

P U B L I C   H E A R I N G

before

GAMBLING STUDY COMMISSION

Created pursuant to SCR 58 (OCR) of 1972

Held:

December 6, 1972  
Assembly Chamber  
State House  
Trenton, New Jersey

MEMBERS PRESENT:

Senator Wayne Dumont, Jr. (Chairman)  
Assemblyman Vincent O. Pellecchia (Vice Chairman)  
Senator Joseph A. Maressa  
Senator William V. Musto  
Assemblywoman Ann Klein  
Assemblyman Charles E. Reid  
Colbert Currin  
Allen B. Taylor, Jr.  
John J. Nero

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I N D E X

	<u>Page</u>
David B. Kelly Superintendent New Jersey State Police	1
Peter Rozelle Commissioner National Football League	43
Letter from: H. A. Fitzgibbon Director of Security Office of the Commissioner of Baseball	71
Judith Cambria Chairman, Tax Reform Committee League of Women Voters of New Jersey	1 A
Francis A. Forst Jamesburg, New Jersey	27 A
Gary A. Malamut President Atlantic City Hotel-Motel Association	39 A

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SENATOR WAYNE DUMONT, JR. (Chairman): The sixth and final hearing of the Gambling Study Commission will now come to order.

This morning we have present three of us from the twelve members of the Commission. On my left is Senator Joseph Maressa who represents portions of Camden and Gloucester Counties; and on my right, Mr. Allen Taylor from Cape May County who is one of the four citizen members of the Commission.

Now, we have conducted hearings thus far - the first one in Trenton, the second in Atlantic City, the third one in Jersey City, the fourth one in Cherry Hill, the fifth one in Saddle Brook, and now the sixth one in Trenton. We, therefore, I think have heard the sentiment of the people from around the State, or we have at least given them ample opportunity to testify either for or against any extension or expansion of gambling in the State beyond that which is already legalized.

So today we are pleased to hear from, first of all, Colonel David Kelly who is the Superintendent of State Police - and a very fine one, I might add. I know him also as a Brigadier General in the United States Army Reserve.

Colonel or General Kelly, we are delighted to have you here today and if you will proceed please and then we will probably ask you some questions when you have finished.

D A V I D B. K E L L Y: Thank you very much, Senator.

Gentlemen, in my previous appearance before this Committee or a like committee in 1971, I registered my opposition to the legalization of casino gambling and the reason for that opposition. Since that time nothing has happened to cause me to alter my position, the position I took as being totally opposed to the legalization of casino gambling in New Jersey. If anything, my posture in this matter has been reinforced.

I would like then, at this hearing, to address myself to Senate Concurrent Resolution No. 58, which proposes a study of the legalization of a wider spectrum of gambling which, in my mind, would have a greater impact on the State of New Jersey and its residents than the casino gambling proposal previously considered by a committee.

To quote from Senate Resolution No. 58, the Lottery of New Jersey has been "a financial success". There is no dispute concerning the fact of the financial success of this project. However, the second part of the opening statement of the Resolution, "It is widely held that broadening of legalized gambling can be a most effective means of destroying organized crime by depriving it of its economic strength" is a statement with which we can take issue.

Now, in spite of the financial success of the State Weekly Lottery, our intelligence indicates that it has had little or no impact on the illegal lottery or "numbers rackets" in New Jersey. Of course, it is still too early to determine if the Daily Lottery, which started November 30, 1972, has had any effect on the illegal numbers operation.

Our recent intelligence information discloses that the illegal numbers operators are using a new technique, the daily New Jersey winning lottery number, to determine their winning number, instead of the pari-mutuel handle or the U. S. Treasury balance. The reason for this switch is that it affords the illegal numbers player information on the winning number for that day as soon as the legal number is made public in contrast to having to wait until the following day when the handle is reported by the papers.

To give you an example, the report of our Daily Lottery is in the afternoon, so they are using that number now as the number that would be used in the lottery so that the daily report is that day and they don't have to wait for the newspapers the next morning.

To further add to the ramifications or complications, if I may, you must understand that we are in competition with illegal people who are in business and devising schemes and ways of making money. They are now using, in addition to that, the night harness racing for the pari-mutuel number. So in the course of the day there could be two numbers.

This Commission is charged by Senate Resolution No. 58 to study the desirability and feasibility of all supervised systems of gambling, including off-track betting on horses and other races - what is commonly known as "sports betting" which is betting on the outcome of sports events; casino type gambling and any other form or system of gambling that the Commission shall determine to include in its study.

Now, in keeping within the areas of consideration and evaluation, as spelled out in the Resolution, I would like to look at legalized gambling in these four aspects:

1. The best interests of the residents of the State of New Jersey.
2. The anticipated revenue.
3. The effects on existing legalized and illegal systems of wagering.
4. The experience of other states and countries.

First, in the public interest of the State and its residents, those things for: Naturally, it will generate income. There is no question about it and we recognize that. Possibly it may serve to stimulate business in certain areas - hotels, restaurants, and support industries. We recognize that. These are economic features that we all recognize. But there are some factors that are attuned and aligned with the economic features. Where is this going to be? Is it going to be in one location, twenty locations, thirty locations, a hundred locations? We don't know.

Again, against: What would be the effect of attracting undesirable elements in the area where it is operated?

For example, what goes with this? The type and kind of people that come to be surrounded by casino gambling, off-track betting? What purpose would it serve and what would be the local crime situation and the police problems as they affect the local municipalities in addition to the State? Third, psychologically it creates an atmosphere of permissiveness throughout the State and for people who come to the State. And I think, fourth, and most important of all, is that we are creating new bettors, we are making a new market.

Let's talk about the anticipated revenues to be derived by the State. The New Jersey Lottery reported revenue of the last six months of 1972 dipped an average of 12% and the total revenue cut, according to this release, of \$400,000. This, of course, is attributed to neighboring states, particularly Pennsylvania and New York, copying New Jersey's lottery operation and reducing the sale of New Jersey tickets normally purchased by residents of those states.

The next thing is that in 1972 the New Jersey horse racing season was extended 30 days to a total of 380 days of racing. The total revenues did not meet expectations. Then the competition from the tracks in Philadelphia and the Off-Track Betting Corporation in New York cut into the handle of the New Jersey tracks, according to Mr. John J. Riley, Secretary of New Jersey Racing Commission. The New Jersey Racing Commission figures for New Jersey tracks have indicated a decline in attendance, handle and revenue to the State in the years of 1970 and 1971. The slight increase in handle in 1972 can be attributed to the increase in the racing days.

This fact shows that the market for gambling, as the market for any other commodity, has a limit in the amount of product that can be sold.

Third, the effect legalized gambling may have on existing legal and illegal systems of wagering.

As previously stated, the highly successful New Jersey lottery has had no noticeable effect on the illegal numbers operation in this State and there has been insufficient time to determine whether or not the daily State lottery has had any impact on this illegal operation. We hope.

Off-track betting. When proposed in New York it was cited publicly many times as a weapon against organized crime by depriving organized crime of one of its principal sources. Howard Samuels stated that.

After one and one-half years of operation, our intelligence sources indicate:

- A. No noticeable effect on illegal bookmaking
- B. Increased mob income as a result of lay-off bets placed with off-track betting because of better odds.

If gambling is legalized in New York, according to Daniel P. Holman, head of the Manhattan Strike Force, it will fail to erode organized crime gaming revenues for the reasons I have cited above.

Howard Samuels has conceded this fact publicly. There are a number of logical reasons to support the assumption that off-track betting on horse races will have little or no effect on illegal bookmaking operations because:

(a) Winnings from off-track betting are subject to taxation as income, as we all know.

(b) In a set-up, such as the New York system of OTB the illegal bookmaker provides a more convenient system to the bettors and an operation that is more conducive to accepting come-back bets.

In the illegal system, most or all bets are placed over the telephone on a credit basis.

In the New York system of OTB the bettor must appear in person at the OTB branch office or establish an account wherein he places money on account. Then he may make bets over the telephone in an amount not exceeding the sum that he has on deposit.

In the illegal system, payoff for a winner is immediate or, in anticipation of winning, a bettor can designate additional wagers on subsequent races. Illegal bookmakers realize a great deal of profit and are able to increase their handle and ultimate profit in this way.

In the New York system all winnings are deposited in the bettor's account overnight. This does not afford him the opportunity to use his winnings the same day as in the illegal system. If the bettor makes a winning wager over the telephone with OTB he must submit a withdrawal slip and his winnings are then forwarded to him by mail.

In the illegal system certain types of bets are made that are not accepted in the legal pari-mutuel system at race tracks or in the OTB system such as the round robin bets, parlays, back to back, and if and reverse bets.

It is for these reasons that we maintain that the off-track betting operation will not have a great impact on illegal bookmaking, and organized crime will not be deprived of revenue from this source.

Betting on sporting events. The legalization of betting on the outcome of sporting events, such as football, baseball and basketball.

Presently there is no legal wagering on sporting events in this country with the exception of Nevada and on jai alai games in certain areas of Florida.

Our experience shows:

(a) Large sums of money are wagered on the outcome of sports events in this State through illegal bookmaking operations.

(b) Studies, to be very frank with you, indicate that the amounts wagered on sporting events might exceed those on horse races.

(c) There is no doubt that organized crime derives considerable income as a result of wagering activity.

(d) This probably and undoubtedly would be a

profitable operation for the State.

Next our concern about sports wagering by knowledgeable and concerned people.

Commissioner Rozelle of the National Football League (NFL) has come out publicly opposing the legalization of wagering on professional sports events.

The legalization of wagering on sporting events will cause the public to question the outcome of closely contested sporting events and will make athletes, officials and coaches suspect in the minds of the public as conspiring to fix games or shave points.

Disclosures before the House Select Committee on Organized Crime showed that:

1. "Ringers" put in horse race tracks in the metropolitan area, including one New Jersey track - bear in mind New Jersey is recognized as having probably the best regulated horse race operation in the United States, yet "ringers" were put in our tracks.

2. The ability of persons to perpetrate this fraud and cheat the general public by substituting horses in a race indicates the lengths organized crime-connected individuals can and will go to influence the outcome of sporting events when they stand to realize large sums of money by wagering on a "sure thing".

Experience of other states and countries who have laws permitting legalized gambling - and I would assume some research has been done by this Committee.

In Nevada, the only state in this Country with experience in the wide spectrum of gambling - Nevada's experience, previously discussed in my testimony before this Committee in 1971, shows -- and I guess the whole world knows that I went to Las Vegas at State expense --:

Nevada being a sparsely populated state, located in a rather remote section of the country, affords relatively easy checks on the movement of the criminal element in and

out of the state and it's easy to control. Nevada is an island in itself. Anyone with any degree of enforcement ability can control a situation like that.

If you contrast this to New Jersey, which has the Nation's highest population density rate and is located in the center of the megalopolis stretching from Boston to Washington, D. C., there is no comparison for control which I dare to think about.

In New York, the Legislature of the State of New York in 1972 passed a bill aimed at the legalization of casino gambling. Passage by the 1973 Legislature and referendum approval is needed in order to amend the State Constitution.

Our intelligence from federal and state sources indicates that persons associated with organized crime have purchased properties and businesses in the New York resort area in anticipation that New York State will legalize casino gambling.

On July 17, this year, the New York Daily News reported that Mafia Chief Tommy Eboli, who was murdered in Brooklyn a few days earlier, was trying to acquire a hotel in the Catskill resort area hoping to set up a casino when and if the State of New York legalized casino gambling.

In the Caribbean Islands, there is no comparison to the State of New Jersey for reasons much the same as Nevada - controlled movement of the criminal element because of isolated locale and limited access.

Let's talk about London. Testimony before the McClellan Committee in July of 1971 revealed that United States members of organized crime, such as Meyer Lansky, Angelo Bruno and others, had extensive gambling interests in the British Isles.

Organized crime figures formed companies and sponsored junkets to casinos, not only in the British Isles but also to Portugal, San Rosa, Monte Carlo, Las Vegas

and the Caribbean. Why? To quote from the testimony:

- (a) To get the "suckers".
- (b) To make loan sharks out of them.
- (c) To get the "suckers" obligated to them.

And a case in point, as cited by the Commission, is a Baltimore builder on a gambling junket to London was enticed into a privately run crap game that was rigged. He lost \$17,000 in one-half hour. Upon return to the United States he was enticed - if I can use that word - into making available a large sum of money to certain people for loan sharking. In this way he was told he could recoup his losses.

Conclusion. The question is, is the credit of the State of New Jersey going to be used to back wagering on sporting events? What happens if a million dollars is placed on the Miama Dolphins versus the Giants tomorrow or next week? Is the State willing to back this wager? I don't know. In horse racing a pari-mutuel is formed whereby the people actually bet against each other. The State realizes its revenue by taking a set percentage from the pool before the winnings are divided. There is no financial risk actually for the State in this type of operation. If we're talking about betting on sporting events, this will take real serious consideration.

If the State proposes to handle sports bets of the type that are now made through illegal sources, it would have to first take into consideration how to handicap each game, post a point spread. And in a situation where a disproportionate amount of wagering is on a particular team, you would have to suspend betting on that particular event or be prepared to suffer the losses. In contrast, in illegal sports betting operations, the bookie has the option to lay-off bets to associates throughout the country and thereby balancing his books. Is the State prepared to do this? or will the State be placed in the position of taking the lay-off action from the illegal booking? In any

case, there will be no competition with the illegal sports betting operation.

I would like to make a statement in summation. Miles Ambrose, now in charge of the Dale Program, the President's Program on narcotics, formerly in charge of Customs, - Miles Ambrose, the night before last, made a statement that if things continue, because of the availability, permissiveness and accessibility of drugs in this Country, by the year 2000 we will create a drug culture that will be accepted and dominate the country.

I am saying that I will predict that, if we provide accessibility, permissiveness and availability to bettors, probably by 1985 we will have a totally gambling-addicted culture. And with that totally gambling-addicted culture are we ready to cope with the crime, the permissiveness and corruption that goes with it.

With that, I've added some psychological views of my own but I can assure you, gentlemen, that it would be very popular for me to accept gambling on the State level, very popular, but I think you would think less of me if I didn't present my views to you as to the effects and how it would affect the enforcement industry.

Thank you very much.

SENATOR DUMONT: Thank you, Colonel. We appreciate your views very much. And before any member of the Commission asks any questions, I want to introduce those who have arrived since we started. To my left, Senator William Musto of Hudson County; Assemblywoman Ann Klein of Morris County; to the right, Mr. Colbert Currin, a citizen member from Paterson, Passaic County; and Assemblyman Vincent O. Pellecchia from Passaic County, the Vice Chairman of the Commission.

Now I will ask Senator Maressa, first, if he desires to ask any questions.

SENATOR MARESSA: Colonel, I would like to ask a

particular question, addressing myself particularly to casino gambling in the various parts of the State, particularly in Atlantic City. At these Commission hearings representatives of the hotel and motel industry in Atlantic City testified that if we we would permit casino gambling of a certain type it would, without question, greatly enhance the hotel and motel business in the City of Atlantic. And I think it can be accepted by the Commission and all of us that the economic condition in the City of Atlantic is somewhat wanting.

Now one of your questions, in your testimony this morning, was where is it going to be, what type, and I listened rather attentively - and I might say at the outset that I want to congratulate you on your testimony, it was very well presented and it appears to be the result of long and thorough study and, as you indicated, you testified previously on the same subject - but what would you say, Colonel, if in Atlantic City, for example, a casino were permitted that was state operated as the State Lottery is operated, not controlled as the race tracks are controlled, not the Las Vegas type of operation where we have the one-arm bandits in every drugstore, candystore, and so forth, but a high type casino that would attract vacationers, honeymooners, people with money in their pockets going somewhere in the world to have some fun?

Now, I don't know about betting on sports pools and things like that. I have never been involved in anything like that. And if it exists, I am sure you will agree with me that it exists much more widespread in North Jersey than it does in South Jersey. (Laughter) I say this quite sincerely. I don't know anybody - maybe in Camden County, in Gloucester County, at least the lower end of it that are involved. But I do know about people going to Puerto Rico, going to Las Vegas, my friends - lawyers, contractors, business people, and so forth and so on. We have a couple hundred million

people in this Country. Now, if we can have these people spend their money in Atlantic City or at the Playboy Club, Asbury Park, or somewhere along those lines, particularly in Atlantic City because they're geared for it, in my opinion, and nobody was hurt by it, I think you would have to agree with me, if this could be accomplished, you would like to see it accomplished. Would you not?

COL. KELLY: Well --

SENATOR MARESSA: I haven't finished my long-winded question yet. I think you will have to agree that if we can help Atlantic City without hurting anyone, you would like to see it happen.

COL. KELLY: I would like to help any city in any way, but I don't know that this is the way to do it.

SENATOR MARESSA: Okay. Now, if the State operates this casino, state employees, I would like to know from you, because I don't know the answer, how can organized crime infiltrate state-operated, high-type casino operations?

COL. KELLY: Fine. My question to you, since you obviously are a novice in this area you don't know too much about it, - where do you think we would get the stick men, the roulette players, the roulette handlers, where would we get the people, the people that run the crap games and the card dealers? Civil Service employees?

SENATOR MARESSA: I'm sure they could be trained. I know some of your troopers have been sent to Las Vegas to learn all about the operation out there. If your personnel can go to Las Vegas why can't --

COL. KELLY: They weren't sent to be croupiers or card dealers.

SENATOR MARESSA: Are you suggesting this is impossible to learn?

COL. KELLY: Nothing is impossible. I'm not

suggesting that.

With regard to your question for relief for Atlantic City or Newark or Bayonne or Camden, I'm in great sympathy with the situation but with what goes with what you say, you must remember one thing. I stated that there are controls in the islands, the Caribbean and Nevada, because of the locale, and they can be controlled. But when you're talking about controls, and you are bringing to a municipality, Atlantic City, - maybe you would bring people and maybe you wouldn't. I don't know. But I am saying that with this goes the element of the B&E's the burglaries, the shylocking. Now in this State we may be able to attract vacationers. I'm not saying that. But we are also going to attract many of our local people from your locale, my locale that really can't afford to go there.

What we are doing maybe is affecting the economy. And I'm not an economist. But I do know that the average salary or income of a family in the State is about \$10,000. And if they can save for a vacation and go wherever, Atlantic City, I have no objection to that. But if you are asking me can it be controlled by the State if we have this, if you gave me this obligation I could do it. Whatever you gave me I could do. To the degree, I don't know.

SENATOR MARESSA: Thank you.

SENATOR DUMONT: We will take Mr. Taylor next because he heard, as did Senator Maressa and I, all of your testimony.

MR. TAYLOR: Thank you, Senator.

Colonel, one question you made was interesting. I believe, first, that you definitely do not want casino gambling.

COL. KELLY: Right.

MR. TAYLOR: But you said you were concerned with the number of gambling casinos that there might be, which is a big concern. And I can see why in your surveillance this would be your responsibility, to surveil these things and study them. But if we recommended, this body recommended that we were to adopt gambling in this State, am I correct in assuming from what you have said in your testimony that you would prefer that it be State operated, similar to the way we operate the lottery, rather than be licensed, the way we license a betting track at the present time. Would you prefer it that way? Do you have any opinion here?

COL. KELLY: If we have it and if I have no choice, I would assume that it would have to be State operated. Now we're talking about many, many involvements. If we're talking about betting and off-track betting, you can bet X number of dollars and you're accountable by a receipt or ticket or some sort of accountability; but if we're talking about casino gambling, we're talking possibly of ten, twenty or fifty thousands or maybe millions and millions of dollars in the course of a day or year or month, the accountability of this, the extreme need of people with expertise in this particular area - where do you think they would come from? I can give you an example.

If you read the book "Lansky", Bugsy Siegel opened the first Flamingo Hotel, the first one in Nevada, and went broke because he hired honest guys. I think in a determination there are many factors that would have to be considered. The rotation of people. How long you leave people in a particular area, how long would you leave them in the place because the temptation is so great for corruption. It's there and you couldn't leave people in permanent jobs, in these particular jobs. You

just couldn't do this. And how long would you keep them? Two months? Three months?

There are many things to be considered if you are talking about it being regulated. If it's not state regulated, I can tell you that organized crime is going to control it.

MR. TAYLOR: Well I have sufficient confidence in my State that I think my State could regulate anything and do a good job of it.

I know that in the testimony we've received so far - and I know you can't follow everything that happens with us in the press, - I think there was only one person that thought that casino gambling, Las Vegas style, was okay. That one person, when they testified before us, was inclined to feel that we should not have a referendum on local option, as an example, open it up to the whole state. But most everyone seems to feel, that has testified for gambling, - as I recall it and I could be incorrect, but as I recall the situation they felt that we should have it regulated very severely by the State and that there should be limits on the number of casinos.

COL. KELLY: Right.

MR. TAYLOR: And, well it should not be Las Vegas type gambling, it should be a very high social type house. I just want you to realize that these people have spoken this way because you're the man who is going to have to police this thing.

Would this be more in your liking, if you have to police it?

COL. KELLY: You mean, how do I like my salt?

I understand what you're saying, Mr. Taylor. But with due respect for the people who testified for it, I would assume that they have an economic reason for testifying. Mine is a moral or legal reason. I must relate to you some of the problems, some of the ramifi-

cations that will come about with regard to enforcing this. If this program or this legislation is enacted, the responsibility would be mine or someone else's and you can be assured that every effort will be made to guarantee that it would be operated properly. I can tell you it would take a tremendous, tremendous effort.

MR. TAYLOR: Well I have complete confidence in the man who is going to do the job too, and I think everyone here does. That's why we're so overjoyed that you were able to get in to see us today. I've been a little concerned that maybe you wouldn't have the opportunity, with your schedule, to get before us. It's great that you're here. Your testimony was good. You gave us pros and you gave us cons.

COL. KELLY: I hope I gave you more cons than pros.

MR. TAYLOR: Well, we will have to analyze that after three o'clock, won't we. But I appreciate your coming and I appreciate your candidness and even your last statement that maybe personally you might like to have a little gambling.

Thank you very much.

COL. KELLY: Thank you, Mr. Taylor.

SENATOR DUMONT: Assemblyman Pellecchia, any questions?

ASSEMBLYMAN PELLECCCHIA: I, too, want to compliment you on the preparation that you brought here. While I disagree with it violently, I still want to compliment you on the way you prepared it and I want to compliment you on how you've been handling the affairs of the State, especially as far as the Police of the State of New Jersey.

COL. KELLY: Thank you.

ASSEMBLYMAN PELLECCCHIA: However, I would like to come back to the 20th century. You made reference -- I missed some of your remarks and I want to apologize

now if I didn't catch something earlier. You made reference to the fact that you were in Vegas and that a lot was made of the fact that you were there. Can you explain to me what you found?

COL. KELLY: In Vegas?

ASSEMBLYMAN PELLECCCHIA: Yes.

COL. KELLY: I found a lot. It all depends on what time of the day I was there, of course. I found a lot of happy people when they first arrived and many unhappy people later on in the day or days later.

The environment was fine. I'm really not a gambler. I've been in the Army. I can shoot crap. I can play cards and do all the things that most of you people have done. We've all done them. I know how to do it and I am well aware. I'm not a stick man. I'm not a croupier. I can't do that. I probably could if I was trained a little bit. But the environment again is controlled, as I said to you before and it's controlled by types and kind of people. It takes money to go to Las Vegas. So people are there who do have money. It's not a matter of getting in an automobile and traveling 20, 40, 50 miles on a lark down to Atlantic City, Camden, wherever. And the types and kind of people who go there have money to spend and can afford to spend it. The shows are fabulous. The atmosphere is fabulous. But the people are in the business to make money and they do make money.

I'll give you an idea. I went to Calneva and at Calneva they're running busses from San Francisco and they run them probably the day after Social Security checks are delivered. And they would bring these people in by bus for free and keep them there for a day and a half, free meals, free bed, free board, and it is estimated that the average loss per person that came there was \$33 a day. I'm talking about this type of

influence, if we have this in the State of New Jersey, that can influence the poor people. And I don't think the poor people can afford this.

ASSEMBLYMAN PELLECCCHIA: Colonel, how long were you there?

COL. KELLY: I've been in Las Vegas, I would say, ten times. I went out to Yucca Flats to witness the first A Bomb that was detonated and I spent eight days in Las Vegas waiting for the A Bomb to be detonated.

ASSEMBLYMAN PELLECCCHIA: Were you given a tour by the people who operated this?

COL. KELLY: Yes, sir. I worked with the Committee and their Commission - I've forgotten the name but the Commission on Gambling in that group. It's a well regulated group.

ASSEMBLYMAN PELLECCCHIA: Sir, I am sure you are aware of the fact that the casinos themselves are obligated to have their own security forces?

COL. KELLY: Yes, sir.

ASSEMBLYMAN PELLECCCHIA: Which would indicate that if we did have casino gambling here, besides the wonderful job you do there would also be the opportunity of those casinos having their own security forces?

COL. KELLY: Yes, sir. Naturally there are personal security type forces to protect the money and there is also a personal group that is involved there that takes care of what is known as skimming.

ASSEMBLYMAN PELLECCCHIA: They cover that pretty good, don't they?

COL. KELLY: Yes, sir.

ASSEMBLYMAN PELLECCCHIA: You referred to the fact that the Flamingo went bankrupt because they had honest croupiers, stick men, or whatever you want to call them.

COL. KELLY: This was the quote. I don't know how honest they were. What he tried to do was have

people associated with him in this particular venture and evidently that didn't work out too well.

ASSEMBLYMAN PELLECCCHIA: In your opinion, do you think the Vegas operation is an honest one?

