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93d Congress, 1st Session

House Report No. 93-326

ORGANIZED CRIMINAL INFLUENCE IN
HORSERACING



A REPORT BY
THE SELECT COMMITTEE ON CRIME
(Created by H. Res. 256)
TOGETHER WITH ADDITIONAL AND
SEPARATE VIEWS

APRIL 25, 1973.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

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(II)

LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
Washington, D.C., June 20, 1973.

HON. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: By direction of the Select Committee on Crime, I submit herewith the committee's report to the 93d Congress. The report is based on an extensive study made by the Select Committee on Crime. The conclusions and recommendations herein represent a consensus of opinion of the members of the committee, and each member does not necessarily agree with every conclusion and recommendation.

CLAUDE PEPPER. *Chairman.*

(11)

PREFACE

On May 9, 1972, the Select Committee on Crime of the U.S. House of Representatives convened the first congressional hearings specifically intended to examine the extent to which sports and sports-related activities were influenced by criminal groups.

The chairman announced at that time the committee's public inquiry would begin with an examination of parimutuel racing, by far the sport of greatest gate attendance and an increasingly important source of revenue for a majority of State governments.

The committee planned to focus on other sports as well. However, as the hearings progressed it became apparent that the investigation of criminal activities in parimutuel racing alone was sufficient to keep the committee and its investigators active through the end of the year.

The public hearings produced some shocking disclosures. These included a full revelation of the scandalous events that led to syndicate takeover of one racetrack and a near successful effort to secure a second; testimony by individuals that bribes were routinely made to racing commissioners and public officials in exchange for racing licenses or favorable racing dates; sophisticated methods employed by small groups of unscrupulous individuals to fix races for high returns on modest investments, and the exposure of racing's Achilles' heel—a small and inadequate security force in desperate need of increased manpower and authority to conduct unhampered interstate investigations.

The committee offers this report and the recommendations contained herein as a call for Federal and State action to curb the activities of those who would corrupt a sport so much a favorite of the American people.

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93D CONGRESS
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HOUSE OF REPRESENTATIVES

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JUNE 25, 1973.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PEPPER, from the Select Committee on Crime,
submitted the following

REPORT

together with

ADDITIONAL AND SEPARATE VIEWS

BASED ON A STUDY BY THE SELECT COMMITTEE ON CRIME

On June 20, 1973, the Select Committee on Crime approved and adopted a report entitled "Organized Criminal Influence in Horseracing." The chairman was directed to transmit a copy to the Speaker of the House.

RACE FIXING

Because horseracing and other forms of legalized gambling can affect the integrity of State government, they should be the best policed of activities. We have determined that inadequate security at many thoroughbred tracks and harness raceways has led to race fixing which threatens not only the integrity of the industry in which the sport is sanctioned but that of the State itself.

This committee has heard of schemes as simple in design as that of a dishonest jockey hoping an electrical charge applied to his mount will put him into the winner's circle.¹ We have also heard of elaborate conspiracies in which an entire race was effectively tied up by knocking out half the field of horses with drugs.²

¹ Hearings before the Select Committee on Crime entitled "Organized Crime in Sports (Racing)" (hereinafter referred to as "Hearings"), testimony of Alexander MacArthur, pt. 2, pp. 527-528.

² Crime Committee Hearings, testimony of Bobby Byrne, pt. 3, pp. 1103-1139.

Fixed races have been discovered at both thoroughbred, or flat tracks, and harness raceways. What has come to public attention, we fear, are only the most flagrant examples of a significant problem which the industry chooses not to face due to its misguided desire to protect the image of the sport.

We were pleased to find people in the industry willing and anxious to shed light on the activities of those who would further corrupt the sport and give examples of how the dishonest ply their trade at the tracks. One such forthright individual was Alexander MacArthur, a cattleman by trade, who in 1969 took charge of the Illinois Racing Board after one of the greatest racing scandals in history.

As a result of this scandal, former Governor Otto Kerner, William S. Miller, former chairman of the Illinois Racing Board, and several other high-ranking government officials, were indicted following an investigation of racing in Illinois.³

We regret that MacArthur and another witness before our committee, Racing Board Member Gerald F. Fitzgerald, saw the need to resign from the board last December, as a matter of principle, when a majority of the seven members reinstated "gimmick" or "exotic" betting and awarded racing dates to the Balmoral Jockey Club of which indicted former Racing Chairman Miller maintained an interest held in trust. Gov. Daniel Walker of Illinois supported MacArthur's position by obtaining the resignations of what was left of the Illinois Racing Board. In MacArthur's all-too-brief term as racing board chairman, his willingness to examine the sport and root out undesirable individuals and practices was commendable.

In their separate appearances before the committee, both MacArthur and Fitzgerald made numerous recommendations which we think are in the best interests of the sport. These include a full disclosure statute to determine who owns the tracks and the horses; the setting of long-term racing dates to avoid chaos and corruption at the statehouse; the licensing of those engaged in horseracing; stringent penalties for fixing a race, and the establishment of a national data bank so that States know who has been barred from tracks in other States.

Mr. MacArthur's lack of prior involvement in racing appears to have been a positive factor contributing to a fresh and courageous approach toward a job he said he accepted "hesitantly." "It very soon became apparent to me and the board," MacArthur said of the task before him in October 1969—

that Illinois racing was long overdue in giving a complete and truthful account of itself to the board and thereby to the people of Illinois.

If racing were to survive and grow in the fertile soil of Illinois, three truths had to be honored with sincere attention:

1. The fan and the honest horseman had to be assured that all races were clean and above board; and that the Illinois Racing Board, operating in full view of the public, would stand for no monkey business.

³ Hearings, statement of U.S. Rep. Morgan Murphy, pt. 2, p. 522. Several of these officials have been convicted of bribery in connection with obtaining racing dates. U.S. District Court (N.D. Ill., Feb. 19, 1973). Appeals are pending.

Mr. FITZGERALD. I think it is a very extraordinary set of circumstances. I have studied the betting pattern of the race. The horse's name was "Little Solaris." It was appropriately priced at where it belonged, and it is our belief that he [Suire] inadvertently touched this device to the horse. He certainly would not have deliberately done so at the turn. He was in a crowded condition at a turn and he wouldn't normally do this, but we suspect he brought the whip down along the side of the horse and the prongs touched the horse and the horse veered, as the pictures illustrate, into other horses, tripped, went down, broke his leg; had to be destroyed there.

Another horse later came over him and tripped, and a second jockey went down.⁷

* * * * *

Mr. MURPHY. Since you have been a commissioner, is this your only incident, to your knowledge, of the use of an electric prodder in a race in Illinois?

Mr. FITZGERALD. This is the only one we really caught. Let me put it that way.

Mr. MURPHY. You suspect that it is used?

Mr. FITZGERALD. Yes, we have another rider, Mr. John Kunitake, in an involved set of circumstances, was involved in other shennanigans earlier in the season last year. During the last week of the season, after the horse was parked, he was found by the clerk of the scales with a joint, or machine, or bug, whatever you want to call it, in his hand. The clerk called the steward, and said, "This boy has a bug in his hand."

And the steward said, "Have a police officer bring him up immediately." A newly assigned police officer, wasn't a regular police officer, actually an off-duty fireman, his first day on the job as track security, grabbed him and by the time he got up to the stewards stand, he didn't have it with him. We suspected he tossed it over the fence. We had an anonymous letter saying someone saw it thrown over the fence, and someone afterward was seen running around with it.⁸

As a result of the electric whip incident, Suire was suspended for 5 years. The suspension has since been lifted on appeal. Both Alexander MacArthur and Gerald Fitzgerald endorsed the concept of making it a Federal crime to attempt to influence the outcome of a race, a proposal the committee feels warranted by its hearings. In the words of witness MacArthur:

I believe that this committee ought to give consideration, reflecting in the background of this request, that today horse-racing is a very mobile thing. These horses are flown in by air vans now, or they are trucked in. It is a matter of hours before they are in another jurisdiction. A great mobility. I would like to see this committee give thought to Federal legislation which would prohibit the tinkering of an animal, externally or internally, for a thoroughbred, or for any type of race.

⁷ Hearings, testimony of Gerald F. Fitzgerald, pt. 4, p. 1838.

⁸ Id., pp. 1838-1839.

2. That all the people of Illinois were entitled to know on a name, rank, and serial number basis just who were the true owners of those very lucrative racing franchises which are granted as a trusted privilege to a relative few by the people of Illinois.

3. By virtue of its parimutuel tax participation the State is a full, working partner in all race meets. In certain other close and sensitive partnerships which the State sanctions, it requires the Wasserman test.⁴

Racing should be no exception.

An attempt to prod a horse through the jolt of an electric whip at an Illinois track focused attention on the need to inspect equipment as well as horses at the track. The jockey involved was not a newcomer to the sport but Lane Suire, the country's fourth ranked rider. MacArthur said:

There was a collision coming into the homestretch on the third race * * *. One jockey [Suire] was injured * * * one horse had to be destroyed for a broken leg. It was a pretty good collision out there.

* * * * *

It was directed to our attention by one of the ground personages, that he picked up a whip out there. Upon examination he saw that this whip had what appeared to be a battery device in it. I might add the men told me a very sophisticated one. * * * Because of the suggestion of an irregularity, I immediately asked the steward, the chief State steward, Ted Atkinson, to go in and indulge in some important curiosity and then check the jockeys' quarters in other racetracks. And I am advised and regret to inform you that in Fairmont, Ill., that night, we entered the jockey quarters and conducted a search and found another one of these devices in the footlocker of another jockey.⁵

* * * * *

Mr. PHILLIPS. Essentially a device to speed a horse up and help fix the race; is that correct?

Mr. MACARTHUR. It is a device very definitely engineered to increase the speed of the horse. Besides the moral aspect of it, which is plenty in my book, because I won't even allow a cattle prod to be used on my cattle because it stresses them. I think it is a terrible way to treat an animal that is supposed to be your friend.⁶

Because this particular incident at Chicago's Hawthorne Race Track was the subject of a steward's hearing at the time of MacArthur's appearance, the identity of horse and rider and the results of the investigation weren't known until some weeks later when Illinois Racing Board Member Fitzgerald appeared before the committee.

⁴ Hearings, testimony of Alexander MacArthur, pt. 2, p. 520.

⁵ Id., pp. 527-528.

⁶ Id., p. 528.

I think the people are entitled to this protection, and I look to the Government to give it. Because it is hard for the various States, dedicated as they are—and I know of not one sleepy racing commissioner that I have met in the United States; I think they are a very dedicated group of people. Most of them serve at a salary of zero. They are people that either have a deep love of the sport or of human decency.

But I think we need Federal help. It has been my observation that Federal laws get a little more attention, not just by the enforcement officials, but by citizens of this country. It is one thing to beat a rap, so to speak, if it is a \$100 fine or a slap on the wrist, but it is another thing if the Federal Bureau of Investigation or other agency is crawling around in the backstretch. Believe me, that has a huge impact.

I would like to see you get into any situation of any manipulation of an animal, attempting to influence the outcome of a race.⁹

In another incident, a nine-State, 12-track fraud in which superior or "ringer" horses were substituted under the names of slower thoroughbreds was described by witness Paul Berube, an investigator for the Thoroughbred Racing Protective Bureau. The scheme was such a substantial financial undertaking that "it would be my opinion that organized crime is definitely involved in perhaps the financing of this whole operation," Berube told the committee.¹⁰

Berube's testimony underscored the need for Federal statutes to make such schemes, which can be interstate in character, subject to heavy fines.

Six horses running under 12 different identities had one thing in common—the fraudulent foal certificates under which they ran were of slower thoroughbreds. (Foal certificates contain information about the animals and are comparable to birth certificates for humans). The "ringer" or substitute horses ran in at least 41 races at the 12 different tracks. Some ringers finished as much as seven lengths in front of the field. Berube named nine States in which he detected the use of forged foal certificates and substitute horses: Michigan, New Hampshire, Massachusetts, Rhode Island, New Jersey, Pennsylvania, Maryland, Delaware, and Florida. He also named a total of 12 tracks at which the practices were detected: Hazel Park, Rockingham Park, Suffolk Downs, Narragansett Park, Atlantic City, Garden State Park, Liberty Bell, Bowie, Laurel, Pimlico, Delaware Park, and Florida Downs.¹¹

Berube testified that the 18-month period in which the scheme was in operation covered the period from November 1970 to March of 1972. "Of the 41 races in which ringers were run, there were at least 14 winners."

Asked Chief Counsel Phillips:

Isn't it a fact these people are willing to take very substantial losses in order to carry out the plan?

⁹ Hearings, testimony of Alexander MacArthur, pt. 2, pp. 546-547.

¹⁰ Hearings, testimony of Paul Berube, pt. 2, p. 780.

¹¹ Id., p. 780.

Mr. BERUBE. This is entirely true. We have uncovered instances where the horses of lesser racing ability, even though costing anywhere from \$500 to \$2,500 or \$3,000, have been completely discarded and sometimes ordered killed or destroyed in order to cover up the scheme. So that the parties behind this are very willing to accept these losses, plus other losses, in the purchase of various things which go along with the scheme, such as paying off trainers to go along with this. Also, they have been willing to spend heavily for the purchase of good racehorses which have been used to race under the false names. So there is no doubt that the parties involved are very willing to take these substantial losses and financial risk.¹²

The committee also heard about an incident which occurred on June 6, 1971, in which many of the 17,900 patrons on a "hot June Monday night" rioted at Yonkers Raceway in New York. The Yonkers race became the target of a Federal investigation by the New York Strike Force on Organized Crime whose chief, Daniel P. Hollman, had no authority to act unless there was evidence of some interstate violation involved. The possibility that the race had been fixed was so apparent, however, that Hollman decided to look into the case to determine whether there was any interstate activity on which to charge a violation when it became apparent State officials were not going to act.

[The fans] rioted after a particular fifth race, and they had good reason to riot. They had been "had" by inside information, as far as they were concerned. They didn't know where it was, what had happened, but they knew they had been had and a good many of the fans rioted.

* * * * *

What sparked the rioting was this: The fifth race went off. I think it was a pace of 1 mile. There were eight horses in the race.

They came around the second time, and the No. 6 horse, "Moonstone Bay" won, and No. 7 "Mr. Ace," finished second. The exacta paid a very low amount, \$42.60, which was about a hundred dollars less than what it should have paid. And this is what triggered that riot.¹³

This meant that a higher percentage of bettors were holding exacta tickets than the odds would dictate. As it turned out, a number of the ticket holders turned out to be drivers, trainers and others with access to the paddock area. Several holders of large blocks of winning tickets never cashed them in, presumably when it was discovered that an investigation was underway. One unknown purchaser of a block of twenty-two \$20 tickets to this day hasn't claimed them. "Those tickets are worth \$10,000," Hollman said. "In all the history of Yonkers, they know of no other situation where that has occurred."¹⁴

¹² Id., p. 780.

¹³ Hearings, testimony of Daniel P. Hollman, pt. 2, p. 646.

¹⁴ Id., p. 657.

Hollman said he was told by track officials that—

They were quite surprised to see me here; that they didn't understand why I was here; that they had found nothing wrong with the running of the race; the judges had found nothing wrong, and they couldn't understand why I was here.¹⁵

Not only were track officials uninterested in an investigation but, Hollman testified, the New York State Harness Racing Commission lacked the investigators to keep the sport honest.

Not only don't they have enough, but nobody proficient in doing it. They have five investigators. At one time, of the five, they had one up at Goshen collecting licenses, one was giving some assistance to some legal counsel, and three were checking out licenses * * *.

* * * * *

That is why I get back to one of my proposals here, and that is to get some type of uniformity in the security personnel that work for the State, rather than just some political person who has worked for 20 years and has failed to win in the State assembly and now he finds himself as a State steward, with absolutely no background for it. It is pretty much, as I can see it now, based on political factors as far as the appointment of harness racing personnel, excluding the chairman of the commission.¹⁶

While Hollman said he was satisfied there was a betting coup during the fixed fifth race at Yonkers, he eventually turned over the investigation to the State Investigations Commission of New York without citing charges against any drivers. There simply were no Federal laws broken.

Hollman testified that the basis for any Federal violation, of course, would be some scheme, using some facility of interstate commerce, which would mean that if I had a telephone call from New Jersey to New York, say fixing a rate, that would be a violation. Without that type of interstate commerce aspect to it, there is no violation.¹⁷

Some drivers were suspended by State officials, several unjustly, Hollman contended, but the mystery of who fixed the fifth race at Yonkers will likely never be known.

With few exceptions, it has been the "exotic" or so-called "gimmick" betting that has been the target of race fixing. These are the races in which the bettor picks the winners in multiple races—combinations which are long shots unless you control the winners by either getting to the jockeys, drivers, or the horses in advance of the race.

Mr. HOLLMAN. What they have done since this investigation is to install a new toteboard which now reflects the odds, the probable odds, and payoff on the various combinations of the exacta. That has been done at Yonkers. That is not done at a lot of other tracks.

¹⁵ Id., p. 650.

¹⁶ Id., p. 666.

¹⁷ Id., p. 272.

Mr. STEIGER. Mr. Chairman, I think this is very germane because we are seeing in flat racing now—and I don't know about harness racing—a trend toward the so-called exotic bet. In fact, they not only have exactas and twin exactas, where you have to combine two races, but they have tri-exactas, where you have to place three horses. This particular scheme Mr. Hollman is unfolding for us obviously would lend itself to that kind of treatment on the flats, as well as harness.

Mr. HOLLMAN. In fact, we have in New York now the super exacta, where you have to pick the first four horses. Again, there are no odds reflected ahead of time as to what the payoff is going to be. You can follow that even further at Aqueduct, and Belmont, and many of the flat racetracks throughout the country. There is no reflection on their toteboards as to what the exacta will pay.¹⁸

For States which do not choose to eliminate exotic betting, it is strongly suggested that toteboards be installed that will warn track officials and bettors alike of quickly changing odds.

Another New York witness, Nassau County District Attorney William Cahn, revealed more sinister attempts by various organized crime figures to infiltrate the sport of horseracing.

Said Cahn:

Nassau County has within its borders a harness racing track known as Roosevelt Raceway. In mid-1966, based upon several rumors concerning alleged fixed races at Roosevelt Raceway, my office initiated an investigation of the underworld's attempt to fix a particular harness race which was run at Roosevelt Raceway on January 22, 1966. Our investigations disclosed evidence which tended to show that several harness racing drivers were involved in a conspiracy which was to permit one Robert Shuttleworth, a harness driver, to win this particular race; namely the fourth race on January 22, 1966.¹⁹

Buddy Gilmour, who was also driving in this particular race, was supposed to go along with the others and permit Shuttleworth to win. Gilmour did not, in fact, go along with the others and won the race that Shuttleworth was supposed to win. When questioned about these incidents by both the New York State Harness Racing Commission and the Nassau County Grand Jury, which was conducting this investigation, these key drivers gave conflicting testimony, for which they were ultimately indicated for perjury by the Nassau County Grand Jury. As a result of Gilmour's winning the race, it was determined during the course of the investigation that he was physically assaulted by a known member of syndicated organized crime operating within the confines of Nassau County; namely, one John Malizia. As a result of this particular incident, Malizia was indicted for the assault on Gilmour, and was convicted.²⁰

¹⁸ Id., p. 648.

¹⁹ Hearings, testimony of William Cahn, pt. 3, p. 1024.

²⁰ Ibid.

If this investigation proved nothing else, it indicated that a conspiracy to fix races among the drivers, themselves, would be impossible to prove without the testimony of the coconspirators.²¹

Another investigation concerning attempts by members of syndicated organized crime to infiltrate the sport of harness racing can be illustrated by an investigation which came about as a result of a twin double racket, which was operating at Roosevelt Raceway. None other than Albert "the Blast" Gallo, now the sole surviving member of the infamous Gallo brothers, and one of his top lieutenants, "Butch" Musemeci, were arrested, by members of the Nassau County Police Department assigned to my office, for extorting protection money from petty criminals who were then operating the twin double racket. Our investigation disclosed that while these petty criminals were counterfeiting twin double tickets and were successful in cashing these tickets, they could not operate without the approval of Gallo and without paying a percentage of the money to the Gallo group.²²

Other specific examples of race fixing dating back from recent months to 1964 were brought out in the testimony of Raymond Traynor, chief investigator for the Columbus, Ohio, based U.S. Trotting Association (USTA). Traynor verified a fixed race at Sciota Downs in Columbus, Ohio (1964); two at Hinsdale Raceway in New Hampshire (1966); one in August 1971, at Louisville Downs and another the same year at Wheeling Downs.²³

Although Traynor's testimony seems to indicate infrequent race fixing, it is probably more accurate to conclude that it is a result of limited manpower at the USTA and poorly trained and paid security staff at many of the 47 harness tracks. "In the whole office," Traynor said of the USTA—

we have approximately 110 employees. In the security division, we have four employees.

Mr. STEIGER. Of the four security people, does that include yourself?

Mr. TRAYNOR. Yes, sir.²⁴

But all race fixing is not sophisticated: Syndicate enforcer Joe Barboza gave the committee a chilling rundown of the muscle tactics he employed on jockeys in New England on behalf of mobster Henry Tamello to fix races. Barboza testified that New England crime boss Raymond Patriarca had once boasted of owning "half of the horses in New England" through third party fronts—an obvious accounting error.

Barboza testified:

Tamello, Patriarca's right-hand man, had five jockeys under his control.

Mr. BRASCO. Do you know whether or not Mr. Tamello ever asked these jockeys to do anything in terms of any race they were riding in?

²¹ Id., p. 1024.

²² Id., p. 1025.

²³ Hearings, testimony of Raymond Traynor, pt. 2, pp. 819-825.

²⁴ Id., p. 828.

Mr. BARBOZA. All I know is that after he would talk to them, he would say that he got them to pull the races for him.

Barboza related an example of the tactics he said Tamello used to intimidate jockeys to the point where they would pull horses for him. This particular incident took place in the Ebb Tide bar located near Suffolk Downs. Barboza said Tamello told him to corner a jockey who owed a \$1,500 bar tab to Castucci—

and start to pressure him and I will come in there and I will stop you. Don't hurt him, but just really come on strong.²⁵

So I went in there and said, "You owe \$1,500, you know * * * to the Ebb Tide. Richard Castucci. How come you haven't paid him? You may be a good strong guy, you know, you have all kinds of publicity, you think you are a bad man as far as riding horses," and so forth. "Everybody caters to you but I am not catering to you. * * * I pulled out a knife and put it at his throat and said I was going to slice it. And Henry came in and said, "What's this? What's going on?" Henry says, "Get away from him. He's a good kid. Are you crazy?" I said, "He owes Richard Castucci \$1,500 and he hasn't paid."

Henry Tamello says, "I want to pay for him. I am telling you, don't bother this kid any more. He can do anything he wants in here. I want to cover his tab, pay his tab," and so forth.

I walked out of the cloakroom. Henry Tamello stayed there with the jockey maybe 15-20 minutes, and he came out, and he had a jockey that was going to pull horses for him.²⁶

Bobby Byrne stunned the racing world on June 13, 1972. when he told the Crime Committee that he had made as much as \$80,000 a week fixing horse races at just about every major and minor track along the Eastern Seaboard.

Byrne said:

It is beyond people's imagination how bad it is. I wouldn't go to the track today if there was one horse running—with my own money. I might go with somebody else's, but I wouldn't use my own. No way.²⁷

* * * * *

The public don't stand a chance. There is no way. You take 2 out of 10 people walk out of a track a winner. Now, the thing about parimutuel betting is that the money is supposed to revert back to the people, and they take the taxes and the track and the overhead off the top. Well, you get 2 out of 10 people; you get the little old lady that gets a quarter, the drunk that gets a quarter, and you get the wise guy. So everybody is a loser, but the little old lady, the drunk, and the wise guy, because they don't know what is going on.²⁸

²⁵ Hearings, testimony of Joseph Barboza, pt. 2, p. 737.

²⁶ Id., pp. 737-738.

²⁷ Hearings, testimony of Bobby Byrne, pt. 3, 1094.

²⁸ Id., p. 1104.

The "little old ladies" and "drunks" were the lucky ones in Byrne's world of racetrack suckers. And the "wise guys" were those like Byrne and his cohorts. According to Byrne, an experienced fixer can throw a horserace with ease—provided he comes armed with cash to corrupt, a hypodermic syringe for the horses and a map of track, stable, and security areas.²⁹

How much the racing world believed what Bobby Byrne had to say is still a matter of controversy in sporting circles.

What Bobby Byrne claimed to have accomplished with his little band of associates was a string of truly incredible feats—drugged horses, bribed jockeys and handlers, "ringer" or substitute horses, and various combinations of techniques employed to fix races from Maine to Florida and from Massachusetts to Ohio.

Race fixing is so pervasive according to Byrne that the public doesn't stand a chance at the betting window. In his own words:

So the public is getting swindled every day. I see guys that went down there, didn't have groceries on the table, get down and bet the whole week's pay and didn't know what was going on. You will never in a hundred years clean it up. I don't care what you do. There's no way you can straighten it out. The public, it is amazing.

Here is how gullible the public is. We have this case, there is a case coming up this fall in Rhode Island. I can't go into much detail because I am going to be a witness in it. When that thing hit the front pages of the paper, there was 24 people indicted for fixing races. So the handle fell for the next couple of days, the public hears about fixing races. The handle and the betting and the attendance drops down a little bit, you know, for a couple of days. That's all. Then people are right back again shoving that money right through the window.

They are so gullible. They know it is crooked, they suspected it, and there are people that know definitely it is, and yet they come back everyday looking for more. They are gluttons for punishment. Let's face it. The American people are. We are noted for being the biggest suckers in the world, and other countries take our money and here I am, I take the American people's money because there's more of it. So it's the same way.

You will never clear it up in a million years. There is no way.³⁰

Byrne's testimony before numerous grand juries in New England has already led to more than two dozen indictments, four convictions, and an end to exotic betting in New England.

Because Bobby Byrne showed how easy the fix can be, perfectas, twin doubles, superfectas, trizactas, exactas, and quinellas in Massachusetts, Maine, New Hampshire, Vermont, and Rhode Island came to an end on January 1, 1973.

²⁹ Id., pp. 1083-1139.

³⁰ Id., p. 1104.

How extensive were the number of tracks at which Byrne claimed he plied his trade with impunity for 18 months is evidenced by the following exchange with Crime Committee Chief Counsel Joseph A. Phillips:

[Mr. PHILLIPS.] Can you enumerate the various tracks where you and this group of individuals working with you did, in fact, fix races?

Mr. BYRNE. Well, just about every track on the east coast from Florida to Maine, and as far West as Illinois, and East to St. Louis. They run in a circle. In the summertime, right now, they are in the New England area and New York, and this area here, and Maryland, and by the time the summer is over and you get into the real late fall, we would be going down South to Florida.

You just follow the circuit, you know, and you keep switching from track to track because you went in for a play, let's say for a week. You spend a week or 2 weeks at one track and when you make a score you get out of there because you don't want to draw too much attention to yourself and the track security, because they had a make on the cars and they knew some of the people I was working with. So you just keep transferring around throughout the country, actually, throughout the east coast. You try and keep one step ahead of them.

Mr. PHILLIPS. In other words, you and your group were able to fix races in practically every racetrack on the Eastern Seaboard; is that correct?

Mr. BYRNE. Yes, every major track, I mean, it had to be financially worthwhile for us to go there. Of course, there are times you have a couple of small tracks, you go there and make small money. If you happen to be in the neighborhood, let's stop and see what it's like, and you go and try and do something.

And you did, if you did; if you didn't you didn't worry about it too much.

Mr. PHILLIPS. Essentially you were working the bigger more lucrative tracks?

Mr. BYRNE. Right.

Mr. PHILLIPS. Could you give us a list of the particular tracks, as best you can recall?

Mr. BYRNE. Scarborough Downs, Suffolk, Lincoln, Nar-ragansett, Tropical, Hialeah, Dover, River Downs, Pocono Downs, Liberty Bell, Cahokia, Bowie, Churchill Downs, Fairmont Park—just about every major track on the east coast.

Mr. PHILLIPS. Garden State?

Mr. BYRNE. Aqueduct, Garden State, the others.

Mr. PHILLIPS. Pimlico?

Mr. BYRNE. Pimlico was another one. Bowie was another one. Shenandoah Downs was another one we went to. Just any one that is in that circuit that multiple wagering and good handles, and that is where you go.³¹

³¹ Id., pp. 1083-1084.

Byrne explained to the committee his method of operation:

Mr. BYRNE. We would never bet with our own money. So if we lost, say something did happen, like when we first started out, we didn't lose nothing. We didn't lose a dime.³²

* * * * *

A typical source of our money: from professional people—doctors, lawyers. They have access to money—they are trying to hide.

Mr. MANN. Who would make the contracts for those people?

Mr. BYRNE. Who would make them? Anybody. I would, they would. Anybody. On travel, remember, I said we live first class. You travel in airplanes.

