, and one obvious reason that there has been little opportunity to test treatment is the extreme reluctance of gamblers to seek help.

The most common method in the United States is psychoanalysis, the aim being to determine the underlying causes of compulsion, then to assist the subject in coming to grips with them. Psychiatrists have professed a degree of success with psychoanalysis, but it is an extremely lengthy process and therefore costly. So some doctors like Irving Katz try immediately to devise a cure, while at the same time attacking the problem.

The therapist has a large responsibility...change the life-style of the gambler, help the gambler meet his needs in ways that are constructive and preferable....We are not reconstructing the person so much as we are pointing out the alternatives to gambling. It is not so much a question of gaining insight into all the reasons why an individual gambles compulsively as it is offering other options which can engender a more satisfactory way of living.<sup>214</sup>

A different approach is favored by Gamblers Anonymous, which is not concerned with why people gamble. Gamblers Anonymous encourages an addict to come to grips with himself and redirect his life, and it substitutes professional counseling with understanding and the experience of other compulsive gamblers. Group therapy, the organization believes, helps a victim "reinstate his personality" and regain self-respect, self-confidence, and emotional fulfillment in the face of the reality that a compulsive gambler can never be completely cured. Gam-Anon, an affiliate of Gamblers Anonymous, assists the wives and husbands of addicted gamblers.

Aversion therapy employs drugs and shock as a cure for gambling, though shock is preferable because it is cheaper, more controllable, can be administered to outpatients, and is less dangerous and humiliating. (Shock used in aversion therapy should not be confused with treatment for such disorders as schizophrenia. The former is less intense, uses lower voltages, and is usually applied to the upper arm.) Shock treatment in aversion therapy is often accompanied by negative reinforcement in the form, for example, of a tape recording of the subject's family pleading with the patient to stop. The aim of the therapy is to punish the subject for his activity as he actually engages in it, so he will no longer be able to tolerate it. Critics of aversion therapy contend the subject will sooner or later revert to his former ways, since the treatment ignores the root of the problem.

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<sup>214</sup>Ibid., p. 224.

A final approach is called paradoxical intention, in which the subject is directed to gamble as much as he wants, so that this behavior can become acceptable and no longer a rebellious act deserving of punishment.

Except in the work of a few specialists who have recognized it as a major problem, compulsive gambling has been largely ignored by the medical and scientific professions. Furthermore, practically no Federal funds have been designated for research or treatment, although there is reason to believe that it is a problem as harmful to the individual as alcohol and drug abuse.

### SUMMARY OF VIEWS ON LEGALIZATION

The legalization debate that began in the early 1960's centered on four themes:

- Economic--is taxation of legal gambling a viable form of public revenue?
- Criminal and Prosecutorial--can legal gambling be an effective weapon against organized crime and corruption by depriving the underworld of its principal financial base?
- Social--would legal gambling exert a positive or negative influence on society?
- Psychological--would legal gambling exert a positive or negative effect on the individual?

The arguments for and against legalization are summarized by theme, as follows:

#### Economic

##### Pro

- It is the only politically feasible way to raise new public revenue for State and local governments. Though the total amount raised may be small, incremental amounts of 1 to 2 percent are difficult to raise by conventional means.
- It retains revenues that would otherwise go to other States with legal gambling or to illegal operations.
- It is not a regressive tax overall; it is voluntary.
- It provides funds not otherwise available for new or improved programs.

##### Con

- It is an unreliable source of funds dependent on consumer whims, which vary greatly, and on competition from other States.
- It is not a cure for public fiscal problems and so only postpones the ultimate need to find a definitive solution.
- It is a regressive tax that falls heavily on those least able to pay.
- The amount that can be raised does not compensate for negative economic effects and is insufficient to overcome the immorality of gambling.

- It does not compete unfairly or detrimentally with other consumer businesses and may, by attracting people to an area, actually support them.

- It can be used to revitalize an economically depressed area.

- It hurts regular businesses by competing with them and is a disincentive to industry. It does not create new employment but simply redistributes jobs from those businesses adversely affected by gambling operations.

- It increases the cost of social services and law enforcement.

#### Criminal/Prosecutorial

##### Pro

- Legalization would deprive criminal groups of their largest source of funds for paying graft.

- It is impossible to enforce antigambling laws, logically and because of widespread public desire for illegal games.

- Strict regulation of legal gambling can prevent corruption.

##### Con

- Historically, legalization is always accompanied by corruption; more regulation, more points of corruption.

- Laws must be enforced; corruption must be controlled.

- New and more effective legislation could be passed.

- It would be impossible to legalize all games in a competitive manner and would be impossible to enforce laws against some games when most were legal, thus leaving great potential for corruption in legal and illegal gambling.

#### Social

##### Pro

- It may be a positive social force that provides an escape from tensions and frustrations of modern society.

- It is a legitimate form of recreation.

##### Con

- Legalization is accompanied by a tremendous increase in gambling activity.

- Crime rates go up.

- There is no proof that it has widespread negative effects on society, such as dissipation of the work ethic, breakdown of family and social relationships, cynicism toward government and community responsibility.

- There is no proof that the poor gamble disproportionately.

- Proceeds of gambling go to socially important services such as education.

- It generally disrupts family and social ties and contradicts the Christian ethic.

- It hurts the poor who are most affected.

- It leads to disbelief in government and breakdown in community responsibility.

#### Psychological

##### Pro

- There is no conclusive evidence that it leads to a great increase in gambling overall or in compulsive gambling.

##### Con

- It creates an increase in compulsive gambling.



**END**