COL. KELLY: The operation?

ASSEMBLYMAN PELLECCCHIA: The operation.

COL. KELLY: If you and I were to gamble? Yes. I have no quarrel with that.

ASSEMBLYMAN PELLECCCHIA: You also alluded to the fact, where would we get these stick men and where would you get these croupiers or whatever we have. I submit to you, sir, that one of the reasons why I am for this type of thing is the creation of jobs. Have you done any research at all on how many jobs this kind of an operation in the State of New Jersey would create for the people of the State of New Jersey?

COL. KELLY: I haven't the slightest idea because I don't know how many casinos and how many operations and kinds of operations we're talking about. But I do know one thing, that we have a migrant group, if you're talking about jobs, because the average man on a job in a particular venture, be he card man, stick man, is possibly six months.

ASSEMBLYMAN PELLECCCHIA: You are well aware of the fact that we have many, many on-the-job training programs in the State right now, federally paid. Do you think that people who are training some of these people wouldn't have the capability of training some of these croupiers or stick men?

COL. KELLY: I have no quarrel with training people. We can train anyone to do anything. We can train people. I have no quarrel with that. But do we want that element? Do we want that environment in our particular area?

ASSEMBLYMAN PELLECCCHIA: What are you referring to

when you say "that element"?

COL. KELLY: What comes with this is the shylocking, the B&E's, the burglaries, and the burglary rates in those particular areas are very, very high. The breaking and entry rates are very high. And do we want this type of thing?

ASSEMBLYMAN PELLECCCHIA: I have a little leaflet here. This is the Vegas Sun which came out immediately after the question was defeated the last time. I submit to you that Vegas is begging for people to come out there because they take credit for having defeated the State of New Jersey and the people of the State of New Jersey from having this kind of operation in our State, and they advertise it to the world.

Would you think that this would have any meaning?

COL. KELLY: It probably would. Do they advertise that they stopped it in Florida too?

ASSEMBLYMAN PELLECCCHIA: I'm concerned about the State of New Jersey.

COL. KELLY: I know that. You asked me about New Jersey and I'm saying that Florida did not adopt it either.

ASSEMBLYMAN PELLECCCHIA: Well obviously they must be doing terrific public relations work to prevent anybody else from getting something that they really want.

Let me ask you this. You said that they transport people in busses. Well, I was fortunate enough to go to Vegas one time and I arrived at the airport and I would suggest to you that there were about 30 or 40 planes coming in that day, all of them from the east, 90% of the people coming from the State of New Jersey, all packed into cattle cars, practically, which are airplanes with 170 to 250 people on them, and transported to this oasis out in the middle of the desert. Now there

must be something there to have our people, from this State, go out there. Would you agree with me on that?

COL. KELLY: I don't quarrel with you on this. This is a vacation trip. I'm not in public relations nor am I in the economic field. The only thing I can relate to you, Assemblyman, is my exposure, my experience with regard to how it affects the people in the enforcement end of this. I'm not in the business end of this thing. If it's good for the State and you feel it's good for the State, you're entitled to that opinion; but I'm not talking in terms of a business venture, I don't know the economic return to the State.

ASSEMBLYMAN PELLECCCHIA: Sir, no disrespect. My questions are only to quarrel with some of the statements I heard you make here.

COL. KELLY: Right.

ASSEMBLYMAN PELLECCCHIA: You referred to a million dollar wager. Do you think anyone in their right mind, operating a business, would put themselves in the position of going bankrupt with one bet?

COL. KELLY: I don't get your question.

ASSEMBLYMAN PELLECCCHIA: You said, what if a man came in and bet a million dollars on a football game.

COL. KELLY: Right.

ASSEMBLYMAN PELLECCCHIA: Do you believe that a company, whether it's state controlled or privately controlled, would allow themselves to get into a position where they would lose their entire revenue on just one bet?

COL. KELLY: I don't understand.

ASSEMBLYMAN PELLECCCHIA: I don't know how much clearer I can make it. If I came in to you and said I wanted to bet a million dollars, and you're operating an establishment.

COL. KELLY: What are we talking about?

ASSEMBLYMAN PELLECCCHIA: Something that you said.

COL. KELLY: A football game?

ASSEMBLYMAN PELLECCCHIA: Yes.

COL. KELLY: Okay. And the question?

ASSEMBLYMAN PELLECCCHIA: Do you believe, if it was state controlled or privately controlled, that anyone would accept something that would put them out of business?

COL. KELLY: I don't know. Where do you cut it off.

ASSEMBLYMAN PELLECCCHIA: Don't accept the bid. There has to be limitations. They certainly would have the right to have their own limitations. So I think the argument itself was a poor argument.

COL. KELLY: I agree that there are limitations. As I said to you before, even in the illegal operation they won't accept a million, they'll lay it off. I agree with that. My question was, if it came into the State would they be able to handle it and what would they do about it. That's my question. I have no answer.

ASSEMBLYMAN PELLECCCHIA: Well, I think the State of New Jersey has done a tremendous job, both on the horse racing and the lottery, and whatever other functions that we have, such as bingo. You people have policed it wonderfully. We've had a tremendous reputation throughout the entire world. So I'm not afraid of the fact that you and your subordinates would not be able to do the job. I am sure you will.

The last question that bothers me, because we always go back to the same thing, - it seems to me you referred to the fact that in the past there were problems with alcohol too.

COL. KELLY: Right.

ASSEMBLYMAN PELLECCCHIA: Isn't it a fact that you were talking about 1932 and it has been proven throughout the years that if we had had this kind of an operation before we would not have had the Capones and the rest of the gangsters that came up during that era?

COL. KELLY: No. If you're asking what I said, I will repeat what I said. I was not talking about 1932. I was talking about a statement that was made last night that referred to the year 2000 as it presently applies to the drug culture of this country, and I was not talking about 1932. I'll tell you, if we continue in narcotics here, we will have more Capones. What I did was draw a comparative analysis. By permissiveness and availability, if we do this, the acceptance of this type of thing may give us, as I said, possibly a gambling culture.

ASSEMBLYMAN PELLECCCHIA: Not referring to drugs, sir, - I am not referring to drugs because I am with you a thousand percent - but the alcohol. This was the same cry that was posed then when we tried to repeal the 19th Amendment, and I believe that it has been proven wrong. And we did have a better society without those racketeers selling wood alcohol and everything else. And again, my final question is, would you, say as an official of the State, want to deprive the people of the State of New Jersey of the right to control their own destiny by voting on this issue?

COL. KELLY: I'll try to answer your question in one way. People have to be regulated, all people or some people. This is why we have speed limits of 50 miles or 60 miles regulating people. If we didn't there would be no controls, and some legislation is for the good of the people. People have to be regulated. It is

done by legislation. Now the will of the people to speak - whatever you people decide is your decision, not mine. So people do have to be regulated. I'm not depriving anyone of anything but I am saying that people do have to be regulated.

ASSEMBLYMAN PELLECCCHIA: From what I gather from your answer, we should never have any referendums, that the Legislators --

COL. KELLY: No, sir. I didn't say that.

ASSEMBLYMAN PELLECCCHIA: Well you're implying that they do have to be regulated.

COL. KELLY: Yes, sir. That's why you pass laws.

ASSEMBLYMAN PELLECCCHIA: Well we also go to referendum and ask them their wishes.

COL. KELLY: Well I'm not talking about the fundamentals or how you're going to do it.

ASSEMBLYMAN PELLECCCHIA: No further questions. Thank you.

COL. KELLY: You're welcome.

SENATOR DUMONT: Mr. Currin, any questions?

MR. CURRIN: No questions.

SENATOR DUMONT: Assemblywoman Klein?

ASSEMBLYWOMAN KLEIN: Colonel Kelly, I really am very sorry and, Mr. Chairman, I do apologize for being late but I was abiding by the speed limit.

SENATOR DUMONT: Well the rest of us were too coming in.

ASSEMBLYWOMAN KLEIN: I'm very sorry that I was late because I would have liked to have heard your entire testimony.

The thing that concerns me very much is that we have regulations about gambling, we have strict proscriptions against gambling except as permitted by law. So we have a situation in New Jersey where we're really taking off to jail, for as much as a year or two,

people for the crime of selling lottery slips illegally. And some of these people - it's a little hard to see it, you know see a 75 or 80 year old man and woman going off to jail for a year for selling illegal lottery slips, at the same time that the State is advertising its lottery, urging people to bet, to gamble, making it almost a social duty to support your state by purchasing lottery tickets. You see a picture of the Governor purchasing lottery tickets. How can we reconcile, you know, these two things? And the second question is, why is it, since everybody admits that so many people are gambling and that illegal gambling is going on regularly, why is it impossible to control it while it is illegal?

COL. KELLY: I will answer your first question. As a police officer there is nothing I can do but enforce the law. We have sympathies, feelings, emotions. Who wants to arrest a 70 year old man? No one wants to. We don't have the power of discretion, as long as the law is on the books. And I think the way to resolve this particular thing is to rid the books of these laws if they are ineffective.

ASSEMBLYWOMAN KLEIN: Would you enlarge upon that a little, please?

COL. KELLY: Well, your question was, if you catch a man with a lottery slip and you put him in jail. In the first place, we don't put them in jail. That's discretionary with the judicial.

ASSEMBLYWOMAN KLEIN: I understand.

COL. KELLY: The point is that if he's arrested, we have to go through the process. We don't have the power of discretion with regard to who we do or do not arrest. We may be again sympathetic but where do we stand?

Now, if we're talking about legislation that would be good for the people that is effective in this

particular area, I'm strongly for it, I recommend that we do away with such things.

ASSEMBLYWOMAN KLEIN: Well, I would really like to know a little more about that. You're recommending that we do away with --

COL. KELLY: No, no. I'm recommending that you consider the laws that you just said are affecting the so-called poor people and other people that may be picked up for lottery slips. You should give some thought to looking into this.

ASSEMBLYWOMAN KLEIN: Well, I've given a lot of thought to it. And I guess what I want you to tell me is, do you think there is a way of eliminating the sanctions against lottery slips, illegal lotteries, without - well, do you think there's a way of doing it so that you would deprive organized crime of this revenue and can you do it without inviting any of the problems of law enforcement that you have associated with casino gambling.

COL. KELLY: To go back a little bit, Mrs. Klein, we've been on panels before, we went through this historical crime investigation many years ago, and I know you are a little aware of some of the ramifications. As I said a little earlier, people who are in the illegal business, just like in the black-marketing business, just like in hijacking - we probably will never stop all these things, and we'll probably never stop people from buying illicit goods. For example, someone comes today and would say to an individual "I can sell you a television for \$100" and the television is worth \$500, 95% of the times the individual will buy the television for \$100 and not even question where it comes from. But really if he looked into it, and his own conscience, - I'm not saying everyone would do this, but everyone is looking for a bargain. By the same token, we are in the business of combatting crime and the biggest problem we have, of course, is combat-

ting money and gambling is, of course, the biggest source of money, and with money comes everything else. As I said earlier, to give you an idea of the people who are in business, they are real businessmen, illegal or improper, whichever, they are businessmen. They are using the number - and I am being redundant now - they are using lottery numbers today because now they are getting today's number today and they don't have to wait until tomorrow to get the number. Then they are running a pool tonight on horse racing in Saratoga or wherever. So they can get two lottery numbers. Now this is an enticement for people to get into this business. And we're never going to change some of the people that are in this business. One of the reasons, of course, is that people want to pick their own number, they want a chance of picking their own number, and they want to bet a nickel, a dime, or a penny, whichever. And we're probably never going to change those people as long as these other people are around.

ASSEMBLYWOMAN KLEIN: Well, Colonel, you know there's an old saying that the law really has to reflect the mores of the people. If the law does not reflect the mores of the people, the law becomes almost unmanageable. Now we have had a lot of testimony to the effect that a lottery slip and bets on numbers are rampant, I mean that multitudes of people are participating in this. And there's no way that you can convince them, I think, that what they're doing is legally wrong or morally wrong or any other way wrong as long as the State at the same time is operating its own lottery and selling the tickets and enticing the people to buy.

COL. KELLY: Well I would say there is another consideration. Would it be proper to say to the people making illegal whisky that it's okay for them to do it because the State is selling whisky too?

ASSEMBLYWOMAN KLEIN: I think that's a good point. But I think it would be difficult to tell people it was wrong or sinful or immoral for them to drink whisky if at the same time the State were involved in selling it.

But I think it's a major problem. And I object to the thought of gambling for the few. You know, the select, the ones who are acceptable in the casino, and at the same time putting people in jail for a 5¢ bet. There is something very wrong about that. And I would like to know if you visualize increased law enforcement problems or decreased law enforcement problems if something were done to change the lottery situation so that people could have their choice of numbers or they could bet smaller amounts so that it was more accessible to them. In other words, so that the thing they are doing anyway could be legalized or franchised or state operated or whatever.

COL. KELLY: I don't have the solution but I say it would take review. One other thing, the one inducement and enticement is that you can bet on credit. If the State is willing to go for credit, okay. This is one of the inducements.

ASSEMBLYWOMAN KLEIN: How large a part does that play in it? I mean, if you had it legalized but it was against the law to extend credit, how large a problem would that be? Is that a big significant factor?

COL. KELLY: I really don't know. You've got me cold, asking me that type of things. We could make a survey. We would have to go out and talk to all of our illegal people and find out their views on these things. I just couldn't tell you, Mrs. Klein. I just don't know. I think that it demands study. It would demand review and study on the part of someone.

ASSEMBLYWOMAN KLEIN: You do feel perhaps that

the Legislature should address itself to this question of the illegal numbers and see whether there is a way of resolving this? And do you think this would decrease the crime problem?

COL. KELLY: You can't address it solely to the illegal numbers. There are illegal horse racing bets, illegal wagering on football and basketball. Possibly we may have to address ourselves to the whole spectrum of the problem.

ASSEMBLYWOMAN KLEIN: These illegal wagerings are a large problem for law enforcement, is that right?

COL. KELLY: Yes. No, not the wagering as such but the results and the revenue that comes from the wagering affect many things.

ASSEMBLYWOMAN KLEIN: You mean as a source of revenue for other ventures?

COL. KELLY: Right.

ASSEMBLYWOMAN KLEIN: I just have one other question. You made mention of the fact that a lot of organized crime figures were infiltrating into the Catskills and other resort areas of New York, purchasing property in anticipation of expanded gambling in New York. Have you any evidence of that happening in New Jersey?

COL. KELLY: Not substantial evidence.

ASSEMBLYWOMAN KLEIN: But there has been some?

COL. KELLY: Not supportive evidence.

MRS. KLEIN: Oh, not supportive evidence.

COL. KELLY: Right.

ASSEMBLYWOMAN KLEIN: Is there supportive evidence for it in New York? I've heard this from other people.

COL. KELLY: The statement was made in the New York News and I quoted the New York News' statement.

ASSEMBLYWOMAN KLEIN: This doesn't come from your intelligence information.

COL. KELLY: We have some views but I could not support your statement with regard to "do I feel". I could not support that.

ASSEMBLYWOMAN KLEIN: Thank you.

SENATOR DUMONT: Senator Musto?

SENATOR MUSTO: At the outset, Colonel, let me thank you for your testimony and I want you to know that we are aware that we have the finest State Police in the country.

COL. KELLY: Thank you.

SENATOR MUSTO: I just don't happen to agree with you on gambling.

COL. KELLY: I know that.

SENATOR MUSTO: I don't think there are any questions that I could ask you that we haven't covered before. I certainly think that you are entitled to your view and I know it's a very sincere one. But the thing that has always bothered me on the problem of gambling is - and this might be a different question - what do we do about the availability of gambling? We've tried from time immemorial to do something about that and, as you know, we've never locked up a bettor. It's a little bit different from the story about the TV set at \$100 and sold say for \$25. There we bring both parties in and take action against them. But still we never lock up the bettor. The bettor is always an individual who is allowed to make his bets and go away. It's only the bookie and we can always replace the bookie. And this gives us a tremendous problem.

COL. KELLY: I realize this. And the problem, of course, as you know, is so tremendous and so enormous in terms of enforcement. Where do we go? We're in the same situation right now with the marijuana and narcotic field. Not that we have disregard for the boy or girl who has bought it, we understand that, but we don't have the time and we concentrate on the individual --

SENATOR MUSTO: That's a good point you make there. I'll stop there with the narcotics. We can always get to that. It's in this Commission's story all the time. We haven't yet, I don't think, reached a point where we want to make a decision on it. I think we have on gambling.

Let me ask you a question. You bring up marijuana, do we want to do anything there. Now, would you want to make smoking illegal?

COL. KELLY: Smoking what?

SENATOR MUSTO: Anything. Cigarettes.

COL. KELLY: I don't smoke myself. I --

SENATOR MUSTO: I don't either, so you and I are equal there. Would you want to make drinking illegal?

COL. KELLY: No. I drink.

SENATOR MUSTO: Well I do too. The point I am leading up to is, now we're on the subject of gambling, we haven't reached the subject of narcotics yet. Some day we will have to face that too. We find even in that area of law enforcement we face a tremendous problem where the wrong people are making a hell of a lot of money. We haven't been able to meet that problem. But let's put that one aside. This is the Gambling Study Commission.

Now we have the problem of gambling and I don't think there is anyone in this country or anywhere in the world that doesn't know about gambling and isn't completely familiar with it. It's a rather simple subject. It concerns the desires of people and it doesn't matter whether they're rich or poor. And the fact that some of us feel, and perhaps rightfully so, that making it available will encourage more people to gamble, - we have to weigh that against the other tremendous effects that we're feeling today from illegal gambling. This is why we come to our law enforcement people and hope that, in addition to the testimony that they give, where they give

their very sincere opinions as to how they feel about gambling or smoking or anything else, that they also will give us their view, and a rather strong view, as to whether or not we can control it. And when outstanding law enforcement people, like yourself, come before us - and I don't mean you intentionally waiver, but you aren't as specific as I would like you to be. And that goes for the Attorney Generals and the District Attorneys and other people. They're not as specific as I would like them to be. I get sort of confused because in my opinion I would brag about our law enforcement people. I think they've done an outstanding job with few tools and under very difficult circumstances. And I think the only tools they need to do the job in the field of gambling today is to make it legal.

I think the problem is the illegality that exists and the hypercritical attitude that we have toward gambling. As you know, they will not lock up a bettor. They don't lock up all of the participants. And the other day I told a story at one of the Commission hearings and it's a true story, I saw it on Channel 7 television where the television people - how they got there I'll never know, but it was so outrageous that they took a regular television scene of about eight people playing cards in Central Park. I think the youngest fellow playing cards was about 65 years old. They told the story and they took a picture story. Whatever made these young policemen lock them up, I'll never know, but here was a story of people gambling in Central Park - to make this long story short, they locked them up, booked them. They went to court. Well, that poor judge sitting there, he didn't care what the law said. He reminded me of my mother one night when I came home and told her bingo was illegal after they had been playing it for years and years and years. I said,

"Don't play bingo anymore because the judge just said it was illegal." I won't tell you what she said but she kept playing. Nobody locked her up. But these people were actually brought before the court and the magistrate naturally used common sense. He didn't read the letter of the law which said it was illegal and that the policemen who locked them up were within their legal bounds, and he just dismissed the case.

But I think it's going to take a tough look by our top law enforcement people like yourself, particularly, to recognize the fact, which I think you know already, that people are going to gamble. The type of gambling, that's got to be decided. There are all things that have to be considered, these problems and all of that. The regulations are even difficult. It's not easy. But one thing should be recognized, that we have to come to a conclusion on how we enforce it, how we put it into effect, and are we going to legalize gambling. Should we recognize the fact that gambling is a natural part of human life today and face that fact and meet it as I think we can.

That's my point of view and I would hope you people would look at it that way.

COL. KELLY: You're right, and you have conveyed this to me two or three times and I respect your opinion in this regard. It all depends - with due respect, as the Senator says he thinks all the gambling is in North Jersey -- it all depends on the environment and the type and kind in certain segments of this State, certain ideals and principles. I watched a city down in your section, like Mays Landing, when the race track first came into this city, and the effect it had on that little municipality, from a municipality that knew nothing, very complacent, and all of a sudden a race track came in. And I was there, I was stationed there at the time, and in the course of a year more people were concerned about

betting and getting to the race track. What we did, we made a new culture in that city that was involved in that thing. And I understand this. Because this is what they know, this is what they heard, it's great.

SENATOR MUSTO: You say a new culture. But those people probably were playing bingo and they were probably going on the boardwalk and playing games of chance. They were probably playing cards in the house. It was just made more convenient and more accessible to them.

COL. KELLY: But is this what we want? That's the situation. Do we want to cultivate more people to gambling?

SENATOR MUSTO: Well, you're not cultivating more people to gambling. I think what you're doing is giving them a new device. The people that are buying lottery tickets today - and I disagree with some of these irrational statements that these people who are buying lottery tickets never gambled before --

COL. KELLY: My mother never gambled before and she's buying lottery tickets every day.

SENATOR MUSTO: But the point is, if you walk down the street and talk to people who are buying lottery tickets - and we've done that - 90% of those people gamble. You say you develop a new culture. The other 10% play bingo or do some gambling. They do something. And I think it's wrong to get the idea that we're cultivating or creating a new culture. I don't think it's so. From the reports of the law enforcement people, if there is anything that doesn't have to be cultivated here, it's gambling. I can show you reports stacked this high of billions and billions of dollars being spent regularly.

COL. KELLY: I recognize this.

SENATOR MUSTO: So I don't know how you can cultivate it anymore.

COL. KELLY: The only thing I can say, in the last few years I don't know how many - well, we do know how many people we've arrested - maybe arrest is not the answer. I'm not basing any satisfying results or justification on arrests, but there is one thing that I don't know and no one can tell me and that is the deterrent. I don't know how many people in official positions and jobs right now are not doing the things that they possibly would have been doing if the aggressive action we haven't been taking, or have been taking, didn't take place. This I can't measure. Maybe there is some deterrent when we stop to realize that people are not accepting the things that were accepted before. And I think that we have some deterrent action throughout the State and I think this is recognized throughout the country.

And with regard to the question, I must concede, Senator, you have your views and, of course, I have mine, but we must understand that whatever happens legislativewise becomes my problem. You convey this to me and whatever the problem is that you convey to me, you can be sure that we will do our best to do whatever has to be done.

SENATOR MUSTO: Finally, in that area, and that's the area that I'm interested in, because I can't think of anything, anything at all, in the 26 years that I've been in the Legislature, that was turned over to you people that you haven't handled properly, intelligently, constructively and, last but not least, where the State has derived a tremendous source of revenue. You can't beat that track record. I would like to see it continued.

COL. KELLY: Okay.

SENATOR DUMONT: Senator Maressa has another question.

SENATOR MARESSA: Colonel Kelly, to quote Senator

Musto, we want the people of the State of New Jersey to be happy. Maybe the people down in Mays Landing had a suppressed, dormant desire to make what otherwise might be an uninteresting life a little brighter. And when the track came around, they got a little more zip.

But earlier this year, before the Appropriations Committee, Attorney General Kugler appeared and said to us that he was in favor of legalizing victimless crimes. Do you agree with General Kugler?

COL. KELLY: Would you give me, as a Lawyer, your definition of a victimless crime? There is someone who is the victim. The State is the victim, if no one else.

SENATOR MARESSA: He was referring to the gaming statutes.

COL. KELLY? Right, and the State in this case would be the victim.

SENATOR MARESSA: Well I think it was generally accepted at the hearing that he was talking about the gaming statutes and those people the State was prosecuting and spending hundreds of thousands in law enforcement which perhaps should be directed in other areas.

Now, have you ever discussed what he meant by victimless crimes, with Mr. Kugler?

COL. KELLY: Not to any degree, no, sir, we haven't but I will.

SENATOR MARESSA: In other words, you're not in a position now to express an opinion.

COL. KELLY: No, sir.

SENATOR MARESSA: Just lastly then, so that I understand your position, if for example casino gambling were legalized in this State and the task was assigned to you to police or operate, or whatever, do I understand your testimony to be that you could handle the job? You said that earlier, didn't you, Colonel?

COL. KELLY: Do you want to help me out, Mrs. Klein? You helped me out once before.

ASSEMBLYWOMAN KLEIN: I don't remember.

COL. KELLY: I can say, whatever is dictated to us by this austere group or body will be carried out.

SENATOR MARESSA: It will be carried out. But you don't have any reservations about having the ability to do the job, if the State were to operate these casinos, with your personnel and additional training, whatever else is necessary --

COL. KELLY: And additional people.

SENATOR MARESSA: -- if the State gave you the tools to do the job, you could do the job.

COL. KELLY: Whatever would have to be done, I can assure you would be done.

SENATOR DUMONT: Colonel, I wasn't entirely clear on just how you feel with respect to a referendum. Would you be for or against or neutral in respect to a question that might be submitted to the people as early as November, 1973 with respect to any expansion of gambling over and above what is presently legal in New Jersey.

COL. KELLY: Well, Senator, that's kind of hard for me to answer. I am not legislative nor politically oriented. I don't think I'm capable. I have my own opinion in this regard but I think that the decision to do this is the decision of this group and whatever the decision may be is the answer.

SENATOR DUMONT: All right. Now at the present time, as I understand the law of the State, card games played for money are actually illegal. That's correct, isn't it?

COL. KELLY: Right.

SENATOR DUMONT: And how much time over the years, if you can estimate, has the State Police under your

command spent on conducting gambling raids in comparison or in contrast with their overall use of time and effort?