* * * * *

And if you are in an airplane, the average man traveling is a businessman. So if you have a businessman, you have a professional man, and you get the conversation—I am in the horseracing business. So if the guy has one inkling about the sport, which the average male American does, he is interested in some form of sports, you are on your way to a potential sucker.

Mr. MANN. All right. And a large portion of those situations you would end up swindling the angel?

Mr. BYRNE. Definitely. No question of it.³³

* * * * *

Mr. PHILLIPS. Would you describe the procedure you utilize when you decide to pick a race, and how you carried it out?

Mr. BYRNE. Well, suppose we were to leave here right now and * * * say Pimlico is open. I could go over there and within 10 days to 2 weeks, I could tie up a race. * * *

* * * the tracks publish what you call a condition book for the whole meet. * * * So now I have this book. I can go anywhere in the country and get this book from any major track.

And like 3 days before, we want to pull off a score, what we do is go up to the administration building, I walk in there, put on a pair of old clothes like I was a racetracker, and go up and get an overnight sheet. * * * This overnight sheet would give you the horses that are going to be entered. I would have them 3 days in advance. And I pick the race. Preferably, what I am looking for is a multiple wager race.

Mr. PHILLIPS. Why is this?

Mr. BYRNE. There is more money involved. The percentage of money is greater. The perfecta pools, I have taken them as high as \$90,000, and that is your aim, to get as much of that \$90,000 as you can.

³² Id., p. 1098.

³³ Id., p. 1122.

Mr. PHILLIPS. When you fix a perfecta race, you have got to fix it in such a way you get the first two horses?

Mr. BYRNE. We have to pick the winner and the horse that comes in second, and all of the money is wagered on it. If you hold the winning combination, you collect your share of that combination.

Mr. PHILLIPS. So a perfecta bet is a bet in which you pick, for example, the No. 5 horse and the No. 8 horse.

Mr. BYRNE. Right. Nos. 5 and 8. And it comes in and pays \$100 and you bet about \$300 or \$400. If you have 40 \$10 tickets, you are going to walk out with a good piece of it.³⁴

* * * * *

Mr. PHILLIPS. Could you tell me about how many jockeys you have worked with through the years that your group has been operating? How many jockeys were involved?

Mr. BYRNE. At one particular meet alone we would have access to like a dozen jockeys. But we used two key ones. Two key jockeys, three key jockeys, and they would be buddy-buddy. Remember, them kids, some of them are making good money. But the average jockey, he doesn't make any money.³⁵

So a guy, like the same guys again—he has got a weakness for money. He wants to make money. He says, "Gee, look, these guys ride around in big cars, good clothes, living in the best. Here I am out among the horses all day long for a 10-percent piece of the purse, and probably a little workout in the morning. I have to get up early in the morning." You know, they say, "I have got to get with this, I want to go where the money is."³⁶

* * * * *

Mr. PHILLIPS. In relation to some of this money, was some of it paid to jockeys to hold horses?³⁷

Mr. BYRNE. Right. Some jockeys you can buy cheap and others, one guy in particular, he is expensive. Other jockeys will do it. Like one jockey we had, he had no qualms, he knew we would take care of him. And if we made a score, and we were using the jockeys and trainers, we made a score, we would take care of him. He never had to worry about money. We didn't give him too much because the more you give them, the more they want. If you give them a couple hundred now, they want \$400 next time. So if he asked for \$200, you give him \$150.³⁸

When asked by Committee Counsel Nolde to be more specific as to how he operated with the dozen or so jockeys who worked with him at a given race meet, Byrne identified two key jockeys who worked directly for him in fixing races themselves and who also lined up the other jockeys to fix races as follows:

Mr. BYRNE. He is a jockey in charge of the—like the jockeys guild in the New England area. And he happens to

³⁴ Id., pp. 1085-1086.

³⁵ Id., p. 1106.

³⁶ Id., p. 1106.

³⁷ Hearings, question by Chief Counsel Joseph A. Phillips, pt. 3, p. 1101.

³⁸ Hearings, testimony of Bobby Byrne, pt. 3, p. 1102.

be the thousand-dollar guy. You would have to pay him a thousand dollars up front.

Mr. NOLDE. "Up front" meaning you have to pay him in advance?

Mr. BYRNE. Before the race, or he would do no business. That was it. He had a strict rule, a thousand dollars or no business. The other kid was \$100, \$50, just give him enough to exist and keep him. Of course Christmastime, throw him extra money and stuff like that.

Another device, according to Byrne to win a race is to slip "straw" horses—animals with forged foal certificates—into a race with much slower horses. The ownership of horses through front men, says Byrne, is the rule rather than the exception.

Mr. PHILLIPS. Could you tell me whether that is extensive, or is that an isolated instance?

Mr. BYRNE. You take everybody in this room, take that Nader's Raiders there. They could spend 10 years and they would never find the true owners of 60 percent of the horses. In fact, we had one horse in our group like, say, I am involved with like 10 people, and to this day I don't know who owns the horse. I know whose name was on the paper. But I don't know who owned the horse. We had arguments about bringing the horse in. It was unbelievable, the ownership of these horses. Whoever produces the foal papers when they go to the track and enter the horse, there is no problem. It is beyond your imagination how many "straws" there are in the country with horseracing.³⁹

Bribing jockeys and trucking "straw" horses across the country involved a good deal of unnecessary overhead, Byrne testified. This led to the effective utilization of the drug—acepromazine.

Byrne stated that he and another individual accidentally became aware of this drug being used to calm horses during airplane flights and road travel. He explained how experiments utilizing all kinds of drugs were conducted on one racehorse in order to find the optimum drug that would avoid detection.

Concerning acepromazine, Byrne stated:

It works so many cc.'s per hour. Let's take a horse, Riva Ridge, everybody knows today because of the newspapers on him. If I was to administer the drug to that horse, when that horse is a young horse and has got the guts to run like it does, it can run a half-mile and a mile-and-a-half like it did the other day, I would have to hit that horse, I would have to give that horse 5 cc.'s between 8 and 10 o'clock in the morning.

If I had—in this particular case, with this horse, I definitely have to sneak him, because I doubt if that trainer is going to let me hit his horse for a couple hundred dollars. It is a horse worth probably a million dollars today, and he needs me like a hole in the head.⁴⁰

* * * * *

³⁹ Id., p. 1087.

⁴⁰ Id., p. 1094.

I could take a wagon horse today, pulling a wagon, and administer this drug to this Riva Ridge and this wagon horse would beat Riva Ridge on any given day, with this drug. If I administer this drug to Riva Ridge.⁴¹

* * * * *

It is like putting a baby to sleep with a bottle or pacifier. This is how good it is."⁴²

Byrne explained that he and his cohorts obtained the drug from a cooperative veterinarian—that veterinarian had been previously barred from Rhode Island racetracks.

Mr. PHILLIPS. In all of these situations where you actually hit [drugged] the horse, the horse ran out of the money?

Mr. BYRNE. Definitely, out of the money.

Mr. PHILLIPS. In every case?

Mr. BYRNE. It was working so good that we have, like our four live ones, and we would stand on the backstretch at different tracks, or at the top of the stretch, and we used to bet among ourselves who was going to buy the beer and lunch and how the four live ones were going to finish, and we have the winning tickets in our pocket.

* * * * *

Mr. PHILLIPS. In a 10-horse race you leave four, and an eight-horse race you leave four or three?

Mr. BYRNE. We leave three. Our practice is to leave three in an eight-horse field.⁴³

* * * * *

Mr. PHILLIPS. How did you actually hit him, with a hypodermic needle?

Mr. BYRNE. Right. In the neck. You could hit him in three places. You could hit him in the neck, or breast, or rump. But the most effective place to hit him is right in the neck, because it travels, it travels faster. This particular drug we use, it travels, it hits them faster. For the first half-hour it is noticeable that the drug is in there because the horse is standing there like he is drunk. After that it wears off and he is kind of dopey.

But it hits his brain and his heart. It flows through the blood stream fast; whereas the other places it takes a little bit longer. It is effective, but not as good as in the neck. The neck is the best place to hit him with it.

Depending on the circumstances at the time, you might—like depending on the race and the time you get to this horse, how many cc.'s of this drug you would use. Like, say, the best time to hit, say it is like a race is going to come off after 4:30 or 5 o'clock. The ideal time to hit a horse with 5 cc.'s of this drug is between 8 and 10 o'clock. And by the time he goes to race, he can go to his post position and no one will notice nothing. You couldn't detect it without a test on him. You could surmise.

⁴¹ Id., p. 1089.

⁴² Id., p. 1092.

⁴³ Id., pp. 1092-1093.

They run out a few trainers that are pretty sharp, but they would have a hard time. There are certain things they look for, but if you hit it right and enough dosage, they will never detect it. And they don't check the losers. That is why people think we were hitting favorites, I mean hitting the horse to win. But what we were doing was hitting them to stop them.

We didn't want them to win and they never check the ones who lose the race. They only check the winners.⁴⁴

Bobby Byrne says he and his cohorts were not the only fixers in the racing business. Just the best—until April 23, 1971, which is the day Byrne got caught sneaking into the stable area at Suffolk Downs.

Mr. BYRNE. I can get into any track in the country, back side of any track. I don't care what security they have or what they haven't, I can get in there. And 9 out of 10 times I walk right through the gate, right past the guard. If I don't have a pass, if I can't get access to a pass, I just go where all jockeys and trainers stay.

Some of them were from out of State. They have to stay somewhere. You go to the nearest trailer court, go to the nearest bar and restaurant in that area, and they all have stickers on their cars. So what I would do is take some water and vinegar, peel the sticker off, and put it on a car I had gotten in that area. I would get a car in that area so we wouldn't have to use our own, because security knew our cars.

I put it on and I drive right through the gate and no one would question you, the guy would wave you right on.

* * * * *

Mr. STEIGER. Do you know beforehand whether a track is a member of the Thoroughbred Racing Protective Bureau?

Mr. BYRNE. Right.

Mr. STEIGER. Is it tougher to get into a TRPB protected track?

Mr. BYRNE. I don't care what kind of security you have at any track, I can get in there. I can get into that stable area one way or the other.

Mr. STEIGER. I wasn't thinking so much about access to the horses as I was about access to licensed personnel. Is it easier to find willing confederates among the licensed personnel, the grooms and trainers and the jockeys, and is it tougher at TRPB tracks?

Mr. BYRNE. It doesn't matter what group they belong to, they are human beings and they have a weakness.

* * * * *

Mr. PHILLIPS. What was the maximum number of races you tied up in 1 day?

Mr. BYRNE. In 1 day? Four races in 1 day. A daily double and two perfectas.

⁴⁴ Id., p. 1091.

The committee was encouraged to learn that several States have taken action which in Bobby Byrne's own words would put fixers "definitely out of business as far as drugs" are concerned.

The innovation is prerace testing as an addition to the standard postrace testing that is the standard procedure at most tracks.

The Ohio system, which has its deterrent as well as its detection value, was described by a panel of five committee witnesses—Vernon Tharp, associate dean, and Dr. Richard Ray, of the College of Veterinary Medicine, Ohio State University; Charles Ginsberg, Jr., chairman, and Paul D. Fleming, executive secretary, of the Ohio Racing Commission; Richard Ray, coordinator of testing, and Les Thompson, chief of security at River Downs Racetrack.

The first drug tests in Ohio, as in most States, began with what they called the "spitbox," the saliva test, said Secretary Fleming.

That was fine until they came along with the urine test. And I presume that everybody thought at one time—all they are doing is trying to get something that will help a horse win a race.

Then the people found out, I presume, that maybe they could manipulate a race by using some kind of a depressant.⁴⁵

This was the activity Bobby Byrne fancied. The possibility that a race could be fixed by slowing down the favorites led to prerace testing in mobile units set up right on the racetrack.

Said Dr. Ray:

There is no such thing as a perfect test, whether it be a postrace urine or a prerace. But it is a giant step forward.

Testified Mr. Fleming:

The sample is collected at the track by the State veterinarian, who is an employee of the Ohio State Racing Commission, and then it is forwarded to Columbus to our racing laboratory at the Ohio State University College of Veterinary Medicine. Positive results are then investigated.

The cost of the on-site mobile laboratory units are \$50,000 a track with a weekly overhead of \$1,200.

Chairman Ginsberg put the cost in perspective:

If I was an operator, owner of a racetrack * * * I would say, truthfully, that I would spend the \$50,000 to do this because, as I said before, we don't hide anything; these things are a matter of public record.

An intelligent operator would say yes, I would spend \$50,000 to keep my reputation clean, because I am really not responsible for it, it is the owner or trainer that runs the racetrack. I would do that.

And I would say economically it would be advantageous to the owner of a racetrack to do that, because you could lose the confidence of the betting public.⁴⁶

⁴⁵ Hearings, testimony of Paul D. Fleming, pt. 4, p. 1823.

⁴⁶ Hearings, testimony of Charles Ginsberg, Jr., pt. 4, pp. 1827-1828.

Since the institution of prerace and postrace testing in Ohio, positive traces of illegal drug injections have become infinitesimal, Ginsberg testified.

Ginsberg said:

There were 5,582 races and there were approximately 11,000 [postrace] samples taken, and out of that, we had 10 cases.

With the prerace blood test, our competent doctors and our competent laboratories can detect a depressant, stimulant, or an analgesic, and that horse is automatically scratched.

Dr. Tharp added in answer to a question from Congressman Keating—

* * * that we have never said, and do not say today, that prerace blood testing alone is the answer. We are saying that the complementation of prerace blood testing and postrace urine and possible saliva tests, complement each other to the point we think we can handle anywhere in the United States the problems of illegal medication.⁴⁷

One matter that troubled the committee was the absence of standardized testing among the States engaged in horseracing. Because of the interstate nature of the sport—the fact that a horse may run in Florida one month and Maryland in another—the committee urges the adoption of uniform testing procedures and permissible medications as far as is practicable.

Safeguards vary widely: In Ohio and Illinois there are better than average tests for illegal medications, but at other tracks, such as Yonkers in New York, “they have never conducted any investigation whatsoever concerning drugging,” said Dan Hollman, former head of the New York Organized Crime Strike Force in his appearance before the committee.⁴⁸

The adoption of adequate safeguards to minimize the fixing of races through the use of stimulants, depressants, or other drugs is imperative.

UNDISCLOSED OWNERS

In the world of horseracing, undisclosed ownership of the racehorses and racetracks is a major fact of life. It is the modus operandi of many persons who, because of their organized crime ties and/or background, would otherwise be precluded from owning such thoroughbreds. In his testimony before this committee, Ralph Libutti, also known as Robert Presti, stated:

How many horses do you think today are run on major racetracks that are not under the names of the people who really own them? * * * I would give you a ballpark figure. I say out of every top stake horse, one of two is not the owner of record.¹

While it may take an Internal Revenue Service check to determine the accuracy of Robert Presti's assessment of hidden ownership in

⁴⁷ Hearings, testimony of Dr. Vernon Tharp, pt. 4, p. 1819.

⁴⁸ Hearings, testimony of Daniel P. Hollman, pt. 2, p. 667.

¹ Hearings, testimony of Robert Presti, pt. 4, p. 1655.

racehorses, one fact is certain: The former truckdriver turned horse broker is in an excellent position to know.

In his 2-year career as a behind the scenes buyer, seller, and owner of stake horses—including prize 3-year-old Jim French—Presti by his own account purchased \$3 million worth of horses.

“Minimum of \$3 million,” Presti told the committee, adding: “Not with my own money.”²

The conditions that exist which permit individuals like Presti to use fronts or “straws” to own horses because they themselves were denied or are likely to be denied racing licenses is too much an invitation to those who would corrupt the sport to be tolerated any longer.

Bobby Byrne, New England’s premier racetrack fixer, contended that it would be a herculean task to discover the true ownership of most horses. His group, Byrne said, ran 12 horses under the names of about five or six different guys.

Another committee witness, former syndicate enforcer Joe Barboza, traced undisclosed ownership of horses in New England to persons fronting for organized crime boss Raymond Patriarca.

Patriarca’s associate, Henry Tamello, Barboza testified—

made a statement that Patriarca owned about 50 percent of the horses that ran in New England.³

While such an estimate makes a better boast than it does an accusation, most State licensing procedures are so perfunctory that third party, hidden ownership is a likelihood. The only question is the extent of undisclosed ownership and the participation of members of criminal syndicates with such ownerships.

The committee was particularly receptive to the recommendation of Daniel Hollman, former head of the New York State Strike Force on Organized Crime, who testified:

One of the proposals I make is your submittal of your hearing material to the Internal Revenue Service and request them to make, maybe on a selective basis, one particular track, a full, indepth survey of whether or not there are undisclosed interests behind harness horses.

I am inclined to think (1) there are, because organized crime doesn’t stay out of anything that is lucrative, and (2) it is the “edge” you get in gambling by being an owner.⁴

The ease with which organized crime can acquire third-party ownership in racehorses was evident through a series of questions posed to Raymond Traynor, chief investigator for the U.S. Trotting Association:

Said Congressman Sam Steiger—

As a matter of fact, the transfer of ownership is simply recorded on the back [of the license], and no notation is made to the jockey club. I want to understand, because I think it is important that the committee and I understand. You have approximately 35,000 members of the USTA?

Mr. TRAYNOR. Yes, sir.

² Id., pt. 4, p. 1643.

³ Hearings, testimony of Joe Barboza, pt. 2, p. 750.

⁴ Hearings, testimony of Daniel Hollman, pt. 2, p. 662.

Mr. STEIGER. Are these people all licensed? Are all of your members licensed?

Mr. TRAYNOR. I think so.

Mr. STEIGER. You have a total of four people whose job it is to renew these licenses?

Mr. TRAYNOR. Yes, sir.

Mr. STEIGER. Do you feel that is an adequate number of people to review?

Mr. TRAYNOR. Not four people to review them. Four people to accumulate the information for review.

Mr. STEIGER. I realize there are other people who issue them and who file them and that sort of thing, but there are only four people who are in a position to accumulate sufficient material to make a judgment in these situations; is that correct?

Mr. TRAYNOR. Yes, sir.

Mr. STEIGER. And you have found in the practice of your business that that is a sufficient number of people?

Mr. TRAYNOR. When you talk security, to a security man, I don't think any one security man would say that anything is adequate. There is always room for improvement.⁵

Licensing investigations to determine hidden interests in horses running at flat tracks isn't much better than at thoroughbred tracks, as evidenced by the booming "horse brokerage" business of Robert Presti which got too big when it touched top money winner Jim French and his on and off owner, businessman Ralph Wilson, Jr.

Toni Menzella presents an excellent example of undisclosed ownership in today's racing world. Menzella was 27, out of work, and receiving \$40 a week after losing her job as a dental assistant in 1970. She was also receiving title to approximately \$138,000 worth of race horses.

Toni Menzella's family was of modest means living in Union City, New Jersey. She never saw a single horse, Miss Menzella testified, nor did she really know for certain how many horses were titled in her name.

"I just signed the papers," she said, for her father, James Menzella, a furniture refinisher.

Mr. PHILLIPS. Although the papers say you were the owner, that was in fact false?

Miss MENZELLA. Well, I was the owner. I guess you would say I was the owner.

Mr. PHILLIPS. You say you were the owner of the \$130,000 worth of racehorses; is that correct?

Miss MENZELLA. The nominee. Whatever that is. I was my father's nominee.⁶

Title to seven horses was taken out in her name because her father's hands were shaky from Parkinson's disease and he could not sign checks or receipts of title or sale. At no point, however, were racing officials informed of such facts.

Also unknown to racing authorities was the part that Miss Menzella's uncle, Robert Presti, played in the charade.

⁵ Hearings, testimony of Raymond Traynor, pt. 2, p. 832.

⁶ Hearings, testimony of Toni Menzella, pt. 4, p. 1614.

It was Presti who arranged all the purchases in behalf of James and Toni Menzella and it was Presti who millionaire businessman Ralph Wilson, Jr., said he thought he was dealing with when he sold him seven horses from his stable.

It was also Presti who sold and resold those seven horses James Menzella was able to buy from Wilson, Presti said, by putting up \$12,000 and buying on time.

When notes for one horse fell due, Presti testified, Menzella would sell a horse through him—his broker—and earn time to race and hopefully come up with stake winners among the remaining stable.

“That is a very easy question,” Presti said in response to a very tough one; specifically, how James Menzella managed to buy more than \$130,000 in racehorses when at his death in 1972 he owned but a thousand dollars worth of property—

- (a) He never owned the horses in whole at any one time;
 (b) they were bought on time from Ralph Wilson. He put \$10,000 down and \$10,000 a month. And when he couldn't make a payment, he had to sell a horse. That is how \$130,000 for the structure began.⁷

* * * * *

Chairman PEPPER. It was agreed, then, that you could get him some horses on a long-term basis. When was the decision made to put title of the horses in his daughter's name?

Mr. PRESTI. That was his own decision, because he felt that (a) he couldn't write * * * (b) you heard the daughter give testimony here this morning that he had a high school equivalency, which he didn't. He had maybe a second-grade education. He lacked a formal education. With this, plus the fact his body shook.

Chairman PEPPER. I am somewhat curious as to how a man in his physical and financial position would suddenly acquire such a heavy obligation, commit such a large percentage of his total resources, for that sort of thing.

Mr. PRESTI. (1) This was his own decision to make, (2) I imagine he had a dream, (3) I have done the same thing myself. I bought \$100,000 worth of horses with no money out. I started with nothing, and if they failed, I still would have nothing. If someone trusted me, fine.⁸

One person who trusted Presti and lived to regret it was Ralph Wilson, Jr., millionaire businessman, industrialist, owner of the Buffalo Bills football team, and—racehorses.

Wilson, who purchased his first racehorse in 1950 and in the early 1960's said he had “quite a sizable operation,” did not initially return Presti's call that day in 1970. Wilson told the committee:

* * * He called again. And, finally, I returned his call. He said that he lived in New York, in Long Island, that he was interested in racehorses, in buying some horses, and I asked him where he got my name. He said he got my name from somebody in Ocala, Fla. He did not say who. I had at that

⁷ Hearings, testimony of Robert Presti, pt. 4, p. 1642.

⁸ *Id.*, pp. 1667-1668.

time some brood mares and some foals in Florida. He mentioned that he had bought a horse from a very good friend of mine recently, and he mentioned that he knew another man in racing who is a manager of a very big farm operation who I knew, and, so, he seemed to have some credence.

Mr. PHILLIPS. In other words, he was name dropping with you?

Mr. WILSON. Well, yes. He mentioned two or three names of people who I had known for many, many years.

And I said, "Who is your trainer?" And he mentioned the name of a man who I had known for 20 years in racing, a highly respectable man who was a trainer and still is. He asked me if I had any horses for sale, and I said, "Well, from time to time I sell horses, and right now I have a horse called"—I think it was—"Running Bear." And he said: "Are you interested in selling it?" And I said: "Yes, if you are interested in buying it, I will sell it." He said, "Well, what is the price?" And I said—Well, the horse, as I remember, had just run in about a \$20,000 claiming race, and I priced the horse at \$25,000. You usually price them a little higher than they run in a claiming race.

And, then, he asked me about another horse that I had, a horse called "Strider."

Mr. PHILLIPS. He seemed to know the names of your horses before you even suggested them?

Mr. WILSON. He knew the names of my horses; yes, sir, he did.

So, I wound up and I said, "All right. I will sell you these two horses." He said, "Well; would it be all right if I sent you a down payment of" I think it was—" \$10,000 per horse," or something like that, "and a couple of postdated checks?" And I said, "Yes, that is all right with me." I said, "Who should I make the bill of sale out to?" He said, "Make the bill of sale out to my trainer."

I thought this was unusual, but I did not give it too much thought, because I knew the trainer, as I have mentioned, for 20 years. So, my secretary made the bill of sale out; we sent it to Mr. Presti, and we received his down payment.

Mr. PHILLIPS. Now, Presti, at that time, told you he was buying horses for himself, is that correct?

Mr. WILSON. Yes, he did.⁹

That was not the picture Presti related to the committee in his appearance. He was not an owner but a broker of horses, he maintained.

Wilson was not the only witness to refute this characterization.

"When did you first get involved with Mr. Presti?" Committee Counsel Joseph Phillips asked witness Fred Cole, a carpenter-contractor from Long Island, N.Y. "About 2 years ago," Cole said.¹⁰

Upon Presti's solicitation, Cole became the proprietor of a "paper" stable known as "Happy Hermit Farms."

⁹ Hearings, testimony of Ralph Wilson, Jr., pt. 4, pp. 1731-1732.

¹⁰ Hearings, testimony of Fred Cole, pt. 4, p. 1713.

Mr. PHILLIPS. Where did you get that name?

Mr. COLE. This was when I was a nominee for Mr. Presti, he asked me to be a nominee for a couple of his horses.

Mr. PHILLIPS. How did that happen? Did he come to you and say: "Mr. Cole, I want you to be a nominee?" * * *

Mr. COLE. Yes.

Mr. PHILLIPS. What did he say when you said: "What is a nominee?"

* * * * *

Mr. COLE. Could I have a horse run in my name which he owns.

Mr. PHILLIPS. He said he wanted you to have a horse put in your name, is that correct?

Mr. COLE. Right.

Mr. PHILLIPS. Which he owned?

Mr. COLE. Right.

Mr. PHILLIPS. And you said: "Why don't you put it in your own name?"

Mr. COLE. He did not have a license. I understood he was a horse broker.

* * * * *

Mr. PHILLIPS. Which horses belonged to Presti you said you were the owner of?

Mr. COLE. Rebo Star and Heist [Hoist].

Mr. PHILLIPS. Just two. Any others?

Mr. COLE. I can't think of them offhand.

Mr. PHILLIPS. There are quite a few more, aren't there?

Mr. COLE. Probably one or two more.

Mr. PHILLIPS. What about Change of Scenery?

Mr. COLE. I believe that did run under my name one time.

Mr. PHILLIPS. Now, Change of Scenery was in your name; is that correct?

Mr. COLE. Yes.

Mr. PHILLIPS. And it really belonged to Mr. Presti?

Mr. COLE. Yes.¹¹

Another front was Richard E. Hamma, who lost his job as a bank operations officer as the result of an investigation ultimately conducted by the Thoroughbred Racing Protective Bureau on the transactions of Robert Presti.

Mr. PHILLIPS. Did he [Presti] attempt to interest you in horses?

Mr. HAMMA. At one point he asked me if I would do him a favor and temporarily register some horses in my name. This was something that he had gradually led up to, and made it sound a little glamorous to me. At that time I was a little bit overwhelmed by it all. His reasoning to me was that his present trainer, which was a George Poole, was very unsatisfactory and he didn't care for the way he was training the horses, and apparently he had some of his horses in Mr. Poole's name and he wanted to get rid of Mr. Poole as a trainer. And what

¹¹ Id., pt. 4, pp. 1715-1716.

he was worried about was that if he told Poole that he didn't want him as a trainer any more, that Poole would hold back on the ownership of the horses.

So, prior to telling Poole that he was no longer his trainer, he wanted to temporarily transfer the horses into my name. And the two horses involved, I think, were Change of Scenery and a horse named Running Bear.

Mr. PHILLIPS. Did he, in fact, transfer them to your name?

Mr. HAMMA. Yes, he did.

Mr. PHILLIPS. Did you obtain a license in order to hold—

Mr. HAMMA. I signed an application for a license.

Mr. PHILLIPS. And on that application was purported to be the owner, in fact, of those horses?

Mr. HAMMA. Yes, it did.¹²

Presti maintained that the only reason that he never applied directly for a license during this period was that he was a broker, not an owner, a judgment principally supported by the weight of his own testimony.

For the record, when Presti applied for a license in mid-summer of 1972 it was denied by the New Jersey Racing Association.

Buckchance Stables, the "paper" horse farm Presti engineered for James Menzella, never produced a winner. Whether James Menzella, who died in 1972 of cancer, invested his, Presti's, or someone else's money in horses may never be known.

Presti, however, was much more successful in his "horse brokerage" business. He became, in fact, too successful. He ultimately drew attention to himself and Ralph Wilson for a "shell game" series of incredibly complicated and increasingly expensive paper sales involving a first-class racehorse.

That horse was Jim French, second best in the 1971 Kentucky Derby, third in the Preakness, and second in the Belmont Stakes. The horse was originally purchased by Presti for Wilson for \$50,000. It was bought and sold on innumerable occasions during its racing career before bringing \$1 million from French business executive Daniele Wildenstein.

Before the final sale, only one name, Ralph Wilson, appeared as owner of record in spite of the munificent transactions.

Mr. PRESTI. As far as the names appearing on the papers, I will give you an idea how strong, what that really means. Jim French was owned and bred by Ralph Wilson. Follow this picture for about 10 seconds.

It was sold to Bob Presti. It was sold to Frank Caldwell. It was sold back to Bob Presti. Sold back to Frank Caldwell. It was owned by Frank Caldwell, Bob Presti, and Ralph Wilson. It was owned by Ralph Wilson and Frank Caldwell and Mario Biundo. Then owned by Fred Cole and then back to Bob Presti and Caldwell and Wildenstein.