COL. KELLY: Again, Senator, in the last four or five years things have changed in terms of approaches. We just don't have the manpower or the people to do the so-called, let's say, minor - it's not minor but we call it minor - things. Our approach is to where does the money go.

All right, let us say that the seven of us sat down and played cards and we all lost \$100 and at the end of the night you won \$700, at least I know where \$700 is.

SENATOR DUMONT: It would be very unlikely that I would, but go ahead.

COL. KELLY: We know where the \$700 went. You know, we're all happy, or you're happy and we're all sad. If at the end of the night we all lost \$100 and the \$700 belongs to somebody outside, this is what bothers me. And this is what concerns me the least.

SENATOR DUMONT: However, under the present law of New Jersey you really have no alternative except to conduct gambling raids.

COL. KELLY: No, sir, I haven't.

SENATOR DUMONT: Right.

COL. KELLY: Listen, some neighbor may complain tomorrow about gambling and some poor bunch of workers are having a card game in their house or something like this, and we're stuck with a complaint like this.

SENATOR DUMONT: Would you care to express an opinion as to whether there are more urgent subjects to which the State Police could devote their time and effort rather than conducting gambling raids?

COL. KELLY: Oh, yes, sir. I should list them, I think, as to priority. We are totally involved in hijacking; we're totally involved in black marketing;

we're totally involved in corruption, other than gambling. And, of course, the results and returns of gambling affect and corrupt people. We're totally involved in so many things, we're spread so thin. We should be in areas on the waterfronts, on the docks and places like this where we should be. We've changed our whole concept up in your area, only the last month or so, with regard to more aggressive patrols and --

SENATOR DUMONT: I might say we're very happy to have them there too.

COL. KELLY: So it's a constant change in concept. Our whole concept has changed in the last five years with the concentration of effort being on general police and, again, with protection of people in the rural areas but supplemented by additional people and tactical controls. The effect that the highway is going to have on the northern part of your State, the 287's and the 80's, we're going to have a great influx of people which means, more people, more problems.

SENATOR DUMONT: Have you given much thought to the question - assuming that a general question were submitted and approved by the people as to the necessity for local option type of legislation. For example, if there were to be casinos someday approved in New Jersey, would it be your belief that there should be legislation to require a local referendum in the municipality before a casino could be established there? This would have to follow a statewide referendum and approval by the people in that respect.

COL. KELLY: Oh, I'm a firm believer in that, the home rule concept, and certainly it may be acceptable to some and not acceptable to others. There are some cities, some really small municipalities that don't have to be policed, but there are other municipalities that do have to be policed. So for me to say that they

shouldn't have local option, I think would be wrong.

SENATOR DUMONT: Any other questions by members of the Commission?

ASSEMBLYWOMAN KLEIN: Just one. I've been sitting here thinking. Do you feel as though you've been making progress in containing gambling?

COLONEL KELLY: Yes.

ASSEMBLYWOMAN KLEIN: You do. How much has it decreased?

COL. KELLY: Oh, I have no way of measuring the extensiveness of it. I do have ways of measuring in terms of information and intelligence that we do have. We don't have the runners that are running flagrant up and down the street, as they used to be. We don't have that type of operation. We've cut off the communication type thing. We know that we've cut off sources. There are many sources that we have not reached because of the layers of involvement of protection that we can't penetrate. We hope to. There are some that we can.

ASSEMBLYWOMAN KLEIN: Isn't most of the enforcement of things like numbers under the local police rather than the State Police?

COL. KELLY: In some cases.

ASSEMBLYWOMAN KLEIN: Then I would just like to know whether you think having legalized gambling, particularly in relation to numbers, would increase or decrease the law enforcement problem.

COL. KELLY: If we legalized numbers?

ASSEMBLYWOMAN KLEIN: Suppose we just said we weren't going to prosecute anybody for lotteries.

COL. KELLY: If you say that, naturally our problem would decrease if we're not going to prosecute anybody.

ASSEMBLYWOMAN KLEIN: Well, do you think it

would increase the problem of crime in New Jersey?

COL. KELLY: No. Again, there are two points. There is the point, as you say, just legalize lotteries, is that what you're saying? the numbers?

ASSEMBLYWOMAN KLEIN: Yes.

COL. KELLY: You could do that but I don't know the solution. What again about the illegal operator? How do we stop him from not going through the State process? What do we do about them if they don't go through the State process? Are you saying that anyone who wants to be a bookie or run a lottery could do it and it's not a transgression?

ASSEMBLYWOMAN KLEIN: Yes. Well, that's kind of a way-out thought but really I just wondered what would happen if it was opened up so that it wasn't illegal, like the people who want to get together and play a card game.

COL. KELLY: Are you saying that the State should say that the lottery should be opened up to anyone?

ASSEMBLYWOMAN KLEIN: That there just wouldn't be legislation in that area.

COL. KELLY: You could do it but I'm saying you are not going to stop the illegalities of the whole thing because of the many facets. Again, the credits and the association, and the type of involvements and inducements that the State would not get involved in. As I told you before, now we're running two lottery numbers, illegal lottery numbers, a day, one in the afternoon and one at night. And they would come up with other inducements that people would become involved in. To stop it totally, I would say probably never. And I cannot give you any legislative recommendations. I can sit down and talk with you for hours with regard to some of the ramifications, but I don't think that I can come up with any real answers or solutions to that particular problem.

SENATOR DUMONT: Colonel, of the whole spectrum - I know that's a broad area - of gambling, both major and

minor types, and I would classify the major ones as bookmaking or numbers, betting on organized athletic events, offtrack betting, casino gambling; and then of the more minor type, such as telephone bingo that we don't know much about but we know it exists; card games, dice games, jai alai, or whatnot, - is there anything, from your viewpoint, out of those or any others that I haven't mentioned that you believe it would be wise to legalize in New Jersey with the approval of the people and would provide actually fewer difficult problems for you in law enforcement? Or is it your feeling that the State has gone far enough in the legalization of gambling with what it now has and should not have any of these types?

COL. KELLY: I do, Senator.

SENATOR DUMONT: The last?

COL. KELLY: I think we've gone far enough, yes.

SENATOR DUMONT: Thank you very much, and I would like to add my very sincere respects, which I think I have expressed to you on many occasions, for the splendid work which you have always done as a Trooper and as Commanding Officer of the State Police throughout New Jersey, that you are doing and will continue to do. And we are happy to have had you here this morning.

COL. KELLY: Thank you very much, Senator. Thanks to all of you.

SENATOR DUMONT: Thank you, Colonel.

Before I call Commissioner Peter Rozelle, who will be the next witness, I want to be sure that all the people who desire to testify today have signed in. If you haven't, please come down here to John Lee, who is Secretary to the Gambling Study Commission, in the front row, and indicate your desire to testify at some point today.

We have listed at present, Commissioner Peter Rozelle; Mrs. Judith Cambria, Tax Chairman, New Jersey

League of Women Voters; Commissioner Kuhn could not be here but he has sent in a written statement; and I also have listed Francis A. Forst of East Brunswick.

Are there any other people who desire to be heard today? All right. Then that, with the addition of Mr. Malamut, completes the list of people, at this point at least, who have indicated a desire to testify.

At this time I would like to call on the Commissioner of Professional Football, Peter Rozelle.

Let me say, Commissioner, we are extremely happy and also privileged and honored to have you with us today. We want you to say anything that's on your mind in regard to the statement you wish to make and then the Commission members will probably ask you questions about it, as you heard us do with Colonel Kelly, the Commanding Officer of our State Police.

I might say to you, since you are not familiar with the background of this Commission, there are twelve members on it. The attendance over all of these six public hearings - this is the sixth and final one - has been very good. There are seven members out of the twelve here today - five of those are in the Legislature, in one House or the other - and two are citizen members, which simply distinguishes them from the legislative members.

We want particularly to hear your viewpoint in regard to the question of whether betting on organized athletic events should be permitted. And I am sure you would testify the same way in any state that you were in that was contemplating any such action.

So we welcome you here, knowing of your extremely fine record in the job you are doing as Commissioner of Professional Football. We are happy, again, to have you with us and you may now say anything you desire.

P E T E R     R O Z E L L E: Thank you, Mr. Chairman. I appreciate this opportunity because the matter before you, at least before you in part, is something of tremendous

concern to the National Football League throughout the Country, which is why I was most appreciative of the invitation extended me to be with you today.

My name is Pete Rozelle. I am Commissioner of the National Football League. I appreciate your invitation to testify today, for the subject at issue is one on which professional football holds very strong convictions.

The NFL is firmly opposed to the concept of legalized gambling on professional football. Our carefully considered judgment is that legalized gambling in any form will seriously harm our sport without producing the benefits envisioned by its proponents.

Unlike team sports that depend solely on human effort, horse racing has been tied to legal gambling since the early Roman Empire, and today probably could not even survive without it. Professional football, on the other hand, has grown and prospered over the past 50 years without resorting to gambling as an incentive. Indeed, we spend hundreds of thousands of dollars each year attempting to assure that no vestige of gambling will touch our players, our coaches, our owners, and others closely associated with football. Simply stated, we have grave doubts that our sport could survive the added stress and pressures that state-sponsored gambling would ultimately impose on its structure and its basic integrity.

A simple truth in which we firmly believe is that the vast majority of our fans do not now gamble in any meaningful sense. Participation in the office pool or a casual dollar bet on the home team with a friend is far removed from the kind of habitual, systematic gambling - involving additional millions of people - that government sponsorship would undoubtedly generate.

You gentlemen obviously realize that professional football is grounded on absolute integrity, both in fact and in the public consciousness. No one would, or could, dispute the absolute necessity of keeping our game free from suspicion.

We make every effort to insure the integrity of our game. Because we are well aware that a certain element in our society does gamble illegally on team sports, we employ extensive security forces at great expense to police our own stringent rules against gambling by anyone connected with the League or any member club. Our security problems would be multiplied by the extension of systematized gambling to the general public.

Above and beyond the increased risk of suspicion of scandal if betting is legalized is the likely erosion of the public confidence on which our sport is built -- and without which it cannot survive. We firmly believe that government-sponsored gambling on team sports would soon create a large generation of cynical fans, obsessed with point spreads and parimutuel tickets and constantly prone to suspect and criticize the motives of players and coaches alike. We believe that legalized gambling will change the fundamental character of fan interest in professional football, by converting millions of fans into bettors, preoccupied with cashing a bet and suspicious of the integrity of any player performance or coaching decision that spells the difference between winning and losing that bet -- not the game. For example, we do not relish the prospect of 75,000 Giant fans in the new stadium here in New Jersey cheering against the Giants so that bets could be won. We believe it would

be tragic to supplant the fan's rooting interest in his favorite team with a gambling-oriented philosophy.

These are some of the detrimental effects we are convinced would result from state-sponsored gambling on our sport. In addition to imperiling the foundations of our game, we cannot help but wonder what a government that sponsors gambling on team sports is letting itself in for.

The proposals we have seen contemplate not only approval of gambling by the state, but active promotion of it as well. Among other things, they would entail developing an advertising and public relations staff designed to solicit as many bets as possible. The ultimate result -- as the history of horse racing has already proved -- will be active governmental intervention and participation in the operation of professional sports. For example, the state would have to create and maintain a sports betting authority to set up and run a large and complicated bookmaking system. Whatever betting system were used, this would create enormous mechanical problems.

Moreover, the state's money interest would require a dramatic enlargement of its security forces, and would entail corruption risks far greater than any we have known thus far. It would ultimately involve direct and extensive governmental control of what is now, and has been, an effectively self-regulated sport -- as in horse racing, where the state sets the racing dates and sites, licenses all of the participants and the owners, conducts investigations and metes out discipline. It would give the state a tremendous

stake in overseeing sporting events which, because they are held outside its borders, the state could not control.

With the vastly enlarged number of bettors, the state would constantly face the kind of situation we experienced several weeks ago. Some of you may recall the recent Redskin-Giant game in which Washington called a time-out with 24 seconds left, then scored a touchdown and thereby exceeded the established point spread. Our telephone lines were jammed the next day with the calls of angry, losing bettors questioning the motives (and the parentage) of coach and quarterback alike. In such situations -- and in any number of others of the same kind -- what are now our problems would become yours, and on a scale so drastically enlarged that they might well be unmanageable.

A state-run bookmaking agency would have to be prepared to lose money as well as to make it. In this respect, illegal bookmakers have several important advantages over any legal system: they can limit the amount of money they will accept on any given game, and they can "lay off" bets to a central organization to minimize their risk of loss. It is not difficult to imagine the public reaction if a state agency lost \$1,000,000 or so on one game.

I have brought with me copies of the National Football League's position statement on legalized sports gambling, which explains the reasons for our opposition far more completely than I have attempted to do this morning. I would like to leave our position statement with you for study at your leisure. Meanwhile,

I have touched on some of the very basic reasons why we, along with other professional sports and numerous law-enforcement agencies, view legalized betting proposals with nothing short of alarm.

SENATOR DUMONT: Mr. Currin, any questions of Commissioner Rozelle?

MR. CURRIN: Yes. Mr. Commissioner, I notice from your statement that you seem to minimize the amount of betting done on professional football at the present time and allude to the fact that it's primarily done between friends and office pools, and so forth. I am sure you are also aware of the extensive pool betting on spreads by these slips of paper or tickets that are prevalent, particularly in the major metropolitan area. What effect, if any, does this have on your scrutiny and control?

MR. ROZELLE: I think that gambling is and always will be a problem for sports. We saw it - those of you who followed sports in this general area for a number of years will recall that in college basketball we had two major scandals about ten years apart, one in 1950 and again in 1960. So that gambling is always a threat to the integrity of sports.

Our position here is that we are multiplying that threat when we legalize it.

In Great Britain, when they legalized betting shops, and so forth, I believe in 1960, their studies indicated there was a 400% increase in gambling.

We are well aware of the fact that there is illegal gambling through bookmakers on professional football today. We're merely saying that we don't think the majority of our fans follow the practice of such betting. We know that some of it is done but we think, when people say that everyone bets through bookmakers on professional football, it's a fallacy. And this was confirmed for us by the President of the National

Association of District Attorneys, Carol Vance of Houston, Texas, who estimates that probably 1% of the overall fans in the United States would make bets of any consequence on sports.

But to answer your question again, yes, it's a problem and we would just prefer that it not be multiplied.

MR. CURRIN: Thank you.

SENATOR DUMONT: Assemblyman Pallecchia.

ASSEMBLYMAN PELLECCCHIA: Commissioner, indeed it's a pleasure and a privilege for me to sit here and try to pick your mind because I know the work you've been doing. I am also one of the most rabid fans you would find in the country, probably as rabid as anyone else and probably moreso than most. I had the privilege of participating a bit and I too would like to see the game of football preserved. However, there are some things that come across my mind that I would like to get some facts on.

I had the occasion to visit Vegas just once and I did go into the betting rooms; I did see the odds and the spreads and the things that go on.

In the area that I come from - the gentleman who testified prior to you, our Chief Law Enforcement Officer of the State, made reference to the fact that our area has a tremendous amount of wagering. I would say, knowing the football fan and knowing the people who do participate in wagering, that even when you allude to the fact that you say it's 1%, that 1% is a tremendous amount of wagering that is taking place. Would you agree?

MR. ROZELLE: Yes. I certainly would not want to minimize the amount of illegal gambling done in this country. It is sizeable. I was quoting the President of the National Association of District Attorneys who was merely commenting on the number of people. But I would agree with you that a sizeable amount of money is bet illegally on sports events each year in this country.

ASSEMBLYMAN PELLECCCHIA: And isn't it a fact that the bookies, as we refer to them here, have the opportunity to lay off bets with Vegas at any time that he sees it necessary?

MR. ROZELLE: Bets are laid off around the country through central organizations coordinating this activity. That's my understanding.

ASSEMBLYMAN PELLECCCHIA: Well, sir, I don't want to pursue the matter much further because I appreciate your position and I am glad that we have men like you in those positions. But I do think that some of that money would be better off in the pockets of the State than in the pockets of the racketeers who have been using it for other purposes.

Again, I want to thank you for coming.

MR. ROZELLE: I realize, sir, that that is one of the points made. My information, in somewhat contradiction to that philosophy, would be examples that I've been given - one by Bill Cahn, the District Attorney for Nassau County in New York, who has wiretaps, wiretap information of individuals calling bookmakers attempting to make horse racing bets, and the bookmaker recommends that they go to their OTB office. Maybe the bet isn't large enough. But he actually recommends that they go to one of the legal parlors.

I think, as we pointed out in our position paper, that your heavy gambling - even if you had legalized gambling shops - would still be to the bookmakers, for two basic reasons. One, the fact that they can get easy credit. If they are an established customer they can handle it by phone. And perhaps more importantly, they do not have the tax problem which is of major concern to a large bettor. He knows, if he bets through his bookmaker and wins, that is net for him. If he were to bet through a legalized betting shop, unless the laws were changed - and as we pointed out in our position paper, we think it

unlikely that the average hard-working American would say that gambling on sports would not have to pay taxes on his winnings. Then again, you have the edge going to the bookmaker. We feel that perhaps more customers would be created in time. When you get a generation of youngsters and others making small bets in legal shops graduating up to heavier betting, wanting to get the tax break, wanting to get the credit, - in other words, I think you would be creating a larger market for the bookmaker. And this is what some law enforcement people have suggested to me. I concede the fact that it's theory at this point, it hasn't been proven, but a number of knowledgeable people that I have spoken to feel that that would be the trend.

ASSEMBLYMAN PELLECCCHIA: Well, thank you. I have no further questions.

SENATOR DUMONT: Mr. Taylor.

MR. TAYLOR: Mr. Rozelle, I don't know whether you are a resident of New Jersey or not --

MR. ROZELLE: No, sir.

MR. TAYLOR: You're not.

MR. ROZELLE: We'll have a football team that will be shortly, however.

MR. TAYLOR: But presuming you were a resident of New Jersey, I would like to talk to you in that vein. If you were a resident on New Jersey, I would ask you this question as I've asked everyone else. If we do legalize gambling in the State of New Jersey per se, should it be regulated and licensed as we presently license our horse racing, or should we operate it as we operate our gambling as a State facility, functioning as a State facility. What would you recommend? Your personal thinking is most interesting.

MR. ROZELLE: I would really have to give study to that. I wouldn't be an expert in that area. You are suggesting that, one, you would license qualified individuals -

MR. TAYLOR: Should we do it this way or should the State operate this?

MR. ROZELLE: Well, it's my understanding that you have been quite successful in your ~~st~~ate operation of lotteries. Is that correct?

MR. TAYLOR: That's correct.

MR. ROZELLE: Just on that basis, until I explored it more, I would assume it might be better to handle it on a state-operated basis. However, as I pointed out, in team sports there would be problems because - in horse racing the state does certain things, in all states; now, in football, if you're concerned about the performance of the game, I think it's unlikely you could do as states do in horse racing - give urine analysis tests to athletes, as they do horses; set athletes down for a week, as they do jockeys; the other disciplinary steps and supervision that they undertake. But, if you are talking about a type of gambling similar to your lottery, it would appear that the pattern you've established here is the proper one. But I think it would depend upon the type of gambling you were to legalize. I think there are some types that perhaps the state might be better off being out of.

MR. TAYLOR: Thank you, sir.

SENATOR DUMONT: Senator Maressa.

SENATOR MARESSA: Commissioner, I might say that your statement, at least in my opinion, has a lot of merit. Your argument is well founded. Perhaps you can answer one question for me.

Do you have any information or knowledge as to whether or not gambling is permitted in other countries of the world, especially on soccer games, and legalized and licensed?

MR. ROZELLE: Yes, you do have legalized gambling on team sports, soccer basically, in Europe. It's the pool card system primarily, where you would attempt to select the outcome of a number of games, the winner, or

whether the game is a tie.

You will see here in the exhibit that I have submitted that this has, however, caused a number of scandals in England, in Germany and in Italy, - attempts to arrange the outcome of games. This is on the pool card type betting rather than the point spread individual game betting, which I would think might be more susceptible to such scandal. But it is permitted in Europe and they have had a number of scandals there in just the last ten years.

SENATOR MARESSA: Thank you.

SENATOR DUMONT: Mrs. Klein?

ASSEMBLYWOMAN KLEIN: No questions.

SENATOR DUMONT: Senator Musto?

SENATOR MUSTO: I'm sorry I wasn't here, Mr. Chairman, or I would have had some questions but at the moment I don't.

SENATOR DUMONT: Commissioner, did you, prior to the legalization of off-track betting in New York City, testify in any public hearings with respect to that?

MR. ROZELLE: Not in connection with the off-track betting. I did testify before a commission similar to this one --

SENATOR DUMONT: In New York State?

MR. ROZELLE: In New York State. -- contemplating an extension of the off-track betting to possibly include team sports.

SENATOR DUMONT: Was that in connection with the resolution that I believe was principally sponsored by Senator Earl Bridges in the New York State Legislature that was passed this last session, in 1972?

MR. ROZELLE: I believe that's correct, Mr. Chairman.

SENATOR DUMONT: And you gave substantially the same testimony there as you are giving here today?

MR. ROZELLE: Similar, yes.

SENATOR DUMONT: I take it that while you're actually serving today as the official spokesman for professional football you are also expressing similar viewpoints on behalf of other sports. Is that correct?

MR. ROZELLE: We've had an endorsement of this position by the National Collegiate Athletic Association, involving the colleges throughout the country; by the various player associations of the major team sports; and by administrators of the other team sports. Yes, sir.

SENATOR DUMONT: Do you know, of your own knowledge, whether professional baseball and professional basketball, for example, have similar position papers such as the National Football League has, which you presented here today?

MR. ROZELLE: I do not.

SENATOR DUMONT: Assemblyman Pellecchia.

ASSEMBLYMAN PELLECCCHIA: Commissioner, one thing just struck me. I have followed football for an awful long time and the last time that I can recall any real scandal was back with Merle Mapes and Fulchek from the Giants. That's a good many years ago. And the only other time since then was the unfortunate situation with Hornung and these two gentlemen.

Now, in all these years isn't it a fact that you, the football organizations, have felt that they've had a clear clean-cut operation going?

MR. ROZELLE: We felt that but to say we were 100% confident would be inaccurate.

ASSEMBLYMAN PELLECCCHIA: I appreciate that.

MR. ROZELLE: We wouldn't be spending several hundred thousand dollars a year having representatives in every city. So it's always of concern to us. We did have - and the story was unfortunately released this past week that you may have seen - an incident over a year ago where

a player was approached and offered a bribe. He reported this to us and we informed the FBI and it was being investigated and disclosure of this was made recently.

ASSEMBLYMAN PELLECCCHIA: Well, this is the very point. The very point is, with all of the bookmakers and all of the racketeering that has been going on, that does show its head in many, many places, football has been more or less able to keep it away. And that's a credit to yourself and many other people who have helped do this. And is there any reason why we should believe that if were were to legalize it this would change?

MR. ROZELLE: We very strongly feel it would change because, one, you would greatly increase the volume of betting; two, if it becomes legalized, it makes it much easier for a losing bettor to pour his suspicions in to district attorneys, to state legislatures, and to congressional committees saying this should be investigated because of what this player or this coach did. The other reason is that we have strong rules about people involved in the National Football League not being permitted to gamble on games. Now, if we have legalized gambling for the rest of the people in the country, I feel it makes it much more difficult for us to enforce this for our own people. They become second-class citizens to a certain extent.

Further, we have no way of controlling what their brothers do, which could cast suspicion. Someone knows Norman Snead, the Giant quarterback's brother, and he's seen betting a certain way in a parlor, they obviously would come to the conclusion that he is reflecting the quarterback's views. It just compounds the suspicions, and the suspicions become activated if it becomes normal, in our opinion.

ASSEMBLYMAN PELLECCCHIA: Well, sir, don't you think that those same suspicions would occur now, mentioning

Norm Snead, that the possibilities are still there and probably more preserved because of the fact that the public isn't focused on this kind of thing, whereas if it were legal, it would be focused on them and they would be less apt to happen?

MR. ROZELLE: No, I think that they are there now. Certainly, there are suspicions, as I've indicated on this recent Giant-Redskin game. All we are saying is, there will be many more of them and they would be aired more vociferously than they are now. It is difficult for a losing bettor to protest now to a district attorney and say "I lost a \$2,000 bet with my bookmaker, do something about that game." But if he placed a \$2,000 bet at a state facility and complained, as they do on horse racing, and action is taken when they do, investigations are conducted, I think you would find state agencies spending a great deal of time getting involved in the supervision of sports and looking into complaints from the citizenry.

ASSEMBLYMAN PELLECCCHIA: No further questions.

SENATOR DUMONT: Senator Musto.

SENATOR MUSTO: Do you agree, Mr. Rozelle, with the reports from law enforcement people who say that betting on sports events is perhaps the biggest betting we have in the United States today?

MR. ROZELLE: Yes, sir.

SENATOR MUSTO: Illegal betting.

MR. ROZELLE: Yes, sir.

SENATOR MUSTO: You agree with that?

MR. ROZELLE: I am not expert on it but I would certainly accept their judgment.

SENATOR MUSTO: Yet you seem vitally concerned with the complaints that might ensue from someone who would make a bet because if it's an illegal bet, as he is making today, he won't complain, but if it were a legal bet and he had a suspicion he would go and complain?

MR. ROZELLE: If you bet with a bookmaker, I think it's difficult to go in with righteous indignation to the district attorney or to write a state legislature or congressional committee and say something is wrong with this game. However, if you have a losing bet and you placed that bet at a state-approved betting shop, yes, I feel we would have many more complaints.

SENATOR MUSTO: Would you feel they would be wrong complaints? Maybe they would be legitimate complaints.

MR. ROZELLE: It's possible. This is a self-interest. We feel it would kill our sport. We had recently, speaking of law enforcement people - we had an endorsement of our position made by the National Association of District Attorneys. As I recall there are some 5,000 in this organization, and they adopted a resolution completely backing our position. Now they are people, of course, who aren't concerned about the sport as much as we are, those of us in it, but they realize what this would do to a sport that serves as a healthy outlet for people, an entertainment vehicle. They also touched upon some ills for society that they envisioned coming from legalized gambling on team sports. I would not be an expert on it but I would be happy to have their position and their resolution, which is being sent to Congress --

SENATOR MUSTO: I don't quarrel with their opinion but isn't rugby and soccer probably two of the most attended sports today?

MR. ROZELLE: Certainly soccer would be.

SENATOR MUSTO: Isn't that a legitimate game to bet on wherever it's played in the foreign countries, for example England?

MR. ROZELLE: They gamble on soccer in England, Italy, Germany and perhaps other places.

SENATOR MUSTO: It hasn't affected the sport to my knowledge. Has it to yours?

MR. ROZELLE: Yes, it has.

SENATOR MUSTO: In what way?

MR. ROZELLE: They've had a number of scandals in just the last ten years that we've outlined in our position paper here, scandals on games in England, in Germany and in Italy, as you will see here.

SENATOR MUSTO: Over the country they are setting all sorts of records on illegal betting in the particular sports we're talking about. How does the illegality of it prevent the scandals? Is that what we're doing, preventing the scandals by betting illegally?

MR. ROZELLE: No. I'm not saying we prevent scandals. What I'm saying is, if you greatly increase the volume of betting, which legalized gambling steps taken by states would definitely do, you thereby multiply the number of suspicions cast upon the sport.

I'll give you an example, and I assure you it would happen if you had legalized gambling in New Jersey. The Giants hope to be in their new stadium in the Meadowlands in 1975. The Giants playing the Green Bay Packers, for example. The Giants favored by six points to win the football game. You have 75,000 people in your new stadium here in the Meadowlands, you have legalized gambling that has become a way of life for more people than it is now through illegal means, the Giants favored by six, 30 seconds left, they are ahead by 3 points. Those that supported the Giants, as most of their fans probably would have, had given six points but they're only ahead by three. The Giants have the ball on Green Bays' 15 yard line and the quarterback simply falls on the ball to stall the clock out, have the game over, and the Giants win by three. I'll assure you, sir, you would have the people who bet on the Giants booing their team even though they won the football game, in that stadium booing the home team for not attempting to go over the point spread.

SENATOR MUSTO: I assure you, Mr. Rozelle, - this is my opinion too - they're going to be booing them anyway.

MR. ROZELLE: For different reasons perhaps.

SENATOR MUSTO: No, it just seems to me that you've pointed out the very weaknesses of having illegal gambling. You just talked about a point spread. You can pick up any newspaper in this country and you see the point spread. Now why is that put in the paper? for me? I don't bet the football games. But there is somebody that it is put in there for. Alongside of it you will see a racing chart - Joe Jones, two-to-one today; another one, three-to-one today. Now why is all of this put in the newspapers? You'll see odds on basketball games, the point spread. They'll tell you who is sick and who isn't sick and who might be playing and who's in shape, and who was out last night if he was out. So the point I make is that the newspapers supply the greatest source of information in this country for a man to go and bet. So the only next step, in my opinion, to really make it legitimate is to make it legal to bet and then we know what's going on. The other way, we don't know what's going on. And I like to know what happens when a guy falls on that football that you're telling me about. And if we're not finding out about it because we have illegal gambling, that would bother me very much. I don't think that's so but I would hate to use that as an argument for having illegal gambling and not legalizing it. I think the argument defeats itself.

MR. ROZELLE: Well, I would hate to have as an argument for legalized gambling that the sports would be operated more honestly, which is what you are suggesting.

SENATOR MUSTO: Oh, no. I didn't say that. You said it.

MR. ROZELLE: That's what you're inferring. You said that perhaps things are going on now that we're not aware of with illegalized gambling.

SENATOR MUSTO: Well you made me think that when you stated that if we legalized it the public would be suspicious of these things. I'll repeat to you what I said to the previous witness, the track record on gambling in this country, in this modern generation, is an excellent one. I don't know of anything that was legalized that hasn't been successful. Though again, I say to you what I would say to anyone else, and I say this to you with the greatest respect - I think you make a great contribution, and I really mean that, to the field of sports - let's try it. You can always change it. Let's try it. See, we haven't tried it. We go back and talk about lotteries and things of that nature back in the dark ages. This is the jet age that we're in, and I don't think - well, I'll ask you publicly, you know people who bet on games, enjoy betting on football games, and I don't think that everybody is a sore loser and I don't think everybody bets thousands of dollars on games, anymore than the person who is buying a 50¢ lottery ticket is going to buy 20 of them instead of 1.

MR. ROZELLE: I think our basic concern is this. This is our sport. It's a self-interest we're talking about. We know a great deal about this sport. The popularity that has developed over the last twenty years is quite staggering throughout this country. We don't want to lose it. You say, try it and if it doesn't work then we'll change back. That would be like the people sitting around 15 years ago saying "I've got a great idea for television shows called a quiz show". They start them and someone says, "Look, let's feed a few answers and if it doesn't work then we'll stop feeding the answers." There was a big expose on it and they could have stopped feeding answers forever and they could not have brought back quiz shows because the integrity of those quiz shows, the public confidence in them was totally shattered. We

don't want to have to try something and make a comeback from the bottom. We have worked 50 years to build this sport up. We are extremely concerned about the fiscal problems of cities, states and our national government; it's just that we don't want to be the fall guy. That's what it amounts to.

SENATOR MUSTO: I couldn't agree with you more. But we're not only talking about football and even the quiz show that you talk about. That has nothing to do with gambling. This Commission is vitally concerned with all the money that is being made and going into the wrong hands in the area of gambling and we're trying to do something about this. Football is just one of those arenas.

MR. ROZELLE: Well you have the District Attorneys Association of this Country saying that you would be putting, in time, much more money in the hands of organized crime if you legalized gambling, and having your small bettors getting the habit and then going to the bookmakers so that they don't have to pay taxes on their larger bets.

SENATOR MUSTO: Well now, this is why this Commission is meeting. It's that type of information that we want and we want to digest it. And I hope we come out with an opinion that will meet with the approval of the public and then we will let them decide. I don't quarrel with that. I don't quarrel with anyone's opinion. I just differ with it. But I must disagree completely with the thought that by making something legal we're going to destroy something. I just don't think that gentlemen like yourself, your talent and your ability, and the people we have in government can't meet that problem.

MR. ROZELLE: I think our basic problem is not fixes, it's suspicion, which is why I used the quiz

show analogy. There was no gambling involved in the quiz shows. My point was that when the public lost confidence in the integrity of the quiz shows, they went off the air, they just went off the air, at least the types that we had 15 years ago. We don't want to go off the air with football and then have to try to wage a comeback because people do not have confidence in the integrity of our sport. That's our concern.

SENATOR MUSTO: We all have that concern. And I think what we are trying to do is meet the problem of preventing the flow of money into the hands of people who are giving us one of the biggest problems that we have in the field of narcotics today. That's important too. You know, we have to worry not only about the thoughts that you have, which we do, we're worried about all the money that's being made because when that football game is being played people are betting. And that money creates a lot of damage, real damage, more damage than can ever happen to a football team or baseball team or a basketball team. We want to put a stop to the flow of that money, and that's why these hearings, not in any way to affect the credibility of football or any other sport which we all love. There is no problem there at all. But I just had to bring up the relationship between what you feel might hurt the game in the way of legalizing gambling - you can be justified in your view - and our position. We have to weigh the benefits and hope that we come up with the right answers.

MR. ROZELLE: I would hope that you could legalize forms of gambling that would solve some of your fiscal problems without using us as a vehicle. That's my only concern.

SENATOR MUSTO: Well again, you said something that I have to object to. We all have our opinions. I have no concern with how much money will result. That's the last item on the list as far as legalization of

gambling is concerned. That's the last reason why I myself would want to have gambling legalized. That's the last reason on the list. It's not to solve our fiscal problems.

MR. ROZELLE: Your basic point is that it would take the flow of money away from organized crime.

SENATOR MUSTO: Yes.

MR. ROZELLE: Then for this reason I would like to give you the opinion of the National Association of District Attorneys who would disagree with that statement. And if the record is kept open, I would like just to mail you a copy of the Resolution, if I may, Mr. Chairman.

SENATOR DUMONT: Commissioner, we have a copy of the Resolution. I presume this is the one that was sent in by Commissioner Kuhn of Professional Baseball. It was adopted at the summer conference in San Juan, Puerto Rico.

MR. ROZELLE: That would be the Resolution.

SENATOR DUMONT: It opposes the extension and legalization of gambling on the outcome of sporting events, after a number of "whereas" clauses which apply basically to baseball, football, basketball and hockey. Is that the one you're referring to?

MR. ROZELLE: Yes, sir.

SENATOR DUMONT: We already have that and it will be read into the record before we recess for lunch.

Now, any other questions? Senator Musto.

SENATOR MUSTO: Did I understand you to say that resolution was limited to certain sports?

SENATOR DUMONT: In the "whereas" clause it speaks: "Whereas, proposals have been made to extend and further legalize gambling on the outcome of sporting events including baseball, football, basketball and hockey;" and then after a couple more "whereas" clauses it says: "Now, therefore, be it resolved by the National District

Attorneys Association at its 1972 Summer Conference in San Juan, Puerto Rico, that said Association oppose the extension and legalization of gambling on the outcome of sporting events. In witness whereof, this resolution is duly adopted this nineteenth day of August, Nineteen Hundred and Seventy-Two." It is signed by William Cahn, President of that Association, who hails from Nassau County, New York. I believe all of you have copies of this.

SENATOR MUSTO: Just one question then. I believe you have read this and you are familiar with this, Mr. Rozelle?

MR. ROZELLE: Yes, sir.

SENATOR MUSTO: They object to legalization of particular sports or all sports?

MR. ROZELLE: All team sports was their basic point, as I recall.

SENATOR DUMONT: They recite in one of the "whereas" clauses here that "in almost all of the states of this nation, gambling in one degree or another is permitted on certain sporting events such as horse racing, dog racing and jai alai, subject to local state regulation and control." So they are distinguishing between sports of that type and team sports such as baseball, football, basketball and hockey.

Do you want to go ahead, Senator Musto?

SENATOR MUSTO: Well, I think that clears my mind on what it is. I would have another question though. Is there any reason to limit it to certain sports? Is there any difference between a football game being gambled on and a horse race or jai alai? Is there any difference? Do you find a great difference?

MR. ROZELLE: Yes, there is. I think that the basic difference would be in the team sports, particularly football and basketball, you have point spreads involved

which helps create suspicion. In other words, it's not sufficient just to win. If you adopted that philosophy to horse racing, as an example in the last Kentucky Derby, you would have said Riva Ridge must win by four lengths or you don't collect your bet. If he wins by three lengths, you would lose, if you adopted, as I said, the point spread philosophy that is in vogue for both football and basketball. The District Attorneys simply said that horse racing, jai alai, dog racing, have been conducted throughout the country in various areas and apparently have not caused major problems. But the team sports they seem to feel would alter that.

SENATOR DUMONT: Now, Mr. Pellecchia, do you have a question?

ASSEMBLYMAN PELLECCCHIA: As a point of information, the football pools as we know them here, have they any similarity to the pools that they have in Europe on soccer? Is there any similarity at all?

MR. ROZELLE: In soccer, the key seems to be, where they have their problems - you not only pick winners or losers, if you feel it's going to be a tie, which you have frequently in soccer, you pick the tie. And that's where, if you have to pick ten games, you narrow the number of winners, those who pick not only the proper winners and losers but also the tie games. And apparently many of their scandals have been around that, where they have felt that in a game perhaps where one team might have been heavily favored it ended in a tie. So those that called it a tie game on the cards were very few people collecting from a large pool of money.

ASSEMBLYMAN PELLECCCHIA: You're referring to the pools on the game itself. I'm talking about the difference between football pools as we have them and football games that we have, in reference to score games where an individual might control a score game. How different is it between these two?

MR. ROZELLE: In Europe, as I understand it, the betting would be more similar to the football cards that we have here.

ASSEMBLYMAN PELLECCCHIA: That's what I was getting at.

MR. ROZELLE: Yes, sir. That's my understanding.

ASSEMBLYMAN PELLECCCHIA: They are the same?

MR. ROZELLE: No. Most of the betting would be similar to the football cards rather than betting, as an example, on this week's game between the Giants and the Miami Dolphins.

ASSEMBLYMAN PELLECCCHIA: So that it wouldn't have the same impact as it does in England, as far as we're concerned here.

MR. ROZELLE: We feel that betting on individual games with the point spread would have a greater impact than the pool card betting that is conducted in Europe.

ASSEMBLYMAN PELLECCCHIA: Again, with all my respect to you, I differ with you completely on it.

SENATOR DUMONT: Senator Maressa.

SENATOR MARESSA: Commissioner, what effect would the legalization of gambling on football, for example, have upon the attendance and the public participation? I know you don't have a problem today. Season tickets are sold out and the stadia are jammed. But I know all sport buffs, football people, - it's just accepted that they are going to have to put a bet on a game, five bucks, a buck, something. Did the NFL or anybody in your particular industry ever consider what would happen with regard to swelling the ranks of the people who would become more active because they have \$5.00 on a game? I mean not so much in New Jersey but everywhere.

MR. ROZELLE: It would be conjectural, I would have to say. Again going back to the loss of public confidence

in those quiz shows - and I think most of us sat by our television sets and watched them, the \$64,000 question, Twenty-one, they captivated the country, and it was hard to envision, when they were at the peak, that you would ever not want to watch them. Yet when the public confidence was eroded, they were through.

Now it is hard for me to say that if we had legalized gambling on football attendance would dwindle, television viewers would dwindle, and yet, in time, if public confidence was eroded, I could envision those things happening, as it has with quiz shows and other forms of entertainment. You lose confidence in something and I don't think you are going to be too interested in supporting it. So, in time, we feel it could hurt us at the gate and it could hurt us with television viewers.

SENATOR MARESSA: Thank you.

SENATOR DUMONT: Mrs. Klein.

ASSEMBLYWOMAN KLEIN: I just want to ask one question. I understand that jai alai - well, I've seen jai alai games and they're quite exciting and yet this is one of the few games on which there is legalized gambling. Has the legalized gambling on jai alai created lack of confidence in the jai alai players?

MR. ROZELIE: I don't know. I only know that the volume of betting on jai alai, legally or illegally, would be quite small compared to gambling on other forms. Now, whether this is because this is a sport that isn't as well known in this country or whether there would be other reasons, I couldn't say.

ASSEMBLYWOMAN KLEIN: I do know that when I was attending some of those games in Florida there were a lot of remarks passed in the audience about whether the game had really been lost or whether it had been thrown, and discussion about the betting, and so forth. So I think you have made a valid point in terms of confidence, if that was eroded and you really were not watching a true

competition but a game which had more or less been previously decided I think it would have a tremendous effect upon the popularity of the game.

MR. ROZELLE: We feel it very strongly or I wouldn't have driven over here today, I assure you. We're going to every state that takes this up that is kind enough to invite us to give our views.

ASSEMBLYWOMAN KLEIN: Well, you know that we are having a large sports arena built out here in the meadows. Do you have any idea whether legalizing gambling on games in New Jersey would have any effect upon the tendency of teams to come to New Jersey? I mean, the Giants have already made a contract but suppose the Yankees or some other baseball team was thinking?

MR. ROZELLE: I really wouldn't know. If you had legalized gambling here, this would be one of the problems for team sports, I assume you would have to take bets on games played outside of New Jersey and you would be taking bets on games played in California, Wisconsin, all over the country which would give you some problems in the area of supervising the outcome. In other words, if you did this, I assume you would have to do as state governments have done with horse racing, attempt to protect the public. Now that's why states spend so much money with racing commissions and investigating horse racing because they feel an obligation to protect the public's financial investment. Now, if you had legalized gambling on game sports and attempted to do the same things, as I pointed out earlier, you would have some staggering problems. To answer your question, if you --

ASSEMBLYWOMAN KLEIN: Excuse me. But they don't take bets on out-of-state horse races in New Jersey, do they? I mean legal bets.

MR. ROZELLE: They have in New York.

ASSEMBLYWOMAN KLEIN: The off-track betting?

MR. ROZELLE: As an example, the Kentucky Derby, they'll take bets on in New York. But they also know there is a State Racing Commission in Kentucky that supervises racing there that gives them some protection.

ASSEMBLYWOMAN KLEIN: But you don't think that the teams, for instance, feel strongly enough about this position so that they might seek to pressure a state into not --

MR. ROZELLE: They might seek it. And I would like to answer your question by saying yes, but I think it's unlikely. If you had a nice facility here and you had gambling, you would be gambling on their games being played elsewhere before they moved here, it would depend upon the owner. Some I think would be concerned about it but I, honestly, do not feel I could say it would hurt you in getting a franchise.

ASSEMBLYWOMAN KLEIN: Thank you.

SENATOR DUMONT: Any other questions?

Commissioner, do all the major professional sports have security systems of their own?

MR. ROZELLE: Yes.

SENATOR DUMONT: That's what the expense, that you pointed out previously, primarily is expended upon, security systems?

MR. ROZELLE: Security systems to help eliminate suspicion. Every lead that we get we attempt to track down. If there is something wrong, we take action; but if there isn't, we attempt to eliminate the suspicion surrounding that incident or that individual.

SENATOR DUMONT: Commissioner, we want to thank you deeply for coming here this morning. I know that you are extremely busy with your task particularly in the closing weeks of the season, and I might say on behalf of the Commission, we not only thank you for coming but you certainly make a very impressive witness as well as a very impressive Football Commissioner.

MR. ROZELLE: Well, thank you. In turn, I would like to express my appreciation to you people for the very conscientious job. Rather than sitting through what must have been very lengthy sessions and approaching them in a very perfunctory way, I can see that you are interested and you are attempting to weigh all points in the problem confronting you, and I would like to commend you and thank you.

SENATOR DUMONT: Thank you very much.

Now, before we break for lunch, I want to read into the record the thoughts of the Director of Security of organized baseball.

I might say that Commissioner Bowie Kuhn was invited here, as the letter will point out, as a matter of fact, and he had his Director of Security send this letter along with some testimony that was entered in the Congressional Record last May 8th by Representative James W. Symington in regard to a speech that Commissioner Kuhn had made before the Conference of National District Attorneys Association, the Resolution that was subsequently adopted by that Association to which we have referred, and a new statement from the National District Attorneys Association which quotes Commissioner Rozelle and Commissioner Kuhn, Walter Kennedy of the National Basketball Association, Robert Carlson of the American Basketball Association, and Clarence Campbell of the National Hockey League, and also sets forth a group of professional and amateur sports organizations opposing legalized gambling on team sports and there are somewhere between twenty and twenty-five organizations listed. These are all attached to the letter which I will read, which was in response to a letter from John Lee, our Secretary, inviting Commissioner Kuhn here. (Reads letter. - See p. 71.)

We will recess for lunch and resume at 1:30.

(Recess for lunch)



*Office of the Commissioner*

*Henry A. Fitzgibbon  
Director of Security*

December 1, 1972

Dear Mr. Lee:

This letter is in response to your letter of November 20, 1972 to Commissioner Bowie Kuhn and confirms our conversation relative thereto. As I indicated to you, Commissioner Kuhn appreciates receiving the invitation to appear before the New Jersey Legislature's Gambling Study Commission hearings and regrets prior commitments precluded his attending the hearing on November 29, 1972. Similar urgent matters make it doubtful he can appear on December 6th.

The Commissioners of professional football, basketball, and hockey are unanimous in the opposition to legalized gambling on professional team sports feeling there are strong and compelling reasons why legalized gambling on the outcome of these team sports events would be detrimental to the public ethic and the sports organization involved. Virtually all team sports organizations, both professional and amateur, are likewise opposed to legalized gambling on their sports events. The National District Attorneys' Association has voiced its opposition to further legalization of gambling on team sports events. A committee of that association made a study of this subject and at their 23rd Annual Convention in August 1972 the National District Attorneys' Association passed a resolution opposing the extension of legalization of gambling on the outcome of sporting events.

Therefore and in accordance with our discussion, will you please have this letter and the following listed enclosures entered into the record of the New Jersey Legislature's Gambling Study Commission for the consideration of that body in their deliberation:

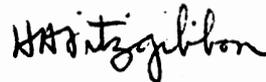
December 1, 1972

Page Two

1. Reprint of the Congressional Record insert containing Commissioner Bowie Kuhn's statement in opposition to legalized gambling on professional baseball games.
2. Copy of National District Attorneys' Association's resolution in opposition to legalization of gambling on the outcome of sporting events together with a copy of a press release on the subject issued September 28, 1972.
3. A listing of professional and amateur sports organizations who have expressed their opposition to legalization of gambling on team sports events.

Your cooperation and assistance in this matter is indeed appreciated by Commissioner Kuhn and myself.

Sincerely yours,



H.A. FITZGIBBON  
Director of Security

Mr. John B. Lee  
Secretary  
Gambling Study Commission  
State of New Jersey  
Legislative Services Agency  
Division of Legislative Information  
and Research  
State House  
Trenton, New Jersey 08625

Enclosures (3)

work of this woman has been an inspiration to everyone connected with the foundation to myself included. I know many of my colleagues have received letters from psoriatics asking them to support this request for \$3 million in research funds, and I believe the testimony will provide more adequate background on the issue:

STATEMENT BY THE HONORABLE WENDELL WYATT IN SUPPORT OF FUNDS FOR PSORIASIS RESEARCH

Mr. Chairman, members of the subcommittee, I appreciate this opportunity to appear before you in support of additional funds for psoriasis research.

I'm sure that most of you are somewhat familiar with the disease. It afflicts in varying degrees between 8 and 10 million Americans, and an estimated 150,000 new cases are diagnosed each year. It is not known what causes the disease, and there is no cure or universally effective treatment.

In its mild form, psoriasis may appear as a few scaly spots on the arm or leg, or in pitting of the finger or toe nails. But more severe cases manifest themselves in lesions over the entire body, or as one woman described her affliction: "You break out and look like raw beefsteak."

During Biblical times psoriatics were often classed as lepers and forced to carry a bell warning the populace of their presence. This barbaric practice has, fortunately, ended, but for too long now psoriatics have suffered in silence when the disease cries out for public attention and commitment in seeking a cure.

Psoriasis is seldom, if ever, fatal in itself. Because of its prevalence it has been assumed to be a trivial disease. Because of the embarrassment associated with its appearance, individuals with psoriasis have not been effective spokesmen in seeking a cure, or at least an effective treatment.

Fortunately, psoriatics are beginning to speak out and the major credit must be given to a sufferer, Mrs. Beverly Foster, of Portland, Ore. Mrs. Foster is the founder and director of the National Psoriasis Foundation which has some 30,000 members and chapters in 37 states. Mrs. Foster first drew my attention to the desperate need for additional research on psoriasis, and I have been pleased to contribute what little I have to date in spotlighting the need for funds to help conquer this disease.

The subcommittee should know that psoriasis is a model for the study of malignant diseases in which the growth and division of cells is uncontrolled. If we can unlock the key to why cell division continues unchecked in psoriatics whereas in normal persons this division stops when the injury is repaired, we may have come a long way in efforts to treat various cancers.

Mr. Chairman, I am here to request a \$3 million appropriation to accelerate research toward this end. This is a small enough figure when measured against the millions spent in seeking cures for other diseases; but it is large by comparison to the estimated \$200,000 research expenditure to date on psoriasis.

I wish you could read the hundreds of letters in my files describing the misery, the mental anguish, individuals suffering from psoriasis have endured, often from early childhood. Just the other day, a fine young man whom I had appointed to the U.S. Naval Academy was denied the appointment because doctors there diagnosed an active case of psoriasis.

Again, Mr. Chairman and members of the subcommittee, I appreciate the privilege of appearing before you and I respectfully urge that you approve the \$3 million appropriation for psoriasis research for Fiscal Year 1973.

## BOWIE KUHN DISCUSSES THE SUBJECT OF GAMBLING ON PROFESSIONAL BASEBALL

HON. JAMES W. SYMINGTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, May 8, 1972

Mr. SYMINGTON. Mr. Speaker, last March at the Conference of the National District Attorneys Association, the subject of gambling on professional baseball games was discussed. A forthright, articulate and compelling argument legalized gambling on team sports in general and baseball, the great American pastime, in particular was offered by the Commissioner of Baseball Bowie K. Kuhn. I think Commissioner Kuhn's remarks deserve an audience as wide as the country itself and, accordingly submit them here for the RECORD:

### SPEECH OF BOWIE K. KUHN

President William Cahn of your Association has graciously invited me to address you regarding Baseball's opposition to proposals existing in several states to legalize gambling on professional sports events. It is our position that any form of gambling on professional Baseball games, legal or illegal, poses a threat to the integrity of the game, exposes it to grave danger and threatens to disserve the public interest. I would like to tell you why.

The proponents of legalized gambling on team sports have argued that legalization would contribute in the following ways to the public welfare:

1. It would deal a death blow to organized crime.
2. It would increase state and local revenues.
3. It would not have adverse effects on society or the team sports involved.