Do you know how many transactions were on that foal certificate while this horse was running in \$100,000 stakes throughout the country?

Mr. PHILLIPS. How many?

¹² Hearings, testimony of Richard E. Hamma, pt. 4, p. 1798.

Mr. PRESTI. One. From Ralph Wilson to Frank Caldwell. No racing secretary cared; it was unimportant. * * *

Mr. PHILLIPS. Your testimony is the racing secretaries don't even look into the thing; they don't care about it?

Mr. PRESTI. It is not they don't care. It is not important. How many horses do you think today are run on major race-tracks that are not under the names of the people who really own them?

Mr. PHILLIPS. Would you tell me?

Mr. PRESTI. I would give you a ball-park figure. I say one of every top stake horse, one out of two is not the owner of record.¹³

Robert Presti was wrong. New York racing officials ultimately took an interest in his "brokerage" business.

The New York Racing Commission conducted an investigation into the sales of Jim French and ultimately suspended Wilson's racing license for 30 days. Wilson told the committee that he believed he was guilty of nothing more than carelessness but he failed to appeal on advice of his attorney. Ralph Wilson testified:

Actually, as it so turns out, Mr. Presti, I guess, was not under the jurisdiction of the commission. He didn't have a license, or something. I was a licensed owner in New York, and I was so incensed by this suspension, after knowing everybody in racing in New York, racing there for many, many years, and not having done anything willfully wrong or intentionally wrong, that I wanted to file a suit and have a hearing before the commission.

I called my attorney and he said, "Ralph, by the time you go to court and have a hearing with the New York Racing Commission the 30-day suspension will be over and the question will be moot."

So I said, "Well, if that is the case, I will have to accept it."

But the whole thing has been a very distressing period for me since this suspension. As I said, I did nothing intentionally wrong. I have \$199,000 in dishonored checks—\$129,000 from Mr. Presti, \$60,000 from Mr. Caldwell, and \$10,000 from a man named Mr. Cole who bought a horse from me.

Mr. PHILLIPS. The theory of the racing commission in New York, as I understand it, was that you failed to disclose the fact that Mr. Presti or Mr. Caldwell had an interest in one horse; is that correct? Is that the theory?

Mr. WILSON. There were about seven or eight allegations against me. One of the allegations was that—just what you said.

I will tell you how that happened. My secretary filled out the forms for the racing applications in New York, California, Florida—everywhere I go. She fills out hundreds of forms for me every year. When she filled out the New York application, we did not keep a copy of it. It was mailed February 1. There was a list of eight horses that I owned, and the eighth horse was Jim French. She failed—I do not

¹³ Hearings, testimony of Robert Presti, pt. 4, p. 1655.

want to put the blame on her, but it was not intentional on her part—she failed to put in parentheses that on February 1, 1971, Mr. Caldwell owned 30 percent of the horse and Mr. Biundo 10 percent of the horse. Purely a clerical error. I was out of the horse 12 days later; we were not even in the State of New York, but based on that failure to put that in on Jim French, they said that I, you know, failed to disclose.¹⁴

Wilson admitted to three other acts of carelessness in his dealings with Robert Presti:

Mr. RANGEL. You testified on more than one occasion you transferred the title of horses purchased by Mr. Presti to people other than Mr. Presti knowing they were not the owners, and you really did not give it a second thought, even though there was no willful intent in connection with these transfers; is that not so?

Mr. WILSON. I did that, sir, on three occasions. I would never do it again. I say there is not a great deal of that going on in horseracing. That is my opinion. I do not think there is a lot of transfers of interests in horses to people that really do not own them. I do not think that is the general practice in racing.¹⁵

The committee wishes it could share that opinion. Without a thorough investigation to determine the extent of undisclosed ownership in horses, and there has been none, such an optimistic appraisal is of dubious worth.

Our hearings have found support from those in racing, for the adoption of a tough Federal statute that would make it a crime to front for another in the purchase of a horse or to solicit for such purpose.

"After considering the testimony of the past few days and giving it my own personal thought," said Paul Berube, an investigator for the Thoroughbred Racing Protective Bureau in his appearance before this committee—

I would have to say it would be favorable to horseracing if the entire matter of fronting or hidden ownerships, as I mentioned, were considered for legislation; making this some type of Federal offense.¹⁶

The committee would carry that one step further, to set up a national data bank for the purpose of licensing all persons engaged in racing and serve as a center for the dissemination of the latest information concerning individuals or horses disqualified in one State so that officials in another State might consider appropriate action.

Alexander MacArthur, former chairman of the Illinois Racing Board impressed the committee when he said:

I think you have national registration of boats, aircraft, and other things that readily go through statelines. I think you could have some type of Federal supervision of an animal that is used to determine a wager.¹⁷

¹⁴ Hearings, testimony of Ralph Wilson, Jr., pt. 4, pp. 1741-1742.

¹⁵ Id., p. 1752.

¹⁶ Hearings, testimony of Paul Berube, pt. 2, p. 793.

¹⁷ Hearings, testimony of Alexander MacArthur, pt. 2, p. 547.

Hidden ownership in racehorses, while serious, is not of greatest concern. Worse are the examples disclosed in the hearings of undisclosed ownership in racetracks, particularly by members of organized criminal syndicates.

Anthony Zerilli, identified in 1968 as a high-ranking member of a criminal syndicate in Detroit, was until recently an official and heavy investor in Hazel Park Racetrack dating back to a \$50,000 gift from his father, Joseph Zerilli, years ago. Joseph Zerilli for years has been named as the head of the syndicate in Detroit and a major national racketeer.

Evidence of Raymond Patriarca's interest in Berkshire Downs Race-track in Massachusetts was discovered during the course of the hearings as well.

Alexander MacArthur testified that he also faced the problem of undisclosed ownership in racetracks in Illinois when he took office in 1969, a situation not totally satisfied to this day.

No one, MacArthur said, paid much attention to the bottom lines of a questionnaire on ownership in racetracks that stated: "List your stockholders" and "No nominees."

MacArthur testified:

In 1970, after I passed the disclosure act, or the board did, I should say, then they started to take us a little more seriously. And in 1971, they started to take us real seriously. Because I was going to hold the date in hostage if they didn't. I mean, if you have to get tough with them, then you have to get tough with them.

I want to know every single stockholder on a name, rank, and serial number basis. I don't want to know a trust, I don't want to know a nominee. And I had to subpoena some fellows. I had to subpoena them right there in the meeting and bring them in.

And there were all kinds of strange things. We found some very strange mother hens on nests and when we flushed them, we found eggs in the nest that weren't of these species, either. I still haven't figured out exactly what went on, but all I know, I inherited all of the dirty glasses with the fingerprints on them. They must have had a pretty good party.

Mr. MURPHY. You talk about trusts and nominees. Is there presently any secret trusts in any Illinois racetrack to your knowledge?

Mr. MACARTHUR. Yes, sir, Mr. Congressman. Maywood racetrack, I believe it is Maywood Trotters, Inc., would be the corporate name, has a block of 6,371 shares of stock that is held by the Egger Co. at the Chase Manhattan Bank in New York City.

I corresponded with the Chase Manhattan Bank trying to find out who Egger Co. was. I didn't get very far. I subpoenaed them; they didn't answer the first subpoena. I then resubpoenaed them and they declined to cooperate, questioned our jurisdiction.

Anyway, they gave me not what I wanted. I then asked the attorney general of the State of Illinois to enter some

action in the circuit court. They are licensed—I don't completely understand it—but they do have sort of a residential license in the State of Illinois to accept service, if nothing else. And I haven't found out anything from them and I am still working on it.

This is the only block of stock, it is the only rock I haven't looked under.

* * * * *

Mr. MURPHY. Well, I am sure our staff is trying to cooperate and I think we have gone one step beyond the Chase Manhattan Bank.

We have been given the name of the Union Bank of Switzerland, Zurich, Switzerland; and we have what appears to be an account number.

The bank has cooperated to this effect: They say the ownership of this block of stock is now located in the Zurich Bank, Zurich, Switzerland, and the name is the Union Bank of Switzerland. They give us a number; however, they don't give us a name.

I hope you are successful in your efforts. I think the people of the State of Illinois, and in that regard in every State, are entitled to know who are the people that share the stock in racing. Because it is open to the public. This is not a right, this license that your board extends to them, it is a privilege. And if they are not cooperating, I don't think they can hide behind any constitutional principles of the fact they are receiving a license.¹⁸

In the judgment of the committee, the failure to disclose the full and complete list of stockholders and investors in a track or association licensed to run events at a track should be sufficient grounds for revocation of a license.

POLITICAL CONTRIBUTIONS

* * * when I first took this job I thought horsepower was something we had in our tractors; but I found out it isn't. There is a lot of horsepower in a political body. I don't mean to say this is done by deceit or bribery, or anything, but these fellows are very persuasive and they get their way.¹

Horseracing is a multi-million-dollar industry in most States where it is sanctioned and the acquisition and successful retention of a racing license can make its holders wealthy. In most States licensing is subject to annual renewal and this has led to frantic competition for favorable dates as well as for retention of a license.

Witnesses testified to a consequence of this annual competition—the establishment of special funds to lobby for dates, licenses, and extension of racing and so-called “campaign contributions” made as a normal cost of doing business with government officials.

There is absolutely no reason why a racetrack owner, official, or concessionaire should have to make contributions to the campaign treasury

¹⁸ Id., pp. 523–524.

¹ Hearings, testimony of Alexander MacArthur, pt. 2, p. 537.

of any politician or political party to retain or secure racing rights. Yet numerous instances were recited before the committee. There is less cause for money to pass into the hands of racing officials, yet witnesses testified to just such transactions in Louisiana and Arizona.

The manner in which horseracing is regulated varies greatly, unfortunately, from State to State and the integrity of racing, therefore, suffers. Committee witnesses told of political slush funds and campaign contributions to finance favors from State legislatures and racing commissions.

Illinois

The greatest scandal in racing in recent years occurred in Illinois when it was discovered that a Governor, a chairman of the racing board, and other State officials secured undisclosed stock ownership in a racing association in violation of State statute.

The scandal continued last year when the racing board, over the vigorous objection of Chairman Alexander MacArthur and two other reform members, voted to award dates to a racing association in which the indicted former racing board chairman held a trust interest.

MacArthur, in his appearance before this committee, told of another incident that came to his attention in 1970:

* * * a man whose license was being investigated by the Illinois Racing Board, without my knowledge, in the fall of 1970, gave a rather large contribution to a political party and it upset me. I wanted to know who was trying to sell me around town, and I thought the time had come when that money, which happened to be \$100,000, could a lot better be spent in new barns instead of shooting crap with the politicians.²

The end result was that in the summer of 1971 MacArthur asked for and got from the racing board a regulation which prohibited any racetrack or principal of a racetrack from giving anything of value to any State employee or candidate for a political party.

The committee endorses such a regulation as a necessary and valuable measure to minimize instances of political corruption and with the means for prosecution of those in and out of government who would corrupt the sport.

Louisiana

Louisiana is the only State to come to the committee's attention that has a State racing chairman who, according to a committee witness, has admitted placing phone bets with bookies. Such an admission in itself should be grounds for removal.

Albert M. Stall was appointed racing commission chairman on May 18, 1972, after allegedly admitting to Richard Angelico of WVUE-TV that he had placed bets with bookmakers.³

Racing scandals are all too common in Louisiana. Three witnesses testified to the payment of large "campaign contributions" to two former Governors by racing interests in the State.

² Hearings, testimony of Alexander MacArthur, pt. 2, pp. 536-537.

³ Hearings, prepared statement of Aaron M. Kohn, managing director, Metropolitan Crime Commission of New Orleans, Inc., pt. 2, p. 946.

Robert P. Leacy, former vice president of Emprise Corp., testified that he made several trips to Louisiana during the decade he worked for the Buffalo-based concession firm, ending in 1966.

On one occasion, Leacy told the committee, he personally delivered \$10,000 in cash as a "campaign contribution," unreported, to former Gov. Earl Long.

Mr. PHILLIPS. And could you tell us how the Governor accepted that money?

Mr. LEACY. He took it from my hand.

Mr. PHILLIPS. What did he do with it when he took it from your hand?

Mr. LEACY. He put it in his person.

Mr. PHILLIPS. He put it inside his shirt?

Mr. LEACY. It is my recollection that is what he did with it.⁴

Aaron Kohn, managing director of the Metropolitan Crime Commission of New Orleans, testified that there were two more \$5,000 payments made that year from Leacy and they went to J. M. "Pete" Menefee, then chairman of the Louisiana Racing Commission.

Said Kohn:

On June 11, 1971, Leacy made a much more detailed statement to investigators of the * * * intelligence unit of the Jefferson Parish Sheriff's Office.

At that time he admitted three payments of money to Louisiana officials "to insure that Emprise would be able to operate in Louisiana without problems."

After making the \$10,000 cash payment to Governor Long, Leacy—delivered \$5,000 to J. M. "Pete" Menefee, chairman of the Louisiana Racing Commission, at the latter's residence in Monroe, La. The third payment, to Racing Commission Chairman Menefee in the amount of \$5,000, occurred with Ray Edmonds (president of Jefferson Downs Racetrack) present in the office of Jefferson Downs. An envelope containing the money was placed in a newspaper, left on the desk, and carried away by Menefee.

On October 19, 1959, Edmonds reported that more than \$9,000 in cash had been stolen from the Sportservice [concessionaire] safe on the track * * *.⁵

More recently Kohn, Leacy, and present Jefferson Downs president John Masoni testified that there was a substantial campaign contribution made in 1964 to the successful gubernatorial campaign of Gov. John McKeithen.

Leacy testified that Menefee, then campaign manager for McKeithen, made the solicitation through him to Emprise in Buffalo. Masoni testified that he made a contribution personally—

⁴ Hearings, testimony of Robert P. Leacy, pt. 1, p. 186.

⁵ Hearings, testimony of Aaron M. Kohn, pt. 2, pp. 942-943.

and requested my partners to make similar contributions.

Mr. STEIGER. Were you able to get the ante up to \$25,000?

Mr. MASONI. It was quite close to it, yes.⁶

Jeremy Jacobs, president of Emprise Corp., verified that he had contributed \$5,000 toward that payment at the request of his father, Lou Jacobs, then head of the firm.

On June 18, 1971, the Louisiana Racing Commission held a cozy inquiry into the charges made against Menefee and two former Louisiana Governors.

The seriousness of their purpose can be deduced by a reading of the transcript of that hearing:

MENEFEE. Mr. Chairman, this is the first time in 35 years in politics that I've ever been accused of anything unethical. And I'm ready and willing to meet before this commission with anybody that will make the accusations face-to-face and deny it. And I will say this: if somebody told Sportservice they could handle Pete Menefee and Earl Long for \$20,000, Sportservice better find out who that fellow was and find out what he did with the money. [Laughter.]

Because I can guarantee you he sure didn't give it to us. [Laughter.]

Acting Chairman KREIHS. Peter, that's what I've been trying to find out. Maybe you short-changed Earl Long there. [Laughter.]

MENEFEE. You never knew Earl Long. [Laughter.]⁷

According to Kohn:

Now, it is interesting that neither the racing commissioners nor the assistant attorney general assigned to serve as their counsel questioned the witness about the specific details that had been furnished all of them prior to the hearing, of the three occasions described by Robert Leacy, when money allegedly was actually either given to or discussed by the witness. The racing commission initiated absolutely no effort to call for, as they were legally authorized to do, books and records of Emprise and Jefferson Downs for expenditures which might have substantiated Leacy's statement.⁸

Hawaii and California

Leacy further testified that there was an aborted effort by Emprise Corp. to push a racing bill through the Hawaii Legislature with the beneficiaries to be the corporation and members of the State legislature. The racing bill passed one house of the legislature but failed in the other.

In California, Emprise gave a lobbyist a \$300,000 fund to effect legislation. Until recently, Leacy explained, "California had very limited racing dates, despite the very large population."⁹ A move to expand racing dates failed and the money was returned.

⁶ Hearings, testimony of John Masoni, pt. 2, p. 871.

⁷ Hearings, testimony of Aaron M. Kohn (excerpt from testimony before the Louisiana Racing Commission, June 18, 1971), pt. 2, p. 882.

⁸ Id., p. 883.

⁹ Hearings, testimony of Robert P. Leacy, pt. 1, p. 189.

Arkansas

Leacy also testified that C. Ray Edmonds, one-time president of Jefferson Downs—

related a story about payment to a government official in the State of Arkansas. * * *

Mr. PHILLIPS. Did he in fact tell you he had paid \$50,000 to this high governmental official?

Mr. LEACY. That is what he told me, yes.

Mr. PHILLIPS. Did he say he met him on the road at night and gave him the cash in person?

Mr. LEACY. I don't recall whether it was at night. He said he met him in his car on the highway and gave him the money in cash, yes.

Mr. PHILLIPS. And was Edmonds interested in the track in Arkansas at that time?

Mr. LEACY. This was in the early days of that corporation which they called Southland Racing Corp., and Ray Edmonds had something to do with it. But what his capacity was, I am not sure. He may have been general manager, or something like that, similar to his position in Louisiana.¹⁰

Arizona

Donald Bolles, an investigative reporter for the Arizona Republic, in his testimony before this committee, stated that an inquiry into the activities of the Funk family-Emprise holdings in Arizona "found that there had been a seduction of public officials and use of well-respected front men to accomplish its objectives."¹¹ Four racing commissioners in the State actually ended up doing business with the interests they were supposed to be regulating, Bolles testified.

The first instance involved former Racing Commissioner Frank Waitman:

There came a time a group of businessmen in the Phoenix area decided that they would try and start a competing track against the Funk-Emprise monopoly. They filed an application with the Arizona Racing Commission to create this track at Black Canyon, which is just north of the Phoenix area, across the county line, because there was a requirement you could not build two in the same county.

As memory serves me, there was some "rinky dink" procedures in the racing commission which made it very, very difficult for this competing applicant to even get his petition heard. But then at one point Mr. Waitman made an application that the Funks be allowed to build on that location and Mr. Waitman was rewarded with a contract to install the plumbing at the Black Canyon Dog Track which, if memory serves me correctly, was in the approximate amount of \$23,000. * * *¹²

* * *

¹⁰ Id., p. 190.

¹¹ Hearings, testimony of Donald Bolles, pt. 1, p. 318.

¹² Hearings, testimony of Donald Bolles, pt. 1, p. 320.

Arizona State Auditor General Ira Osman testified before this committee and confirmed that the amount had been \$23,719 based on a later audit of the Funk family-Emprise books and that it had constituted "a serious conflict of interest."¹³

The audit also turned up the fact, Osman testified, that \$281,000 had been paid in 1970 for "legal, public relations and other expenses incurred to retain racing rights" by the Funk family-Emprise corporations.¹⁴

Bolles testified that former Commissioner Donald Butler resigned after it was published that he had received an investment of \$20,000 from the Funk family in a land project; that former Commissioner Buell Tade had sold the Funk tracks drinking glasses and another then commissioner, Al Marth, unsuccessfully attempted to win admission for the Funks into the American Greyhound Track Operators Association during a meeting he attended at State expense in Ireland.¹⁵

New York

John and James Nilon, Chester, Pa., concessionaires, testified to the existence of a \$100,000 fund to politically influence the granting of a license to an association seeking racing dates at Finger Lakes Raceway in upstate New York.¹⁶

John Nilon said he and his brother were asked to contribute the \$100,000 by Jack McGuire [Maguire], head of the group, which "I understood was to be spread among the political powers that be."¹⁷ In exchange, John Nilon testified he and his brother would be awarded parking, program, food and drink concessions at the track.

John Nilon told the committee he turned the money over to Morris Gold of Fallsburg, N.Y. Gold, who was next in the witness stand, said he gave the money to Hyman (Bucky) Mintz, a New York State assemblyman. Mintz, Gold testified, told him he passed the money to L. Judson Morhouse, then New York State Republican chairman, later convicted of accepting money in agreement for assisting in obtaining a liquor license.

Mr. PHILLIPS. Can you tell us essentially why Mr. Morhouse gave the money back?

Mr. GOLD. He said he was told to return it.

Mr. PHILLIPS. Mr. Morhouse was told to return it by whom?

Mr. GOLD. The story Mintz told me says, "Rockefeller wants no part of this, return the money."

Mr. PHILLIPS. And you, in fact, did return the money?

Mr. GOLD. Yes, I did.¹⁸

Of even greater concern was the testimony of David Goldstein, then assistant district attorney in New York City, who linked syndicate criminal, Joseph Cataldo, with the effort to gain a license for the McGuire [Maguire] group at Finger Lakes.

¹³ Hearings, testimony of Ira Osman, pt. 1, p. 352.

¹⁴ Id., p. 358.

¹⁵ Hearings, testimony of Donald Bolles, pt. 1, pp. 317-348.

¹⁶ Hearings, testimony of John and James Nilon, pt. 1, p. 703.

¹⁷ Hearings, testimony of John Nilon, pt. 1, p. 703.

¹⁸ Hearings, testimony of Morris Gold, pt. 2, p. 728.

Goldstein said:

We conducted an investigation to determine whether there was any validity to this information and we found that there were various "payoff" situations involving both Democrats and Republicans, and there was some underworld influence in connection with proposed stock ownership and obtaining persons who were supposed to be acceptable to the New York State Racing Commission.

The first information that we developed was that a certain underworld figure in New York City by the name of Joseph Cataldo had come to an understanding with people who were interested in promoting this track that he would receive a "finder's fee" of \$100,000 for having obtained a person, one John Maguire [McGuire], who was acceptable to the New York State Racing Commission.

* * * * *

He never did, in fact, as far as we know, get the \$100,000. We heard later that the \$100,000 cash promised had been changed to a stock promise; that he was supposed to get some stock in the track.

Eventually, I understand that he and a coventurer of his sued the track corporation and various individuals connected with the track.

I understand further that that lawsuit for an alleged \$100,000 finder's fee was compromised by settlement and the total amount of \$15,000 had been paid.

Mr. Cataldo is known in New York City to be an associate of many well-known underworld figures, such as Joseph "Socks" Lanza, who is now deceased. As a matter of fact, I have in my possession today a photograph taken of Mr. Cataldo and Mr. Lanza at a wedding in October 1963 that the committee might have some interest in. He was also an associate of Matty "The Horse" Iannello, Anthony "Tony Bender" Strollo, Anthony "Tony Ducks" Corallo, Santo Trafficante, Meyer Lansky, Vito Genovese, Tommy "Ryan" Eboli and John "Sonny" Franzese.¹⁹

HAZEL PARK

The Hazel Park Racing Association, Inc., was chartered by the State of Michigan on January 5, 1949. Its articles of incorporation stated that Hazel Park was to be used for—

* * * the breeding, exhibiting and racing of horses; to conduct other recreational and sporting events, and to buy, sell, lease, mortgage real estate for the company's use.

Of the original 80,490 common shares, Richard A. Connel purchased 25,000, Waldo D. Andrew 25,000, John R. Monaghan 3,500, James V. Bellanca 3,500, and Emprise Corp. (through Hazel Park Stadium,

¹⁹ Hearings, testimony of David Goldstein, pt. 2, pp. 613-614.

Inc.) bought 23,490. The charter and the original sale of common shares began the story of a 23-year scandal in which persons identified with organized crime bought into and eventually gained virtual control of a highly lucrative racing business—a business operated in partnership with and under the imprimatur of the State of Michigan. The thoroughbred racing business proved—almost from the beginning—a bonanza for both its operators and the State of Michigan.

During the period from 1963 through 1972 “illegal” gambling flourished in southeastern Michigan, increasing from an estimated \$175 million to an estimated \$350 million per annum. Similarly, “legalized” gambling was becoming more profitable: In 1971 alone, Hazel Park handled \$97 million at its betting windows during a 120-day racing season—\$8 million went as revenue to the State of Michigan. That \$8 million represented more than one-third of the State’s 1971 revenue from the two thoroughbred and five harness tracks licensed in Michigan.

The Hazel Park Racing Association and its racing activities became a source of concern to law enforcement officials in Michigan for several reasons. To begin with police officials noted that the Hazel Park Racing Association was producing enormous revenues and, in addition, was providing a safe employment haven for persons who—in the judgment of law enforcement officials—were of more than questionable character and reputation. Finally, the Hazel Park Racing Association was able to let profitable contracts and subcontracts to firms in southeastern Michigan which also had highly questionable relationships and connections with “syndicate” operations.

Much of law enforcement’s concern with the Hazel Park Racing Association can be traced to Guiseppe “Joe” Zerilli. Mr. Zerilli was born on December 11, 1897, in Terrasine, Sicily, emigrated to the United States in 1914, and became a naturalized citizen in 1938. At the time of his naturalization he listed his occupation as baker. Twenty-five years later Mr. Zerilli was president of Detroit-Italian Bakeries, chairman of the board of Jarson & Zerilli Co.—a processor and distributor of fruits and vegetables—and an investor in various other enterprises. The “other enterprises” brought Mr. Zerilli to the attention of law enforcement officers. Local law enforcement’s interest in Mr. Zerilli was whetted in 1951 when the Special Committee to Investigate Organized Crime in Interstate Commerce—the Kefauver committee—investigated the ownership of Hazel Park. The Kefauver committee discovered that a notorious Detroit racketeer, Santo Perrone, had loaned his son-in-law, Augustino Orlando, \$50,000 for investment in Hazel Park. The committee also learned that Perrone’s other son-in-law, Carl Renda, another racketeer, contributed another \$15,000 to the young Mr. Orlando.¹ Under questioning before the Kefauver committee Mr. Perrone stated that while he had invested all the cash he had in his 24-year-old son-in-law, he was not interested in what Orlando did with the money.²

But Santo Perrone’s connection with money used to acquire an interest in Hazel Park was just the beginning. In 1952, Joe Zerilli was

¹ Senate Special Committee to Investigate Organized Crime in Interstate Commerce, testimony of Carl Renda, Feb. 8, 1951, p. 166.

² Id., testimony of Santo Perrone, Feb. 8, 1951, pp. 122-123.

interested in helping out his son, Anthony J. Zerilli, and the younger Zerilli, who was about to make his first business venture, was interested in racing. From a savings account and "a secret hiding place" in his home Mr. Zerilli raised \$50,000 and presented it as a wedding gift to his son. That same day the \$50,000 was in the hands of James V. Bellanca, one of the original investors in Hazel Park and the conduit through which Zerilli's money purchased an interest in the track.³

On March 4, 1953, Michigan's Racing Commissioner James H. Inglis sent a letter to James V. Bellanca, vice president of the Hazel Park Racing Association, in which he stated—

As I have previously stated to you * * * it is my opinion that Agostino [Augustino] Orlando, Anthony Zerilli, Benjamin Fretti, Nicholas Scott, Illuminato Baglio [Raglio] Harry Snyder, Jack Birnberg, Peter D'Angelo and possibly others, should be asked to relinquish control of their stocks and ultimately sell their stocks.⁴

In an earlier letter to Mr. Bellanca Commissioner Inglis had characterized five of the stockholders as—

* * * unacceptable to the racing commission * * * either because of adverse police records or close family relationships to persons with adverse police records * * *.⁵

This correspondence represented part of the State's attempt, through the licensing powers of the racing commissioner, to remove certain individuals from ownership in and control over the association's racing business. The racing commissioner scored a small success when four of the people he named divested themselves of their stock interests. Anthony Zerilli however responded by filing suit against Commissioner Inglis, alleging defamation of character. That suit, filed on May 12, 1953, was ultimately dismissed, but Anthony Zerilli maintained his investment. Fifteen years later the McClellan committee and the FBI named Anthony Zerilli as being identified with organized crime activities in the Detroit area.⁶ His father, Guiseppe "Joe" Zerilli had been so identified in 1963.⁷

Notwithstanding the publicity surrounding Hazel Park's identification with organized crime, that identification (beginning with the Kefauver committee revelations in 1951) continued into 1972 when Anthony Zerilli, five other individual defendants, and the Emprise Corp. were found guilty of a conspiracy involving interstate transportation in aid of racketeering in violation of sections 371 and 1952 of title 18, United States Code.⁸

The first Emprise loan to the Hazel Park Racing Association was made in June 1957 when track officials, including Anthony Zerilli, outbid all opposition to purchase Wheeling Downs Race Track in West Virginia with an offer of \$1.78 million. To close the deal, James

³ Circuit Court case and deposition of Anthony Zerilli, plaintiff, vs. James H. Inglis, racing commissioner, Jan. 18, 1954, p. 108.

⁴ Hearings, pt. 1, p. 38, letter from James H. Inglis, racing commissioner, to James V. Bellanca, vice president, Hazel Park Racing Association, dated Mar. 4, 1953.

⁶ Hearings, pt. 1, p. 36, letter from James H. Inglis, racing commissioner, to James V. Bellanca, Vice President, Hazel Park Racing Association, dated Mar. 2, 1953.

⁷ Hearings, testimony of Vincent Piersante, pt. 1, p. 5.

⁸ Id., p. 4.

⁸ Verdict rendered Apr. 26, 1972, U.S. District Court, Los Angeles, Calif.

Bellanca and Zerilli met with Lou Jacobs in Buffalo and secured an advance on concessionaire's fees to keep the Wheeling Downs track open. At the request of Bellanca and Zerilli, an Emprise subsidiary, Sportservices Inc., loaned Hazel Park Racing Association, Inc., \$400,000 on a promissory note payable when Wheeling was purchased and a mortgage secured. Wheeling Downs made \$400,000 during its first meet. The money was used to help pay off some of the loans.⁹

Under West Virginia law a racing corporation may not have a stockholder who has had criminal conviction within the previous 10 years. This made Richard A. Connell and Waldo Andrews of the Hazel Park executive group unacceptable as trustees, because each had figured in Michigan investigations within the previous decade. To circumvent this law, Bellanca and his associates drew up an irrevocable trust agreement for 5 years under which Wheeling Downs could be run by five trustees instead of a regularly elected stockholders administration. Those trustees included Bellanca, Zerilli, and Jack Tocco. Tocco has been identified by the FBI as a major Detroit racketeer.

In the ensuing years two floods, a steel strike, and other problems plagued Wheeling Downs, including the loss of the most valuable racing dates. It eventually was sold for \$1.25 million.

In 1957, 6 years after the Kefauver committee revealed the extent of organized crime's involvement at Hazel Park, Emprise Corp. again involved itself in the form of a loan guarantee by Lou Jacobs through Sportservices, Inc., that assisted the Bellanca-Zerilli-Tocco voting trust in obtaining a \$1 million loan from the Michigan Bank in Detroit for the purpose of buying out 200,000 shares in the track owned by executive vice president Waldo Andrews. The Hazel Park Racing Association purchased Andrews' stock for \$900,000 and his debentures for an additional \$300,000. The stock was then retired to the corporation treasury. This transaction assured the voting trust control of the Hazel Park Racing Association.

Anthony Zerilli's fortunes began to soar after the voting trust secured the track. He became president of Hazel Park Race Track, and, according to the FBI, the police, and the McClellan committee, by 1968 was the recognized successor to his father in the Detroit underworld.¹⁰ Joining Zerilli in both ventures were Jack Tocco, who became vice president of Hazel Park, and Dominic P. Corrado, a member of the board of directors.

In a December 12, 1963, letter addressed to Mr. Berry Beaman, Michigan State Racing Commissioner, Detroit's Police Commissioner George Edwards, stated:

* * * the statement made by this department to the Senate Investigating Subcommittee, wherein we said, "A classic example of Mafia infiltration of legitimate enterprise is the Hazel Park Racing Association, Inc. This State-licensed monopoly operation makes approximately \$1 million a year. Much of this is available to further Mafia power in the Detroit area," was an understatement."¹¹

⁹ Hearings, memorandum entitled "Summary of the Hazel Park Racing Association, Inc.," prepared by former Detroit, Mich., Police Commissioner George Edwards, dated Dec. 12, 1963, pt. 1, p. 17.

¹⁰ Hearings, testimony of Vincent Piersante, pt. 1, p. 5.

¹¹ Hearings, letter from Detroit, Mich., Police Commissioner George Edwards, to Berry Beaman, Michigan State Racing Commissioner, dated Dec. 12, 1963, pt. 1, p. 14.

Two of the five men whom this department named to the Senate Investigating Subcommittee as the ruling council of the Mafia (namely, Joseph Zerilli and "Papa John" Priziola) own substantial stock in their own names in the Hazel Park Race Track. The same is true of two others who were similarly named as second-level Mafia chiefs, Dominic "Fats" Corrado and Matthew "the Enforcer" Rubino.

Of considerably greater significance, however, is the fact that the voting trust which controls 666,304 shares of Hazel Park stock (an absolute majority of the shares issued) is dominated by shares held in the names of seven families (the Zerilli family, the Tocco family, the Priziola family, the Meli family, the Perrone family, the Cavataio family, and the Corrado family).¹²

The Detroit Syndicate was in an enviable position by the late 1960's. Not only was it running the races at Hazel Park at a profit, but associates of the same group were reaping the gains from illegal off-track betting. Hazel Park was a gold mine.

Again there were Emprise loan guarantees (\$638,000 worth) which were used by Zerilli and Bellanca in a conspiracy that included mobster Tony Giardino of St. Louis to circumvent Nevada gaming laws by buying an undisclosed interest in the planned development of the Frontier Hotel and Gambling Casino in Las Vegas, Nevada.¹³

The principal front in the Emprise operation was Philip Troy, who signed the papers and acted as an agent for Emprise. In fact, Philip Troy was the father-in-law of Max Jacobs who, along with his father, Lou Jacobs, wanted to obtain the concession rights in Las Vegas' Frontier Hotel. Emprise Corp., Anthony Zerilli, and Peter Bellanca needed fronts for their planned Nevada investment because Nevada law does not permit persons who hold investments in gambling enterprises in other States to acquire such investments in Nevada. Thus, Philip Troy, an in-law of Emprise principals, became involved.

In May 1972 Anthony Zerilli, Jack Tocco, Michael Santo Polizzi, and Philip Troy were subpoenaed to testify before the House Select Committee on Crime. Each of them had been involved in the Frontier Hotel conspiracy; all except Philip Troy invoked the fifth amendment in reply to all pertinent questions.¹⁴ Philip Troy, however, told the committee exactly how he got \$250,000 to invest in the Frontier Hotel and Gambling Casino:

Philip Troy, however, told the committee exactly how he got \$225,000 to invest in the Frontier Hotel and Gambling Casino:

Mr. PHILLIPS. Could you tell us how that loan came about?

Mr. TROY. It came about because my son-in-law is Max Jacobs and he and his father, Louis Jacobs, wanted to obtain the concession in the Frontier Hotel. They told me that they could not be licensed because they were connected with legalized gambling elsewhere in the country and under those circumstances they could not be licensed in Nevada.

¹² Ibid.

¹³ Interview with Thomas E. Kotoske, Assistant U.S. Attorney, May 5, 1973.

¹⁴ Hearings, testimony of Anthony Zerilli, pt. 1, pp. 115-118; Jack Tocco, pt. 1, pp. 119-121; and Michael Polizzi, pt. 1, pp. 137-139.

Mr. PHILLIPS. Can you tell us who told you that?

Mr. TROY. Both Mr. Jacobs, Sr., and Jr.: Lou Jacobs and his son, Max.

Mr. PHILLIPS. Could you tell us when they told you that?

Mr. TROY. They called me in late January of 1967 and opened a discussion with the fact that they were interested in getting the concessions at the Frontier, that if they were part owner or licensed in Nevada, it would facilitate their chances of getting the concession.

Mr. PHILLIPS. In other words, they wanted to become part owner in the Frontier Hotel?

Mr. TROY. Yes, sir.¹⁵

Michigan's Racing Commissioner Leo C. Shirley appeared before the Select Committee on Crime and asserted that "legalized gambling is a privilege not a right" and that owners of racetrack licenses must be "absolutely above reproach."¹⁶

Following the refusal of Mr. Tocco to testify, Congressman Frank Brasco asked Commissioner Shirley back to the witness table for the following question:

Do you intend to take any action against a member of the board of directors [of Hazel Park], a Mr. Tocco, who, while he has the constitutional right to invoke the fifth amendment, does so while on the board of directors of the Hazel Park Racing Association? I want to know this morning whether or not you intend to take any action toward his removal and the removal of any other member who comes before this committee and follows that same procedure.

Mr. SHIRLEY. Needless to say, Mr. Brasco, the failure of these people to respond to the committee is very serious and of great concern to our office, the Governor's office, and the attorney general's office in Michigan. My position right now is this: That upon my return to Michigan serious consideration will be given to this in a joint meeting with representatives of the attorney general's office, and the Governor's office.¹⁷

In an August 9, 1972, letter Commissioner Shirley advised the Crime Committee that—

You undoubtedly have received information by this time that the stockholders of the Hazel Park Racing Association, Inc., voted * * * in favor of selling the assets of this track to Tyner-Hartman Apartments, Inc., * * * The sale is removing people from racetrack and race meet ownerships who have been publicly listed as members of the organized crime structure of the United States.

The commissioner indicated that he considered the sale a "definite step forward." He also stated that "A second accomplishment is the removal of Emprise as an owner of stock in a parimutuel racetrack."¹⁸

¹⁵ Hearings, testimony of Philip Troy, pt. 1, p. 142.

¹⁶ Hearings, testimony of Leo C. Shirley, pt. 1, p. 92.

¹⁷ *Id.*, p. 128.

¹⁸ Letter from Leo C. Shirley, Michigan State Racing Commissioner, to Select Committee on Crime, U.S. House of Representatives, dated Aug. 9, 1972.

The sale of Hazel Park was consummated on September 7, 1972, and Commissioner Shirley, in a letter to the Select Committee on Crime said that—

This sale removed from the racing business in Michigan involving track ownership not only people involved in organized crime, but Emprise Corporation.¹⁹

BERKSHIRE DOWNS

Joe Barboza is known by many names but one face to law enforcement officers in New England and those unlucky enough to cross his path when he was at work.

He remembered, in testimony before this committee, the time that an independent bookmaker tried to horn in on the betting action at a track where Patriarca and his friends had a good thing going:

Leo Schwartz gave me a guy by the name of Bozo, pointed him out to me, and the quickest thing I get a hold of was a bannister post, and I walked over and clobbered him with it a few times and told him not to operate on a track any more. And he never operated on the track any more.¹

Barboza, a one-time light-heavyweight boxer, never made it big in the fight game: His fame came on the streets of Boston and Providence where he was known as "the Enforcer," or "the Portuguese Savage." The latter name he won during the Boston gang wars of the 1960's when dead bodies were being found in automobile trunks and fished out of rivers. Some of the handiwork was his, Joe said.²

One witness who knew Barboza, Jerry Angiulo, took the fifth amendment repeatedly during Crime Committee hearings on racetrack corruption in Massachusetts but interrupted his invocation of the fifth amendment for the following exchange with Congressman Steiger:

Mr. STEIGER. Mr. Barboza, among other things, claimed he had been responsible for the murder of some 26 or 27 people. From what you know of Mr. Barboza is that an accurate statement?

Mr. ANGIULO. From what I know?

Mr. STEIGER. Yes, sir.

Mr. ANGIULO. From what I have read in the newspapers, I am led to believe that he told you exactly the truth; that he might have just killed 26 men.

Even with his reputation as an enforcer and Patriarca's gun for hire, Barboza never made it big in the rackets. As with boxing, his greater fame came in a new role—this time telling most of what he knew to grand juries and investigating committees. Barboza, when he turned against the New England mob, did what no law enforcement agency had been able to do—he helped put Raymond Patriarca behind bars.

He did it because Patriarca had tried to ruin his profitable shylocking (illegal loan) operation. Patriarca ordered the murders, Bar-

¹⁹ Id., dated Oct. 19, 1972.

¹ Hearings, testimony of Joseph Barboza, pt. 2, p. 766.

² Id., p. 767.

boza said, of two of his lieutenants who were trying to get him out of jail with bond.

Mr. PHILLIPS. The two fellows that had your bail money were whacked out, as you call it.

Mr. BARBOZA. Right.

Mr. PHILLIPS. They were killed, shot in the head. Did the people who did that take the bail money or not?

Mr. BARBOZA. Yes.

Patriarca served a 5-year sentence in Atlanta Federal Penitentiary for conspiracy to commit murder and faces an additional 5-year sentence in Massachusetts jails.

This has not, however, irreparably damaged Patriarca's control of syndicate crime in New England. In his appearance before the Crime Committee, Rhode Island Attorney General Richard Israel, head of antiracketeering efforts in Patriarca's home State, was asked whether Patriarca continues to operate his syndicate while in Federal prison. Attorney General Israel said that Patriarca continued his syndicate control, including its horseracing activities in New England.³

Barboza was peripherally involved in one of the most ambitious projects organized crime attempted in New England during the 1960's—the purchase and operation of a racetrack. The target was a flat track being developed on 25 acres of land in the northwestern region of Massachusetts near Hancock. The history of Berkshire Downs is one of undisclosed ownership, attempts to bribe public officials to extend a meager 24-day racing season and internal battles for control and huge investment losses. One of the heaviest investors and greatest losers of all was Raymond Patriarca.⁴

Another investor in the track was Charles Carson who owned 50 percent of the class A voting stock which he secured without putting up a dime.

Carson was also a front man for Dr. Charles L. Furcolo. Furcolo did not want to appear as an investor in Berkshire Downs because his son, Foster Furcolo, at that time was the Governor of Massachusetts.

Furcolo knew that the track would be attempting to secure additional racing dates and he did not want to embarrass his son should any scandal develop. Scandal indeed did develop, one element of which was the elder Furcolo's undisclosed interest. Carson was installed as chairman of the board and comptroller on July 3, 1960. By the end of August the track was in desperate financial shape in spite of the fact that Carson negotiated a \$100,000 loan from Sportservice, a subsidiary of the giant concessionaire, Emprise. A meeting was held in Providence with Carson, Dr. Furcolo, and B. A. Dario, millionaire owner of Lincoln Downs, a successful racetrack operating in Rhode Island. The track needed an investor with good credit to bring in more than \$300,000 to complete construction and prepare for the 1960 racing season. Dario made an offer.

"At that time the track was in trouble financially?" Chief Counsel Phillips asked Carson during the committee's hearings in July.

³ Hearings, testimony of Richard Israel, pt. 2, p. 1015.

⁴ Hearings, memorandum prepared by Chief Counsel Joseph A. Phillips summarizing FBI reports, pt. 4, pp. 1563-1565; see also pp. 1438, 1441, and 1468.

"We were down to our last dime," he replied.⁵

Dario's demands were tough. With all avenues exhausted and the Berkshire Downs opening less than 2 weeks away, a contract was signed. Dario got 30 percent of the voting stock, \$25,000 a year for 10 years as general manager and, most crucial, full voting rights for 10 years. For his part, Dario brought in \$50,000 and guaranteed a \$300,000 loan from Sportservice, an Emprise subsidiary. Attending subsequent board meetings of Berkshire Downs Race Track that year was a man introduced simply as "Ray."

Carson testified:

Two men came with him that day, one man sat in the front seat, and the other man sat in the back seat with Bacchiocchi [Dario] when they drove in near the administration building. I saw them when they came in. So, he introduced this man to me as Ray, simply Ray, "Ray, meet Charley."⁶

Mr. PHILLIPS. What was the other fellow's name?

Mr. CARSON. I forget what name he gave him, but we called him "the Buffalo." I don't know where we got the name of Buffalo, but, subsequently, I found out that his name was Bufalino, so it is just possible we found that out and called him—he looked like a buffalo, if you ask me. He was a strong individual, bullheaded, like that. And he acted as sort of bodyguard to this fellow Ray, because he was with him right at the right side all the time. No talk, he never discussed anything with us at all. Just stood there like a soldier, and we would go up to lunch and not a word was passed between that man and us at all.

So, I asked Dario who this fellow is. And he said, "Oh Charley, he has got unlimited wealth," he said, "Any time we need a hundred grand I will get it just like that."

Mr. PHILLIPS. He said this fellow Ray was a man of unlimited wealth?

Mr. CARSON. That was Ray he was talking about.

Mr. PHILLIPS. And did you ultimately see a picture of Raymond Patriarca?

Mr. CARSON. That was in 1964. I was in Boston, and picked up the Boston paper on the way home, brought it home to Springfield. And on the front page is this big picture of those three individuals waiting to go into the courtroom in Suffolk County in Boston. And I said to my wife, "Hey, that is the fellow that was Ray, that we had lunch with together, that I had lunch with together over the tracks." But his name was Ray Patriarca in the newspaper.⁷

During those luncheon meetings during late 1960, Carson said, "Ray," Joe Kirkorian, and Salvatore Rizzo, the man who in 1962 connected the names of entertainers Frank Sinatra and Dean Martin to

⁵ Hearings, testimony of Charles Carson, pt. 4, p. 1439.

⁶ Id., p. 1440.

⁷ Id., p. 1440-1441.

the track, would always sit at an adjacent table. Rizzo was described by Carson as—

a little fellow, gray fedora, slanted up, patent leather shoes and flared trousers, pretty sharp. He came in and Dario introduced him as Salvatore Rizzo, another man of wealth who had a training stable for thoroughbreds in Culee, Fla. He just sold it and got \$2 million for it. And he was interested in buying a racetrack.

So Dario said, "Maybe we will sell it to him, Charley."

And I said, "What do you mean we will sell it to him? You have got only 30 shares"—kidding back and forth.

And he said, "If you want to sell it for a price, let's listen to him." From then on we were hounded by this man Rizzo.

* * * * *

Mr. PHILLIPS. Ultimately the corporation went bankrupt; is that correct?

Mr. CARSON. Now, the next year, as I say, Rizzo kept after me. He wanted to buy the place. And Dario kept saying, "Sell it to him, Charley, if you get your price."

* * * * *

* * * I did agree eventually to sell my share. * * *

Now, Rizzo opened the track the following year, in 1962, and from then on all I know of is what I read in the papers.

For the record, Patriarca took the fifth amendment repeatedly when queried by the committee about these meetings:

Chairman PEPPER. Mr. Patriarca, have you ever visited the Berkshire Downs Racetrack in Massachusetts, particularly in 1961 or 1962?

Mr. PATRIARCA. I decline to answer on the grounds of the fifth amendment.

Chairman PEPPER. Were you in a room at the time that a board meeting occurred of the directors of the Berkshire Downs Racetrack in Massachusetts? In 1961, when another party was touched on the shoulder and later slapped by you, not in the face, but on the body, and told to sit down in the presence of the board of directors of the Berkshire Downs track?

Mr. PATRIARCA. I decline to answer on the fifth and six amendments.

According to FBI Airtels in March 1962 Patriarca was—

overheard discussing his interest in the racetrack and that he was involved with a plan to install lights at the track to facilitate night racing. Patriarca said that Saul Friedman, his attorney, was going to cosign a note along with Dario * * *.

On August 21, 1962, Patriarca and his brother (Joseph) discussed certain repairs made at Berkshire Downs. Joseph Patriarca said: "We own 90 percent of the track." Joseph went on to say that Saul Friedman, B. A. Dario and Sam Rizzo, and two others who will be chosen, will control the

board of directors. Also in August, Patriarca was told that they were talking about putting Frank Sinatra on the board of directors to "add some class" to the track.

On September 8, 1962, the following story appeared on the front page of the New York Morning Telegraph:

Entertainers Frank Sinatra and Dean Martin have been named to the board of directors of Berkshire Downs Race Track here, with Sinatra also being named as first vice president of the half-mile course in a major reorganization of the track's corporate structure, it was disclosed today. S. A. Rizzo of Scarsdale, N.Y., an owner and breeder, has assumed the presidency, replacing Bernard E. Francis of Hartford, Conn., who has sold all of his holdings in the course and has resigned. Mr. Dario will remain as treasurer and managing director, while Judge Saul Friedman of Providence has also been elected to the board. Amerio S. Cardi and Santi Campagna, both of Providence, will remain as directors.

Rizzo made good on a boast he made to Carson when he purchased the stock Carson held for himself and Dr. Furcolo in late 1961.

Carson said Rizzo told him:

Charley wish me luck. I have already contacted Frank Sinatra, he is going to come in, Dean Martin is going to come in, and I have all the money I need and we are going to make a real track of this.

Patriarca at about this time was overheard in an Airtel⁸ to claim that he had \$70,000 personally invested in Berkshire Downs—\$25,000 through (attorney) Friedman; \$10,000 which he gave to him (Friedman) to give to Dario; and \$26,000 which he gave to the other guy (presumably through a Isadore Sherman who invested jointly with Friedman).

Technically, Friedman and Sherman were out of the picture in late 1962 when Rizzo began consolidating shares and obtained their entire \$214,000 interest in the track on a personal note. B. A. Dario was to sell out, too.

Not surprisingly, Friedman remained on the board of directors of Berkshire Downs even though his interest in the track had been signed over, en toto, to Salvatore Rizzo.

Patriarca was not particularly pleased to have Rizzo running the affairs of the track.

According to the FBI Airtels:

Patriarca described Rizzo as an alcoholic and apparently told him at one time that he, Raymond, would not furnish additional funds for the track.⁹

Patriarca went so far as to make a prediction:

I'll predict what's gonna happen to Sam. They'll find him in the Brooklyn River.

⁸ Hearings, memorandum prepared by Chief Counsel Joseph A. Phillips summarizing FBI reports, pt. 4, pp. 1563-1565.

⁹ Ibid.

Patriarca, however, cooled off and Rizzo ran the track—into bankruptcy. Rizzo proved no better a money manager and exerciser of influence on the Massachusetts Legislature than his predecessors. Berkshire Downs failed to obtain additional racing dates despite a bill that pended for months in the legislature to expand racing dates in the State.

With foreclosure came an incredible purchase. George W. Vivino, a former New York lawyer who often handled cases for organized crime figures and has since fled the country to Canada, bought Berkshire Downs at auction in late 1963 for \$365,000.

The groundwork had been laid by Patriarca. "On June 11, 1963," the FBI Airtels reported that—

Patriarca told an associate of his by the name of Nicky, that he was going to New York in a week or 10 days to meet with Tommy Luchese concerning Berkshire Downs.¹⁰

Vivino, acting for Patriarca and Rizzo, who like it or not was still in control of Patriarca's interest in Berkshire Downs, appeared at the foreclosure auction with the only other bidder, B. A. Dario, the Rhode Island racetrack magnet. It didn't take Dario long to know he'd been had. He described the December 1963 foreclosure action as a fraud to the committee.

Mr. PHILLIPS. The foreclosure was not on the level?

Mr. DARIO. No, sir.

* * * * *

Mr. PHILLIPS. Rizzo just bought the track back through a front man?

Mr. DARIO. Yes. Front man. That is right.

Mr. PHILLIPS. The front man was a man by the name of Rubino [Vivino]?

Mr. DARIO. That is right. A lawyer who lost his license.

Mr. PHILLIPS. A New York lawyer who was fronting for the mob in New York City; is that correct?

Mr. DARIO. That is correct.

* * * * *

Mr. PHILLIPS. He was disbarred in New York and now he has gone to Canada, Mr. Rubino [Vivino].

Mr. DARIO. That is right.

* * * * *

Mr. PHILLIPS. Rizzo was foreclosed and Rizzo winds up within 3 days back at the track again * * *.

Rizzo had no better luck in his new role as general manager of the track than he did as president. In April 1964 the track went bankrupt a second time. A month later, Patriarca was heard to moan—

that he did not want to hear of Berkshire Downs again because every time he talks about it, he gets sick at the amount of money that he has lost, not only for himself, but for his friends.¹¹

¹⁰ Ibid.

¹¹ Ibid.

Rizzo, meanwhile, left New England for Miami and a new career in home building. He was last heard from in connection with the Berkshire Downs track, at the Crime Committee hearings on July 19, 1972, where he pleaded the fifth amendment to every pertinent question. Berkshire Downs was out of business permanently in 1966 when owners of Suffolk Downs, a rival Massachusetts track, and Green Mountain, another rival track in Vermont, agreed with trustees on a purchase price. Suffolk Downs obtained additional racing days and Green Mountain eliminated a potential competitor.

What looked at the outset to be a profitable investment and valuable asset for organized crime in New England had become a liability. Bad management and greed kept Berkshire Downs from becoming as good a source of income for organized crime as Hazel Park had been.

JEFFERSON DOWNS

In his testimony before this committee Carlos Marcello stated:

"I am not in no racket. I am not in no organized crime."¹

There are many who would contest Mr. Marcello's words, a man who as late as April 17, 1969, was identified by the late FBI Director J. Edgar Hoover as the head of syndicate crime operations in the New Orleans area.

Other appellations acquired in Marcello's association with congressional inquiries over the years are that of "the recognized kingpin of Louisiana racketeering" and "one of the worst criminals in the country."

Marcello took the witness chair in June as a man defamed. It was a new image he portrayed, that of the cooperative witness. The helpful citizen role was a deviation from past performance in which he invoked the fifth amendment privilege against self-incrimination to every question posed by the Special Committee To Investigate Organized Crime in Interstate Commerce (1951) and the Permanent Senate Subcommittee on Investigations (1959 and 1961).

Marcello agreed to testify on the advice of Jack Wasserman, his long-time chief legal counsel who for more than a decade has been leading a combine of attorneys dedicated to thwarting the efforts of the U.S. Immigration and Naturalization Service to deport Marcello. Since 1971, Marcello has refrained, where possible, from invoking the fifth amendment so that his lawyers can make a case for vacating a longstanding deportation order on the grounds that he has been a model citizen for the past 10 years.

Marcello told the committee that his continuing notoriety as the identified boss of syndicate crime in Louisiana comes solely from two sources:

Mr. STEIGER. I believe you have explained to us, Mr. Marcello, that you feel the basis of the identification between you and organized crime has largely been the newspaper in New Orleans and Mr. Aaron Kohn, and his Metropolitan Crime Commission. Is that correct?

Mr. MARCELLO. Absolutely. That is it.²

¹ Hearings, testimony of Carlos Marcello, pt. 2, p. 985.

² Id., 2 p. 986.

In fact, Marcello protested, he hadn't been involved with illegal activities since the days Estes Kefauver came to New Orleans and exposed the roulette wheels, slot machines, and card games at the posh Beverley Country Club he operated in concert with racketeers Frank Costello and Meyer Lansky. That was in 1951.

Mr. WALDIE. Was it because of the Kefauver investigation that you divested yourself of interest in those activities?

Mr. MARCELLO. Well, after the Kefauver, then a year or so after, I just got out of that business and went into the motel business.

Mr. WALDIE. Was it because of the glare of publicity that Kefauver put on to those activities?

Mr. MARCELLO. Yes, probably helped a lot.³

Since the Kefauver inquiry, Marcello has avoided public displays of wide-open gambling activities such as conducted at the country club. There have been, however, two widely reported incidents which have tarnished his claim to model-citizen status.

The first incident involved the famous luncheon meeting in 1966 at the La Stella Restaurant in Queens, N.Y., with 13 of the Nation's most notorious racketeers and his subsequent assault on an FBI agent upon his return to New Orleans from what he termed a New York business trip.

Mr. PHILLIPS. We would like to ask you, Mr. Marcello, how you came to go to the La Stella Restaurant?

Mr. MARCELLO. I went on a business trip, to try to get a loan on a nursing home.

* * * * *

Mr. PHILLIPS. Who else was there?

Mr. MARCELLO. Oh, it was 13 of us altogether.

* * * * *

Mr. PHILLIPS. Mr. Marcello, could you tell me why Santo Trafficante happened to be at the La Stella Restaurant, after coming all the way from Tampa, Fla.?

Mr. MARCELLO. No, sir; I couldn't tell you.

Mr. PHILLIPS. In other words, he just happened to be dropping by for lunch, too?

Mr. MARCELLO. I couldn't tell you how he got there.

* * * * *

Mr. PHILLIPS. Don't you think it is relevant when you sit down with Carlo Gambino, Santo Trafficante, and people like that, who are leading racketeers in this country, and you tell us you are there to borrow money for a nursing home?

Mr. MARCELLO. What would that have to do with it?

Mr. PHILLIPS. It doesn't sound to me like you are telling the truth, Mr. Marcello.

Mr. MARCELLO. I am telling the truth.

Mr. PHILLIPS. Did you go to see Mr. Gambino about the \$750,000 loan?

³ Id., p. 1001.

Mr. MARCELLO. I didn't say Mr. Gambino. I said I went to New York.

Mr. PHILLIPS. Who did you see in New York about the \$750,000 loan?

Mr. MARCELLO. I went there to see some company.

Mr. PHILLIPS. What is the name of the company?

Mr. MARCELLO. I wouldn't know at this present time. I have the names at home, and all.

Mr. PHILLIPS. You have forgotten it. Did you ever obtain the \$750,000 loan?

Mr. MARCELLO. No, sir.

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Mr. PHILLIPS. What type of luncheon was it?

Mr. MARCELLO. I don't know what type of luncheon. I mean I just was invited to a luncheon.

Mr. PHILLIPS. Doesn't it strike you as being unusual that all of these racketeers would be having a luncheon?

Mr. MARCELLO. No, sir; it is not unusual.

Mr. PHILLIPS. Have you ever attended any other luncheon with so many racketeers?