Speaking on behalf of professional team sports, I disagree emphatically on each of these three points. Let me say preliminarily that I have discussed this matter extensively with Commissioners Kennedy and Dolph of Basketball; Commissioner Rozelle of Football and President Campbell of the National Hockey League. We are all in agreement as to the adverse effects of legalization on team sports. These gentlemen are all aware of my appearance here today and have authorized me to say they join with me in opposing legalization.

### EFFECT ON ORGANIZED CRIME

With respect to organized crime it is my very strong conviction that legalization would lead to greatly increased gambling on baseball both in terms of the dollar volume and the number of bettors. As I will discuss later, I believe this because in my judgment legalization with the attendant government sanction it implies would open up the avenues of gambling to the scores of millions of team sports fans who presently have no interest in gambling. Remember that most people in this country do not gamble. That is the fallacy of the oft heard argument that you might as well legalize gambling because people are going to do it anyway. Maybe a small percentage will but not the vast majority who are not gamblers.

Under the circumstances it is naive to think that legalization would eliminate or even substantially diminish the substantial volume of illegal gambling on baseball. By introducing gambling to the non-gambling majority, legalization would open the doors for organized crime to a vast array of people they could not otherwise have interested.

We are realistic about the existing volume of illegal gambling and we recognize that it is substantial. Going back to the days of the

Black Sox scandal in 1919, Baseball felt the frightful impact that gambling could have on our sport. The simple fact is that a group of hoodlums succeeded in fixing the result of the World Series in that year. In order to protect Baseball against this real danger the Office of Commissioner of Baseball was created in 1920 with the foremost purpose and mission of protecting the integrity of the game. Kenesaw Mountain Landis, the first Commissioner and all of his four successors have viewed this as their most critical assignment. Baseball's record for honesty in the ensuing half century has been a distinguished one. To ensure the record, Baseball adopted a major league rule with the strictest possible penalty for baseball people who attempt to fix the outcome of games—namely, mandatory lifetime ineligibility.

We have also maintained a Security Department headed by experienced former FBI executives which operates effectively and efficiently throughout the wide world of professional baseball to protect its integrity.

We think we know the habits and ways of the illegal bookmaker. He will not be put out of business by legalization, but rather can be counted on to compete by private services and other advantages which will assure the continuation of his profitable operations and which will feed on the host of newly initiated gamblers which legalization would make available to him. He will meet gimmick with gimmick and service with better service. He will give credit and rebates. He will accept poor credit risks confident that his strong arm methods will be an efficient collection agency. He will benefit from the tax free profits and his customers from tax free winnings. He will benefit further from enlarged loan sharking opportunities presented by increased gambling.

Off Track Betting which has recently been adopted in New York has made no bones about the fact that it has not reduced illegal gambling on horse races. So have the federal authorities fighting organized crime. Daniel P. Hollman, head of the U. S. Justice Department's Joint Strike Force against organized crime recently contended that Off Track Betting in New York was an example of how such public betting had failed to interfere with the bookmaking activities of organized crime.

### EFFECT ON STATE AND LOCAL REVENUES

As to the argument that legislation will increase state and local revenues, we do not see it as the financial bonanza which has been forecast for local treasuries. Indeed some experts have already characterized Off Track Betting in New York as a failure. At the present time the Governor of New York is sufficiently concerned with the possible adverse effects of Off Track Betting on legalized track operations that he is seriously reviewing whether or not it is desirable to extend it beyond New York City. Aqueduct Race Track in New York has recently been shut down by a costly strike because of the need to lay off employees brought about by dwindling attendance and betting revenues. The cause was Off Track Betting.

If increased anti-social behavior should be the result of legalization, the costs to the state and citizenry could easily offset whatever immediate revenue benefits, if any, might occur. I will deal with the anti-social aspects subsequently in my remarks.

Certainly the possibilities of direct loss of revenue elsewhere must be considered; for instance, if moneys used in betting are siphoned away from the purchase of taxable commodities.

I do not think society has even begun to evaluate the complex set of potential interactions which could make the promised riches of legalization fools gold.

### EFFECTS ON SOCIETY

What are the likely effects of legalization on society in general? One must fear that many of its well intended proponents seek-

ing somehow to improve the serious revenue problems of local governments have blinded themselves to its dangerous consequences. A February editorial in the Chicago Tribune stated the case well against legalization:

"As too few people are saying out loud these days, gambling can be as addictive as heroin or alcohol. Despite revenues from liquor and tobacco taxes, governments increasingly try to discourage drunken driving and smoking. The profits in the heroin business are high, too, yet few urge government to take it up. No discussion of legalizing gambling (and thus inevitably spreading and encouraging it) is complete without an acknowledgment of its unmeasurable social costs.

"On balance, encouraging vices for the sake of taxing them is counterproductive."

What is going to be the source of the money that the public uses for legalized gambling? Is it likely to be money that would otherwise go into luxury items? I doubt it. It is mathematically certain that those who gamble regularly with either the legal or the illegal bookmaker always lose in the long run. If we open this gambling door further to a whole new generation I shudder to think what the price will be. The money will come from people who are least economically able to lose it; money that should go for food, clothing, education and other necessities will go into gambling. Gambling money is also likely to be taken from welfare payments with all the varieties of problems that could present.

I think it is the utmost in cynicism to use the great family sport of baseball to draw into the addiction of gambling the overwhelming majority of our population which does not gamble today. We have enough problems of addiction in our society now without introducing another lure such as legalized gambling.

#### EFFECT ON SPORTS

Probably the area in which the legalization proponents have the least knowledge and sophistication is the effect on team sports. I do not think I exaggerate one bit when I say that legalization could jeopardize the existence of professional baseball and other professional team sports by—

1. shaking public confidence in the integrity of the game;
2. creating a new class of gambling fans;
3. adversely affecting Baseball's strong family following;
4. creating a climate favorable to gambling which would undermine Baseball's historic efforts to prevent gambling by its people;
5. threatening the financial stability of Professional Baseball.

I have no doubt that legalization would adversely affect Baseball's reputation for honesty by creating suspicion in the mind of the betting and non-betting public. Where there is heavy gambling suspicion of dishonesty will inevitably follow regardless of however honest the sport may actually be. There is no way of proving that this is so other than to search the opinions of knowledgeable people in sports all of whom uniformly recognize this clear danger. Baseball has long been free of even whispers regarding its honesty and there can be no doubt that this freedom is in large measure responsible for the enormous popularity of the game.

Moreover legalization would certainly increase the likelihood of efforts being made to fix baseball games and performances. This is simply inevitable as the quantum of gambling and the number of gamblers increase. For a shocking but tremendously meaningful comparison look at the record summarized from New York Times stories since 1960 of sports scandals in countries abroad which have gone down the side road of legalization:

Roy Paul, Welsh international soccer star, admitted he and several Manchester City teammates had taken bribes to throw two games. Two other players admitted receiving offers of bribes. (10/10/60)

A top British soccer club investigated reports one of its stars had offered bribes to two Everton players to throw a game in March 1960. A British bookmaker claimed he was certain soccer matches were being fixed. (10/12/60)

Sentences were imposed on more than 80 Czech sportsmen convicted of influencing the results of the sports pool thru fraudulent speculations. Among those included were 30 hockey players, 30 soccer players, 13 wrestlers, two tennis players, and a coach. (10/13/60)

A list of 20 soccer players reportedly involved in bribing and fixing of games has been drawn up by the leaders of the Football Association and the English Football League to be given to Scotland Yard. (10/19/60)

Esmond Million, goalie for the Bristol Rovers, admitted accepting \$840 to throw a game that ended in a two to two tie. Keith Williams, a center forward, and Million were suspended. Subsequently Million, Williams and Brian Phillips, captain of the Mansfield Town team, were suspended for life by the Football Association after pleading guilty to sports bribery charges. (8/16/63)

A former British pro-football player, James Gould, was found guilty of attempting to fix results of soccer matches. (11/23/63)

James Thorpe, one of Sheffield's biggest soccer bookmakers, asserted at least two pro-soccer matches were fixed each week last season. (4/19/64)

A drowning victim, Joseph Hancock, who was a 52 year old bookmaker had been questioned by police about alleged bribes of some of the major soccer teams in England. (4/28/64)

Peter Swan, former Sheffield, England Center has been in jail four months for his part in a soccer bribery case and was suspended for life by the Football Association. (5/6/65)

A disciplinary court of the West German Soccer Federation suspended three players for life, October 23, for their involvement in a bribery scandal which rocked the First Division last season. (10/25/71)

Italian Soccer Federation demotes Udinese Club to minor league. 1955 through 1956 season, suspends four players indefinitely on finding evidence that club bribed Pro Patria players to lose game, 1953. (8/3/55)

Incensed Italian fans blocked trains and overturned trucks after the Italian Soccer Federation dropped Caserta Team to a lower division. Caserta was penalized after a charge that one of its players had tried to bribe a Taranto player before their game last May. (9/9/69)

One can only shudder at the effect stories like this would have if they occurred in our professional sports in the United States.

Based on our own investigative experience and substantiated by law enforcement authorities it is our conclusion that both big and small-time gamblers who patronize legal or illegal sports bookmaking operations will try to get inside information from players and others who work in or in conjunction with Baseball in order that they will have what they call the "edge", which is restricted knowledge of a strength or weakness on the team. Likewise bookmakers are seeking the same type of inside information in order that their "odds line" will be accurate and thus attract bets to both teams in the contest which leads to a "balanced book" and sure profits for the bookmakers regardless of which team wins. This pressure for inside information would inevitably lead to unde-

stable associations involving our people and would focus suspicion on the integrity of our game.

There is another danger for Baseball if legalization were to occur. It is altogether probable that it would lead to forms of baseball betting other than individual game bets. The most likely new forms of betting would be spread betting and individual performance betting. The reason is simple: where you have a wide spread betting climate which is what legalization would produce you can be sure that more sophisticated forms of betting would ensue. The danger of these more sophisticated forms is that performers might be lured into run shaving and predetermined individual performances which would not necessarily involve fixing a game. Such approaches give the gamblers a much more persuasive argument when trying to induce athletes to give less than their best.

#### NEW YORK LEGISLATIVE RESEARCH

In 1963 the New York State Assembly completed a report on Off Track Betting in England. Its conclusions (appearing on pages VII and VIII) have for us an ominous ring in their applicability to legalization here:

Serious economic and social problems have been generated by the enactment of the British statute. These include:

1. A massive increase in gambling expenditures which involve at least a fourfold increase in turnover and the participation of thousands of new citizens in this activity.
  2. The great bulk of increased gambling turnover has come from those in the lowest income strata, contributing to an unhealthy and largely unproductive shift of wealth, via betting, away from lower income families.
  3. A sharp increase in defaults of debts owed small shopkeepers as a result of family resources diverted to betting.
  4. Changed family expenditure patterns with an increased proportion of household income diverted to gambling.
  5. Millions of leisure man and woman hours being consumed in the process of gambling.
  6. Juvenile indoctrination in gambling habits as a recognized form of entertainment.
  7. The development of new forms of gambling to meet the demand generated by the increased public appetite for wagering.
- There are also strong indications, although there has been no effort by government or private organizations to research these areas, that:
- (a) a greater proportion of social welfare funds are siphoned off into gambling;
  - (b) new strains have been placed upon family relationships;
  - (c) new forms of criminal activity have developed."

#### CONCLUSION

In summary legalization would jeopardize the public acceptance of Baseball—one of our national treasures—and would threaten its integrity and financial viability. Professional Baseball in North America consists of 24 major league and over 150 minor league teams (10 in New York State). Their games are attended by over 40 million fans annually. They constitute one of our most important and popular entertainment systems. In jeopardizing this system, legalization cannot do anything but a serious disservice to the public interest.

We in Baseball will try to persuade the public through every means available to us that we are right in our fight against legalization. We intend to enlist leading organizations and institutions and private citizens in our fight. We appeal to the District Attorneys of the United States and to all friends of team sports to give us their assistance and support. Time is critical and the cause is vital.

NATIONAL DISTRICT ATTORNEYS ASSOCIATION  
23rd ANNUAL SUMMER CONFERENCE

⊖ RESOLUTION ⊖

WHEREAS, a Committee of this Association was directed by the Board of Directors at its May, 1972, meeting to study and make recommendations to the general membership at this Summer Conference with respect to the legalization of gambling on the outcome of sporting events; and

WHEREAS, in almost all of the States of this Nation, gambling in one degree or another is permitted on certain sporting events such as horse racing, dog racing and jai alai, subject to local state regulation and control; and

WHEREAS, proposals have been made to extend and further legalize gambling on the outcome of sporting events including baseball, football, basketball, and hockey; and

WHEREAS, a Committee of this Association, pursuant to the directive aforesaid, has studied such proposals to further extend and legalize gambling on the outcome of sporting events, and the possible effect thereof, and has concluded that the same would be undesirable; and

WHEREAS, it is believed that the extension and further legalization of gambling on the outcome of sporting events will be detrimental both to the sport involved and to the public ethic.

NOW, THEREFORE, BE IT RESOLVED by the National District Attorneys Association at its 1972 Summer Conference in San Juan, Puerto Rico, that said Association oppose the extension and legalization of gambling on the outcome of sporting events.

IN WITNESS WHEREOF, this resolution is duly adopted this nineteenth day of August, Nineteen Hundred and Seventy-Two.

William Cahn  
William Cahn, President  
National District Attorneys Association

William F. Cahalan  
William F. Cahalan, Secretary  
National District Attorneys Association

Attest:

Patrick F. Healy  
Patrick F. Healy, Executive Director  
National District Attorneys Association

The National District Attorneys Association has fully endorsed the position of baseball, football, basketball and hockey in opposing proposed legalization of gambling on professional team sports.

"Our membership is unalterably opposed to any further extension of legalized gambling," said Carol Vance, president of the NDAA and District Attorney of Houston, Texas. "We are convinced that legalized gambling will ruin the integrity of team sports, place teams under a cloud of suspicion and increase the possibility of scandal. From our many investigations into organized crime, there is no question that the national crime syndicates would welcome legalized gambling as a bed partner."

Vance, spokesman for the nationwide association of 4,000 prosecutors, said the NDAA is in complete agreement with Commissioners Bowie Kuhn of Professional Baseball, Pete Rozelle of the National Football League, Clarence Campbell of the National Hockey League, Walter Kennedy of the National Basketball Association and Robert Carlson of the American Basketball Association, who are jointly working to defeat proposals that would make possible the extension of legalized gambling to professional team sports.

This is the first time the Commissioners of team sports have undertaken a joint venture of this kind. It is aimed at proposed legislation, if approved, could undermine the integrity of team sports.

The Commissioners are in complete agreement that legalized gambling on professional sports will not bring about the public benefits commonly ascribed to such proposals by proponents. Such gambling, they contend, will not have any appreciable effect on the social welfare and revenue problems of cities and states or on the elimination of organized crime or police corruption.

The NDAA at its recent summer convention backed the Commissioners' position by passing a resolution stating that "...further legalized gambling on the outcome of sporting events would be detrimental both to the sports involved and the public ethic."

Also present at a joint news conference with Vance and the Commissioners today was William Cahn, District Attorney of Nassau County, Chairman of the NDAA's Gambling Committee and immediate past president of the NDAA. Said Cahn: "If the gambling doors are opened further, the money will come from people who are least economically able to lose it; money that should go for food, clothing, education and other necessities will go into gambling. We have enough problems of addiction in our society now without introducing another lure.

Bowie Kuha, Professional Baseball: "It is naive to think that legislation would eliminate or even substantially diminish the volume of illegal gambling on sports. By introducing gambling to the non-gambling majority, legalization would open the doors of organized crime to a vast array of people they could not otherwise have interested."

--Kuha listed the following effects legalized gambling would have on professional baseball:

- Shake public confidence in the integrity of the game
- Create a new class of gambling fans
- Adversely affect Baseball's strong family following
- Create a climate favorable to gambling which would undermine Baseball's historic efforts to prevent gambling by its people
- Threaten the financial stability of the game.

--"The illegal bookmaker will not be put out of business by legalization. On the contrary, he will compete by private services and other advantages, such as credit and rebates. He will benefit from tax free profits and his customers from tax free winnings."

Pete Rozelle, National Football League: "Legalized gambling on pro sports would dramatically change the character of fan interests in these sports. No longer will sports fans identify their interests with the success or failure of their favorite teams but with the effect of their team's performance on the winning or losing of bets."

--"Legalized gambling on professional team sports will greatly multiply the security problems confronting all professional sports. It would change the way a fan looks at a game, the way he looks at a coach and the players, and, eventually, it would change the character of the game itself. Suspicions would be created whenever something happened that determined the outcome of a game or even threatened the outcome."

Walter Kennedy, National Basketball Association: "So far as we can determine there are not more than a few people attending basketball games who patronize bookmakers to bet on the outcome of the games. All but those few come because of their interest in the competitive aspects of the games. Legalizing sports gambling would inadvertently convert fans into bettors who could be expected to acquire the cynicism common to gamblers and to cast aspersions on the integrity of the game and the players."

Robert Carlson, American Basketball Association: "Should legalized gambling be extended to professional team sports, every association of a club or league employee would have to be under constant surveillance. Every shift of strategy, every missed basket would be open to a cynical second guess by some bettor who has lost his wager on a basket in the final seconds, although his team might have won by a large margin. If our sport is to retain its public acceptance, no cloud of suspicion can undermine its integrity. Legalized gambling would inevitably create such a cloud without accomplishing any of the social aims upon which the proponents of such legalization premise their arguments."

Clarence Campbell, National Hockey League (represented at the news conference by Don Ruck, NHL Vice-President): "The absolute integrity of all professional sports must be maintained in the eyes of the public. With gambling there is always the risk of a scandal. And if it occurs, the loss of public confidence would be damaging. The legalization of gambling would place an immense and undue pressure on professional athletes and management. I can see no possible benefits resulting from the sanction of what is now an illegal practice."

PROFESSIONAL & AMATEUR SPORTS ORGANIZATIONS  
OPPOSING LEGALIZED GAMBLING ON TEAM SPORTS

American Legion  
Boys Baseball, Inc.  
West Coast Athletic Conference  
Big Eight Conference  
The National Collegiate Athletic Association  
National Association of Intercollegiate Athletics  
Eastern College Athletic Conference  
American Amateur Baseball Congress  
National Junior College Athletic Association  
National Association of Basketball Coaches of the U.S.  
American Association College Baseball Coaches  
New York State Catholic Committee  
Major League Baseball Players Association  
Babe Ruth Baseball  
Little League Baseball  
National Amateur Baseball Federation, Inc.  
National Baseball Congress of America  
Big Brothers Association  
Fellowship of Christian Athletes  
North American Soccer League  
The National Football League  
National Hockey League  
National Basketball Association  
American Basketball Association

**THE NATIONAL**



**FOOTBALL LEAGUE**

410 PARK AVENUE,

NEW YORK, N.Y. 10022 • PLaza 8-1500

POSITION ON LEGALIZED SPORTS GAMBLING

The National Football League is opposed to practically every aspect of the current proposals for the legalization of gambling on professional team sports.

The League believes legalized gambling on professional sports will dramatically change the character of the fan interests in these sports. No longer will sports fans identify their interests with the success or failure of their favorite teams but with the effect of their team's performance on the winning or losing of bets.

Legalized gambling will greatly multiply the security problems confronting all professional sports.

The League believes that the proposals are misleadingly characterized. The proposals do not involve the simple "legalization" of sports gambling but the active governmental promotion and encouragement of such gambling by advertisement and solicitation. Ultimately the trend, as has already fully developed in horse racing, will be towards government licensing and active government intervention in the operations of professional sports.

Legalized gambling on professional sports will not bring about the public benefits commonly ascribed to such proposals by proponents. Such gambling will not have any appreciable effect on the social welfare and revenue problems of cities and states or on the elimination of organized crime or police corruption.

1. Q. Why will the character of the sports fans' interest change?

A. We feel the basic appeal of our sport to the fan is the thrill of watching evenly-matched teams in weekly competition, the continuing excitement of the season-long championship race and the identification of the fan with the success of the home team or his favorite team.

Legalized sports gambling would change the way a fan looks at a game, the way he looks at the coach and the player and, eventually, it would change the character of the game itself.

Suspensions would be created whenever something happened that determined the outcome of a game or even threatened the outcome. We believe the man or woman in the stands no longer would be a football fan in the truest sense but rather a gambler interested solely in cashing a bet. Instead of rooting for his home team to win, his basic interest would be in winning his bet by a certain number of points sufficient to beat the "spread".

You could have a stadium with 80,000 fans vocally supporting the visiting team's rally and applauding the home team's misfortune.

2. Q. What do you mean by point-spread betting and what is wrong with it?

A. The point-spread betting system was introduced by gamblers in an attempt to equalize the chances of two teams. A betting line is established in early week to set up a handicap system for a game by penalizing the better team a given number of points. Instead of betting on a team to win, a bettor must bet on a team to win by a specific number of points.

If a similar system were used in the Kentucky Derby, it would have been necessary for Riva Ridge to win by a specified margin (4 lengths, for example) in order to cash a bet.

When operated by bookmakers, the bettor is asked to give or take a specified number of points and also must lay 11 to 10 or put up \$11 (instead of \$10) to win a \$10 bet.

If this system were applied to all sports games the net result would be a new fan with a built-in cynical approach. If his team wins--but not by enough points--he would be critical of the motives of all involved, including the game strategy. Such constant criticism would be bound to reflect on the integrity of the sport.

Let's take an example. Suppose the Jets were 5-point favorites over the Bills in a game played at Shea Stadium. Many of the home fans have bet on the Jets.

Late in the fourth quarter of the game the Jets lead 14-10. The Jets have the ball on the Bills 30 with 20 seconds to go. Should the Jets try a field goal to win by 7 but risk giving the Bills another chance? Or play it safe to be certain of victory by 4?

The Jets decide to play it safe and run out the clock, winning 14-10. The fans who have bet on the Jets to win by 5 points are losers. Although the victory may have enabled the Jets to clinch the division championship, Shea Stadium resounds with the boos of disgruntled bettors.

3. Q. If the point-spread system is wrong, why not bet on fixed odds?

A. Both the point-spread system and the fixed odds operation would be impractical if confined to single games. Each would make it necessary for a Legislature to give a sports betting authority permission to set up a bookmaking system.

Any bookmaking system, legal or illegal, must be prepared to lose money as well as win money.

The Off-Track Betting system, now in operation in New York for horse racing only, cannot lose money on any given race because it skims off 17 per cent of all money bet before any payoff is figured. No matter how much the bettor wins, the OTB gets its 17 per cent off the top.

Illegal bookmakers have certain hedges to minimize risks, not available to any governmental body. An illegal bookmaker may limit the amount of money he will accept in any bet or on any game. An illegal bookmaker who fears he is over-extended with bets on a certain game can "lay off" to a central organization. A governmental bookmaking operation would not be able to refuse bets or "lay off" bets.

Imagine the reaction if \$1 million were bet and won (lost by the governmental bookmaking agency) on one game.

Any parimutuel system attempting to make odds on a single game would produce insignificant payoffs, driving both the \$2 bettor and the heavy gambler to the illegal bookmakers who provide credit and rebates as well as tax-free status.

4. Q. There has been talk of Pool Card betting. What is meant by Pool Card betting? If a fan merely picked a combination of winners to gain a payoff, how could an individual player be accused of determining an outcome?

A. Pool Card betting is a system in which a bettor attempts to pick the results of a combination of games for varying odds. If a bettor correctly picks the results of four games he is paid off at a lower rate than if he successfully picks all 10 games on the Pool Card. The Card operator attempts to handicap each game by listing varying point spreads. The government would have to establish its own point spreads in legal sports gambling.

We oppose Pool Card betting for many of the same reasons that we oppose any type of legal sports gambling. We feel this again would be a case of misusing a sport not designed for betting as a vehicle in a government-sponsored gambling operation. We feel the easy availability of Pool Cards in government-promoted gambling would dilute the overwhelming fan interest in the home team and substitute a gambling-oriented philosophy.

The Pool Card system, encouraged and actively promoted by the government, would result in increased gambling in the lower income group where a "pie in the sky" payoff at exotic odds would have overwhelming appeal. In addition to stimulating gambling in these areas it would spread gambling among juveniles.

By encouraging more gambling with the lure of substantial payoffs for a small investment, a climate of suspicion would result. In the NFL, where as many as 10 games have been decided by less than seven points on a given Sunday, the climate of suspicion attendant to one game could be magnified tenfold by Pool Card betting.

Although it would appear to be more difficult for an individual to influence the result of a Pool Card operation, the danger still would exist. Experience in European soccer Pool Card betting, where the ability to select tie games is a key, discloses scandals involving manipulations by players or club personnel to make certain games end in ties.

Just as fixing one horse does not guarantee a fixed horse race, fixing one game would not guarantee a fixed betting pool. But it would greatly simplify the efforts of the gambler to know that a certain horse--or a certain heavily favored team or key player--was not trying to win. Manipulations of this type have resulted in scandals involving superfecta and other exotic betting lures at race tracks where knowing crooked gamblers have been able to eliminate several horses and then link all the other horses in various combinations.

It is conceivable that a betting coup could be arranged by influencing the results of certain key games, especially by a gambler who concentrated on attempting to pick the results of a small number of games in a pool.

5. Q. Everybody gambles, so why not make it legal?

A. We do not agree with that premise as applied to all sports. We believe the vast majority of people do not gamble. They may take part in the office pool or back their team with a dollar bet with a friend. But there is a vast difference between that kind of betting and legal sports gambling.