Mr. MARCELLO. I wouldn't know what you call a racketeer. I have had lunches in New Orleans many times, in many places in Louisiana, and it wasn't no racketeers or whatever you want to call them. I don't know what you mean by "racketeer."⁴

Chairman Pepper then asked the witness whether there was any truth to a Life Magazine article which described the La Stella Restaurant luncheon in less casual terms:

Chairman Pepper (reading):

"In September, 1966, Marcello was summoned to defend himself at a secret Mafia trial, the 'Little Appalachian' meeting at La Stella Restaurant in Queens, N.Y. Police raided that meeting and arrested, among others, Marcello, Trafficante, and the presiding 'judge,' Cosa Nostra Commissioner Carlo Gambino. But Marcello had won his 'case' before the raid took place. After his release by the New York police, he returned to New Orleans exuberant with victory."

And it goes on to tell it was at the airport where you hit the FBI man.

Is there any truth in that language that I read to you from the Life article?

Mr. MARCELLO. No, sir. The only truth that I met my brother, the other two boys, and I happen to know Mr. Trafficante for about 25 to 30 years. I went to the airport and the FBI was there, and I thought it was the TV's and they followed me from the time I got off the plane, down to the ramp, and one of the FBI, which I didn't know was an FBI, he came right into me and he done that (indicating).

I said, "Get out of my way," and I went in the car and went home about my business.

⁴ Id., pp. 962-964.

The next day they came to arrest me. He never said he was FBI. He was in shirt sleeves. He didn't show me no badge, no identification. The next morning at 9 o'clock they were at my house for warrant for arrest for assault. I didn't hit him.⁵

For the assault, Marcello served approximately 8 months of a 2-year prison sentence.

Today, Marcello describes himself as a part-time salesman for the Pelican Tomato Co. and a sometimes dabbler in New Orleans real estate.

One of those land dabbles involved his attempt to sell the land on which to affix the Jefferson Downs Race Track, successor to the scandal-ridden Magnolia Park which went bankrupt in October 1957.

This fact and other associations tying Marcello with racetracks and gambling resulted in the issuance of a subpoena for his appearance during the committee's inquiry into organized crime's influence on sports, particularly horseracing.

Marcello insisted that the Jefferson Downs land sale was little more than a business deal that never came to fruition. John Masoni, owner of Jefferson Downs, admitted to minor business transactions and at least one major attempt to negotiate a land sale with the man he said "is reputed to be some sort of underworld boss." Several of these meetings were held at Marcello's headquarters in the Town & Country Motel.

Mr. PHILLIPS. Could you tell us what Mr. Marcello was doing for you?

Mr. MASONI. Well, when Hurricane Betsy destroyed the facilities at the old Jefferson Downs, No. 1, we had a lot of surplus equipment that we had used on the track work, and he did purchase a grader or housetrailer, or something like that, from us. I don't remember the details. The entire amount of the purchase was less than \$5,000.

Mr. PHILLIPS. Is it a fact he did real estate work for you?

Mr. MASONI. He very definitely tried to get us to relocate our track at some of the properties in which he had some interest of one sort or another. I don't know. There were at least half a dozen sites that we studied and we reviewed. None of them were acceptable. We bought a site then entirely of our own choice and built there, and we are operating there now.

Mr. PHILLIPS. Could you tell me how many meetings you had with Mr. Marcello during that period?

Mr. MASONI. A period of 5 or 6 years? Oh, a dozen, perhaps.

* * * * *

Mr. STEIGER. How many of these meetings occurred at the Town & Country Motel, to your knowledge?

Mr. MASONI. Two or three, maybe.

The land area eventually chosen is close to a relatively new residential development known as University City, not far from the Moisant International Airport. Residents of the area immediately

⁵ Id., p. 997.

started protesting. The town of Kenner's Mayor D'Gerolamo expressed his opposition to its construction. The Jefferson Parish School Board vigorously opposed it for they had previously started acquiring land near the track site to build a double high school complex, badly needed in the area. Despite this and other mounting opposition, in February 1967, the Kenner's mayor, now a State legislator, changed his position and the majority of Kenner's governing officials approved rezoning land in their city to permit construction of the new Jefferson Downs track.

John Masoni had been in frequent contact with Mayor D'Gerolamo. Plans for the new high school complex had to be rescinded, and it has never been constructed.

Court action to block racetrack completion failed.

In an unexpected move, the State racing commission on July 12, 1967, granted a 10-year franchise to Jefferson Downs, Inc., and allotted them racing rates for the following summer, with no indication the track would be ready for operation then.

During 1967 and 1968 the Daytona Beach Kennel Club acquired the new Jefferson Downs site in Kenner with total expenditures of almost three-quarters of a million dollars (\$743,491.34). Some of those from whom John Masoni, as agent for Daytona Beach, purchased land in Kenner, La., are of special interest, and included:

Developers Investment Corp., New Orleans, of which Moise Steeg, Jr., is president and director, and Louis G. Shushan is vice president, secretary-treasurer, and director. Steeg and Shushan have been the attorneys and agents for Jefferson Downs, Inc., Daytona Beach Kennel Club, Inc., John Masoni Emprise—Jacobs, Magnolia Liquor Co., Malcolm Woldenberg, and Stephen Goldring.

Terri-Jane, Inc., of New Orleans of which the stockholders, directors, and officers are Leo Miceli, president; Gerry Occhipinti, vice president; and Peter J. Casano, secretary-treasurer. Casano, an attorney, and Leo Miceli also appear as sharing ownership of the Walgreen Investment Co. with Anthony Marcello (brother of Carlos). Rosario "Rov" Occhipinti, Frank Occhipinti and Frank Renaudin. Rosario and Frank Occhipinti are brothers of Gerry Occhipinti. They also shared ownership with Anthony Marcello in Southern Tours, Inc., and Dixieland Tours.

The Occhipinti brothers were equal partners with Carlos Marcello in the Town & Country Motel, Jefferson Parish, at which Marcello maintains his headquarters operation. In addition, for many years the Occhipinti's held in their names the concealed interest of Carlos Marcello in three other motor hotels.

Albert H. Stall of New Orleans is a wealthy business executive who, with his son Albert M. Stall, owns a substantial stable of racehorses. On February 20, 1972, during a televised news interview, Albert M. Stall, notorious as a heavy gambler, stated that Governor-elect Edwin W. Edwards was to appoint him chairman of the State racing commission. He admitted his ownership of racehorses would create a conflict of interest, but said he solved that problem by turning over his share of ownership to his father. After a mass meeting to protest racing commission authority to build a new racetrack, Sawyer Downs, near Shreveport, La., on March 21, 1972, news reports attributed to Stall the

statement that he would "push for the track." On April 10, Stall went before a Federal grand jury in New Orleans investigating illegal gambling operations. As he left the Federal building he was interrogated on camera by Richard Angelico, investigative reporter, WVUE-TV, and reluctantly admitted horserace betting with bookies. The piece of land acquired by Albert H. Stall in 1954 for \$17,777, was sold by him in 1967 to the Daytona Beach Kennel Club, through John Masoni, for \$75,555, of which more than \$50,000 was to be paid in five equal annual installments thereafter, the last of them due May 15, 1972. On May 18, 1972, Albert M. Stall was sworn in as the new chairman of the Louisiana Racing Commission.

While the owners which sold the land through John Masoni were not directly partners of Carlos Marcello, they have, in the words of witness Aaron Kohn "been partners of underlings of Carlos Marcello."⁶

Kohn stated to the committee:

I don't mind telling you, gentlemen, that's my deep concern. We are not talking about stupid people. There are some thugs in organized crime, but the real powers in organized crime are men of competent thinking. They seek and get very competent guidance from professionals in the various respected professions. And "point of contact," I think, is the need for great concern in talking about the influence of organized crime on professional sports. The "point of contact" at which they exercise influence, at which they generate mutual obligations, at which they become great hosts. And thereafter, the people whom they host have a warm feeling for them, are willing to sit around at parties, at cocktail tables, and at dinner tables, and on hunting trips."⁷

According to Aaron Kohn, managing director of the Metropolitan Crime Commission of New Orleans, Marcello and his associates' interest in racing has never been limited to land sales.⁸

Before Masoni came to head the track in 1966, C. Ray Edmonds was president of Jefferson Downs. When he took over the track in 1958, he found a concealed microphone in the announcer's booth by which races were being broadcast directly to off-track bookmakers.

They were, in turn, "telling it to other bookies, the instantaneous running and results of the races," testified Kohn.

* * * Tremendously important to a bookie operator. Because if he can, not only does he keep his customers very much involved by being able to, when they want to call in to a squawkbox and listen to the race being run from their own desk somewhere, but also immediately at the end of the race, when the outcome is known and the guy has won that race, to immediately get his money back on the next race.⁹

Mr. WALDIE. Was the incident traced to organized crime figures?

⁶ Hearings, testimony of Aaron Kohn, p. 893.

⁷ Id., p. 893.

⁸ Id., p. 880.

⁹ Id., p. 907.

Mr. KOHN. Oh, yes; they were not able to actually trace the wire. They couldn't find it out. But watching afterward, the many measures made by people in the Marcello organization to get into the track with walkie-talkies to send people in to immediately get the results, take them out and then use the radio in a taxicab parked outside, they immediately phone to an information dispersement center to the bookies.

They had one situation at a tall tree looking down over the track onto the tote board. They had one man up in the top of the tree with a military-surplus field telephone, calling the race as it was running, and manufacturing that which he couldn't see on the part of the track he couldn't see, down to a guy at the bottom of the tree, who then phoned it to an apartment on David Drive, maintained by one of the key figures in the Marcello organization, who from that point was able to send it out through multiple lines of communication for dissemination.

So when you let these people inside your track, you are permitting them to service the illegal booking.¹⁰

Edmonds met twice with Marcello. At first he arranged to enlist Marcello's help in cutting down on the illegal bookmaking and was told by Marcello that he wouldn't do anything to hurt his friends.

The second occasion was an experience with attorney Cecil Burglass, Jr., who indicated he had someone interested in buying the track, then arranged for a meeting with Carlos Marcello. It came to an abortive end when Edmonds stated that any such transaction would have to be approved by the State racing commission and the Federal bankruptcy court.

After Edmonds gave this testimony before the Senate Permanent Subcommittee on Investigations in August 1961 both he and attorney Burglass wrote the committee denying the accuracy of his (Edmonds) sworn statements. Two years later, Edmonds was badly beaten in front of the Town & Country Motel in Jefferson Parish, the headquarters for Carlos Marcello's operations.

Masoni, current owner of Jefferson Downs, was asked if Edmonds ever discussed the incident with him.

Mr. PHILLIPS. Do you know he was beaten up after his testimony?

Mr. MASONI. I know he was beaten up.

Mr. PHILLIPS. Do you know it was by Marcello's people?

Mr. MASONI. I don't know what the reason for it was.

Mr. PHILLIPS. Did you ever ask him about it?

Mr. MASONI. Yes; I did.

Mr. PHILLIPS. What did he tell you?

Mr. MASONI. He just grinned and said nothing.

Mr. PHILLIPS. Is that the type of business horseracing is, in Louisiana?

Carlos Marcello conceded only the most tenuous of relationships with horseracing in Louisiana.

¹⁰ Ibid.

I never fool with horses. The last time I was at a racetrack was in LaFayette. That was about 2 or 3 years ago. And I have never been to Jefferson Downs or the Fairgrounds.¹¹

Even this small fact is contested by Aaron Kohn of the Metropolitan Crime Commission:

In 1967 a corrupt sheriff, Eddie Ste. Marie, was quoted as saying he had met Marcello at Evangeline Race Track (in LaFayette) and the Fairgrounds in New Orleans.¹²

Congressman Steiger asked Mr. Marcello,

Have you ever paid any money directly or indirectly to any law enforcement official in order to secure copies of confidential records which pertain to Jefferson Downs, or the officials of Jefferson Downs? Do you recall? I am going to ask you to consider very carefully. Do you recall having ever given any money, either indirectly through an intermediary, or something of value, so that you ended up receiving some papers of law enforcement officials in specific reference to Jefferson Downs and the race meeting at Jefferson Downs within the last 4 years? I ask that you think because—I suppose this is a violation of protocol, Mr. Chairman—I would remind you again, sir, that you are under oath. I ask if you can remember.

Mr. MARCELLO. I can't recall, sir.¹³

While Carlos Marcello professes no interest in racing, two of his six brothers are avid participants. Vincent J. and Salvador J. Marcello, with their wives, are partners in Hibiscus Stables, breeders and owners of horses which are raced in Louisiana and in other States.

Other Marcello associates who were licensed horseowners in 1970-71, included John Elms, Jr., who with Vincent and Salvador Marcello, is under Federal indictment involving interstate gambling utilizing the Jefferson Music Co., once owned by brother, Carlos, for the same purposes.

Al Wellman, subject to frequent police vice and gambling violation charges, and convicted gambler and Marcello-associate Michael Callia, are also licensed to race.

In response to a question by Mr. Pepper, Aaron Kohn aptly summarized the philosophy adhered to by those individuals we know as "organized crime"—the mob, the Mafia, La Cosa Nostra.

Chairman PEPPER. Mr. Kohn, is it your general observation that to a considerable degree, organized crime, in one way or another, either has infiltrated, or affects, or relates to a number of sporting activities in the State of Louisiana?

Mr. KOHN. Yes, sir; and that it has found an ability to infiltrate, which should make us anticipate their increasing moves in that direction, since that is their pattern.¹⁴

¹¹ Hearings, testimony of Carlos Marcello, pt. 2, p. 998.

¹² Hearings, pt. 2.

¹³ Id., p. 988.

¹⁴ Hearings, pt. 2, pp. 933-934.

In reply to another question Kohn stated:

* * * I realize how difficult it must be for the average person to think in terms of anything being wrong in a totally normal kind of social relationship going on between people who have racket histories and other people who do not, until you come to realize, as do those involved in it for years as I have been, that people in rackets have a totally different kind of ethics than those who are evaluating them. They never miss an opportunity. Everything they do is pointed toward that one thing in which they seek a superior identification, and that is economic success, achieving wealth, achieving position in their own peer group, by victimizing others.

It is one of the difficult things about trying to rehabilitate people who are organized crime leaders, and that is, they have a philosophy of superiority over the rest of us. It is the reason why, though irrational and yet it happens, that organized crime bosses when they are rich, powerful, are in what we call legitimate businesses, don't teach their kids to get involved in clean professional careers. But instead they draw them into sharing their kind of deceptive racketeering operations, even after they send their kids to the universities. Because they teach "what we do is superior to what the squares do out in society, because everybody aspires to the buck, but we make it faster than they do, and here is how we make it. We take it away from them."¹⁵

EMPRISE CORP.

Jeremy and Max Jacobs, president and executive vice president, respectively, of Emprise Corp. control a vast Buffalo, N.Y., based sports concessionaire firm with numerous subsidiaries and 40,000 employees in the United States, Canada, and England.

On April 26, 1972, Emprise Corp. was found guilty in the U.S. District Court for the Central District of California of conspiring to use interstate transportation to aid racketeering in violation of sections 371 and 1952 of title 18 of the United States Code. On July 10, 1972, the court fined Emprise Corp. \$10,000—the maximum penalty—for its role in the conspiracy to acquire an undisclosed interest—through loans to "fronts"—in the Frontier Hotel and Gambling Casino in Las Vegas, Nev. Emprise has appealed the conviction. Five individuals were also convicted in this case and two of them, Anthony J. Zerilli and Michael S. Polizzi, were fined \$40,000, and sentenced to 4 years in prison. Under Nevada law, no individual or corporation holding an investment in a gambling enterprise outside Nevada can own stock in or operate a gambling enterprise in that State.

Anthony Zerilli, son of a Detroit figure linked to the underworld, was not a stranger to the corporate offices of Emprise Corp. Twice in 1957 he had gone to Emprise for loans to expand his investments in racing:

¹⁵ Id., p. 902.

Twice he received financial assistance. At his conspiracy trial in Los Angeles, Anthony Zerilli was to testify that:

I would credit part of whatever ability I have to the relationship that I had with Mr. [Lou] Jacobs.¹

That relationship also helped Zerilli and his associates assume control of Hazel Park racetrack and, in effect, make them business partners with the State of Michigan.

It should be noted, however, in fairness to Lou Jacobs, that it was not until the year of his death in 1968, that the FBI and the McClellan Committee named Anthony Zerilli as a part of organized crime.^{1a}

Louis Jacobs, the deceased founder of Emprise Corp., was a hard-driving businessman who turned a small enterprise into what today is a \$125-million-a-year empire. Louis Jacobs and his son Max, the present executive vice president of the corporation, were named as unindicted coconspirators in the interstate racketeering conspiracy trial in California.

The conspiracy trial was based on efforts to circumvent the gambling laws of the State of Nevada.

Before his death in August 1968 Louis Jacobs provided loans that rescued endangered franchises for grateful owners of baseball, football, basketball, and hockey teams.

Such loans, of course, had a quid pro quo—typically a concession contract and often one of quite long duration. On other occasions, as in the corporation's 12-percent interest in Hazel Park which it held until November of 1972, the quid pro quo was a percentage of ownership in the racetrack.

The assessment of former Detroit Police Commissioner George Edwards was that "They [Emprise] buy baseball, football and hockey clubs just to sell the peanuts."² Saving sports franchises from financial ruin could be a commendable practice; however, the reported activities which brought the business affairs of the Emprise Corp. to the attention of the committee were far less than commendable. Those reported activities included Emprise's indictment and conviction of conspiring to hide an investment in a Nevada gambling casino, contributions to politicians and racing commissioners in exchange for racing favors, and the part its officers played in highly questionable investigation of a Member of Congress.

Since Emprise's 1972 conviction and sentencing on the conspiracy charge a number of States have initiated legal action to revoke racing or liquor permits held by Emprise or its subsidiaries.³ Other States are awaiting the outcome of the appeal, which is expected this fall.

In apparent response to the action of States to revoke or refuse to renew liquor licenses to Emprise-held subsidiaries, most frequently on the grounds of its felony conviction, the corporation has recently

¹ Hearings, testimony of Anthony Zerilli in conspiracy case *United States v. Emprise Corp.*, read into record by Congressman Sam Steiger, pt. 3, p. 1372.

^{1a} However, the committee deems it reasonable to assume that Lou Jacobs, when he made the two loans in 1957 to Anthony Zerilli and his associates in Hazel Park, knew Mr. Zerilli's general reputation and associations as set forth previously.

² Hearings, memorandum entitled "Summary of the Hazel Park Racing Association, Inc.," prepared by former Detroit, Mich., Police Commissioner George Edwards, dated Dec. 12, 1963, pt. 1, p. 17.

³ Hearings, testimony of various witnesses confirmed by committee inquiry.

attempted to sever direct connection with its concessionaires through corporate reorganization in several States in which it does business. Sportservice, Inc., an Emprise subsidiary, has reapplied for liquor permits as Sportsystems, Inc., a "new" corporate entity controlled by the Jacobs family but legally separate from Emprise Corp. The name of Max Jacobs, an unindicted coconspirator in the Los Angeles case and executive vice president of Emprise Corp., has been deleted as an officer of record in the new concessionaire companies. A brief examination—on a jurisdiction-to-jurisdiction basis—of Emprise Corp.'s interest and holdings in the sports world follows:

Arizona

Emprise has ownership interests in dog tracks, horse tracks, as well as concession interests, in this State. Five separate corporations that run greyhound meets in Arizona are either half-owned or wholly owned by corporations which are in turn half-owned by Emprise. Emprise subsidiaries have the concession contracts at a horse track, six dog tracks, and Phoenix Municipal Stadium.

In August 1972 the Arizona State Racing Commission issued an order denying renewal of the Emprise 50-percent controlled corporation's permits to conduct racing meets. Shortly thereafter, the firm's stock was placed with a trustee acceptable to Emprise and approved by the commission. The trust will run until September 1973, or until all appeals of Emprise Federal conspiracy conviction have been exhausted.

Arizona is one of the States in which holdings of concessionaires Sportservice and Arizona Sportservice, Inc., are being reorganized into Sportsystems, Inc., wholly owned by the Jacobs family. Liquor permits are renewed annually on January 1. The 1973 applications for renewal of Emprise and Sportservice liquor permits were denied. Also denied was an application to transfer the permits to Sportsystems, Inc.

The denials were recommended by the superintendent of the department of liquor licenses and control board. An opinion of the Arizona attorney general held that the Arizona liquor code does not authorize the superintendent to act on behalf of the liquor board as both judge and prosecutor. (Department of law opinion No. 73-1, Nov. 16, 1972.) However, Arizona law does not require State agencies to comply with attorney general opinions, and consequently the State liquor board has chosen not to follow this attorney general's opinion. Instead, the board determined to hold another hearing, and the matter is under advisement by this three-member, quasi-judicial administrative agency. A show cause hearing is required under Arizona law preceding any action to revoke or refuse to renew liquor licenses.

Arkansas

In 1971 the Arkansas State Racing Commission conditionally revoked the franchise of Southland Dog Track, citing the Emprise Corp.'s Federal indictment in California as its grounds for revocation. The California indictment was based on antiracketeering charges. Emprise, which controls 46 percent interest in the West Memphis, Ark., track, won a reversal of the commission's action in an Arkansas

Circuit Court. The commission appealed and the case is presently pending before the Arkansas Supreme Court.

Subsequent to Emprise's conviction in April 1972, the commission entered a second order which revoked the franchise with a provision that its action take effect within 15 days should the circuit court's judgment be affirmed by the U.S. Court of Appeals for the Ninth Circuit. That ruling, as well, was appealed by Emprise attorneys to the State circuit court where the case is pending.

California

Prior to Emprise's 1972 conviction here, its subsidiary, Golden Gate Sportservice, Inc., had been the concessionaire at Golden Gate Fields in Albany, Calif., across the Bay from San Francisco. Emprise Corp. also held 22,000 shares of stock, approximately 9.7 percent, in Bay Area Sports Enterprises, which is the holding company that owns substantially all the stock in two thoroughbred racing associations—Tanforan Racing Association and Pacific Racing Association.

Emprise (through Golden Gate Sportservice) has temporarily withdrawn as concessionaire at Golden Gate Fields pursuant to request by the State racing commission and has placed all its shares of stock in a nonvoting trust held by the Bank of America.

Emprise Corp., through subsidiaries, continues to hold liquor permits at 11 locations in California at sites not associated with racing.

Unlike some States, California does not have requirements for annual review and renewal of licenses. The department of alcoholic beverage control, in order to deny a license under current law, must establish that the holder of a liquor license has been convicted of a crime of "moral turpitude." The policy of the department is to await final outcome of appeals before moving to revoke a liquor license.⁴

Colorado

The definition of what constitutes a crime of "moral turpitude" has stayed action in Colorado against Emprise Corp., which holds 51 percent of the stock in Centennial Race Track in Littleton, Colo.

Jim Kruetz, assistant attorney general assigned to the Colorado Racing Commission, claims extensive research on the legal definition of crimes of "moral turpitude" failed to find grounds to take action against the Emprise Corp. Kruetz advised the racing commission similarly in a case involving the conviction of an individual engaged in bookmaking across State lines.⁵

There has been no effort made by the liquor control division of the State department of revenue control to affect the liquor permit held by Sportservice Corp. at the thoroughbred track.

Florida

Emprise Corp. is being permitted to hold its interests in the State but has not been permitted to expand them until the appeal of its

⁴ Interview with Edward J. Kirby, director, Department of Alcoholic Beverage Control, State of California.

⁵ Interview with Jim Kruetz, assistant attorney general assigned to the Colorado Racing Commission.

California conviction is decided. In Florida, Florida Sportservice, Inc., holds five liquor permits; Everglades Sportservice has three; Race Track Concessions, Inc., has two, and Sportservice, Inc., retains one.

As in other States, Emprise Corp. is attempting to disassociate itself from subsidiaries holding liquor permits by the reissuance of these licenses to a new corporation, Sportsystems, Inc. An application to transfer title to the new corporation at a Pensacola track was denied and the concession awarded to a competitor.

Other Emprise holdings in Florida are a 38-percent interest in the racing permit at Daytona Beach Kennel Club through Everglades Sportservice, Inc.; 100 percent of the permit through Florida Sportservice, Inc., at the Melbourne Jai Alai Fronton; and 94.3 percent interest in the permit of Florida Sportservice, Inc., at the Daytona Jai Alai Fronton.

The Florida Legislature is considering a bill submitted in behalf of the division of beverage of the department of business regulation which would permit the revocation of a liquor permit of any person or corporation convicted of a felony and limit the supersedeas of any court to 60 days.

Illinois

The Illinois Racing Board held hearings last November and ordered the Cahokia Downs Race Track in East St. Louis to sever connections with its concessionaire, Cahokia Sportservice, or have its license to race denied.

Cahokia Downs applied for a rehearing when a new board was installed. The request was granted and, following the hearing, a similar order was issued giving the track 30 days prior to the opening of its April 17 meet to sever its association with its concessionaire.

Cahokia Downs and Cahokia Sportservice appealed the board's action successfully to the State circuit court. An appeal was filed by the board and is currently before the Illinois Supreme Court.

Emprise, through various subsidiaries, holds three other concession contracts at Maywood Park Raceway, Chicago Stadium, and Comiskey Park. Maywood Park, a harness track, has attempted unsuccessfully since 1968 to break its contract with Sportservice, Inc. The contract dispute is currently under appeal to the Illinois Appellate Court.

Kentucky

Emprise, through subsidiaries, holds 17 liquor licenses and 21 beer permits at Kentucky racetracks. Kentucky Sportservice operates six liquor bars at Miles Park near Louisville, Bluegrass Turf Service operates four liquor bars at Latonia Racetrack near Florence, and Kentucky Sportservice has four liquor licenses at Audubon Raceway near Henderson. Bluegrass Sportservice holds eight beer permits; Kentucky Sportservice, 13.

Conferences among the Kentucky State Police, the Kentucky State Racing Commission and the Alcoholic Beverage Control Board were held in the Spring of 1972 to discuss the significance of the California conviction of Emprise as it related to the firm's subsidiary holdings in Kentucky. It was decided to await disposition of the corporation's appeal. Liquor and beer permits were renewed in July 1972.

In 1967, Emprise made a secured loan of \$1.5 million to Florida Downs Race Track. At that time William H. May owned approximately 11 percent of the stock in the track. After becoming chairman of the Kentucky State Racing Commission Mr. May divested himself of all his stock in the track, which by that time had increased to 26 percent of the track's stock, subsequent to news stories questioning a potential conflict of interest. Mr. May did not believe there was any conflict of interest, but divested his interest anyway as the prudent course of action in view of the questions raised by others.

Louisiana

A hearing by the secretary of the Louisiana State Racing Commission was held during the week of March 26 during which the State Attorney General's Office argued against granting a fall racing license to Jefferson Downs, Inc., a racing association in which Emprise Corp. holds approximately 40 percent of the stock. (It increases to 66 percent upon the death of John Masoni, majority stockholder in the racing association.) Jefferson Downs, Inc., is currently operating under an interim license in a 55-day meet. The final decision of the racing commission would affect the fall meet.

Jack Yelverton, chief of the attorney general's criminal division, de-emphasized the corporation's felony conviction, due to the possibility of reversal, in asking that the commission refuse the racing association a license.

We tried to show what we feel is a pattern across the country of Emprise arrogance toward racing commissions. We also revealed a pattern through its Sportservice subsidiary of giving loans, sometimes in the millions of dollars, to racing associations in return for long-term concession contracts. This ties the hands of racing associations for many, many years. It's an example of the tail wagging the dog and it is not good for racing,

Yelverton contended in an interview on May 11, 1973. On the other hand, Emprise's attorneys contend they established at the racing commission hearing sufficient basis for Jefferson Downs, Inc., to retain its license and franchise. Emprise responded to all allegations raised by the State and believes no grounds exist for revocation.

Emprise Corp. through Sportservice held two beer and one liquor permits at Jefferson Downs. Last year the permits were revoked on the ground that Emprise Corp. had been convicted of a felony and a felon may not hold a liquor permit in Louisiana.

Sportservice appealed to the 24th Judicial Circuit Court in Jefferson Parish. The court ruled that the commission on alcoholic beverage control could refuse to renew (as in the case of the beer permits) but not revoke a license already issued (as in the case of the liquor permit). The commission could refuse to renew the Sportservice liquor license at the end of the year. The firm appealed the ruling to the Fourth Circuit Court of Appeals but did not attempt to renew its liquor permit. In early 1973 beer and liquor permits were requested under the reorganized Louisiana Sportsystems, Inc. The permits were granted.

Michigan

In the most complete case of divestiture, Emprise Corp. sold its 12 percent interest in Hazel Park Race Track. The sale was consummated in September 1972 and all owners and officers, including the previously mentioned racketeers, sold their interests to the purchasers.

On October 31, 1972, the Michigan Attorney General's Office filed a complaint with the Michigan Liquor Control Commission against Emprise subsidiaries in the State. The complaint asked for the revocation of liquor licenses held by Sportservice at four locations: The Fairgrounds at Northville; the Detroit Race Course at Livonia; Hazel Park Race Track; and Tiger Stadium in Detroit.

Grounds cited were the conviction of the Emprise Corp. of a felony and the allegation that it was in violation of Michigan statutes which require indigenous ownership of liquor licenses. Sportservice, it was charged, is not authorized to do business in Michigan and maintains its vending interests through "four sham or alter ego corporations created and manipulated entirely for the benefit of Emprise Corp. Michigan Sportservice, Inc.; D.R.T. Sportservice, Inc.; H.P. Sportservice, Inc., and Detroit Sportservice, Inc.

A Michigan Liquor Control Commission hearing commissioner ruled against the State on February 16, 1973. The attorney general's office filed an appeal to the full commission on March 16.

Missouri

Emprise subsidiaries have been cited to show cause why their licenses to sell beer at St. Louis Arena and Busch Memorial Stadium and liquor by the drink at Kiel Auditorium, all in St. Louis, should not be denied when these permits are up for renewal July 1.

On December 9, 1972, the corporation's business interests in Missouri were ordered placed in trust. Subsequently, this order was vacated. On December 21, 1972, Sportservice corporation was ordered to appear on January 3, 1973, to show cause why its liquor license should not be revoked at specified stadium locations. That hearing was not held because an agreement was reached between the supervisor of the department of liquor control and Sportservice corporation to appoint Mr. Charles Blackmar as "trustee," with specified powers to investigate all activities of Sportservice bearing upon their eligibility and fitness to hold liquor licenses in Missouri, and to make periodic and special reports to the supervisor of the department of liquor control. Under that trust agreement, Blackmar's fees are to be paid for by Sportservice, subject to approval by the supervisor.

New Mexico

New Mexico Sportservice operates the concession at Ruidoso Downs Raceway. In May 1970 the New Mexico State Racing Commission, representatives of the track, Emprise Corp., and court-appointed trustees reached an agreement to terminate the concession contract 5 years after repayment of a \$600,000 loan from the track to New Mexico Sportservice. In May 1972 the loan was repaid and the 5-year contract took effect.

Carlos Jaramillo, director of the New Mexico Alcoholic Beverage Control Department, says his agency is not bound by this agreement. The director said he will determine whether New Mexico Sportservice continues to operate the concession at Ruidoso Downs and, if so, move to have its license lifted on the grounds that his office has never been asked to approve the award of a contract or subcontract to the concessionaire. The liquor permit has always gone to the racing association operating the track and any subcontract would be null and void, Jaramillo said. A spokesman for the State racing commission would abide by the action of a separate authority even if it made inoperative the agreement of May 1970.⁶

New York

In its home State, Emprise is the sole owner of stock in the Buffalo Racing Association, which has a permit for harness racing, and is the concessionaire at three trotting tracks—Buffalo Raceway, Batavia Downs, and Vernon Downs. The firm also holds an interest at the thoroughbred track at Finger Lakes.

The corporation holds 22 concessionaire licenses in New York State and has been doing business there approximately 20 years.

On May 9, 1972, the New York State Police, the Organized Crime Task Force, the New York State Harness Racing Commission, the New York State Racing Commission, and the New York State Liquor Authority held a meeting to discuss the Emprise conviction in California. It was agreed to await the outcome of the corporation's appeal and no action was taken against the firm or its concessionaire licenses during the pendency of the appeal.

However, at the request of Robert A. Glasser, chairman of the New York State Harness Racing Commission, Max Jacobs voluntarily agreed not to participate in the management of Buffalo Raceway during the pendency of the appeal. Written notice to this effect was transmitted to Glasser by representatives of the corporation.

Ohio

Emprise owns no interest directly or through subsidiaries in race-tracks or raceways in Ohio. Emprise subsidiaries, however, are listed as concessionaires for 300 days of racing for 1973. Richard Guggenheim, director of the Ohio State Liquor Control Department, said the firm conducts its business affairs in accordance with all State laws. Any action on revoking its liquor permits depends on the outcome of the corporation's appeal of its conviction.⁷

Ontario, Canada

The Ontario Jockey Club, operators of five tracks in the Province, allowed a 3-year contract with Dominion Sportservice, Inc., to lapse without renewal at the end of 1972. The decision not to renew was made in June 1972, following a board discussion of the corporation's

⁶ Interview with Mrs. Margaret Foster, executive secretary to the New Mexico State Racing Commission.

⁷ Interview with Richard Guggenheim, director, Ohio State Liquor Control Department.

California conviction. However, a new contract, under different terms, apparently has been put into effect. Emprise Corp. continues to service other concession contracts in Canada.

Puerto Rico

The San Juan Racing Association, Inc., had had the racing permit at El Comandante Race Track in Rio Piedras since January 1957. Sportservice of Puerto Rico has handled the concessions since that date. A 20-year contract expires in 1976.

U.S. Government

In August 1972, the Federal Aviation Administration canceled proposals for a new 10-year contract for (Washington, D.C.) National Airport's restaurant and cocktail lounge concessions. The concessions are currently operated under a continuing contract by Air Terminal Service, an Emprise subsidiary.

Requests for proposals were issued April 13, 1973, and Emprise submitted a new bid. The contract is expected to be awarded by January 1, 1974. The only prohibition contained in the Federal Procurement Regulations is that the applicant be a "responsible bidder." Under these terms, the firm is qualified to submit a bid, according to legal representatives of the Federal Aviation Administration.⁸ Air Terminal Service has a pending action against FAA, contending its initial proposals, submitted in July 1971, for a new 10-year contract should be awarded. Air Terminal Service contends the August 1972 cancellation was illegal.

Conclusion

Elsewhere in this report appear the facts found by this committee in its investigation of the role and character of Emprise Corp. in the horseracing industry.

We find that Emprise Corp., in the instances enumerated elsewhere in this report, has done business with individuals designated by public authority or authorities as organized crime figures, and that Emprise Corp. knew, or should have known, at the time it did business with such persons that they had been designated by responsible public authority or authorities as organized crime figures or had the reputation of being a part of organized crime.

The committee has not had evidence, however, nor does it find that Emprise Corp. has itself been a part of organized crime. The only evidence the committee has of criminal conduct on the part of Emprise is the conviction of Emprise Corp. on April 26, 1972, in the U.S. District Court for the Central District of California, of conspiring to use interstate transportation in aid of racketeering in violation of section 1952, chapter 95, of title 18 of the United States Code. Specifically, Emprise Corp. was convicted of its role in a conspiracy in 1966 and 1967 to acquire an undisclosed interest in the Frontier Hotel and Gambling Casino in Las Vegas, Nev. Upon con-

⁸ Interview with John Leyden, public affairs director for the Federal Aviation Administration.

viction, Emprise Corp. was fined \$10,000. Emprise Corp. has appealed this conviction and the appeal is still pending.

FUNK/EMPRISE-STEIGER CONTROVERSY IN ARIZONA

Greyhound dograces are licensed by the State of Arizona and pari-mutuel wagering is allowed on the results of the races. The wagers are taxed by the State. The industry is regulated by a racing commission, the members of which are appointed by the Governor.

The business of presenting dograces is a monopoly in Arizona, and is licensed to be such by the racing commission. The monopoly is held by the Funks Greyhound Racing Circuit, Inc., and seven affiliated corporations. These corporations are owned by the Funk family of Arizona and the Jacobs family of Buffalo, N.Y.¹

The Funk family, in a business sense, consists of David Funk, Sr., his son, Albert; his brother, Arthur Funk; and Arthur's son, Bradley. The Funks have been involved in greyhound racing in Arizona and other States by their account "for a period of 30 years."

The Jacobs family owns the Emprise Corp. and all its subsidiary companies. The Emprise conglomerate does more than \$100 million a year business in the field of sports and Emprise activities include operating concessions and holding equity positions in racetracks and sports stadiums. Emprise regularly makes loans to others in various sports endeavors to promote Emprise concession operations. Emprise was founded and operated by Louis M. Jacobs until his death in 1968, and is now operated by two of his sons, Jeremy and Max Jacobs.

Emprise assumed financial control of the Funk dogracing business sometime in the mid-1960's through acquisition of common stock, preferred stock, and substantial loans made by Emprise. Bradley Funk testified that Emprise loaned his family \$750,000 in 1963 so that they could expand their services. Other large loans and more expansion followed.^{1a} Soon Emprise owned 51 percent of the common stock of the Funk corporations.

Bradley Funk testified:

* * * I think this is probably where part of the concern about Emprise controls exists, or existed, is that the situation was renegotiated in 1969 and 1970. There was a time, as you know, when Emprise owned 51 percent of the stock, and these were renegotiated. * * *^{1b}

The food and beverage concessions at the various dog tracks were operated by Emprise both before and after Emprise assumed the ownership interest. Then Emprise transferred 1 percent of the common stock back to the Funks making the Funks "equal" partners. The Funks equality with Emprise would remain an issue when the Funks regained common stock parity; they were deeply into debt to Emprise. As of November 1, 1969, the Funks owed to Emprise, or to banks where their loans were guaranteed by Emprise, approximately \$4.1 million. In addition, the Funk holdings are pledged as partial security for their indebtedness.^{1c}

¹ One of these corporations is a public corporation in which the Funk family owns 49 percent of the stock and the Jacobs estate owns 3 percent of the stock.

^{1a} Hearings, testimony of Bradley Funk, pt. 1, p. 395.

^{1b} *Id.*, p. 424.

^{1c} The \$4.1 million debt was reduced to \$3.75 million in December 1970 (Hearings, pt. 1, p. 363), and apparently has been reduced further.

While the committee heard no allegations of fixed races, poor facilities, or inadequate security, it did hear testimony about the methods by which Funk/Emprise maintained its monopoly control over dog-racing in Arizona. While some critics of Funk/Emprise contended that position was maintained by corrupt and criminal means. Funk/Emprise vigorously denied such contentions, and countercharged that those critics are, themselves, criminal and corrupt. The following summary will shed some light on the workings of an industry that is rarely given a public review.

In order to conduct dograces, the Funk/Emprise corporations must be licensed each year by the Arizona Racing Commission. Annual licensing and annual allotment of racing dates are the rule in the parimutuel industry throughout the United States, and cause licensees to be extremely sensitive to criticism and very interested in making sure that members of racing commissions are favorably inclined toward them.

In 1969, Funk/Emprise came under public pressure from several quarters. The Arizona Legislature began considering a bill (later passed by the Arizona House but not the senate) which, among other things, threatened their monopoly position. A Funk lawyer and lobbyist, Donald L. Mooers, repeatedly asserted—without further explanation—that this bill would have put his clients “out of business.” (This bill was reintroduced but failed to pass in successive years. In 1972 the Arizona Legislature did pass new racing legislation but Funk/Emprise was able to keep its monopoly.) In addition, on October 30, 1969, the Joint Legislative Budget Committee of the Arizona Legislature ordered the Auditor General of Arizona to make a financial investigation of the parimutuel industry.

A Phoenix newspaper, the Arizona Republic, which, according to Bradley Funk, had opposed dogracing for many years, stepped up its unfavorable reporting. Mr. Mooers testified that between October 16, 1969, and March 31, 1970, 106 articles “unfavorable to dogracing” appeared in that newspaper. It was never made clear to the committee whether the Arizona Republic opposed Funk/Emprise or opposed the sport of dogracing, generally.

In addition to this unfavorable publicity, Representative Sam Steiger, a U.S. Congressman from Arizona and member of the Select Committee on Crime, became publicly involved in the criticism of Funk/Emprise. He supported and testified on behalf of the bill that Funk/Emprise believed would put them out of business. Mr. Steiger especially favored the provision of the bill which would end the Funk/Emprise monopoly, which in his view would aid in keeping organized crime out of Arizona. Congressman Steiger's position was that people who do business with organized crime are unfit on moral grounds to be licensed by a State to operate racing meetings. The Jacobses, in Mr. Steiger's opinion, did business with organized crime.² And Mr. Steiger, in furtherance of his belief, appeared before racing commissions in several States to urge that Emprise not be granted franchises and concessions.

On March 6, 1970, the Arizona Auditor General, Ira Osman, issued his report to the legislature. In it, he accused Funk/Emprise of engaging in “serious conflicts of interest” with members of the racing com-

² Hearings, colloquy between Brian Goodwin and Congressman Steiger, pt. 1, p. 311. Also see remarks of Congressman Steiger, pt. 3, p. 1252.

mission in violation of Arizona law, submitting false financial data to the legislature, and accused either Jeremy Jacobs or an Emprise attorney named D'Antonio of misrepresenting facts before the Arizona Racing Commission.^{2a} Jacobs and D'Antonio provided diametrically opposed information to the commission regarding whether or not Emprise financed the owner of the Tucson Turf Club.^{2b} On September 10, 1970, the Securities and Exchange Commission publicly concurred in the auditor general's assessment of that situation, finding that Emprise's true ownership position in the Turf Club was concealed through filing false and misleading reports.^{2c}

The auditor general concluded that a continuation of the Funk/Emprise business practices "can only result in the public loss of confidence in all parimutuel racing in Arizona."³ He urged the legislature to take "immediate action," and made 11 specific recommendations in that regard.

A month before the auditor general submitted his report, Bradley Funk hired a long-time personal friend, George Harry Johnson, to work at a Phoenix dog track during a strike by the mutuel handlers' union.

On May 15, 1972, George Johnson gave the committee the following account of his employment by Funk/Emprise in 1970. According to Johnson, he and Bradley Funk were friends from childhood and Funk had hired him to help out during the strike at the Phoenix Greyhound Track in February 1970. At that time, he said Albert and Bradley Funk, and Donald Mooers told him there was a conspiracy to take their tracks away from them and he named Congressman Steiger and the Arizona Republic newspaper as the main conspirators. Johnson volunteered that he knew Ralph Watkins, Jr., a man Congressman Steiger defeated in the 1968 election, and he said Watkins had assembled some "material" on Mr. Steiger which might explain why Mr. Steiger would criticize Funk/Emprise. Johnson testified that Watkins provided him with the material and also discussed it with Johnson, Mooers, and the Funks. Johnson said he was to review and summarize the material Watkins had provided.⁴

According to Johnson, his role soon expanded to follow up the leads which Watkins' material provided. Johnson asserted that he obtained bank records reflecting the accounts of Congressman Steiger and Donald Bolles, a reporter for the Arizona Republic to see if Steiger was paying Bolles to write stories critical of Funk/Emprise. Johnson also testified that he paid an employee of the local telephone company between \$1,200 and \$1,600 to provide telephone toll records on Congressman Steiger, Donald Bolles, Jack Goodman (then chairman of the racing association) Mike Jarvis (a Steiger employee), Sam Jenkins (an individual involved in the dog breeders litigation with Funk/Emprise) and Jack London (reputedly a Steiger business associate). These were the suspected members of the conspiracy.⁵ The telephone records would help prove that a conspiracy existed. According to

^{2a} These matters were referred to law enforcement agencies in Arizona which had taken no action according to Mr. Osman. Hearings, pt. 1, p. 355. Regarding the financial reporting disparity, Bradley Funk testified the difference was an insignificant amount.

^{2b} Hearings, pt. 1, pp. 350, 388.

^{2c} Hearings, testimony of Ira Osman, pt. 1, 531.

³ *Id.*, p. 386.

⁴ Hearings, testimony of Donald L. Mooers, pt. 1, p. 446.

⁵ Hearings, testimony of George Johnson, pt. 1, p. 223.

Johnson, these records were obtained by him and given to Bradley Funk and Donald Mooers. During the analysis of the telephone records, Johnson testified that, "somehow wiretapping came up."⁶

Johnson testified that shortly thereafter a man named Carl Morton called him at the direction of a "close friend and current associate" of Johnson's. Johnson said Morton told him he had the ability to tap telephones. Johnson agreed and Morton tapped the telephones of Congressman Steiger, Mike Jarvis, Donald Bolles, Jack Goodman, and Sam Jenkins. According to Johnson, the taps were specifically authorized by Bradley and Albert Funk. Johnson said he paid Morton \$1,500 for equipment, and would pay him \$350 per week thereafter. Bradley Funk told Johnson that he had informed Jeremy Jacobs of this because Jacobs was to pay "80 percent" of the expenses. Eventually Johnson got 8 to 12 reels of tape from Morton.⁷

Johnson also testified he hired 8 to 12 other people to work on the investigation, including a private detective.

There came a time in August 1970, according to Johnson, when he came to believe that Congressman Steiger was not part of a conspiracy against Funk/Emprise, and, if anything, the opposite was true. Johnson testified that he earlier had gone to the Lewis & Roca law firm retained by Funk/Emprise to see Brian Goodwin, a young attorney who was helping him with the investigation of Mr. Steiger, and asked Goodwin to hire someone else because he, Johnson, wanted out. Lewis & Roca then brought in a public relations man from New York named Hal Antin to talk to Johnson. Antin wanted to see if Johnson had any information Funk/Emprise could use politically against Congressman Steiger.⁸

At this point, Johnson went to Congressman Steiger and told Steiger what he had been doing. Much of the story, especially the part about the wiretapping, could not be corroborated because Johnson said his apartment had been burglarized and the wiretap tapes and other records were taken. Carl Morton, the man who did the actual tapping was killed in a plane crash shortly before Johnson went to Steiger.

Donald Bolles is an investigative reporter for the Arizona Republic newspaper. He testified that in October 1969, a group of dog breeders filed suit charging that Funk/Emprise was "trying to run them out of business." Bolles was assigned to the story, and the assignment grew from there. In early 1970, Bolles traveled to seven cities outside of Arizona as part of his investigation of Funk/Emprise. He concluded that Emprise had "a continual association with organized crime figures over a 35-year period."^{8a} Bolles not only agreed with Auditor General Osman's assertion that Funk/Emprise engaged in conflicts of interest, but uncovered two other situations involving conflicts of interest which Mr. Osman had not included in his report.

In August 1970, Congressman Steiger arranged to have Bolles and Mike Jarvis hear the story Johnson had told him 5 days earlier. Johnson repeated the story and showed Bolles the telephone records of his

⁶ Id., p. 224, 226, 227, 230, 231.

⁷ Id., p. 225.

⁸ Hearings, testimony of Max Jacobs, pt. 3, p. 1251; testimony of George Harry Johnson, pt. 1, pp. 230-231. This testimony was controverted by attorney Brian Goodwin, Hearings, pt. 1, pp. 261-262.

^{8a} Hearings, pt. 1, p. 318. However, when questioned further, Bolles indicated he didn't honestly know whether Emprise's activities were unduly influenced by its connections with organized crime. Hearings, p. 344.

(Bolles) telephone calls, as well as other notes and tape recordings. (Both Johnson and the Funks taped their own telephone calls. Johnson took his own, and many of the Funks' taped conversations when he left the Funk/Emprise employ.)

Bolles reviewed the material and believed Johnson's story. The story appeared in four separate articles in the Arizona Republic. Funk sued the newspaper, Bolles and Johnson for libel. Bolles counter-sued charging Funk/Emprise invaded his privacy. Bolles' counter-suit as to Emprise has been dismissed but he has noticed his intention to appeal.

Congressman Steiger sent Johnson and his files to the FBI and the U.S. Attorney in Phoenix, Ariz., who declined to pursue the wiretapping charges because of a lack of insufficient evidence upon which to proceed.^{8b}

Bradley Funk, his uncle, David, and two Funk/Emprise attorneys, Brian Goodwin and Donald Mooers, testified before the committee.

They agreed that Johnson was hired in February 1970 and soon became involved in the investigation of Congressman Steiger's part in the "conspiracy" to destroy Funk/Emprise. Goodwin claimed it was Johnson who first told the Funks about the conspiracy against them.⁹ Johnson contacted Mr. Watkins, got his material, and was assigned to organize it. Mr. Mooers testified Johnson was having difficulty in doing it properly, and that he (Mooers) had to review, in March 1970, what Johnson had done and in fact dictate six summary memorandums himself. These six memorandums would be made public by Max Jacobs a year later (although Mooers told the committee they "were never used").

Johnson was soon allowed to expand his work from the Watkins material to follow up leads. Both Mooers and Goodwin vigorously denied directing Johnson to do anything further than examine public records

They both denied ever seeing any bank records Johnson obtained. Bradley Funk saw some bank records in the name of Sam Steiger, and some photostated checks but is not sure where they came from. He does recall Johnson talking about getting Steiger's bank records.¹⁰ Bradley Funk also recalls hearing Johnson talk about getting telephone records from a friend who worked for the telephone company.¹¹ Brian Goodwin admitted seeing the telephone records obtained—although he contended he didn't know where Johnson got them.¹²

The Funks and their attorneys not only deny ordering Johnson to tap any phones, but believe Johnson did not tap, or cause anyone else to tap, any telephones. They maintained that the reason no evidence exists to corroborate the tapping is that it did not happen.¹³ They claimed Johnson fabricated his alleged apartment burglary to cover for the fact he was getting paid to develop material on Steiger and was not doing his job. They believe that Johnson picked Morton's name from an obituary column to substantiate the wiretap story, because it was obvious to Johnson that no one would believe he (John-

^{8b} Letter from U.S. Attorney in Arizona dated Jan. 5, 1973.

⁹ Hearings, testimony of Brian Goodwin, pt. 1, p. 261.

¹⁰ Hearings testimony of Bradley Funk, pt. 1, pp. 417-418.

¹¹ *Ibid.*

¹² Hearings, pt. 1, pp. 283-284.

¹³ *Id.*, p. 274.

son) was capable of tapping a telephone line. Johnson was unable, by his own account, to identify a picture of Morton—although he claimed to have met Morton on three occasions.¹⁴

Goodwin indicated that by June 1970, it was apparent that Johnson was an erratic person. Firstly, he began telling an implausible story that Congressman Steiger was acting for Las Vegas interests because of heavy personal gambling debts; and that Los Vegas interests ordered Steiger to attack Funk/Emprise because they (Las Vegas) wanted to bring jai alai into Arizona.¹⁵ Then Johnson went to the Lewis & Roca law firm to claim that the Funks were in league with Steiger to put Emprise out of business. Johnson offered to tap the Funk telephones to prove it. This was on June 23, 1970. Within a month, Johnson was fired and paid off.

While Funk/Emprise witnesses minimized Johnson's capabilities and his role in investigating Steiger, they in fact paid him \$16,399 for less than 6-months' work.¹⁶

According to the auditor general, Funk/Emprise spent \$281,000 in 1970 alone "to retain racing rights." Included in that sum was the \$16,399 paid to Johnson and \$23,000 paid to Hal Antin. The bulk of the rest went to six separate law firms, including \$103,674 to Lewis & Roca, in part to lobby against the racing bill then pending in the Arizona Legislature.

The Jacobs brothers apparently had little directly to do with George Johnson. They both claim they heard about Johnson through their attorneys and intervened with the Funks to have him fired.¹⁷

Although they washed their hands of Johnson personally, they had agreed with the Funks in early 1970 that an investigation of Congressman Steiger was in order. Bradley Funk testified that Jeremy Jacobs was "more" anxious to get something on Congressman Steiger than he was.¹⁸ In fact, Hal Antin, although he had done work in Arizona for Funk/Emprise was really the Jacobs' man. He had earlier written the "Emprise Story" for the Jacobs. According to Bradley Funk, Max Jacobs recommended that Antin come and consult with Johnson and review the information Johnson had with a view toward using it politically against Congressman Steiger. (Max Jacobs later readily admitted a willingness to offer support to any Steiger opponents, Republican or Democrat.)¹⁹

The investigative efforts of Funk/Emprise in 1970 did not uncover any evidence of a conspiracy against it. Nor did it uncover evidence of any hidden or selfish motives on the part of Congressman Steiger, the Congressman's staff or associates, the Arizona Republic newspaper, its publisher Eugene Pulliam or reporter Donald Bolles. At least no such evidence was brought to the attention of this committee.

Funk/Emprise attempted to discredit its critics by use of innuendo and false accusations. One such accusation, brought to Funk/Emprise by Johnson and discussed earlier in this chapter, was that Congressman Steiger was on the payroll of Las Vegas gamblers who were try-

¹⁴ Hearings, pt. 1, p. 298.

¹⁵ Hearings, testimony of Brian Goodwin, pt. 1, pp. 261-262; *see also* testimony of Donald Mooers, pt. 1.

¹⁶ Hearings, testimony of Ira Osman, pt. 1, p. 358.

¹⁷ Hearings, testimony of Max and Jeremy Jacobs, pt. 3.

¹⁸ Hearings, testimony of Bradley Funk, pt. 1, p. 419.

¹⁹ Hearings, testimony of Max Jacobs, pt. 3, p. 1237.

ing to bring jai alai into Arizona. While Funk/Emprise and its spokesmen did not believe that bizarre story true,²⁰ and despite the lack of any evidence to substantiate it, the story was nonetheless widely circulated. Brian Goodwin, a Funk/Emprise attorney, said in a letter to Arizona State Senator Ellsworth—

It should be noted that Mr. Johnson has made a number of charges about a number of people, including the allegation that Congressman Steiger is on the payroll of Las Vegas gamblers who want to establish other gambling activities in Arizona.

Goodwin had no evidence of the truth of that story, only the word of George Johnson. Goodwin testified to this committee that "I think that putting any credibility on what this man [Johnson] has said or done would be folly."²¹ Nevertheless, he repeated Johnson's allegations about Congressman Steiger in his letter to Senator Ellsworth.²² Goodwin, in testimony to this committee, repeated the damaging rumors he had heard about Funk/Emprise critics; that Donald Bolles "lacks complete integrity": that Congressman Steiger was in the employ of the Mafia; that Steifier lied under oath; that Steiger had violated the Corrupt Practices Act; that Bolles was paid by Las Vegas gamblers to write stories critical of Funk/Emprise; that Steiger had perpetuated a fraud on some people in California; and that Steiger and his aide, Mike Jarvis, had been involved in a land swindle in Colorado.^{22a} No evidence—not even a claim of truth or belief—accompanied Goodwin's accusations.

The information, rumor, gossip, and other material gathered by Johnson and Mooers in 1970 was forwarded to Max Jacobs, who organized it. Jacobs' file included some neutral information like photographs of Congressman Steiger's home, a report on his credit, and the identity and salary of his congressional staff. Jacobs testified that he didn't know if the information was accurate or not. The file also included information Jacobs himself described as "slurs, innuendos, forced coincidences," and so on.²³ In spite of that, Jacobs sent that file in 1971 to Emprise agents in at least 11 States, to a Louisiana policeman, and to "five or six" news media persons "friendly" to Emprise. The file contained the summary memorandum of the Watkins' material prepared by Donald Mooers. The substance of that material is innocuous, but the comments made by Mooers in the memorandum are not; "The purpose of this memorandum is to show * * * [that] Sam Steiger possibly perjured himself"; "The purpose of this memorandum is * * * to possibly prove a violation of State law by Steiger selling liquor illegally," and so forth. The cover letter accompanying the file contained an expanded version of the Steiger-Las Vegas gamblers story which added that Steiger was in the employ of Mafia boss Meyer Lansky. That cover letter also made an oblique reference to the fact that Congressman Steiger had been divorced and remarried.²⁴ At the

²⁰ Hearings, testimony of Bradley Funk, pt. 1, p. 432.

²¹ Hearings, testimony of Brian Goodwin, pt 1, p. 274.

²² Hearings, pt. 1, p. 279.

^{22a} *Id.*, p. 251, et seq.

²³ Hearings, colloquy between Congressman Steiger and Max Jacobs, pt. 1, pp. 1249-1257.

²⁴ *Ibid.*

committee hearing it developed that an extremely scurrilous and false story regarding Congressman Steiger's personal behavior had been passed along orally from Donald Mooers to Max Jacobs to an Emprise attorney from Buffalo, N.Y., named Weiss who apparently just spread it around. Max Jacobs apologized to Congressman Steiger for this particular slur.²⁵

In his opening statement to the committee, Bradley Funk repeated the charges that Donald Bolles was "a reporter without honor, integrity, and ability." (Bolles was nominated for a Pulitzer Prize for journalism in 1965.) He also repeated the charges that Steiger was "fronting for mobsters" and involved with crime boss Meyer Lansky. Funk also charged that Congressman Steiger engaged in "threats and intimidation of legislators" regarding the proposed Arizona legislation that would have put the Funks "out of business."²⁶

Near the end of his testimony, Bradley Funk leveled a serious charge against the publisher of the Arizona Republic newspaper, Eugene Pulliam. Funk claimed that he had "heard rumors" that Pulliam was critical of Funk/Emprise because he wanted to bring jai alai into Arizona. Chairman Pepper repeated the charge Funk had made against Pulliam and asked Funk if that was the accusation he intended to make. Funk replied, as if hearing this accusation for the first time from the Chairman, "There could be some truth to that, sir, * * *."²⁷

Why are such practices as described above even contemplated in the racing industry? Arthur MacArthur, then chairman of the Illinois State Racing Board, testified before this committee about the policies requiring annual licensing of parimutuel operators. MacArthur believes this policy breeds public corruption and deters the industry from making needed capital improvements to racetracks because of the uncertainty of their business future. Commissioner MacArthur recommended long-term licenses—running up to 25 years—as a remedy. The annual licensing procedures in Arizona and other States may be a factor in encouraging the use of smear tactics against racing critics, including a Member of the Congress of the United States. This deplorable situation lends considerable strength to Commissioner MacArthur's recommendation for long-term allotment of racing privileges; the committee believes that State racing commissions must also retain strong, effective, and continuing control over the parimutuel industry.