We are very much aware of the existence of illegal gambling on team sports by a certain element. We do not live in any "Alice in Wonderland" dream world. Because we are aware of sports gambling we employ extensive security forces to enforce our own traditional rules against gambling. We have neither the authority nor the responsibility to act against illegal gambling by non-League personnel but we do exercise thorough supervision of our own people.

We feel government-sponsored gambling, catering to a bet-oriented fan, would intensify all the problems inherent in gambling. By giving official approval to gambling, the government would encourage loitering in stadia by people seeking inside information and influence and, eventually, trying to fix the results. We believe the inescapable consequence would be the destruction of public confidence in our sport.

It is reasonable to expect that legalization of sports betting would increase many times both the amount of money wagered and the number of people betting. A survey of British betting habits, made by the New York State Assembly, showed a 400 per cent increase in betting after legalization in 1960.

An increase in sports gambling would, of course, increase the number of people seeking special information and trying to influence the outcome of games through contacts with players or club and League personnel.

The Commissioner has unrestricted authority to fine, suspend or bar for life any person connected with the League or any member club who has bet on a game or failed to report any offer to control the outcome of the game.

Once the stigma of crime and danger of arrest had been removed, the extension of sports betting to the general public from the relatively limited percentage of people who now gamble with illegal bookmakers, would greatly magnify the security problems of sports. A betting pool with millions of dollars at stake would increase the likelihood that an athlete or club employee might risk his comfortable salary and excellent pension and health benefits.

Every association of a club or League employee would have to be under constant surveillance. Every financial move, every shift of strategy by a coach would be open to the cynical second guess.

At the present time, a bookmaker demands identification from a gambler. This has a deterrent effect on persons connected with sports because they realize sports security forces have sources of information in all fields. With every corner store a betting parlor, the problems of such supervision would be multiplied many times.

To summarize, we believe legalized betting would assist such persons in evading the rules against gambling which we think are so necessary to the maintenance of integrity in our sport.

6. Q. What is wrong with a player betting on a game, as long as he bets on his own team to win?

A. We believe any form of gambling on sports, legal or illegal, poses a threat to the integrity of the game. This, of course, is particularly true in the case of the players. Recognizing this obvious danger, let us assume a player does bet on his own team to win.

The point-spread system of betting, under which a handicap is arranged for the better team, makes it possible for a team to win the game but lose the bet if it does not win by a given number of points. The college basketball scandals of years ago provided numerous examples of the dangers of a player "shaving points" to help a gambler win his bet while his team still won the game.

Whether a player is betting in person, through a member of his family, or through a friend, it is likely the knowledge of the bet would become general information in a short time in an era of permissive, government-promoted gambling.

Suppose it becomes known that a player is betting on his team to win. Those with inside knowledge also bet on the team to win. The team does win. So far, so good.

On the following week, the player does not bet. The team loses. The player, who may have been completely innocent of any wrongdoing, is involved in a key play that decides the number of points by which the game is won. Immediately, the finger of suspicion is pointed in his direction.

For example, during the 1971 NFL regular season a veteran quarterback elected to run an end sweep requiring a pitchout to the running back on the last play of the game from his opponents' five-yard line. It was a good call, caught the other team by surprise and resulted in a touchdown, which changed the final score but not the outcome. However, it was a risky

call in that the accepted practice is to control the ball in such a situation and let the clock run out while calling a routine, low-risk play. The quarterback, both in print and in letters to the NFL office, was accused of attempting to make sure his team went over the point spread.

We simply cannot afford to let suspicion undermine the integrity of our sport which has grown to its present stature over a period of 50 years without resorting to gambling or utilizing gambling as an incentive.

7. Q. What is the difference between betting on a game and betting on a horse race?

A. Gambling is not an inherent part of team sports as it has been in horse racing. The ancient Romans bet on horse races and chariot races. Horse racing has been inextricably involved with betting and could not survive without it.

As a result of this identification with gambling, the horse racing business has been forced to accept strict governmental control of most of its activities.

In racing, a State Commission sets dates and sites of meetings, licenses trainers, owners, jockeys and drivers. It hands down suspensions, assesses fines and takes a generous slice of the betting action. This tight supervision has become necessary to guard against drugging, fixing of races and false identification of horses.

Any similar governmental obligation to control team sports would involve far-reaching changes in their present structure of operations and place a costly and staggering burden to not only oversee sporting events in its own state but also presumably everywhere a sporting event is held, if legalized bets are accepted on that event.

8. Q. If New York State can legalize horse race gambling with Off-Track Betting, why not all sports?

A. There is a vast difference between the extension of horse race betting, which has been legal at race tracks for many years, to off-track betting parlors and the legalization of an entirely different type of gambling.

Betting on other sports events has been illegal traditionally. Any effort to legalize all sports wagering represents a distinct departure and should be recognized as a new form of promoted gambling with obvious inherent problems.

Approval by the states does not mean mere "legalization" of gambling but active governmental promotion and encouragement of such gambling on a wide scale.

9. Q. How can you oppose legal sports betting when it would add so many dollars to aid the ghetto areas, social welfare programs and education?

A. We are in sympathy with efforts to raise money to ease the tax burden and to increase educational facilities and opportunities and to better run the big cities. But the answer is not misusing a sport not designed for betting.

We disagree with the premise that gambling revenue will make any appreciable contribution toward solving our tax problems. Betting on horse racing has been legal in New York State for over 30 years, yet there is constant pressure for additional tax revenue from the same source through extended racing seasons, Sunday racing and various types of exotic special wagers.

The new Off-Track Betting system in New York City is struggling to pay for itself in the face of charges that it is draining state tax revenue from other sources by causing decreasing attendance and lower betting handle at the race tracks.

Practically every study made of legalized gambling has shown that the great bulk of gambling is done by people in the lower income strata. This has resulted in an unhealthy and unproductive shift of wealth away from the low-income bettor or, at best, a redistribution of wealth among the lower income groups. The lure of "pie in the sky" bets through perfectas, superfectas, daily doubles, etc. with the promise of a huge payoff for a minimum bet is the most popular form of betting.

A survey of British betting habits under legalized gambling, conducted by the New York State Assembly, confirms a decline in family resources, a sharp increase in default of debts owed small shopkeepers, an increased proportion of family income diverted to gambling and early indoctrination of juveniles to gambling habits.

We believe that a legalized gambling program in which the governmental agency would "rob Peter to pay Paul" is not the answer to the need for revenue to aid ghetto areas, social welfare and education.

10. Q. Sports betting is legal in some nations of Western Europe as well as England. Have sports in these countries been free of bribery and betting scandals?

A. Let us clarify the types of gambling permitted in Europe. In Great Britain, prior to 1960, both cash and credit betting prevailed generally. Credit bookmaking was legal. Cash betting was illegal and was conducted largely through street runners in an undercover operation.

The passage of the Betting and Gaming Act of 1960 legalized practically all types of sports betting in England through licensed bookmakers who pay a fee to the state. Both cash and credit bookmaking are legal.

A large amount of the betting in Europe is based on football (soccer) pools, betting cards that promise a huge payoff for a minimum fee if the bettor can select the winners and ties for an entire weekend program of games. Because many soccer games end in ties, the winner of the pool must select all of the tie games as well as the winners.

A recent survey showed a marked increase in incidents involving bribery and gambling scandals in Great Britain since 1960 when the Betting and Gaming Act was adopted. There were two major football (soccer) scandals prior to 1960. Since 1960 there have been at least eight major teams and 15 players involved. Ten of the players either confessed or were found guilty of bribery in court. As a result, 10 players have been suspended by the Football Association and several others have been fined and sentenced to jail terms by criminal courts. Several outstanding international players were included.

Two major scandals have been uncovered in Italy. Four players were suspended indefinitely and one club was demoted to a minor league after one incident. In 1969 another Italian team was dropped to a lower division of the league for trying to bribe a player of an opposition club.

In the fall of 1971, two German soccer clubs were banished from the league and 13 players were suspended for life as a result of scandals involving fixed games. The players included two stars of the German national team that competes in the World Cup competition.

Even Iron Curtain countries have not been exempt from the fix. In 1960 a Czechoslovakian court convicted 80 Czechs for influencing the result of sports pools through fraudulent speculation. Among the players and athletes involved were 30 soccer players, 13 wrestlers, two table tennis players, a "bicycle ball" player, a coach and others.

11. Q. The repeal of Prohibition reputedly wiped out many criminal elements. Why wouldn't legal sports betting strike a vital blow at organized crime?

A. According to legal authorities, organized crime still is alive and flourishing in many areas. It appears that the repeal of Prohibition merely shifted the emphasis of organized crime into other areas.

When you speak of organized crime, we assume you are speaking of the bookmaker who operates beyond the law in gambling activity. The success of this illegal business is based on two major factors -- (1) credit betting and (2) tax free status for the bettor.

Many bookies will "carry" a heavy-betting client for weeks or even months if they know the client has the resources to make good his losses. If he does not make good his losses, the criminals have means of enforcement that a governmental agency could not use. In addition to offering credit, it often is the reported practice of the illegal bookmakers to rebate a percentage of losses, 10 to 15 per cent, to maintain the account of a regular customer.

Bookie winnings are paid in cash and, because they are not reported to any governmental agency, are illegally tax free. Any suggestion that legalized gambling winnings should be made tax free would not be acceptable to hard-working, tax-paying Americans with no inclination to gamble regularly.

Most responsible law enforcement agencies do not feel that bookmakers controlled by organized crime would be seriously threatened by legalized sports gambling.

In Rome, where legal betting is available at the tracks, at off-track betting facilities and through a weekly horse racing lottery, fiscal experts estimate there is a total of \$500 million bet illegally each year, more than double the amount wagered at the track, off track and in the lottery. Illegal bookmakers operate close to the legal betting windows, accepting oral bets.

12. Q. Don't you think legal sports betting would eliminate police corruption?

A. We heard the same argument when Prohibition was repealed. If an enforcement officer can be corrupted by gambling, the same officer can be corrupted by the drug trade, prostitution or bank robbers. The mere legalization of sports gambling would not solve police corruption. It would shift law enforcement problems into another crime area.

Rather than eliminating police corruption, any wide-spread legal gambling program would require vastly enlarged security forces--with accompanying corruption risks--far beyond those with which we are familiar.

The answer to eliminating police corruption, of course, is honest administration by capable, alert and knowledgeable public officials.

Afternoon Session

SENATOR DUMONT: The hearing will resume, please. I would like to note on the record the attendance of Charles Reid of Bergen County. That means we have 8 of the members who have been here at one time or another today out of the 12.

The first witness this afternoon will be Mrs. Judith Cambria, Tax Chairman, New Jersey League of Women Voters.

J U D I T H C A M B R I A: I am Judith Cambria, a Director of the League of Women Voters of New Jersey and Chairman of the Tax Reform Committee. The League appreciates this opportunity to testify concerning the legalization of new forms of gambling in New Jersey.

The League's concern is how gambling proposals fit into the tax structure, how they affect decisions about the tax structure, and how they affect the public attitude toward taxation and government. One purpose of the League of Women Voters since the founding of the organization over fifty years ago has been to work for a tax structure that is adequate, equitable, stable and efficient. Let us examine how gambling fits these criteria. Would gambling provide sufficient revenues to solve the problem of adequate tax revenues in New Jersey? What effect does it have on other efforts to solve this problem? While there is no doubt that gambling would bring in new revenues, the evidence from existing gambling in New York City and Nevada is that such gambling would not generate enough revenue to solve problems of tax structure and adequacy in this State. However, the inflated estimates of revenue possibilities from gambling tend to make the public believe that more gambling is the solution.

I would like to just give you some of the over-estimates that are thrown around to the public when gambling is being discussed. When the New Hampshire lottery was being talked about in New Hampshire, they predicted

there would be a \$4 million take. The actual take was \$2 million. When they were discussing the New York lottery, they suggested that the first year, 1970, it would bring in \$350 million. They actually brought in \$111 million. When they were talking about off-track betting in the Legislature in New York, they said that it would bring in \$200 million or more. In the first 14 months of off-track betting, the total amount that has come in is \$17 million. Mr. Samuels of New York Off-Track Betting said that he hoped that \$25 million would come in in the first year with 50 or 60 betting parlors. Well, they didn't come near making that.

The New Jersey lottery when it was being talked about, before it was actually put into effect - the press releases and the statements by many people indicated it would bring in over \$200 million. In its best year, it brought in \$68 million. That was '71-'72, but as we all know, there has been a tremendous dropoff and this year without daily betting it would have dropped to about \$43 million.

We have heard estimates that if casino gambling were brought into New Jersey, it would bring in \$200 million worth of revenue. However, Nevada which has 50 major casinos and 150 minor casinos only took in \$54.9 million last year.

The effect on the public is even stronger. Last year, a group called React came into some sort of hearing and they believed that \$700 million to \$1 billion would be brought in per year without casino gambling. That is the kind of inflation of figures that goes on in the public mind.

Because they believe this, the lure of gambling revenue tends to frustrate and sidetrack efforts to provide a truly adequate taxing system. The League has noted time and again how frequently those who advocate legalizing

all types of gambling are the same individuals who claim there is no need for an income tax. We have also seen how the inflated claims about lottery revenues have misled the public. Citizens, believing the revenue to be enormous, cannot understand why it is not solving all our problems. They become suspicious and distrustful of government believing these mythical huge sums are either being wasted or going into someone's pocket. They then resist efforts at tax reform or restructuring because of their distrust. From personal experience I have seen and other League members have seen the amazed reaction of citizens when the actual revenues from the lottery are contrasted with the total State budget or revenue needs for particular services.

Stability in tax revenues is also very important. There is certainly some question as to just how stable gambling revenue will be. The experience with the lottery is disquieting. As lottery revenue increased, the State budgeted a larger amount from this source in the Appropriations Bill. However when New York and Pennsylvania established similar lotteries, there was a big drop-off in lottery sales in New Jersey. The result was that there would have been a deficit of approximately \$13 million in this year's budget. The League believes that the specter of this deficit hastened the advent of the daily lottery in order to make up the anticipated shortage. Will the same pattern develop with a daily lottery? Will increased revenue, if there is any, and we are not so sure about that, be budgeted and then become a deficit if New York and Pennsylvania enter the field? What new gambling will we undertake to make up that deficit?

The problem of stable tax revenue also arises with off-track betting. Presently New Jersey derives about \$36 million from pari mutuel betting at the race tracks. However, the experience in New York seems to indicate a

rather serious drop-off in pari mutuel betting, and tax revenue from that source. Will we find that off-track betting will merely take revenue out of one pocket and put it back into another? Will we set up an enormously expensive system of off-track betting only to find total revenue increased little?

After listening to testimony this morning, that same question of tax stability would certainly arise if you were talking about gambling on sports events. There would be no way of having any idea of what amount of money would be brought in and could be used. It would be very unstable.

The question of efficiency also arises. Efficiency in taxing means how much it costs to increase tax collections. Both off-track betting and casino gambling would require very large capital expenditures and large operating expenses to produce revenue. The League believes the State would have to run off-track betting or casino gambling in order to insure there was no infiltration by underworld elements. Therefore, the State would have to build and fund an enormously expensive structure. A large per cent of any revenue derived would be required for salaries, operating expenses, and the return to the gambling public. A very small per cent would accrue to the State as revenue. The per cent of revenue derived from either off-track betting or casino gambling would be much smaller than the per cent derived from the lottery.

I have some figures as to exactly what these per cents are. In New Jersey at the present time, the per cent of return on our lottery is about 47 per cent. In the Nevada's casinos last year, the per cent of return was 8.3 per cent and in New York off-track betting in the first year, it was less than 7 per cent. I talked with people in the New York Off-Track Betting Office and they told me that as a rule of thumb you could expect that the return from

such a source would be 7 to 8 per cent. As I said, they did not make it in the first year and they said the first year would be lower.

If the aim of the State of New Jersey is going into the business of creating new gambling businesses, or creating thousands of new job opportunities through gambling, then there may be some justification for casino gambling, off-track betting and numbers games. If the aim of the State is to raise revenue efficiently, then gambling does not meet the test.

The League notes, I must say rather cynically, that when the income tax was being debated, one argument used against it was that it would create an increased bureaucracy that would cost several million dollars. We would like to point out that increased revenue would have accounted for 98 or 99 per cent of the take from an income tax. In the case of gambling, we see the reverse being true - a very small per cent of the total ending up as revenue, most going into a huge gambling bureaucracy.

There is also the question of equitable taxation. Although betting or not betting is a personal choice, we still believe, for instance, that off-track betting would be a very regressive form of taxation. Since betting parlors require a relatively large population base to support them, they would tend to be located in large cities. In New Jersey the cities have a larger proportion of low income people than the suburbs. These people would thus be more exposed to the lure of gambling than those residing in other areas. Their low income may also make them more susceptible to seeing gambling as the only way to "make it." The result will be that those least likely to be able to afford the habit of gambling will be producing the revenues for use by the general populace. The League believes that off-track betting would be a seriously regressive answer to the need for tax revenue.

The League also noted with interest a study by the Fund for the City of New York which called for the legalization of the numbers game - with the major objective of driving organized crime from that enterprise and reducing corruption. It cautioned that if the Legislature tried to use a legalized numbers game primarily as a source of new revenue, the objective of combating crime and corruption would not be achieved. It stated there was an inherent conflict in the three stated reasons for legalizing gambling - removing organized crime from the field, reducing police corruption, and providing a substantial new source of revenue. It concluded the first two objectives should be of paramount importance. This assessment points out that we should not expect large new revenues which would solve our fiscal problems.

There is one more caution the League would like to express concerning any possible revenues from off-track betting. The nature of the operation of betting parlors, backed up by expensive electronic computing equipment, requires a large pool of bettors to be profitable. New York City with its large population and large daily commuting population is probably the ideal place for high-producing parlors. In New Jersey, the opportunities for placing parlors where there is a very high population are far more limited. Therefore, the over-all cost would be higher in relation to the tax revenue produced.

We also point out that if the State were to set up and run off-track betting, casinos and a numbers game, the State expenditure budget would jump by an astronomical sum to reflect the cost of salaries and operating expenses. I noted in a newspaper report that Mayor Bradway of Atlantic City recently said that casinos alone could create 20,000 jobs and a \$200 million payroll. Uninformed people looking at the State budget may well conclude that the Legislature has gone on a wild spending binge and react with more cynicism and distrust, not realizing this is what it costs

to support such enterprises as casino gambling and off-track betting.

I noticed also that the lottery, which would certainly be less expensive in its operating expenses, up to now has had a State expenditure line of about \$3 million. Yet Mr. Batch said today that because of the need for more jobs with the daily lottery, this would go up to \$5 million. People look at the total of the budget and they say, "Boy, where is the State spending all the money?" And if you get into these, that budget could look much higher.

The sum of the above thoughts, in the eyes of the League, is that gambling does not provide the means of solving our fiscal problems, instead it is often a road-block to effective and serious efforts at solutions. Likewise we believe it has tended to encourage in the public attitudes toward taxation and government which are negative and work against progress in many areas. We believe the State has no business in the encouragement of increased gambling to supply new tax revenue. We do not believe the State of New Jersey can gamble its way to solvency or to a fair, adequate and efficient tax structure.

SENATOR DUMONT: Thank you very much, Mrs. Cambria. Are there questions of Mrs. Cambria? Mrs. Klein, would you like to start?

ASSEMBLYWOMAN KLEIN: Mrs. Cambria, I would like, I think, to correct an impression that we got from your testimony on page 4. When the Mayor of Atlantic City was speaking about the increased jobs and payroll, he was not speaking of that many jobs in the casinos or on the payrolls of the casinos. He was speaking of jobs that would be generated through the increased building of hotels, increased bus-boys, etc. I think that part of your testimony is somewhat questionable.

MRS. CAMBRIA: -- misleading. O.K.

ASSEMBLYWOMAN KLEIN: You say also on page 3, there might be a justification if the aim of the State is creating

new jobs, etc., for casino gambling, but not if the aim is to raise money. Does that reflect the League position?

MRS. CAMBRIA: Well, as you know, Mrs. Klein, when testifying for the League, I can only testify to those things that League members have studied and have some position on. Our interest in gambling, per se, is - we have never studied gambling per se - therefore, we cannot come out for or against gambling. However, we do have a great deal of interest in the tax structure. Therefore, our position is: What will gambling do and is it doing in relation to the tax structure? What has it done to people's attitude? What has it done in solving our problems? What could it be expected to do if we actually put it into being?

We think there are other very large questions which this panel should be considering as to the effect on society - very large questions of transportation, of bringing all these new people in. But those are not League positions. We think you must consider them, but we have not studied gambling, per se.

ASSEMBLYWOMAN KLEIN: You only concerned yourself with the fiscal aspects of it?

MRS. CAMBRIA: Yes, with the fiscal aspects of it.

ASSEMBLYWOMAN KLEIN: One of the things that is being considered by this Commission is the possibility of a public referendum which would remove the constitutional restrictions on gambling in the State, leaving it to the Legislature to legislate in these areas. Does the League have any position on whether there should be or should not be this constitutional restriction?

MRS. CAMBRIA: No, the League does not have a position. But I could comment, as I pointed out before, there has been tremendous overestimates all the time on the amount of revenue that will come in. And we believe that this type of overestimation would make people tend to vote "yes" perhaps on that particular basis, and then

find that this was not true and was not going to bring in the funds they had expected it would and would not solve their problems. They mind end up with a great deal of distrust. We found this was getting to be more and more of a problem, this distrust of the government.

ASSEMBLYWOMAN KLEIN: I had another question, but I don't remember it.

SENATOR DUMONT: Assemblyman Reid?

ASSEMBLYMAN REID: The only comment I have is there seems to be a tremendous emphasis in your written statement that you feel that the testimony given to this Commission indicates that gambling will be a major source of revenue. I have found it to be the contrary. I don't think anyone has really stated that gambling is a substitute for a good tax structure nor has it been indicated to be a major factor in the revenue structure of the State, even if we went all the way and allowed all types of gambling. So I think what you infer here is in basic conflict with all the testimony we have received over the many months we have been holding these hearings.

MRS. CAMBRIA: That may be true. But what gets into the paper is different from the total amount of weight you give it. I can show you clippings from everywhere and it is the huge estimates that tend to get reported, whether they are right or wrong. All those figures I quoted earlier is what people believed. You see, you may be getting a balanced picture, but what comes out very often in the papers is not balanced. The people want to believe that it will solve problems, but we don't believe it will.

For instance, as I say, I have seen it booted around that we will get \$200 million from casino gambling. That is just an extraordinary figure. There is no way you can come up with that. Then I noticed last year there was a report made by Horace J. DePodwin, Associates. I believe it was done for Atlantic City. They said at that

time, if there were 8 to 12 casinos, they believed they could produce gross earnings that would range from a low of \$60 million to a high of \$180 million. That sounded like a reasonable gross to us as compared to some other things. However, they claimed at the same time that the revenue from that would be \$24 million or up to \$72 million. If you take that, that is a revenue return of 40 per cent. In Las Vegas, the revenue return is 8.3 per cent. That is the return to the State. They are also expensive to run for whoever is going to run them, whether the State or private individuals. They have high operating costs. How much is going to be returned to the public? It seems to us that this figure is totally unreal. It just could not work out this way. You could not get a 40 per cent return. So even though their gross figure is perhaps good - they didn't go overboard in saying how much would be bet - what they consider to be revenue seems to be entirely out of line with experience. And people look at these figures and think that is what they are going to get.

ASSEMBLYMAN REID: I am not going to ask Mr. Taylor's favorite question, but I have a question quite related to it.

Mrs. Klein mentioned the fact that one of the considerations before the Commission is to put the question on referendum for the general public next year and whether that question should be to remove the constitutional provision which prohibits gambling and then leave it to the Legislature for further action or whether, if we did decide some forms of gambling were preferable to others, we should place it on an individual basis for the general public to consider.

I realize you can't speak for the League, but you may have a personal opinion on this. Do you have any personal opinion as to which would be the better method of handling this? I would respect such opinion.

MRS. CAMBRIA: Personally, and definitely this is a personal opinion, I do not believe the State should be in the business of trying to increase gambling. There may be a place for trying to cut into illegal gambling as it now exists. But I think that it should not be the place of the State to go into the business of increasing the gambling opportunities for the public.

I do not disagree in the least that there is a strain in human beings that makes many of them want to gamble. I don't think any of us consider it one of our highest virtues that we should go ahead and try and encourage it. But looking at it that way, I would think certainly if you were going to suggest particular forms of gambling that I would like to see them separated. I would not want to see a flat, blanket-type thing of just "knock it all off." Then I think the public pressure on you as legislators would become very, very strong and force you, perhaps, into doing things you might not necessarily feel are for the best for society as a whole.

I have a little anecdote. A friend of mine has a son who has been away to college for several years and has worked during vacations, but hasn't been in the state too much. He came home at Thanksgiving and, as you know, the daily lottery was about to go into effect. He was appalled, just appalled, at all the advertising that he saw - the special section of the newspaper that we all got last Sunday. He said, "What is the State doing? What are we saying to the younger generation?" When we talk about work ethic and things like that, is this really what we want to encourage? I stop there.

ASSEMBLYMAN REID: I have no further questions.

SENATOR DUMONT: Assemblyman Pellecchia?

ASSEMBLYMAN PELLECCCHIA: Mrs. Cambria, I respect the position you hold and the reasons you are here. However, I find a few discrepancies in some of the statements

I heard you make. I didn't hear all you said. The last exchange you had with Assemblyman Reid seems to interest me. Am I correct in thinking that you or the League is attempting to think for the people, what is right or what is wrong?