CELEBRITIES AS FRONTS

Because neither could say "no" to a good business deal, entertainers Sammy Davis, Jr., and Frank Sinatra each found himself the unwitting front in corrupt racing schemes orchestrated by middle men with close ties to major racketeers.

Each was invited to describe to the Select Committee on Crime how his character and reputation was misused in order to deceive racing officials in three different States.

Mr. Davis came willingly to relate how his "investment" in a horse farm returned nothing but bad checks in Kentucky and a police in-

²⁵ Ibid.

²⁶ Hearings, testimony of Bradley Funk, pt. 1, pp. 396-400.

²⁷ Ibid., p. 433.

vestigation in New Jersey; Mr. Sinatra appeared under threat of subpoena to plead ignorance of events which parlayed a 5-percent investment to a seat on the board of directors and the title of vice president of a Massachusetts racetrack in which New England crime boss Raymond Patriarca bragged of having a heavy interest.

In 1968, while playing the Copa-Cabana in New York City, Sammy Davis, Jr., first met a customer who appeared to be a fan.

I noticed that several nights he would come back with various parties and they always sent over a bottle of champagne, or came by the dressing room and that is how we came to know each other,"

Davis said of "Corky" Vastola. He was introduced to me, Davis said, as "Tommy Vastola, and I called him Tommy, or TV."¹

Mr. PHILLIPS. Did you understand at the time when you did meet him what his occupation was?

Mr. DAVIS. No; I did not. I did not ask, either.²

One man who did know filled in the answer for the committee—Capt. William Baum of the Intelligence Division of the New Jersey State Police. Had Davis sought Vastola's character references, instead of the other way around, it is doubtful they would ever have done business together.

"Corky" or "Sonny" Vastola's correct name is Gaetano Vastola," Baum told the committee.

Our best intelligence—that is a group intelligence of State Police, Federal, and local authorities—indicates that Mr. Vastola is a principal organized crime figure in the central shore area of New Jersey today. That would include Monmouth and Ocean Counties.

He is closely aligned with the principal organized crime figures in this State, including Sam DeCavalcante and Anthony Russo. In fact, his uncle was Dominic Ciaffone, also known as "Swats" Mulligan out of Brooklyn, N.Y., who was listed as a soldier in the Genovese family. He also, has an extensive criminal record.

Mr. Vastola has a number of business interests in the New York area, including an interest in the Queens Booking Agency, 1650 Broadway, which has booked many principal entertainment figures throughout the country.³

The booking agent Vastola had in mind for Davis was a middle man named Steward Siegel.

Davis further related:

* * * I got a call from Tommy and he mentioned there was a man that had a legitimate deal and he felt it might be good for me, and that the man would call.

The man did call. I set up an appointment with him and we met. The deal sounded good to me. I then told my legal people, who are at my office in Philadelphia, to please check it

¹ Hearings, testimony of Sammy Davis, Jr., pt. 2, p. 552.

² Id., p. 562.

³ Hearings, testimony of William Baum, pt. 2, pp. 570-571.

out. It sounded good. It sounded like a marvelous, good, legitimate deal.

* * * * *

It was a deal for a farm to be used to breed horses. They were going to buy horses, sell horses in Europe, bring them back to the farm, which would be called Sammy Davis, Jr., Farms.

For the use of my name and my association, I was to get so much preferred stocks for a small amount of dollars, and so forth. That was my participation.

In other words, he wanted to use my name. He thought it would be good and I was terribly aware of the fact it might open up some jobs for people. That is all I know. I said, "Hey, I don't know anything about it, but I will try it."⁴

The particular track, according to Captain Baum, was Riverdale Horse Farm in Dover Township, Ocean County, N.J.

A check revealed that the farm is of 12½ acres and the purchase price originally was for \$30,000. The present value is between \$150,000 and \$200,000 according to people in the local area. The farm is deeded in the name of Joseph and Angelina Annunziata from Brooklyn. The farm was purchased from a Nathan and Ada Boyer.

Mr. PHILLIPS. Is Joseph Annunziata the father-in-law of Corky Vastola?

Mr. BAUM. That is correct.

Anticipating the future promotional aspects of advertising a trotting horse stable that bore his name, Davis said he "naturally jumped the gun a little bit, as I am prone to do occasionally, and I took some pictures in (jockey) silks and all that."

Naturally, Davis presumed the photographs would be held until his attorneys finished drawing up all the papers promoting his new investment. Davis presumed wrong.

Mr. DAVIS. It was announced prematurely. "I didn't announce it. I cannot even remember where it was at this point, Counsel. But I do remember that I was working and I read about it. Somebody from the press called and said, "Hey, I hear you got a farm of horses."

I said, "I know there was a deal going on but I don't know whether it has been solidified or not."

And the next call I got was I owed somebody a lot of money because I bought one of their horses. It was in that kind of quick succession.⁵

The horses Davis bought, or more accurately, the horses bought by Siegel in Davis' name, were four yearlings purchased October 2, 1971: Jet Wave, \$4,700; Petite Time, \$2,300; Sweet Trick, \$1,100, and Prince Singer, \$700.

Mr. PHILLIPS. All of this was done by Mr. Siegel without any knowledge or authority from you; is that correct?

Mr. DAVIS. Absolutely.⁶

⁴ Hearings, testimony of Sammy Davis, Jr., pt. 2, p. 553.

⁵ Id., pp. 553-554.

⁶ Id., p. 562.

Meanwhile, Siegel resold Jet Wave for the purchase price—\$4,700—to Dr. Alvan Field of Beachwood, N.J. After returning the other three animals to the nationally known auction firm of Tattersalls in Lexington, Ky., Siegel disappeared. Reports are that he is operating a gambling casino in Yugoslavia.

Davis was left with a lot of collection notes to answer.

This will serve to advise you that litigation will be filed by Tattersalls against Sammy Davis, Jr. Farms, Inc., and Steward Siegel for the recovery of \$8,800. We intend to notify, as is customary in such cases, all members of the news media. * * *

read the letter addressed to Mr. Sy Marsh of Sammy Davis, Jr. Enterprises, Los Angeles, Calif.

Davis told the committee that, since he had no interest in the horse farm, he refused to pay all the bills Siegel ran up before vanishing.

"I didn't lose any money, except legal fees," he said. "Sometimes," Davis said, reflecting on his testimony and his ill-fated racing venture, "I'm afraid we are guilty of leaving the door open a little too wide."⁷

Before Joe "the Baron" Barboza, syndicate enforcer, linked the name of Frank Sinatra with that of New England organized crime boss Raymond Patriarca, the Select Committee on Crime had decided to call Mr. Sinatra as a witness.

Of concern to the committee was an 11-month period in late 1962 and early 1963, in which Sinatra ascended to the board of directors and was elected vice president of Berkshire Downs Race Track in Hancock, Mass. The now defunct flat track was at the same time a principal target for organized crime investment. Patriarca, himself, was later heard to claim that he and his associates had sunk up to a quarter-of-a-million dollars in the track through middle men who wouldn't so easily raise the eyebrows of police and racing officials. But Berkshire Downs Race Track was not uppermost in Frank Sinatra's mind when he strode into the hearing room accompanied by business manager and attorney Mickey Rudin.

Sinatra was more concerned, he said, in clearing his name which he said was impugned when Congressman Sam Steiger asked witness Barboza—

a simple question and this bum went running off at the mouth. I resent it. I won't have it. I am not a second-class citizen. Let's get that straightened out,

a scorned Sinatra advised the Committee.⁸

The committee's counsel advised Mr. Sinatra that—

Berkshire Downs, as you know, is a race track in Massachusetts. The evidence we uncovered in relation to Berkshire Downs reflected a man by the name of Raymond Patriarca and a man by the name of Tommy Lucchese were principals and had interests in that particular track. Those particular individuals are members of organized crime. They are racketeers.

⁷ Id., p. 565.

⁸ Hearings, testimony of Frank Sinatra, pt. 4, p. 1412.

We also found, prior to Mr. Barboza testifying, that you were vice president of record of that particular track. So, long before Mr. Barboza testified, this committee had scheduled you as a witness in this particular proceeding and had taken actions to contact you to invite you to appear and testify in relation to Berkshire Downs.

I think that you should recognize that you are not here in relation to Mr. Barboza's testimony. That was not the intent of the committee in calling you. It was in relation to Berkshire Downs.⁹

Mr. SINATRA. I understand that clearly, but I wanted to make a point.

When he came to discuss his investment in Berkshire Downs Race Track, Sinatra and his attorney pictured it as little more than a petty cash speculative venture. Also invited to share in the deal was Sinatra's old sidekick, singer Dean Martin, who was offered a similar 5 percent investment in the track for \$55,000, ultimately turned it down, as he later told an FBI agent.¹⁰

Mr. RUDIN. While I don't want to demean a \$55,000 investment to people who do not have the ability to earn the type of income Mr. Sinatra has the ability to earn, and Mr. Martin has the ability to earn, but it was the kind of a thing a couple of fellows sitting around a club might say "I am taking a piece of that. Do you want a piece of it for the fun of it. Maybe we will hit it lucky." Extent of the conversation.

The catalyst for Sinatra's involvement with the horses was a Miami home builder, Salvatore A. Rizzo. FBI tapes indicate that Rizzo was also the conduit for organized crime's investment in Berkshire Downs.

Rizzo, according to Sinatra, approached him after a performance at the 500 Club in Atlantic City, N.J., in 1962. Lots of customers did this, the singer added. Some, like Rizzo, succeeded.

Mr. PHILLIPS. Well, could you tell us, to the best of your recollection, how Mr. Rizzo met you?

Mr. SINATRA. I was working in a club in Atlantic City and I met him there, which is common.

Mr. PHILLIPS. Would you tell us more about it?

Mr. SINATRA. That's all I can tell you about it.

Mr. PHILLIPS. Did he introduce you to himself and say, "I am interested in the racetrack?"

Mr. SINATRA. Apparently somebody might have introduced me to him, but I don't remember who it was.

Mr. PHILLIPS. Was it anybody you had any reliance on?

Mr. SINATRA. I can't remember that.

Mr. PHILLIPS. Well, I am trying to learn, Mr. Sinatra, how it is that Mr. Rizzo could make such a favorable impression on you in such a short period of time.

⁹ Hearings, statement of Chief Counsel Joseph A. Phillips, pt. 4, p. 1413.

¹⁰ Hearings, testimony of Milton A. Rudin, pt. 4, p. 1417.

Mr. SINATRA. Many people have come to me in my lifetime and made impressions on me with business deals. Some I accepted and some I didn't accept. Lots of people get to me.¹¹

This fact is the probable reason that Rizzo unexpectedly decided to invoke the fifth amendment privilege to all questions concerning the Berkshire Downs affair and his association with Sinatra when he was subpoenaed as a witness before this committee. Yet, in his appearance before the Florida State Beverage Commission, Rizzo answered, under oath, that he had known Sinatra for 15 to 20 years. The questions and the answers that Rizzo made before the Florida commission in an effort to obtain a liquor license included:

Q. Did Frank Sinatra invest money in your track up there?
[Referring to Berkshire Downs.]

A. Yes.

Q. Do you know how much, just in round figures?

A. I think he invested \$70,000 for five points of 100.

Q. Does that equal 20 shares?

A. No, just 5 percent.

Q. How long have you known Mr. Sinatra?

A. Fifteen or 20 years.

Another committee witness, former Berkshire Downs Race Track Comptroller Charles Carson, also testified that Rizzo had bragged of knowing Sinatra for years.

It was in fact Rizzo's assemblage of secret coinvestors with Sinatra which brought Berkshire Downs to this committee's attention. Committee member Sam Steiger informed Sinatra:

The basis of the concern of this committee is the fact that Mr. Patriarca, who has been identified as a Mafia figure in New England, was indeed a heavy investor. Now, the basis of this assumption is a series of "phone taps and bugged conversations which the Justice Department had in Mr. Patriarca's office over a long period of time. And for your information, on the 24th of August 1962, Mr. Patriarca was informed that the track was going to put Frank Sinatra on the board of directors of Hancock Raceway to add a little class to the track. And I will tell you, Mr. Sinatra, in my opinion, it was desperately in need of a little class at that point.

But we had a similar experience, the committee had, in which another entertainer, Mr. Davis, was apparently used in a similar fashion.

Addressing Sinatra's attorney, Rudin, Chairman Pepper asked:

Chairman PEPPER. Did Mr. Rizzo tell you Mr. Patriarca had any ownership in that track?

Mr. RUDIN. Mr. Rizzo did not tell me about anybody else having an ownership, but indicated that he was going to seek other investors. Had he mentioned the name Patriarca, it would have meant nothing to me.

A more familiar name would have been Tommy "Three Fingers Brown" Lucchese, notorious New York City racketeer, now deceased,

¹¹ Hearings, testimony of Frank Sinatra, pt. 4, p. 1414.

who was a secret angel in the financing of Berkshire Downs Race Track.

Mr. PHILLIPS. Mr. Rudin, did you know Tommy Lucchese?

Mr. RUDIN. I had met Mr. Lucchese.

Mr. PHILLIPS. On how many occasions?

Mr. RUDIN. Maybe once or twice.

Mr. PHILLIPS. Where?

Mr. RUDIN. I met him, I believe, once in Atlantic City. He came in to see Mr. Sinatra and Mr. Martin perform, and I believe I was introduced to him in a restaurant in New York once.

Mr. PHILLIPS. Do you know whether he had any business dealing with Mr. Sinatra and Mr. Martin?

Mr. RUDIN. I know of no business dealings with Mr. Sinatra.

Mr. SINATRA. I can answer that question. I never had any business dealings in any sense or form with Mr. Lucchese. He was a man I met two or three times at the most, shook hands, and that was the end of it. * * *

Mr. PHILLIPS. Mr. Sinatra, Mr. Lucchese had a substantial interest in Berkshire Downs.

Mr. SINATRA. That's his problem, not mine. I wasn't aware of it.¹²

Berkshire Downs became very much Sinatra's problem with his election as vice president and member of the board of directors.

"We became aware of it when we read about it in the sports page," Sinatra said.

Chairman PEPPER. Mr. Rizzo did not tell you about it?

Mr. SINATRA. No, sir.

Chairman PEPPER. And you did not know about your election as an officer and director of the track?

Mr. SINATRA. No, sir. That is essentially one of the two reasons why we got out of the business deal.¹³

The second reason was an investment Sinatra had made in the Sands Hotel and gambling casino in Las Vegas, Nev. Under Nevada gaming laws, no person who has a gambling interest in any other State may invest in a Nevada gaming operation. A visible, managerial position at Berkshire Downs Race Track would seriously jeopardize Sinatra's far greater investment in Las Vegas.

Sinatra's attorney, Rudin, began taking steps to withdraw both his client's association with the track and Dean Martin's as well.

Rudin said:

And in the correspondence, when questioned about the fact they named Mr. Martin as an officer and director, Mr. Rizzo said he thought that Mr. Sinatra wanted Dean to have an interest in the track and therefore he named Dean as an officer and director.¹⁴

¹² Id., pp. 1420-1421.

¹³ Id., pp. 1419-1420.

¹⁴ Hearings, testimony of Milton A. Rudin, pt. 4, p. 1419.

I would also like to point out, on March 4, 1963, I wrote to the counsel for the Hancock Raceway Association, in which I pointed out to them I had previously written. I had learned in the press that Mr. Sinatra was being listed as an officer and director. And in this letter, I identified the fact I had a full power of attorney and, therefore, this letter was written not only as an attorney at law, but as an attorney in fact, in which I said to the extent that Mr. Sinatra may be or may be deemed to be a director or officer of Hancock Raceway, Inc., would you please regard this letter as a request that the record of the corporation duly note that he is not an officer or director.

In any event, he hereby resigns from such position in the event he has been so elected, regardless of whether or not he has accepted.

Because under the laws of the State of Massachusetts, if they elect him as an officer, he might have been an officer. I just wanted to go firmly on record that he was not an officer. But if by their law he was an officer, he was resigning, which he had the right to do as well.¹⁵

Sinatra was luckier than other investors in Berkshire Downs Race Track. On July 10, 1963, a check covering his original \$55,000 investment was supposedly sent to and allegedly received by Rudin a few days later.

Rudin testified:

Mr. Rizzo was just a small episode in our [Sinatra and attorney] very complicated business life over the past 17 years. It was particularly a small episode because that was the year we were beginning to work on a merger of a record company and establishing a foreign distribution for a record company, and that absorbed my time and thinking.¹⁶

Summarizing what was the reaction of most committee members to the explanation of Sinatra's involvement with Berkshire Downs Race Track, Congressman William Keating said:

I recognize your statement and accepted it earlier that a \$55,000 investment to some is large and you don't demean that. In some areas, \$55,000 is not a large investment. I understand that and I think you were very careful the way you said it, but the point I was trying to make, there is more than just the amount of the investment involved.

There is Mr. Sinatra's reputation that has to be considered and I think you indicated that in all of these types of investments, that really would require some further investigation.

* * * * *

I think that we all try to be extremely careful, and it concerns me in this instance, in this kind of a transaction that there wasn't more care shown in checking the association.¹⁷

¹⁵ Id., p. 1423.

¹⁶ Id., p. 1416.

¹⁷ Hearings, statement of Congressman William Keating, pt. 4, pp. 1435-1436.

WHAT IS RIGHT WITH RACING?

The committee had hoped before the conclusion of the record on the infiltration of organized crime and criminal figures into horseracing to have the outstanding leaders in the great horseracing industry of our country testify before the committee as to the generally good job that is being done by the several States and the operators of horse tracks—in short, what is right about racing. Unfortunately, we became involved in extensive hearings taking us to many of the major cities of our country on the critical problem of drugs in the schools and, with the intervening election and the congressional recess, we did not get to hold those hearings.

The sole purpose of this committee in holding hearings in respect to criminal and degrading elements infiltrating into the horseracing industry was to see what problems the States were facing in the conduct of parimutuel horseracing and to see what the Federal Government could do, if anything, to help the States and the operators of the industry to preserve the integrity of the industry and enable it to retain its position as the prime sport in the United States, attended by more people than any other sport and yielding to the States more revenue than any other sport in the Nation.

Accordingly, most of our report relates to the things that have been done by sinister interests to take illegal profit from racing, to impair the integrity of racing and to demean its prestige and respect in the public mind. These were sordid facts which the committee thought should be brought to the public's attention so that these conditions detrimental to the racing industry could be remedied. But everyone should understand that, while there are many more cases of the kind of objectionable infiltration into the racing industry that we have disclosed in our hearings than we considered, nevertheless the committee strongly affirms that on the whole the States of the Union are doing a good job in the operation of parimutuel horseracing.

In general, the horse tracks of the country are operated with integrity, and the industry deserves the confidence of the people. This does not mean that the States should not continue their efforts to assure great integrity in horseracing and that they should not do many things in requiring full disclosure of the ownership of tracks and of horses running under parimutuel racing authority, and, more effectively than they have in the past, enforce their own law against all activities which would affect the integrity of racing in any way.

We shall, in our recommendations, point out what we think the Federal Government can now undertake which will be of great value to the States in preserving the integrity of parimutuel horseracing, and shall make more specific suggestions for the consideration of the several States so that they can more effectively promote the success and preserve the integrity of parimutuel horseracing.

RECOMMENDATIONS

The committee has formulated two series of recommendations which are designed to improve the sport of racing. Five recommendations would require Federal action. Another series of recommendations are suggested for adoption by the several States.

The principal Federal recommendation is the adoption of a statute that would make it a Federal offense to tamper, interfere with or manipulate in any way the outcome of a race. Violators would be punished by a fine not to exceed \$10,000 or imprisonment for not more than 20 years, or both.

Several members of the committee suggested the need for a U.S. Commissioner of Racing and for a strong, Federal security force with interstate capabilities. This approach was seriously considered; however, we believe that the States should have the opportunity to act individually and jointly to restore and retain public confidence in their ability to police the sport of racing. It became obvious from the hearings that the adequacy of enforcement differed widely from State to State and that vigorous investigations of racing violations frequently stopped at statelines.

The two most important recommendations the committee makes to the States involve interstate cooperation. The first is to foster interstate cooperation to establish independent security forces capable of moving unhindered from State to State and from track to track. Such forces should be established for harness racing, thoroughbred racing, and dogracing. The second suggests the establishment of a National Data Bank for the purpose of maintaining and instantaneously transmitting information concerning individuals and investigations. Such a pilot program is currently underway by the National Association of State Racing Commissioners from its Lexington, Ky., headquarters.

The complete list of recommendations follows:

Federal Recommendations

1. The Select Committee on Crime recommends that Congress enact legislation to make it unlawful for any person knowingly, willfully, and for the purpose of gain to take any action or attempt to conspire to take any action to:

A. Decrease the opportunity of a registered animal to win,
or

B. Increase, in a manner not recognized by custom or allowed by rule or regulation, the ability of a registered animal to run in any regulated contest of speed.

2. The Select Committee on Crime recommends that Congress enact legislation to make it unlawful for any person to buy, sell, or possess within the enclosure of any racetrack which at that time is the site of a racing meeting, or the stables, barns, buildings, or grounds a part thereof, any mechanical or electrical device, instrument, or contrivance, or chemical or drug, other than those things allowed by custom, rule, or regulation, which can be used to affect the running speed of a registered animal.

3. The Select Committee on Crime recommends that Congress enact legislation to make it unlawful for any person knowingly and willfully to falsify, conceal, or cover up by any trick, scheme, or devise a material fact, or make any false, fictitious, or fraudulent statement or representation, or make or use any false, fictitious, or fraudulent statement or entry regarding the prior racing record, pedigree, identity of ownership of a registered animal in any matter related to the breeding, buying, selling, or racing of such animal.

4. The Select Committee on Crime recommends that the Congress enact legislation to make whoever commits or threatens physical violence to any person or property, or attempts or conspires to do so, in furtherance of a plan or purpose to do anything in violation of the aforementioned acts subject to additional fines and penalties.

A fine of not more than \$10,000 or imprisonment for not more than 20 years, or both, is recommended for each violation.

5. An amendment to section 224 of title 18 of the United States Code pertaining to acts or conspiracies to corruptly influence amateur or professional sporting events to permit prosecution when participants or instruments have moved in interstate commerce. Current provisions restrict prosecution to instances in which the "execution" of an act or conspiracy has involved interstate movement or an interstate instrument.

Recommendations to the States

1. Interstate Cooperation Among Racing Commissions for the Purpose of Creating a Security Force Capable of Conducting Investigations or Inquiries Into Interstate Violations or Suspected Violations of Racing Rules and Regulations

There is no investigative agency today with authority to conduct investigations at all racetracks in the country. Less than half the thoroughbred tracks applied for and were accepted as members of the Thoroughbred Racing Associations and, thereby, retaining the services of its Protective Bureau.

Spencer Drayton, head of security for the Thoroughbred Racing Associations, also acts as its executive vice president. The roles are clearly conflicting. As executive vice president of the TRA he is promoting the sport; as president of the security agency he is charged with investigating and uncovering wrongdoing.

The Thoroughbred Racing Protective Bureau cannot conduct investigations at nonmember tracks without special permission. There is an obvious need for a security force empowered to conduct interstate investigations regardless of jurisdictional boundaries or track membership. The forms of race fixing disclosed during the committee's hearings usually involved groups of sophisticated criminals moving in interstate commerce. A policing force geared to match the moves of criminals to gain their apprehension is imperative.

The ability of the U.S. Trotting Association to investigate and apprehend criminals engaged in racing schemes at harness tracks was even less apparent.

Daniel P. Hollman, former chief of the New York Strike Force on Organized Crime testified that criminal investigations at harness tracks in New York, which has the Nation's largest tracks, were impossible through existing state personnel.

2. Each State Is Encouraged to Maintain Data Banks Containing Information on Individuals Cited for Racing Violations. Coordination Among These State Information Centers Should Be Obtained Through Interstate Cooperation

These information centers should be computerized, and their primary purpose would be to permit the States to be aware of actions taken against individuals by other States.

The State of New Jersey, for example, has a list of approximately 3,500 people who have been found undesirable for licensing purposes according to William Baum, captain of the New Jersey State Police intelligence unit.

The failure to communicate vital track information between States was brought forcibly to the committee's attention when Baum disclosed that a New Jersey racketeer, Anthony Russo, had been barred in New Jersey but continued to hold a license and run horses in Florida.

"I think you have well focused on a very grim and real problem and that is this business of communication," remarked Aaron Kohn, managing director of the Greater New Orleans Crime Commission.

Such central retrieval sources should be available for both thoroughbred and harness racing.

3. Conflict of Interest Statute

The committee recommends that the several States not having laws upon the subject at the present time consider the enactment of strong conflict of interest statutes to make it a criminal violation for a race track official, racing association or principal of a racing association, or concessionaire to make a gift, contribution, enter into a contract, or give anything of value to a candidate for or holder of public office, a State racing commissioner or any other State employee who holds a position with regulatory or police authority over racing. It should also be a criminal violation for any candidate or holder of public office, a State racing commissioner or any other State employee so stated to receive anything of substantial value from a race track official, racing association or principal of a racing association. No State racing commissioner or holder of public office with regulatory or policing authority over racing, directly or indirectly, should be an official of a race track or racing association, a concessionaire, or hold stock, or enter into contract with a race track or racing association supervised by the State or making application for license. It should also be a violation to transfer temporary title or ownership to a relative or trustee.

4. Long-Term Racing Dates

The committee recommends that the several States, in lieu of awarding annual racing dates, with due allowance for the rotation of specific dates to respective tracks in a given area where such action is deemed proper, award dates to race tracks and racing associations for a longer period of time. States will, of course, retain the right to cancel permits for cause.

5. Limitation of Exotic Betting

Due to the committee's findings that most of the infiltration by sinister forces into horseracing has occurred in races where there was multiple or exotic betting, the committee suggests that the States consider the limitation of so-called exotic or multiple betting combinations. While the racing industry seems in agreement that the daily double and the exacta or perfecta should be allowed, and many outstanding tracks think that the trifecta should also be allowed, many of the leading track operators of the Nation and many of the prominent racing commissioners of the several States share the opinion of the committee that multiple combinations permitted now at some tracks,

known as twin doubles, quinellas, trizactas, and other similar forms of multiple betting offer the greatest opportunity for criminal elements to infiltrate the racing industry, and tend to harm the industry.

6. Prerace Testing

The committee recommends prerace testing as well as the standard postrace urinalysis on winning animals and other entrants selected at random. Federal funds through the Law Enforcement Assistance Administration to help defray the cost of mobile testing laboratories should be made available.

7. Standardized Testing

The committee recommends standardized testing procedures among States and the adoption of a published list of prescribed drugs that may be administered to an animal and the period of time prior to the running of the event that such drugs may be given.

8. Indigenous Ownership

The committee recommends that States encourage indigenous ownership of racetracks by adopting, where the legislature finds it in the public interest, as has the State of Nevada, statutes that prohibit persons or corporations holding majority interest in a legalized gambling establishment in one State from obtaining majority interest in a legalized gambling establishment in another State.

**SEPARATE VIEWS OF CONGRESSMAN JEROME R.
WALDIE**

I concur in the essence of Congressman Wiggins' remarks although I support the committee's final recommendations.

In addition, I am compelled to express my personal distaste of the activities of my colleague, Congressman Sam Steiger, in the recently revealed incident of wiretapping in which a member of his staff was directly involved and as to which he has assumed responsibility.

It ill becomes a Crime Committee Member to condemn such disreputable activity on the part of witnesses before our committee when he himself assumes responsibility for such conduct.

The incident taints the entire inquiry.

JEROME R. WALDIE.

(85)

ADDITIONAL VIEWS OF CONGRESSMAN MORGAN F. MURPHY

My remarks are an attempt to highlight the committee's lack of hard evidence which links Emprise to organized crime. My remarks should not be interpreted as a defense of Emprise activities or its associations, but simply as an attempt to reach objective conclusion in an examination which was prejudiced from the outset.

The committee report, at one point, notes that the tactic generally utilized by Emprise against its critics was to trade in innuendos and false accusations. It appears that the committee is itself guilty of such failings. It is my overriding concern for the integrity and reputation for fairness this committee has worked so hard to attain which prompts me to dissent from those portions of the report concerning the Emprise Corp.

Although the committee's report on Emprise alluded to Emprise familiarity with reputed organized crime figures, there was a distinct lack of "factual," and I emphasize the word factual, information to document the sinister nature of these relationships.

There was not, in my opinion, any final committee determination that Emprise had links with organized crime, that they conducted business like organized crime, or that they knowingly consorted with organized crime figures.

A significant amount of committee time was devoted to a detailed analysis of Emprise affiliation with known organized crime figures at the Hazel Park Race Track in Michigan. No credible evidence of illegal business transactions by Emprise or their associates was found. Committee reliance on "guilt by association" is certainly questionable.