MRS. CAMBRIA: First I would like to say that Mr. Reid specifically asked me as an individual and he said he would respect my views as an individual. That last exchange was my views as an individual. The views of the League are represented here. They do not have anything to do with whether or not gambling is good, bad or indifferent, but its effect on the tax structure, its effect on people's attitudes about taxes and government.

ASSEMBLYMAN PELLECCCHIA: Let's confine it to your thinking then.

MRS. CAMBRIA: I would prefer not to do that. We have already had a misunderstanding.

ASSEMBLYMAN PELLECCCHIA: You are sitting at the stand, you have made your statement, and I believe it is my prerogative to ask you.

MRS. CAMBRIA: Certainly.

ASSEMBLYMAN PELLECCCHIA: Do you think the people of the State of New Jersey have a right to control their destiny and do you think they are intelligent enough to know what they really want?

MRS. CAMBRIA: I do not contest that they have enough intelligence. I do find that in many cases they do not have enough information or broad enough background of information presented to them or available to them to know all of the consequences. I also submit that many of us do not know what all of the consequences would be.

I heard testimony here this morning from a number of people on all sorts of effects that they thought might happen, and none of us can know what these effects will be. But there are many people who have great fears

in this particular area that we cannot actually determine ahead of time what it would be.

ASSEMBLYMAN PELLECCCHIA: I will let your statement stand by itself.

One of the main reasons that I have been so vehemently for submitting this question to the people is because of the number of jobs I believe it would create. You referred to the De Podwin survey. I have read that survey. They give some guesstimates in there and they talk about approximately 30,000 jobs. You are talking in reference to money; I am talking in terms of jobs. But the figures you gave with relation to casino gambling - isn't it true you are only talking about the money derived from the casinos themselves?

MRS. CAMBRIA: That's right.

ASSEMBLYMAN PELLECCCHIA: Have you any estimate as to what the roll-up would be on the side effects, such as the services, the laundry, the restaurants? Have you any conception at all of the amount of money involved there?

MRS. CAMBRIA: I am sure it would be very large. I think also when you consider all of these costs, you might consider there are also costs incurred by the government in taking care of this kind of a large increase in population that would be coming back and forth. We are having enough problems building roads as it is for our people who are here.

I did a quick estimate. According to the figures, something like 20 million people went to Nevada last year to gamble. If we got the same amount of people in New Jersey, it would be something like 400,000 a week. Frankly it took me 40 minutes to go 10 miles on the Parkway this morning. And I love to go to the shore in the summer, but find it almost impossible. I also like to go to Atlantic City occasionally. I wonder if we are thinking in terms of what it will do to our whole society as well.

ASSEMBLYMAN PELLECCCHIA: I appreciate your thoughts, but have you been to Atlantic City lately?

MRS. CAMBRIA: Yes, I have.

ASSEMBLYMAN PELLECCCHIA: Have you seen what has happened to Atlantic City?

MRS. CAMBRIA: Yes, I have. That is true.

ASSEMBLYMAN PELLECCCHIA: We are not talking solely about Atlantic City because this is not a question of Atlantic City. But you alluded to the fact that in the lottery, there was a \$5 million expenditure. You mentioned that figure?

MRS. CAMBRIA: That is what is shown in the State budget.

ASSEMBLYMAN PELLECCCHIA: Are you aware of the first guesstimate that was made when Senator Musto proposed the lottery, which afterwards became reality? Do you know what they were thinking in terms of then as far as income?

MRS. CAMBRIA: Yes. He suggested it would be over \$200 million.

ASSEMBLYMAN PELLECCCHIA: I beg to differ with you.

MRS. CAMBRIA: I have a clipping.

ASSEMBLYMAN PELLECCCHIA: Let me tell you what we know to be a fact and maybe the clipping might be erroneous. The suggestion then was that there would be approximately \$10 million profit from the lottery. Commissioner Batch appeared before this Commission and told us in an 18-month period, that there was somewhere in the vicinity of \$180 million left from a \$210 million net. There was something like \$175 or \$180 million gross left over. Would you say spending \$5 million to pick up \$180 million would make a difference?

MRS. CAMBRIA: The point I was making there was not that \$5 million was high. Actually, as I said, the per cent of return on the lottery compared to some of the other forms of gambling you are talking about is

relatively high. As I said it is 47 per cent for the lottery where for off-track betting it would be from 7 to 8 per cent; and for casino gambling, if Nevada statistics have any meaning, it would be just around 8 to 8 1/2 per cent. I was pointing to the fact that some part of this shows up in the State budget and that as legislators I am sure you get back to you, "What are you doing? The costs of government are going up so enormously." If you go into these things, people will not understand.

I am not saying it is not a good return. What I am saying is people don't understand this and they tend to become mistrustful.

ASSEMBLYMAN PELLECCCHIA: With all due respect to your thinking, I think my constituents are pretty well informed and they do look at the record, they do understand what we are saying or trying to say to them. There are a few that may differ, but they understand. And I don't downgrade people to the point that I believe they don't understand what I am saying.

As far as I am concerned, when I go back to them and say that I voted for a particular bill for this, this and this reason, they understand. The reason they do is because they have elected us. If they didn't understand, they wouldn't have elected us - they wouldn't have us here. But that is neither here nor there.

Now you also talk about taxes and I thought we buried that a few months ago. It may be revived sometime in the future.

I did feel that I had to ask you these questions. And now I want to ask my last and final question.

MRS. CAMBRIA: Could I just say one word before you go on to that?

You say you thought we buried that. You buried a particular proposal. The problems did not get buried at all. The problems are growing daily.

ASSEMBLYMAN PELLECCCHIA: I am well aware of those problems.

MRS. CAMBRIA: O.K.

ASSEMBLYMAN PELLECCCHIA: The last question I want to ask is: Do you believe that you as an individual or the League, itself, - and I have all the respect in the world for them - would want to deprive the people of the State of New Jersey of their right to vote on this issue?

MRS. CAMBRIA: If it is a blanket-type thing - I think the League has no particular position on whether people should have gambling or not. So I cannot answer for the League. We have never done a study - and we must pick it up on our program. We would have to study: Should there be gambling? Should there not be gambling? Should there be off-track gambling? We don't have that position. I cannot answer for the League on that particular thing. We cannot speak for our members unless they have already studied and come to a conclusion.

ASSEMBLYMAN PELLECCCHIA: I have no further questions.

SENATOR DUMONT: Mr. Currin?

MR. CURRIN: No questions.

SENATOR DUMONT: Mr. Taylor?

MR. TAYLOR: Mrs. Cambria, I am sorry that you were delayed 40 minutes going 10 miles on the Parkway. But if we didn't have that Parkway, it would have been a worse ordeal.

You say that the League has not studied gambling per se, but yet your statement in the first paragraph, Mrs. Cambria, says: "The League appreciates this opportunity to testify concerning the legalization of new forms of gambling in New Jersey." This confuses me right there. I don't like that statement but I like your final statement where you say, "We do not believe the State of New Jersey can gamble its way to solvency or a fair, adequate and efficient tax structure."

I will answer that one for you. There is not a person on this panel that thinks that gambling is a panacea for the financial ills of the State of New Jersey.

MRS. CAMBRIA: Unfortunately, if the rest of the people of New Jersey understood that, then the problem perhaps would not exist.

However, from a great deal of personal experience and from the experience of many of the League members, we know that gambling is one of those things that people believe will solve it. Was it Mr. Pellecchia who said that Senator Musto said the return on the lottery would be \$10 million? But the reports at the time the lottery was being discussed were \$200 million. We have clippings showing that.

MR. TAYLOR: You have ambiguous figures. There is no doubt about that. You quoted other figures here today from citizens, such as myself, who have spoken and made public their thoughts.

MRS. CAMBRIA: Yes.

MR. TAYLOR: And the same thing happened back in those days. We can quote statistics on the lottery and we know that the lottery has poured over \$100 million into the State of New Jersey for institutions and education in the very beginning. We know that by law, it must commit 40 per cent of its gross income to the State of New Jersey. This is not a panacea to the ills of the State of New Jersey nor will any gambling be a panacea to our problem of money. However, there is more than money involved here as far as we see it.

You say you do not have a study from the League on gambling. You are basically just comparing gambling to the revenue that the State will derive from it, I presume from this report.

MRS. CAMBRIA: Yes. We are concerned with how much it would actually bring in, which we feel is terribly

overestimated and people believe these things, and the effect that this has on the general attempts ---

MR. TAYLOR: The public could then say, "O.K., let's go to gambling because this is a panacea."

MRS. CAMBRIA: Right. We work with this all the time - we speak - and we find that it is just true that the public believes these inflated estimates. They believe it will solve the problems and, therefore, what we consider serious efforts by serious-minded people of all types are thwarted because they believe it can be solved by these means and this is our concern.

MR. TAYLOR: Where does that leave us? We are here to study gambling. Is it the thing for the State of New Jersey? Is it the moral thing to open up gambling to the public? What is the difference whether they say we are going to get \$50 billion or nothing out of it?

MRS. CAMBRIA: The difference at this point is what it does to public feeling. What we are concerned about is, were you to go ahead with this, which you may decide to do, that the public once again will have these ideas of how much it will bring in. Now you put this into effect. If it does not bring in the kind of money that the public is thinking about, one of two things happens. Either they feel that the money is coming in - and with the lottery, we found they believe there is so much more - and, therefore, they feel somebody is throwing it away. They say, whatever happened to the lottery money? I can tell you how much has come in from the lottery - a total amount of \$159 million - and I can tell you exactly where it has been spent. We had an \$8 million surplus.

MR. TAYLOR: Do you tell your League of Women Voters all this?

MRS. CAMBRIA: Yes, we do.

MR. TAYLOR: So they then can be public relations agents and go out and tell the other girls.

MRS. CAMBRIA: And when you are talking about how much money to the public - and I have done this myself when I went out talking about the tax reform program - during the question period every single time, someone would ask, "Why doesn't the lottery money pay for this? It is so successful."

What I finally resorted to doing to make them understand that, yes, it was successful, but, no, it was not what they thought it was, is I got a chart. I made myself a chart. I had one line which was 22 inches tall. That represented the property tax in New Jersey at the time. It is higher now. Next to that I put the lottery revenue which for the year was estimated at \$58 million. I am not saying \$58 million is not an enormous amount of money, and the League has not said that. But in contrast to the property tax, in contrast to school costs which were \$1.4 billion in that year -- when we showed this to people, a gasp would go through the audience. They were so misled by the talk of the great success of the lottery. The lottery is successful. But they were made to feel that it was bringing in enormous sums, which simply did not exist.

MR. TAYLOR: How is this going to help us in our study of gambling?

MRS. CAMBRIA: I think that you ought to recognize -- and I would say from talking to you that you are getting a view of gambling that tax revenue will not be the major thing. From what I have heard today, you are saying that there are other factors involved. I would like to see more of that get to the public and tell them that this will not be the panacea, that if we do put this in, perhaps we can control crime somewhat, we can reduce corruption. We can do these things which we feel are valuable.

MR. TAYLOR: It may make for a better society. I don't know. We are studying that.

MRS. CAMBRIA: At the same time that you are considering these things and you are saying they would be benefits to society, you must look at the other side of the coin which may lead you to questions, such as: What are the side effects that we haven't thought about? Will more gambling in society as a whole be helpful or harmful? Will it, as Mr. Rozelle seems to feel and some of the others, lead to a larger amount of gambling than already exists? Will there be a tendency because it brings in money to advertise it and publicize it and push it? And is that what you want to do? These are questions that you must consider.

MR. TAYLOR: These are questions, the answers to which we would love to have from the League of Women Voters. We would like their opinion on these questions.

MRS. CAMBRIA: The reason, as I say, I cannot give you an opinion is because our League members have never sat down and voted, which they would have to do first of all, to take up a specific study of gambling and its effects. Then when they came to a conclusion, if they could ---

MR. TAYLOR: Then I must go back again to the first paragraph I talked about where you say, "The League appreciates this opportunity to testify concerning the legalization of new forms of gambling in New Jersey." And I might say that that should have been struck out.

MRS. CAMBRIA: I think you should read the next sentence: "The League's concern is how gambling proposals fit into the tax structure, how they affect decisions about that structure, and how they affect the public attitude toward taxation and government." These are all by-products.

MR. TAYLOR: You find that the lottery has been successful in this regard?

MRS. CAMBRIA: We feel it has been detrimental.

MR. TAYLOR: Pardon me?

MRS. CAMBRIA: As far as public attitudes toward taxation are concerned, we feel that because of the over-estimates and their hearing how great it is they expect much, much more than it actually can produce, even as successful as it has been. It has led them to mistrust in many cases. They say, "How come it isn't paying for all the schools? How come it isn't paying for all the colleges?" They don't understand.

I can't tell you how to solve the problem. I just know that that is an effect it is having. We see it. It is something that you should consider when you are thinking about legalization. You should consider that this might be another unintended side effect which might have serious consequences for you as legislators.

MR. TAYLOR: I appreciate the fact that the League of Women Voters is endeavoring to straighten this out by talking to your people.

MRS. CAMBRIA: Oh, yes, we do that and also the public.

MR. TAYLOR: You made a statement - and it was personal - that you do not believe the State should be "increasing gambling." Let us make a hypothetical case and say that the State of New Jersey does choose to open up gambling and make it a gambling state. Let's say so.

If this happens, would you prefer that the State of New Jersey operate its own gambling casinos and off-track betting parlors, under local option, of course, etc., or would you desire that the State keep its hands out of the operation and license individuals like we do the tracks?

MRS. CAMBRIA: You are speaking to me personally?

MR. TAYLOR: Personally. I can't ask you the opinion of all the League because I will have 80,000 of them down my neck.

MRS. CAMBRIA: Right. Personally I believe in order to insure that it does not become infiltrated by

elements that shouldn't be in it that it should be run by the State. There should be very, very close control. That is my personal view.

MR. TAYLOR: Closely controlled.

MRS. CAMBRIA: Absolutely.

MR. TAYLOR: Thank you very much and thank the women of New Jersey for what they are doing too?

MRS. CAMBRIA: Thank you, I will.

SENATOR DUMONT: Mrs. Cambria, on page 3 of your statement, you say, "If the aim of the State is to raise revenue efficiently, then gambling does not meet the test."

I would like to ask you to spell out how you feel about the lottery in that respect. You have indicated 47 per cent of the gross revenues come into the Treasury, despite the fact the statute only requires a 30 per cent minimum come to the Treasury. But the lottery operates throughout the State with 79 employees. As a matter of fact, when I was talking to Ralph Batch, the Director of it, last Wednesday at the first daily lottery drawing and I asked him specifically how many more employees they would have to hire to operate the daily lottery, he said, no more than two throughout the entire State.

MRS. CAMBRIA: The paper said 30 today and yesterday. I don't know what the difference is, but the papers reported that Mr. Batch said ---

SENATOR DUMONT: They have 79 now for the weekly lottery and he thought about two would be sufficient for the operation of the daily lottery also.

MRS. CAMBRIA: I suggest that you check back with Mr. Batch because just this morning in the paper ---

SENATOR DUMONT: I can only report what he told me and that certainly does not constitute a huge gambling bureaucracy.

MRS. CAMBRIA: First of all, I think you should go back to the beginning of what I said when we were talking

about off-track betting and casino gambling and I quoted particular statistics. I said the lottery was and is far better in that it brings in 47 per cent. The statistics for off-track betting are 7 to 8 per cent, according to the New York City Off-Track Betting Corporation, and as I said, last year Nevada's was 8.3 per cent. There is a big difference between 7 and 8 per cent and 47 per cent return, as against the operating expenses and return to the gambling public.

SENATOR DUMONT: Of course, if you use the figures from Nevada, pretty nearly 50 per cent of their total state budget is accounted for by gambling revenues. Now no such thing is true in New Jersey nor will it ever be true. Because their state budget is not much over \$100 million a year in Nevada.

MRS. CAMBRIA: I am not concerned with what their total state budget is. It is what comes in from gambling. Their gross betting was \$657.7 million last year. The state taxes on that were \$54.9 million, which comes to a percentage of 8.3 per cent. I don't know the figure for last year, but in 1970, there were 50 major casinos going 24 hours a day, 150 minor casinos, and numerous slot machines - I don't know the exact figure - that brought in about \$50 million. So to get that amount of money, it really took an awful lot of casinos to bring even the \$50 to \$54 million. It was not 8 or 10 or 12.

On that basis, I feel we could not expect any enormous return.

SENATOR DUMONT: As Assemblyman Reid pointed out, not any member of this Commission at any time has said that this is a substitute for the revenues that an income tax would produce, even those of us who are opposed to an income tax, and I happen to be one of them. I have never said that and never will say it. Because, aside from revenue, we are aiming much more at trying to dry

up sources of revenue for organized crime and get them out of New Jersey and certainly gambling is their biggest source of revenue.

MRS. CAMBRIA: Could I ask you a question on that? If that is your aim, ---

SENATOR DUMONT: That is one of the aims.

MRS. CAMBRIA: If that is one of your aims at this particular point since there is no casino gambling in New Jersey at the present time, you would be instituting a new form of gambling. We are not talking about off-track betting which is done illegally or betting on numbers which is done illegally. It doesn't exist. If the State were to legalize and start this kind of thing, it would be in addition -- it would be a new thing which has not to the present time existed. That is an entirely different matter than trying to replace something that already exists.

SENATOR DUMONT: Opinions differ about that. But there was one thing we got, I believe, from the Director of Police in Jersey City when we conducted a hearing there, that it cost them, how much? - a half million dollars a year? Well, Mr. Taylor remembers the figures better than I do.

MR. TAYLOR: Well, the half million dollars that the Chairman speaks of was a statement made by Mayor Bradway in Atlantic City. He said he spends a half million dollars presently in his Police Department in the small city that he has endeavoring to enforce what I am going to call the moral gambling laws that the Director of Public Safety of Jersey City said harasses him so much - the little things like the Mom and Pop stores on the corner run by 75-year-olds who sell a little betting ticket once in a while. And they are picked up and they throw the gentleman in jail. These are the things that I think even Colonel Kelly touched on this morning.

MRS. CAMBRIA: I could not in any way give any estimate of how much less it would cost for those things.

MR. TAYLOR: We have been travelling all over the State of New Jersey and we have figures from \$310 million to \$350 million.

MRS. CAMBRIA: I also think you might think in terms of whether the focus would perhaps change. Here again I could give you no estimates, no figures. I only know that in Nevada the crime rates are very much higher than they are on the average in the country. They have very high rates of murder, theft, rape, etc., despite the legalized prostitution.

MR. TAYLOR: Getting back to the Nevada situation, we want to be sure that we are clear particularly with the League of Women Voters because you represent so many people. In all our hearings on gambling, everyone seems to want to talk casino gambling to us. This is very important to the public. There has only been one person who ever spoke to us that favored putting a Las Vegas type of gambling in the State of New Jersey. The general public doesn't want that as we see it.

MRS. CAMBRIA: Well then, it depends on what you feel you can come up with that is different.

MR. TAYLOR: That is why we are studying this. That is why we are taking so much time to talk to you. I call it brain picking. I am going to pick your brain if I can. I want to get all the information out of you that I possibly can. Although I am not an elected official, I am here as a citizen of this State and I want the thinking of the people of this State and so does everyone on this panel.

MRS. CAMBRIA: I think in just talking with people in general, the attitude that I have found reflected back to me when we talk about casino gambling is that they are interested, they talk about it, they think about it, yet eventually almost everyone I have ever talked with

comes up with, "Oh, but it would be infiltrated. They would get into it."

I am not saying whether they will or not. But the attitude of the people was that they would get to it eventually. As Mr. Rozelle was saying earlier, maybe sports wouldn't be damaged or actually nothing illegal would be going on in sports, but the fact that so much betting was being done on it would lead to suspicions.

People I have talked to already have the feeling, "They'll get in. It would be infiltrated. The wrong people would get their hands in it." People already think this way.

MR. TAYLOR: They haven't gotten into the lottery that I know of.

MRS. CAMBRIA: It doesn't seem that they have.

MR. TAYLOR: I don't think they are into that lottery. That is one of the finest operations in the world as I see it. The only way I know possibly a little bit more about it than you is because I sit on this panel and I am a little bit closer to it.

My personal opinion is that anything the State of New Jersey wants to do they can do well. In fact, I think I asked that of the Colonel and he agreed. He is willing to accept his job there and I admire the man for what he has done in the State and I think he would do a job if we went to open gambling. Again that is not our decision; it is the decision of the public.

Do you have anything else that you want to say, sir?

SENATOR DUMONT: I am not clear yet, Mrs. Cambria, on whether the League of Women Voters has any position with respect to submission of such a question on referendum.

MRS. CAMBRIA: No, I cannot give you a "yes" or "no" on that. The League members have never ---

SENATOR DUMONT: What usually is the position of the League in respect to referenda or does it differ

depending on the specific question that might be submitted?

MRS. CAMBRIA: I think it would say that it might differ.

SENATOR DUMONT: All right.

Any further questions of Mrs. Cambria? (No response.)  
Thank you very much for testifying. We appreciate it.

MRS. CAMBRIA: Thank you for the opportunity.

SENATOR DUMONT: Francis Forst of East Brunswick.

MR. FORST: I don't live in East Brunswick though; I live in Jamesburg.

SENATOR DUMONT: Is it Francis A. Forst?

MR. FORST: That's correct.

SENATOR DUMONT: Go right ahead.

F R A N C I S     A.     F O R S T: Senator Dumont and members of this Commission, ---

SENATOR DUMONT: First of all, are you testifying as an individual or do you represent a group?

MR. FORST: I was going to go into that. I do represent two groups, but my testimony today will be as an individual. However, we did back in the early 60's as a group come out in favor of the lottery and we have as a group come out in favor of casino gambling in Atlantic City.

SENATOR DUMONT: What is the name of the group, please?

MR. FORST: The American Federation of Technical Engineers, AFL-CIO.

But I would speak today as a private citizen with some ideas and concern in this area of gambling in the State of New Jersey and I have three areas that I would like to cover without unduly delaying the Commission.

Firstly, I would like to speak about what I heard earlier talked about as victimless crimes. I would like to say that I would like to see the State of New Jersey do away with the laws that make a small bookie or a

house full of pinochle players criminals. In my lifetime I have seen widows booking numbers and after they got enough numbers in go out and buy food for their families. I have seen bookies with bad legs who couldn't get jobs whose mentality was not too good and use what little revenues they could get from it to eke out a living.

I have sat in some poker games or pinochle games and often wondered what would happen if some policeman were to come knocking on the door who was looking for a neighbor with a bad license plate or something like that. To live in fear at a pinochle game because it is against the law, I believe is wrong. I think that itself is punishment to the people of the State of New Jersey.

I would address myself in the first part of my remarks to the fact that I believe the statutes that make it a crime to book numbers and play games for money by groups of people are wrong and I would like to see them removed. I would not want to say that I would like to see it legalized; I would just like to see that it not be illegal.

That may lead us to a second problem. That problem is if these bookies or people who take these bets do report to someone higher and this money is going to organized crime, then I believe there should be consideration given to licensing them. I believe that the people who operate daily numbers or bets should be licensed. By the licensing of these people, I believe that the Federal government will get their income taxes, and that the people who work for them will get Social Security coverage, unemployment compensation coverage and all the other social benefits that accrue to an employee. It is my opinion as a result of some 40 years of observation that this would put crime to bed. I believe that most sincerely.

I believe if we permitted the booking of bets and licensed the people who do it and required them to keep books and records of their employees, required them to post bonds in order to assure that payments due the bettors would be paid, we would see an end to organized crime in this area. That is the second area that I wanted to address myself to, the fact that I believe that the illegality of all gambling should end. I believe that all gambling should be legalized and then in several areas controlled. Gambling business should be licensed and proper observation made of books and records. If you want to tax it, that is another question altogether and I don't want to get into an argument with the preceding witness from the League of Women Voters as to whether or not that would be a panacea. If you want to tax it, tax it. My point is that I believe it should be put out in the open and the people should be required to post bonds. I have heard of people who made bets with a bookie and the bookie went south. I think we should protect the average citizen who might place a bet, so that if he wins, he gets paid. The operators should be required to post bonds.

I don't want to dwell on that, but I think the point should be made.

The last point is casino gambling. While the taxes derived from casino gambling may not be the panacea for the problems of the State and while I, as the preceding speaker, may abhor politicians or others saying this is going to solve all our problems, I will say emphatically that casinos in Atlantic City will solve their problem. I think that is very important.

I heard Assemblyman Pellicchia ask a speaker earlier: Have you been down to Atlantic City? Well, I have. I was down there last January in the Traymore Hotel. As I walked through the corridors going to a meeting, I marvelled at the size of their ballroom and the beauty

of it and the dirt and the dust and the lack of upkeep of it because there was nobody in it. It was empty. We had to go by several of these beautiful locations to get to a small meeting room where we met. The hotel was a little musty because all the rooms weren't filled and they couldn't afford to keep the staff all winter long. Then I was back down in Atlantic City again in either June or September. I don't know on which occasion I stood and watched that hotel just fall right down to the ground. It was blown up. I was sad. One of the reasons I came here today is that it saddened me very greatly. I see cities in decay and I see the city of Atlantic City about to reach that point.

I don't believe that Atlantic City is in decay, but I believe that it may join some other large cities if something isn't done. Atlantic City is the jewel of the State of New Jersey. It is the resort of the United States of America and it is about to lose that place because people can have the sun in the wintertime. It is not going to lose that place because its beaches are not as beautiful or its hotels are not as good as others or because the environment is not good, because we know it is wonderful. It is going to lose that place because there is sun in Florida and sun in San Juan. I just heard now that the summer session of the United States District Attorneys was held in San Juan, Porto Rico. I don't know what they did down there, but that is where they met. It was in August when Atlantic City is beautiful and Cape May is beautiful and Wildwood is beautiful and Asbury Park is beautiful.

I say to this Commission from the bottom of my heart that we should have casino gambling in Atlantic City. Atlantic City needs it. Atlantic City, I do not believe, will continue to survive as a resort area in the State of New Jersey unless it has something to keep those people busy and those properties occupied

from the beginning of September until the beginning of June. I believe if we take care of that one problem of stabilizing the resort industry, we will have done something great. I heard previous speakers here testify and I have read in the paper that we are going to attract a lot of people here and they wonder how we are going to get the roads and the transportation. What a change for the State of New Jersey - what a sad change, when we used to be so proud to open our places to the people of the East at least and have them come and visit New Jersey and resorts were one of our biggest industries. Now we hear people say: How are we going to bring the people in and where are we going to put them? We know there is an airport down there that could handle 20 times the traffic it does today. I stood out there in June and watched one airplane come in in an hour and a half. The airport is not busy. They would love to see casinos down in Atlantic City.

I represent the Expressway employees that shoot the deer on the Expressway in the wintertime. They would love to see some traffic on the Expressway going to Atlantic City in the winter.

In closing, I doubt if you are going to ask me a lot of questions for I have only given you my personal observations over the years. I believe, once and for all, since we have such a substantial Commission created that has been studying this for some time, we should do away with the laws that prohibit men or women from sitting down and playing poker or pinochle for money. This should apply to penny poker, nickel poker or the one who makes \$15,000. I am not just limiting it to penny poker.

Secondly, I believe we should require the licensing of all gambling in the State. I believe that would release our police forces to the purpose they were originally intended and that is to get rid of criminals and people who are obnoxious to us and people who are committing

crimes with victims rather than victimless crimes. Colonel Kelly testified he can hardly get a handle on the drug problem. If we freed the police from snooping and wiretapping and finding out where six guys are sitting down playing poker, maybe they could find where six people are shooting drugs in their arms.

Lastly, I would like to see casino gambling. I believe it should not be State run, but State regulated. I believe it should not be State run because of the size of the investment. It should be State regulated because I believe there should be respectable people running it who would be licensed and whose reputations would be checked. The State should oversee this. I am of the opinion that individuals are greater innovators. I believe that when they run an operation like this, they can come up with money-making propositions which will make money for them and the State and which will enhance the areas in which they are located.

I would not like to see a massive licensing of places. Because if you have four gas stations, one on each corner of a town, sometimes they all go broke. I would like to see limited licensing and State-regulated casinos.

That concludes my testimony.

SENATOR DUMONT: Mrs. Klein, any questions?

ASSEMBLYWOMAN KLEIN: Only one really. I share your concern about Atlantic City. Do you believe that the franchising should be limited to one in Atlantic City? And how do you think it would be if there were some in many areas of the State? How do you think that would affect Atlantic City?

MR. FORST: I have talked with people from Wildwood and officials from the City of Asbury Park, for example, and they want a casino in their places. Then I heard that Newark wants one. Now they want one up at the Playboy Club. Everybody is looking for the action. I

just think it would destroy the whole concept. If there were six in Atlantic City and we made Atlantic City 10 times larger than it is because there is a lot of space out there around Pleasantville to create a larger entity than the city as it presently exists, I think that would not cause harm. I don't want to compare it to a Las Vegas operation because nobody wants that. Nobody wants the gaudiness and nonsense of all that. But if a casino were placed in Wildwood, it would not cause harm. Or if a casino were placed in Asbury Park, it would not cause harm. They just wouldn't get the business like Reno does not get the business that Las Vegas does. I believe they should limit the number just as they do the number of race tracks in the State.

I appreciate your asking that question, Assemblywoman Klein. It gave me a chance to say something about that.

Those people who say we sponsor gamblers are wrong. I remember when Pennsylvania first got horse racing and they built an establishment where they could accommodate 25,000 people and they predicted 20,000 a night. They don't get 10,000 there a night, except maybe on a Saturday night.

Freehold Race Track just closed yesterday and it can accommodate 10,000 or 15,000, but there were only about 3,000 or 4,000 there.

So the availability would not create a whole slew of new gamblers. It would provide maybe easy access for the pleasures which they enjoy. We know Garden State isn't filled up every day. Monmouth Park doesn't fill up every day. We are putting a race track up in the Meadowlands and it will not fill up every day. Unfortunately, as with the lottery, once the newness wears off, it will have to stabilize. Somewhere along the line it will stabilize among the people who will bet reasonably and bet what resources they have. And I don't think it will break

anybody or drive anyone to financial ruin if we were to have casino gambling.

ASSEMBLYWOMAN KLEIN: But you are really saying that if there were a lot of them in the State, it might not have the effect on Atlantic City you want.

MR. FORST: It would not help Atlantic City. If I were to go into all my concepts on it, I would suggest - and it is only a suggestion - if you had, let's say, a limited number such as four or six in the State, then let those casinos help the area in jobs and employment, etc., in building up their areas by the very fact they are there and using the revenues maybe to help other urban areas without that other urban area having a casino. In other words, I would not put a casino, if I were making the choice, in Newark. But if I were deriving substantial revenues from four casinos in Atlantic City, which by their very existence was helping them and helping their employment situation, I might use the revenues from that city and ship them up to Newark to help make their city better. Newark is not a resort city. Newark is an industrial and residential complex.

I am talking about putting casinos in resort areas and gearing them specifically to resorts rather than gearing them to an every-day way of life for people like slot machines used to be.

ASSEMBLYMAN KLEIN: Knowing the realities of the Legislature, do you think if the way were open to legislate casino gambling in New Jersey without going through a referendum that you would end up with casino gambling in Atlantic City period?

MR. FORST: Yes. If I were to envision the future and we were to get into a situation where we were going to go into casino gambling, if that decision were already made, then my answer is also yes. I would envision it only being in Atlantic City as a start. I believe anybody who

would do the licensing would be afraid to start a massive licensing program throughout the State. Since we have two types of resort areas, the shore resort area and the mountain resort area, I might see one being licensed or a group of them being licensed in Atlantic City and maybe one in the mountains. But I think it would be a serious mistake to license them in Brick Township and Absecon, all the way up and down the line, because then it would lose its attraction. Then we would only become a gambling state. We would not become an attraction for people who would come here to the resorts for rest and relaxation. If we put one in Jamesburg, Mrs. Klein, I am afraid all my friends would not get to work.

ASSEMBLYWOMAN KLEIN: Then I have to ask you whether you would prefer to see a referendum removing the constitutional restriction against gambling and permitting the Legislature to set up gambling --

MR. FORST: Absolutely.

ASSEMBLYWOMAN KLEIN: (Continuing) -- or would you prefer a referendum to set up a casino in Atlantic City?

MR. FORST: I believe we should have a referendum to end gambling as a crime and permit gambling. Because as I said in my opening remarks, I think it is wrong to declare a friendly game of cards a crime.

ASSEMBLYWOMAN KLEIN: You could do that by changing the law. You could remove the penalties on card playing.

MR. FORST: Then if I got into the question of what the people would vote for, I would go a little further than that, Mrs. Klein. If we had to try and get each piece of legislation through -- we just saw the tax reform thing go because of several different reasons -- and when they all get together, they can defeat anything. If all the reasons were to get together to defeat a referendum on gambling, then you would have to consider some alternative.

ASSEMBLYWOMAN KLEIN: You do understand though that if a referendum were put up to remove the constitutional

prohibition against gambling legislation, it would in no way change the existing statutes, that those still would all have to be handled.

MR. FORST: That's right. I would favor and work for a referendum changing the constitutional prohibition.

ASSEMBLYWOMAN KLEIN: And then?

MR. FORST: And then selectively remove the victimless crime area. As I stated, I would first remove the victimless crime area; then legislate to regulate and require the licensing of the penny-ante gambling type operations or the betting establishments; and, thirdly, permit and license the casinos.

ASSEMBLYWOMAN KLEIN: Thank you.

SENATOR DUMONT: Assemblyman Reid?

ASSEMBLYMAN REID: I just have one question. You made a very strong and passionate plea to eliminate the so-called victimless crime laws on the statutes. Then you also turned around and said you felt all gambling should be licensed. Obviously there is a conflict there.

MR. FORST: I can clear it up for you, Assemblyman Reid, by saying that I believe that gambling as a business should be licensed and gambling among people, such as betting on the Princeton-Rutgers football game, should be permitted and should not be against the law. Today if I want to bet you that Princeton will beat Rutgers, you and I would be breaking the law. I think that should be eliminated.

If I want to set up a business for the purpose of taking bets on the Princeton-Rutgers game, then I think it should be licensed. I think that is the distinction I am trying to make.

ASSEMBLYMAN REID: Even under the existing areas where we have controls, such as ABC, usually an individual is allowed to make a certain amount of wine or hooch per year if it is not considered to be a business. There

are very clear guidelines as to what is a business. Are you suggesting something of that nature, that there be a limit on personal privilege and beyond that it would be considered a business? I am trying to find out how you would make the cut-off point between your so-called business operation and so-called personal operation.

MR. FORST: Assemblyman Reid, to be honest with you, I haven't given sufficient consideration to the specific details of that area. I will some day soon. My basic concept is that a friendly bet or a friendly game in a man's own house should be without legal restraint. I believe if games are advertised in my house every night and I was taking a cut from the poker games, for example, or if I was actually taking a fee from people playing there, then it loses its sociability and becomes a business and I think it should be licensed.

I was in California in the 50's when poker was legal. I don't know if it is now; I haven't been there for some time. They had licensed establishments where you could play poker, but only poker.

ASSEMBLYMAN REID: I have no further questions.

SENATOR DUMONT: Assemblyman Pellecchia?

ASSEMBLYMAN PELLECCCHIA: At the outset, I want to compliment you on a job very well done without any text in front of you. If I asked you any questions, I think I would only be taking away from the effectiveness I thought you had. Therefore, I don't intend to ask you any questions.

MR. FORST: Thank you.

SENATOR DUMONT: Mr. Currin?

MR. CURRIN: No questions.

SENATOR DUMONT: Mr. Taylor?

MR. TAYLOR: Mr. Forst, you certainly have prepared a most excellent presentation. Of all the people who have come before us, you certainly rank among those that

really did their homework.

MR. FORST: I appreciate that.

MR. TAYLOR: You even answered my favorite question. So I don't even have to ask it of you.

SENATOR DUMONT: I want to note the presence of John Nero, citizen member of the Commission, from Cherry Hill, who has joined us, making, of course, 9 out of 12 who have been here today.

Mr. Nero, do you have any questions?

MR. NERO: No.

SENATOR DUMONT: I just want to be sure what you are in favor of, because I was a little bit in doubt about it. As I understand, you favor first of all the question to be submitted to the people that would repeal the anti-gambling prohibition in the State Constitution entirely. Is that correct?

MR. FORST: That's correct, Senator.

SENATOR DUMONT: -- leaving it up to the Legislature and the Governor by appropriate bills to spell out what additional form or forms of gambling would be authorized?

MR. FORST: Yes, sir.

SENATOR DUMONT: Thank you very much for your presentation. Any further questions?

MR. FORST: I really appreciate the opportunity I have had.

SENATOR DUMONT: You really did a good job.

I will now call on Mr. Malamut.

G A R Y     A.     M A L A M U T: Good afternoon, ladies and gentlemen. After participating in ten public hearings over the past two years, I wonder what there is left that could be said. However, the previous speaker brought to my mind the fact of my responsibility as a Past President of the New Jersey Hotel-Motel Association and the current President of the Atlantic City Hotel-Motel Association, whereby under my leadership and guidance I probably represent the livelihood of perhaps close to a quarter of a million people who are involved in the tourism industry in the State of New Jersey. And it occurred to me, what will be the future of these people who are involved in tourism as we continue to talk about super tanker ports in the Delaware Bay, nuclear generating plants three miles in the Atlantic Ocean where one error, one tragedy could kill the tourism industry in the State of New Jersey in one fell swoop, similar to the Santa Barbara incident in California several years ago. Therefore, it reinforces my thinking that we do need legalized gambling in the State.

Consequently, as we now sit at the sixth public hearing by this Commission, I would like to commend the members since it has been a nonpaid, nonfunded situation, - to commend these members for their time and energy by their faithful attendance at these hearings.

I feel that the testimony that has been presented by the majority of the witnesses has convinced the Commission members of the fact that the general voting public should be given the opportunity to vote at a general referendum on whatever recommendations are decided upon by this Commission.

Naturally, those of us in the resort, tourist and convention business are extremely concerned about our sister state, New York, getting the jump on New Jersey. The New York State bill is 50% finalized and will be passed

again this winter in their legislature, thereby allowing the question to be on their November 1973 ballot.

I believe that the vote of the general public in New Jersey will be overwhelmingly in favor of any gambling question. Just look at the recent issue of Senior Citizen Bingo in New Jersey, which won by a 6 to 1 majority. And yet at the same time the \$650 million transportation bond issue died and so did the appointment of the Attorney General.

What does that prove? It proves that the general public feels they have been misled by previous transportation bond issues and they do not want to go more heavily into debt for a pie in the sky transportation plan. And, secondly, they felt that the Governor has too much power now in relationship to the appointment of State officials and they didn't want to give him more on the issue regarding the Attorney General appointment.

It is difficult for me to understand how, after numerous official reports, such as the Knapp Commission, the President's Commission on Law Enforcement, the National Council on Crime and Delinquency, the DePodwin Report, and the Fund for the City of New York, - the amount of money, time and energy that has been spent, not only by this Commission but on all of these other reports - and their consensus of opinion regarding the legalization of gambling laws as compared to the few individual comments that have been heard from officials and private citizens as we have conducted the six hearings throughout the State of New Jersey.

When the State Police Director, Colonel Kelly, says he feels OTB in New York has been a failure and yet has handled \$500 million in revenue and has become one of America's 500 largest corporations after only a little over a year in existence, it is difficult to comprehend his analysis and where that money is coming from when he says he doesn't know that OTB is a success. And it is only limited to the

5 boroughs of New York. I believe they opened another parlor in Schenectady about six weeks ago.

OTB in New York, with all of its problems and errors since its inception, in my opinion, has been more successful than the New Jersey State Lottery.

And, again, the previous lady speaker from the League of Women Voters said that the Lottery has been misunderstood by the public. But I understand the original estimate being from six to twelve million but the original or actual take to the State of New Jersey was what was considered to be the total handle. So there, in my opinion, is a complete misconception of figures from the estimates to the final result.

And I would say the same for any type of legalized gambling. They did not know what OTB would bring in when they started it in New York. They wanted to try to put the bookie out of business, and I think they're starting to do that.

It was funny that it was mentioned on the sport betting situation that the National District Attorneys met in San Juan, Puerto Rico. Why did they pick a gambling resort for their vacation? So at the same time, during the day, that they condemned sports betting, at night they happened to be in the casinos and playing. So I am sure they enjoyed their convention down there.

Colonel Kelly made a statement that was rather unique. I couldn't quite understand it. I am surprised that some of the members didn't pick it up. But he inferred that all casino employees are undesirable. I would still like to know the definition of an undesirable. I have heard this through six public hearings, that we will attract undesirables, that undesirables work in casinos. I'm still trying to ascertain in my mind what these intelligent citizens consider an undesirable. I have yet to figure it out after all of these ten public hearings.

Another thing was mentioned today regarding Las Vegas drawing 20 million visitors. For your information the State of Nevada attracts more tourists than New York City, Hawaii and Florida combined. They go there not only to gamble but for entertainment, for the shows, for the sports and recreational facilities. Meanwhile they do go there, more than New York, Hawaii and Florida put together.

The report mentioned earlier, the Fund for the City of New York cost \$100,000, and some of the things that they said in that report are as follows:

Illegal gambling operators in the City of New York gross more than \$1.7 billion a year, and that one out of four New Yorkers plays the numbers game. The report concluded that the State Legislature should legalize the numbers game with the major objective being to drive organized crime from this lucrative enterprise and to reduce official corruption. The study warned that if the Legislature tried to use the legalized numbers game primarily as a source of revenue the objective of combatting crime and corruption would not be achieved, which again gets back to the point made earlier throughout a number of the hearings that revenue sometimes is not the real reason for doing many things.

The study was based in part on an unusual survey of the gambling habits of New Yorkers that was conducted for the Fund by the polling organization of Oliver Quail. Among some of the findings of the Quail poll were:

Of the one of four New York adults who say they play the numbers game, 40% say they play full-time or six days a week and 30% say they play two or three times a week. Only 18% of the bettors who were sampled reported betting less than \$1.00 each time they played.

Despite a widespread belief to the contrary, the majority of numbers players, 55%, are white. Numbers play, however, was found to be proportionately more common among

blacks and Puerto Ricans than whites.

The Poll indicated a total of \$688 million was wagered on baseball, football and basketball last year - 60% through bookmakers, 35% with friends, and 5% through betting machines. The vast scale of the illegal gambling business in New York, which the Fund estimated has an annual gross of about \$1.7 billion, becomes apparent when compared with a \$2.2 billion operating revenue of the New York Telephone Company in 1971, a comparison of revenues.

The New York State Legislature has already taken the first step toward legalizing new forms of gambling by approving a resolution to amend the State Constitution to authorize gambling, operated by the State or a public benefit corporation created for the purpose of operating such activity.

The movement toward legalization received support last August when the Knapp Commission, which investigated police corruption in New York City, issued its summary findings and recommendations, among them that the criminal laws against gambling should be repealed.

Commissioner Rozelle was probably correct when he mentioned sports betting and its relationship on an individual game basis and the point spread. However, if we adopted in this State a system of sports pool betting, similar to that used in Europe, where you would have to pick six for six or eight for eight, ten for ten or twelve for twelve, - I use twelve because each week there are twelve national professional football games - I think that we could perhaps cure the problem of an athlete throwing a game, of fixing a point spread, because that one athlete might have to work in conjunction with eleven other athletes on eleven other teams. And I think a sports pool approach to sports betting could be the start toward legalization of sports betting in the country. This has

proven successful in Europe in relationship to their soccer games and I think such a system could be adopted in relationship to other professional or collegiate sports in the United States.

Everyone in New Jersey admits that our penal system is in horrible condition. Why we continue to waste money, time and police efforts on victimless crimes is still puzzling me. Moral issues that are considered crimes should be abolished. If we could only take these wasted fantastic sums of money and use them for programs such as a Vantage House for criminal rehabilitation after release from prison, convict rehabilitation, better pay for police and firemen at local and state levels, improvement of penal facilities at all levels in New Jersey, problems related to drug and alcohol rehabilitation, then every citizen in this State will benefit greatly. Some of this tax revenue from legalized gambling should also go to the State Investigation Commission, so they can continue and intensify their efforts in this area of law enforcement. Everyone has questioned the statistics, numbers and dollars as it relates to legalized gambling. For your information, I submit Profit and Loss Statement for Caesars Palace for the year ended July 31, 1972. (See page 48 A ) This is a 900 room hotel in Las Vegas, Nevada, that has an annual gross business of \$68 million a year. This is more business in one property than the entire city of Atlantic City does for all its citywide convention business on an annual basis.

The casino produces almost \$44,000 per room. The rooms department produces almost \$12,000 per room. The Food and Beverage Department produces \$23,000 per room.

After promotional allowances - and you've all heard what that means throughout the hearings, that means the junkets that go back and forth from New York City, and so forth -- after promotional expenses each room produces over \$75,000 per room in revenue. The hotel's gross

business is \$186,000 per day.

In the hotel industry, these figures are almost unbelievable. If we apply the normal hotel ratio of payroll to gross sales of 40% of each dollar going toward payroll, the payroll of this one hotel alone is over \$27 million.

So when you hear figures such as 20,000 jobs and \$200 million in revenue, these figures are not unbelievable. This is a big business with many, many people employed. If you don't believe it, fly out there and see for yourselves. Unfortunately, the Commission doesn't have the funds that the OTB Commission had.

It is indeed significant that as we sit here today that the State of New Jersey has embarked upon a new Daily Lottery. All of the government officials have expressed the hope that this new undertaking will cripple the numbers and policy game. I feel that all law-abiding citizens feel the same way. Yet how in the same breath can certain officials endorse daily and weekly lotteries, bingo and raffles, thoroughbred and flat racing and offtrack betting and then condemn casinos and sports betting?

Instead of brainstorming to build supertanker oil stations and nuclear generating stations which could ruin tourism in the State of New Jersey, the Legislature should address itself to allowing the public to vote on the gambling issue. The people are fed up with a tax system that is confiscatory and is sending them to the poorhouse. And we are afraid that in the near future there will be an income tax shoved down our throats because the real property tax is burdensome enough at the moment.

Thank you.

SENATOR DUMONT: Mr. Nero, any questions?

MR. NERO: I have no questions, Senator.

SENATOR DUMONT: Assemblyman Pallecchia?

ASSEMBLYMAN PELLECCCHIA: Other than the fact that I just heard some staggering figures and I would like to get my hands on them, I have no questions.

SENATOR DUMONT: Does Caesars World, Inc. consist only of the operation of Caesars Palace?

MR. MALAMUT: Yes, sir. At one time it was called Lums, when it was originally in the restaurant business. They have since disposed of the restaurant portion and I believe that this operating statement only covers the operation of Caesars Palace Hotel. I think I mentioned at one of the previous hearings that this same company is embarking upon the construction of another 2,000 room hotel there, called the Mark Anthony, which will be on the site of the current Sahara Hotel which they purchased within the last three or four months. I don't know if the plans are to add to the Sahara or to demolish the Sahara and start from scratch, but they are going to embark on another large project out there.

SENATOR DUMONT: Mr. Currin, any questions?

MR. CURRIN: No questions.

SENATOR DUMONT: Mr. Taylor?

MR. TAYLOR: Well, I don't really have any questions but I would like to commend Mr. Malamut for his faithful attendance at our meetings and on the way he has prepared his presentation. He has really dug into this. As I told the gentleman before him, you did your homework too. This is our last public meeting and you really have been an influence upon our thinking. Thank you.

MR. MALAMUT: Thank you, Mr. Taylor.

SENATOR DUMONT: Assemblywoman Klein?

ASSEMBLYWOMAN KLEIN: No, thank you.

SENATOR SUMONT: Assemblyman Reid?

ASSEMBLYMAN REID: No, thank you.

SENATOR DUMONT: Thank you very much, Mr. Malamut for being here today and attending the hearings throughout and for the information you have brought to us. We appreciate it.

MR. MALAMUT: Thank you, sir.

SENATOR DUMONT: I would like to note again today, as last Wednesday, the presence of the publisher of one of New Jersey's very fine and leading daily papers and also a member of the original Lottery Study Commission, Hugh Boyd of The Daily Home News, New Brunswick. Mr. Boyd, we are glad to see you here today.

Once more, are there any other people who desire to testify? Well, that concludes the last of the public hearings and now the Commission will proceed to deliberate and make its recommendations known to the Legislature and to the Governor in the very near future.

Thank you very much for your attendance here and also for all the information and various viewpoints, both for and against the extension of gambling, that you have brought to us. We deeply appreciate your kind cooperation, your courtesy and your help most of all.

The hearing is adjourned.

(Hearing concluded)

Caesars World, Inc. and Subsidiaries

**CONSOLIDATED STATEMENT OF INCOME**

Years ended July 31, 1972 and 1971

Total	<u>1972</u>	<u>1971</u>	
	<b>Revenue:</b>		
0) \$33,018,000	Casino .....	\$39,437,000	\$33,227,000
	Rooms .....	10,685,000	9,595,000
	Food and beverage .....	20,725,000	15,905,000
		70,847,000	58,727,000
0)	Less promotional allowances .....	7,398,000	6,401,000
		63,449,000	52,326,000
	Real estate operations .....	1,845,000	518,000
	Other income .....	2,891,000	1,479,000
		68,185,000	54,323,000
	<b>Costs and expenses:</b>		
	Casino .....	10,736,000	9,215,000
( 202,000)	Rooms .....	3,910,000	3,585,000
	Food and beverage .....	14,128,000	11,488,000
0) ( 170,000)	Music and entertainment .....	7,304,000	6,660,000
	Real estate operations .....	1,931,000	540,000
2,185,000	Selling, general and administrative .....	14,045,000	10,000,000
	Interest .....	4,135,000	4,149,000
	Provision for doubtful accounts .....	3,811,000	2,942,000
0) 34,831,000	Depreciation and amortization .....	2,406,000	2,021,000
		62,406,000	50,600,000
	Income before income taxes .....	5,779,000	3,723,000
495,000	Income taxes (Note 7) .....	2,765,000	1,856,000
	Income from continuing operations .....	3,014,000	1,867,000
	Loss from operations sold or discontinued, net of income taxes .....		529,000
	Income before extraordinary items .....	3,014,000	1,338,000
	Extraordinary items, net of income taxes (Note 11) .....	(1,371,000)	847,000
	Net income .....	<u>\$ 1,643,000</u>	<u>\$ 2,185,000</u>
	<b>Earnings per common and common equivalent share (Note 12):</b>		
0 76,000	Income from continuing operations .....	\$ .43	\$ .26
1,643,000	Loss from operations sold or discontinued .....		.07
	Income before extraordinary items .....	.43	.19
0) 37,045,000	Extraordinary items .....	(.20)	.12
	Net income .....	<u>\$ .23</u>	<u>\$ .31</u>

See notes to consolidated financial statements.



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