It is interesting to note that although the committee report made worthwhile recommendations with which I concur, not one of these recommendations concerned itself with correcting any alleged misconduct by Emprise.

The April 26, 1972, California conviction of Emprise Corp. involved a violation of a Federal statute (18 U.S. Code, section 1952) passed to aid the enforcement of State gambling laws. The statute, known as the Interstate Travel in Aid of Racketeering Enterprises Act, makes it a Federal offense to use interstate commerce to violate State gambling laws.

More specifically, a Nevada law required full disclosure of all persons with financial interest in the Frontier Hotel and Casino building project. Emprise was fined for conspiring to conceal the financial interests of certain parties with suspected organized crime connections. Emprise attorneys are presently pursuing appropriate legal channels for appeal.

A member of the Select Committee on Crime staff phoned officials in various States to inquire as to the ef

prise conviction on present withdrawals and future renewals of racing and liquor permits held by Emprise and its subsidiaries. The views of these officials have been included in the committee report. I strenuously object to this unusual procedure which goes beyond the scope of our committee's investigative jurisdiction.

This project was undertaken without the knowledge or consent of the chairman or the other committee members. These calls, moreover, might have been construed as a subtle committee threat to the States to take action against Emprise in light of the California conviction. Such interpretations by State officials threaten the legal rights of the defendants in the case whose conviction may, in fact, be overturned on appeal.

Additionally, those persons telephoned were not subject to cross-examination nor were they under oath at any time during the conversation. There is a serious question as to the validity of the testimony of these State officials because they were not subject to the same committee rules as were all other witnesses.

One recent development between the Crime Committee and Emprise Corp. particularly disturbs me. On June 4, 1973, the Tucson Daily Citizen began its series of articles alleging that Emprise may have paid taxes on a trust owned by an acknowledged underworld figure, Peter Licavoli. The allegation was based on the fact that Emprise was billed for taxes on the trust in question, the Tucson Title Insurance Co. Trust 10770.

A committee member had no reservations about commenting on this newest development and was liberally quoted in the same June 4 article. The member labeled the apparent connection between Emprise and Licavoli "the final brick in the wall that must divide Emprise from its heretofore seemingly legitimate efforts." The member promised to make copies of the Tucson Daily Citizen's articles available to every State and further vowed that the articles would be made part of the Crime Committee's permanent record.

Three days after the first newspaper article appeared, however, the editor of the Tucson Daily Citizen explained that a computer programming error was responsible for the Emprise address on the assessor's 1970 record. The source of the new information was the chief deputy to the Pima County Assessor in Tucson, Ariz. The newspaper not only printed a retraction but apologized for claiming that Emprise had direct Mafia connections.

The committee member's remarks to the Tucson Daily Citizen on June 4 were premature and misleading to the general public. During the same interview, the member in question noted that the committee began its investigation "on the basis that Emprise and the Jacobs brothers were unfit to hold parimutuel licenses because they do business with organized crime." I had initially assumed that the Crime Committee's intention was to make a thorough and unbiased investigation of the activities of the Emprise Corp. and its principals to determine what, if any, affiliation with organized crime existed.

The admitted involvement by Representative Sam Steiger in a recently revealed bugging scheme related to Emprise Corp. is an embarrassment to the entire Crime Committee. Steiger's top assistant in Arizona confessed to bugging conversations between Robert P. Leacy

and Hal F. Nunn, both of whom at one time had considerable connections with Emprise.

Hal Nunn was aware that his conversations with Leacy were being recorded. Nunn said he agreed to extract information provided Steiger would intercede for him with the Arizona Racing Commission. Nunn's questionable financial dealings during the 1960's had prompted the commission to ban him from all racing activities. Nunn desired reinstatement by the commission and supposedly approached Steiger with a mutually beneficial proposition.

I do not wish to condemn Mr. Steiger since, in fact, no charges have been brought against him. It is worth noting, however, that he considers his actions "legitimate but unsavory" and vows to continue activities "no matter how unsavory" in order to expose Emprise. While the unsavoriness of his activities is certainly a matter of concern, the legality of his actions in the name of this committee is what most concerns me.

Mr. Steiger maintained that the bugging device produced no results and assured the committee that no such recorded information was made available for committee use. I was greatly relieved by this admission since committee reliance on such material would have represented a complete compromise of committee principle.

Our committee's original purpose was to investigate the extent to which criminal elements have penetrated the racing world. Our task was a difficult one but one which presented a challenge to committee ingenuity.

This committee has never before shirked its responsibility or hidden from its duty. Our committee has strived for and, I believe, achieved a sense of fair play and openness in all past investigations and hearings.

I would be the first to condemn Emprise ties with organized crime, but reporting such ties without evidence to support our claims is dangerous and not in keeping with past committee practice.

John F. Kennedy once said:

We sometimes chafe at the burden of our obligations, the complexity of our decisions, the agony of our choices. But there is no comfort or security for us in evasion, no solution in abdication, no relief in irresponsibility.

I believe this quote is particularly appropriate.

It is therefore with a deep sense of regret that I must disassociate myself from the committee's analysis of Emprise Corp. even though I concur in full with the committee report's recommendations. The American public deserves a factual rather than prejudicial presentation of the case against Emprise. We as a committee should produce nothing less.

MORGAN F. MURPHY.

STATEMENT OF CONGRESSMAN CHARLES B. RANGEL

Although I am in essential agreement with the conclusions and recommendations of the majority in the committee's report on organized crime in racing, I wish to point out that I did not have the opportunity to personally examine the witnesses which came before the committee to testify concerning the Emprise Corp. My absence, necessitated by congressional business in New York, prevents me from having an independent judgment of the veracity or reliability of the testimony presented to the committee in this area and limits my concurrence in the majority report to a judgment based upon the weight of the evidence as presented in the hearing record.

CHARLES B. RANGEL.

ADDITIONAL VIEWS OF CONGRESSMAN CHARLES E. WIGGINS

For reasons which will hereafter appear, I am unwilling to sign the majority report.

Throughout our inquiry into organized sports, I have been troubled by a question which has been nagging my conscience. The clear thrust of our committee's report covering hearings into parimutuel racing particularly as they relate to the Emprise Corp. brings the question squarely to the fore and it needs to be discussed.

The announced purpose of our hearings was to determine the extent to which organized crime has infiltrated parimutuel racing. Since this sports activity is a lawful one in those States where it is conducted, one would assume that our committee would have sought to ascertain if this lawful activity were conducted in an unlawful manner, or in a manner contrary to the public interest, although otherwise lawful.

In fact, however, our hearings ranged far afield from this proper legislative purpose. A major portion of the committee's energies were directed toward condemning individuals who, so far as our record discloses, engaged in some aspect of the racing business in a manner which was entirely within the law and consistent with the public's interest in racing. We apparently found justification for this vilification because we were satisfied that the individuals were members of, connected with, did business with, or did business like, organized crime.

The question which troubles me is the propriety of a congressional committee condemning those who may, during the course of a lawful business enterprise, have maintained a lawful business relationship with "organized crime."

The role of a congressional investigative committee is at best a delicate one. Its activities are conducted in public and receive wide publicity. The potential for irreparable harm to persons is ever present. Perhaps this risk cannot be avoided entirely if Congress is to discharge its important and necessary investigative function. All should agree, however, that such a committee should proceed with caution and should not undertake to destroy innocent persons in the name of public interest.

I

By way of background, everyone seems to concede that there is a shadow group in this country known as "organized crime." It seems that its activities, inner-connected by family ties, extend into narcotic trafficking, loan sharking, gambling in all of its forms, extortion, and other illegal endeavors.

But there is apparently a licit aspect of organized crime as well. Some say that for the purpose of disguising its cash accumulation and to provide a respectable front for the "organized criminal," the "mob" engages in many lawful businesses. Those lawful businesses

which have been identified from time to time as infiltrated by organized crime include laundry and vending machine operations, trash disposal companies, labor unions, regulated gambling and many sports related activities, particularly boxing and parimutuel racing. Each of the lawful activities of organized crime typically involves a large number of cash transactions, which, it is said, provide a convenient opportunity for "skimming" (the process of diverting cash for business operations).

Those who engage in these activities, both licit and illicit, are described as "organized criminals" or "connected with organized crime." The existence of an organized criminal network has been documented by congressional committees, current literature, the FBI, and every major law enforcement agency in the country. Although the names of the principal "family" members are well-known, it is a curious fact that they frequently have avoided prosecution. Nevertheless, we easily assume them to be criminals.

How, then, should a congressional committee deal with an inquiry into "organized crime" involving, as it does, both lawful and unlawful activities, guilty and innocent participants?

It seems to me that there is a different approach to be taken by an investigative committee inquiring into "criminal misconduct" and a committee whose inquiry is directed toward "lawful activities" which may adversely affect a public interest. If an investigative committee's objectives are served by revealing the details of criminal misconduct which have resulted in the conviction of the wrongdoers, I see no unjustified harm in giving publicity to the public record. If, however, a committee's investigation is directed toward potential criminal misconduct only, I perceive no justification for "trying" the assumed wrongdoers before the television cameras in a public hearing. Rather, in the latter case, evidence of criminal misconduct in a committee's possession should be referred to appropriate prosecutorial agencies. This is not to say that the public, through a congressional committee, should not, or cannot, be informed about apparent criminal activities which threaten it. But the names of individuals not yet tried play no necessary part of that function.

On the other hand, when a congressional inquiry is focused upon purely licit activities, different principles should apply. Reasonable men may well differ concerning the proper balance between the public interest in the disclosure of lawful activities which may be contrary to the national interest and the rights of individuals engaged in those lawful activities.

Surely there are many instances when an overriding public interest will be served by exposing to the light of day the conduct of those who act barely within the law, or contrary to its spirit, or who simply take advantage of legislative oversight. The public purpose, however, is not exposure for exposure's sake, but rather the ultimate correction of loosely drawn laws or enactment of new ones.

In the case of those whom I shall assume are engaged in organized crime (although no specific criminal misconduct may be shown), there may be a grey area with respect to their right to participate in sensitive, licensed activities such as the dispensing of liquor or horse-

racings. Whatever merit there may be in the closing of such commercial endeavors to organized criminals, the right to engage in lawful pursuits surely should not be based upon an individual's unproved status, but rather upon his prior conviction of specific crimes, or a documented history of conduct inimical to the best interest of the activity in which the "organized criminal" purposes to engage.

Finally, in the case of those whom have not been identified, however vaguely, as actually engaged in organized crime and whose involvement with those who are so identified is that of a vendor, concessionaire, or lender with respect to those lawful activities in which organized crime may be engaged, the grey area tends to evaporate. If a public purpose is to be served by condemning those who fall into this category, it escapes me. Congressional condemnation of "innocent" persons engaged in such lawful activities is a classic "guilt by association" case. *A fortiori*, I fail to see any justification for vilifying those who may be doing business "like" organized crime; i.e., engaged in lawful pursuits and who may operate in a manner which only resembles those lawful activities in which organized crime may also be engaged.

In the main, our investigation of parimutuel racing was not focused upon alleged criminal misconduct on the part of individuals not yet tried. Rather, we directed our attention to the asserted impropriety of certain lawful activities and chose to condemn the individuals involved because they did business with, or like, organized crime.

II

Since the brunt of our attack was leveled at the Emprise Corp. I turn now to the specifics of our hearings as they may relate to that corporation.

It appears that the Emprise Corp., and its affiliates, constitute a vast, international enterprise primarily engaged in providing concession services, such as the sale of food and beverages, at various sporting facilities. It is also the owner of an interest in several race tracks and other sports facilities. The corporation has invested millions of dollars into these activities and has apparently enjoyed a profitable business career.

Unfortunately, the committee report does not present a balanced picture of our voluminous record as it relates to Emprise. The officers of the corporation were completely cooperative with the committee and its investigators in revealing the details of its business operations, past and present. There was no conflict in the evidence that the concession operations of Emprise were conducted in a manner which was not detrimental to the public or to the sporting activity itself. Our investigation did not reveal that in the conduct of its business operations the Emprise Corp. violated the law, with the single exception of the Los Angeles conviction, now on appeal. Our committee, however, barely paused upon finding that the Emprise activities were, in the main, lawful. We proceeded in an effort to establish that the Emprise Corp. engaged in these lawful activities in partnership with organized crime.

It seems to have been a business practice of the Emprise Corp. over the years to loan large sums of money to the owners of sports facilities, or to invest directly into these facilities, in exchange for long-term, exclusive, concessionaire contracts. Over the years, this practice, although motivated by the self-interest of Emprise, was apparently a factor in promoting the expansion of racing and other sports activities in America. That Emprise was not deterred from pursuing this successful formula even if compelled to do business with identified members of organized crime was documented by the committee in the instance of Hazel Park Raceway in Michigan. That track has been controlled since its inception by the Zerilli family, generally regarded as leaders of the Detroit "mob." Our hearings left no doubt that over a long period of years the Emprise Corp. has been a willing business partner with these notorious "organized crime figures" in the operation of the Hazel Park Raceway. In all respects, however, it appears that both Emprise and its unsavory associates acted completely within the law in this venture and, according to the record, operated a well-run and honest race track.

Mention has been made of the Los Angeles conviction of the Emprise Corp. That prosecution arose out of a failure by Emprise to disclose an ownership interest in a Las Vegas gambling casino, contrary to the laws of Nevada. Codefendants with Emprise included several identified organized crime figures. Although the conviction has nothing to do with horseracing, its relevance to our hearings was apparently to demonstrate a willingness on the part of Emprise to do business with members of organized crime.

I do not wish to minimize the seriousness of the Los Angeles conviction or to discount its significance as a factor to be considered by State regulatory agencies which may have the responsibility of considering the license status of the Emprise Corp.

But our hearings plainly had a different focus. From the outset we proceeded from the premise that one who has engaged in a lawful business relationship with organized crime figures who themselves were not acting illegally is sufficiently tainted thereby to be unfit to be associated with racing. This view which pervades our hearings is one which I cannot accept.

The basic premise is one which suggests that society has an interest in confining "organized criminals" to their illegal activities. Surely this cannot be so as to the organized criminals and much less so to those who only may be connected with their lawful pursuits.

Considerable time of the committee was devoted to the partnership of Emprise with the Funk family in the ownership of racing interests in the State of Arizona. We heard evidence that the telephone of a Congressman had been tapped in connection with the accumulation of material to be used against him politically. Whether such evidence is to be believed depends upon the credibility of witness Johnson. I am convinced that Johnson was hired by Emprise-Funk to accumulate derogatory information on Congressman Steiger. The evident hostility between Congressman Steiger and Emprise-Funk provides an ample motive for such an undertaking. The wiretapping allegation, however, is supported by no tangible evidence and the one who is said

to have performed the actual wiretapping is dead. Johnson was unable to identify a picture of the man he claimed to have hired to install the wiretapping device. For these and other reasons, I frankly do not believe the wiretapping story of Johnson, an opinion apparently shared by certain law enforcement agencies.

Whatever one may think of the moral propriety of the conduct of Mr. Johnson and his employers, it is probably a common hazard which all elected officials must endure. Investigative reporters have been acclaimed for much less.

The relevance of this entirely bizarre episode to the objectives of our Committee is so tenuous as to be nearly nonexistent. For one, I attach no importance to this testimony as bearing upon the question of infiltration into parimutuel racing by organized crime.

From the evidence deduced, the essence of which is reviewed here, the committee has chosen to condemn the Emprise Corp. in unmistakable terms. The committee has done so with full knowledge that the Emprise Corp depends upon the maintenance of State licenses for many of its corporate activities. Such licenses may be granted, or withheld, for such vague and subjective reasons as the "public interest" of the licensing State and the "general reputation" of the applicant. In other words, the committee has chosen to expose a major corporation to the risks of an enormous economic loss.

And for what reasons?

We have never contended that the Emprise Corp. is or has engaged in organized criminal activities. With the exception of the California conviction, we have shown that, in violation of no law, the company has on occasion done business with organized crime figures who were themselves engaged in a legitimate business.

For a congressional investigative committee to expose an individual or company to a risk of harm for such insubstantial reasons is, in my opinion, an abuse of the considerable authority which we possess. Our actions were contrary to those standards which I have suggested as appropriate for a committee inquiring into purely licit activities of those not actually members of organized crime.

No doubt some will contend that I am being unduly concerned about a company which is undeserving. I know nothing of Emprise or its officers, personally. I have read recent publications concerning its history of involvement with organized crime figures and I am aware of the deteriorating reputation of the Emprise Corp. The charges and the innuendos with respect to Emprise may be true. But our committee has not established the essential predicate for condemnation: That Emprise has acted contrary to the public interest in its horseracing activities. Such condemnation certainly should be supported by our hearings and not on the basis of rumor, innuendo, or unproven matter outside of our record.

My objections should not necessarily be understood as registering opposition to all parts of the majority report or all of the recommendations for legislative action made therein. The committee has performed a valuable service, for example, in exposing the techniques for fixing horseraces and disguising the true ownership of horses. To its credit, the committee has stimulated State racing boards into needed action.

There are specific recommendations, however, which I do not support. I do not agree that it is wise to extend Federal jurisdiction into the area of punishing essentially local offenses having no necessary interstate character. It is understood that making certain conduct a Federal offense may act as a special deterrent, but this consideration is out weighed in my view by considerations of federalism and the additional burden to the already overtaxed Federal judiciary which such a response would entail.

Nor am I ready to accept public, or nonprofit ownership of racing facilities as a necessary remedy. Such a recommendation, if implemented, will introduce a host of new problems which could be avoided by aggressive public and self-regulation of existing privately owned facilities.

CHARLES E. WIGGINS.

APPENDIX.—A SUMMARY OF RACING IN AMERICA

The history of horseracing in this country begins in New York State about 1665. Col. Richard Nicolls, who arrived in 1664 as the first English Governor of New York, started horseracing as one of his first acts. In February 1665, after various conferences with his staff, he called a public meeting at what now is Hempstead, Long Island. He declared that he had decided upon a series of horseraces, and added:

These races shall not be so much for the divertisement of youth as for encouraging the bettering of the breed of horses which, through neglect, has been impaired.

Nicolls recognized the need for a better breed of horses than existed in the Colonies. Those horses, for the most part, were of a Dutch strain, having been imported by the Hollanders when they ruled the New York area. Such animals were heavy, slow, and awkward. They were suitable for rough farmwork, but lacked speed for horsebacking. Nicolls sought horses that had speed, and, thus, encouraged racing, feeling that a succession of contests might develop swiftness in the animals.

As a result of the conclave, a racecourse was mapped out near Hempstead. It was called the "Newmarket Course," honoring the famous track in England. It is assumed there was a race at Hempstead in 1665, another in 1666, and another in 1667. But that is supposition.

Final proof that New York was the cradle of horseracing in the United States is found in the writings of Daniel Denton. He was a delegate to a religious assembly in New York in 1665.

Virginia Pioneers

Although New York pioneered horseracing in the United States, Virginia gave it the greatest impetus through the 17th and into the 18th centuries. Some of the races were just for the "fun of it." Others were for trophies put up by some community that wished to feature an equine duel, but most of them were for side bets with only two horses competing.

There were at least five racetracks in Virginia in the 1680's and in the Virginia State Library at Richmond is a notice concerning a horse-race that was run in Henrico County in October 1678.

The Revolutionary War sent racing into eclipse for a while, but almost immediately afterward, there was a rapid recovery. Quite a few thoroughbred stallions, and some thoroughbred mares, were imported and put to stud services along the Atlantic seaboard, while in Kentucky, the early settlers in the Lexington district not only concentrated in breeding horses, which they had brought from Virginia, but also went in for racing on a rather grand scale for that particular era.

Birth of Kentucky Racing

Kentuckians did not wait for racetracks to settle their arguments as to which man had the better horse, or which was the superior rider. They placed their bets and rode a designated distance along the traveled byways of Lexington. Those races became of such frequent occurrence that the townsfolk who were not participating made a series of complaints.

In 1793, the town trustees of Lexington, Ky., ruled horsemen off the main street—now South Broadway—because the charging horses frightened the citizens. In 1797, there was erected outside of Lexington the first racetrack in Kentucky, known as “Williams Racetrack.” When this became too small and outmoded, a new one was built and opened in 1828. It continued to operate until 1935—a span of 107 years.

Civil War Impetus

The Civil War, which created such great demands for horses for cavalry purposes, made America aware of its need for the fastest type of horses.

Racing was given real impetus during these years by John Morrissey, who launched the pioneer meeting at Saratoga Springs, N. Y., in 1864. Morrissey had been a bare-knuckle prizefighter in the days of his youth. Later he went into politics and became wealthy. He settled in Saratoga and because he liked horseracing launched a meeting in that city where notables gathered.

Morrissey liked money and saw a chance to gain a lot of it with a race meeting at Saratoga during the month of August. The place then was a noted health resort, and folks had much idle time, especially in the afternoon. Morrissey built a racecourse, influenced horsemen to ship to Saratoga for a meeting, arranged stakes races, and was liberal about purse money for the cheaper grade of horses.

The aristocratic Travers family of New York was identified with racing in the big city and so Morrissey, catering to the classes, named his first stake race the “Travers.” It still is being run and is the oldest contest of its kind in the United States.

The result of organized racing under Morrissey’s control at Saratoga convinced men elsewhere that racing could be launched successfully in major fashion. Previously, the meetings had been of 1 or 2 days each. Marylanders constructed the Pimlico track for 1870 operations in Baltimore, and a group in New Orleans built the Fair Grounds course, the idea being to have reasonably prolonged meetings, as Morrissey had done at Saratoga. It was opened in 1873.

Churchill Downs

There had been racing of a sort in different parts of New York State, Virginia, Kentucky, and elsewhere. There had been tracks of no great consequence both in Lexington and Louisville, Ky. But the sport took on “big time” status in Kentucky with the opening of Churchill Downs in 1875. Tracks began to mushroom in or near the larger cities in all parts of the United States through the late 1870’s and into the 1880’s, during which time the importation of thoroughbreds from England

greatly increased. Meanwhile, owners of horses established their own farms, and this brought about the breeding of the American thoroughbred, tracing down from the founding sires in England.

The earliest wagering in this country was just between owners or spectators, who had different ideas as to the outcome of the contests. Later, auction pools were introduced.

Bookmakers Appear

Bookmakers made their first appearance on the new tracks about 1873. They were from England. The pioneer perhaps was James Kelly, who took prerace bets about 1871, but did not operate the tracks. After the English bookmakers had showed the way, Americans became bookmakers and supplanted them late in the 1870's.

Parimutuel wagering, which originated in 1865 in France, was tried in New York in the middle 1870's. It was not popular and soon was discarded. The machines were introduced at Churchill Downs in 1878, but were dropped in 1889. The bookmakers, who had to pay a rental to do business, complained that the machines, operated by the track which deducted 5 percent of the money handled for its share, were interfering with the bookmakers' business.

Bookmaking, which was devised in England in the early part or middle of the 19th century, was the only form of wagering on the New York tracks from the 1870's until 1940, when it was legislated out and parimutuels succeeded it. Bookmaking also was the only form of wagering in Kentucky from 1889 to 1908, when civic authorities in Louisville ruled against it and Col. Matt J. Winn resurrected the old parimutuel machines that had been used both in Kentucky and New York and used them, and also revived auction pool wagering "until the storm blows over" in Louisville.

The ban on bookmaking never was lifted in Louisville. Colonel Winn continued the mutuels and finally discarded the auction pools. The success of mutuels in Louisville influenced Pimlico and other tracks, harassed by authorities waging war on bookmakers, to use the machine form of wagering.

The "reform wave," which started to roll about 1906 and continued for quite a few years, ended major racing everywhere except in Kentucky and Maryland going into 1912. Track operators in both those States used parimutuel machines, and, thus, escaped condemnation. The success of the mutuels in Maryland and Kentucky caused legislatures, one by one, to legalize parimutuel wagering, even as they obliterated bookmaking, and, beginning in 1940, bookmaking was gone from all the States and machine wagering was legal in more than 20 States, with the blessings of the legislatures and the Governors.

Racing from the time of Morrissey in the 1860's until into the 1890's moved along in the United States without much governing control. The stewards for each track made the rules. The racing people generally observed them. In any big crisis, an appeal for guidance was sent to the Jockey Club in London. The track operators usually worked on a "gentleman's agreement" basis, and there was little conflict in the schedules for race meetings.

In time, abuses crept into the sport, and, as a result, a number of men, identified with racing in New York state, which was the axis of

the sport in the United States, decided to create a jockey club that would control affairs.

The resultant Jockey Club of New York proceeded to control the sport.

The oldest turf organization of continuous existence in America is the Maryland Jockey Club, created in 1743 to supervise racing activities at the track then operated at Annapolis. The club never tried to expand its power beyond the borders of Maryland, but it continued to be the sole governing force in the State until creation of the State racing commission.

Rise of Commercialism

By mid-20th century, horseracing had changed markedly. Despite its aristocratic beginnings, it had become commercialized in many respects, and the epigram coined at the turn of the century was that "In England racing is a sport, in France it is an entertainment and in America it is a business."

Today, 31 States and Puerto Rico permit parimutuel betting on horseracing and/or dograces. As of mid-1971, States permitting both horseracing and dogracing were: Arizona, Arkansas, Colorado, Florida, Massachusetts, Oregon, and South Dakota.

Those States permitting only horseracing were: California, Connecticut, Delaware, Idaho, Illinois, Kentucky, Louisiana, Maine, Maryland, Michigan, Montana, Nebraska, New Hampshire, New Jersey, Nevada, New Mexico, New York, Pennsylvania, Ohio, Rhode Island, Vermont, Washington, West Virginia, Wyoming, and Puerto Rico.

There were no States in which only dogracing was permitted. In addition, Virginia and Texas are actively considering the introduction of horseracing and a bill to add dogracing to the list of permitted wagered events has been introduced in the New Hampshire Legislature.

Most major tracks are found near the larger population areas. On Long Island are Belmont, Jamaica, and Aqueduct. In the Miami area are Hialeah, Calder, and Tropical Park. Santa Anita, Hollywood Park, and Del Mar are located in the general Los Angeles region; Tanforan and Bay Meadows in the San Francisco area. Other popular tracks are Laurel and Pimlico in Maryland; Atlantic City, Garden State, and Monmouth in New Jersey; Arlington Park and Washington Park in the Chicago area; Suffolk Downs (Massachusetts), Narragansett and Lincoln Downs (Rhode Island), and Rockingham Park (New Hampshire) in the general Boston area; Jefferson Downs at New Orleans and Churchill Downs at Louisville, Ky. Attendance and receipts have been vastly swelled by winter meets in Florida, southern California, and New Orleans, and the sport is now an all-year-round proposition.

America features a number of famous races, noted for their prestige, the huge purses offered, or both. Certainly the most publicized race is the Kentucky Derby, at $1\frac{1}{4}$ miles, at Churchill Downs for 3-year-olds, first run in 1875, and won by a number of America's most famed thoroughbreds. Two others, likewise for 3-year-olds, are the Preakness, $1\frac{3}{16}$ miles, at Pimlico, and the Belmont Stakes, $1\frac{1}{2}$ miles, at Belmont Park. A steed capturing all three of these races in the

same season is said to have won the "Triple Crown." Only nine colts—Sir Barton, Gallant Fox, Omaha, War Admiral, Whirlaway, Count Fleet, Assault, Citation, and Secretariat—have accomplished the feat.

A number of races have awarded huge purses to winners. Those which have paid over \$100,000 include, in addition to the Derby: the Futurity Stakes (2-year-olds) at Belmont Park; the Flamingo Stakes (3-year-olds) and Widener Handicap (3 and over) at Hialeah; the Arlington Futurity (2-year-olds), the Arlington Classic (3-year-olds) and Arlington Handicap (3 and over) at Arlington Park; the Hollywood Gold Cup (3 and over) at Hollywood Park; the American Derby (3-year-olds) and Washington Park Handicap (3 and over) at Washington Park; the Santa Anita Handicap (3 and over) at Santa Anita; and the Garden State Stakes (2-year-olds) at Garden State Park.

Jockeys, too, have earned fame. Early jockeys of renown include Ed Garrison, for whom was named the "Garrison finish"; and Tod Sloan, who is credited with having introduced the now universal forward lean or "monkey crouch" over the horse's shoulder. Earl Sande rode many winners from the 1920's to the 1940's. Other noted riders include Eddie Arcaro, Johnny Longden, Ted Atkinson, and Willie Shoemaker.

No list would be complete if it failed to include England's Sir Gordon Richards, knighted in 1953 by Queen Elizabeth II. In his long career (terminated in 1954) he rode more than 4,500 mounts to victory.

A Colorful Sport

Horseracing is unquestionably one of the most colorful of sports, both in a literal and figurative sense. The multihued silks of the jockeys and the spectacular landscaping of many courses contribute to this. So too do the crowds who follow the sport, colorful in their use of the sport's slang and in the "systems" that many of them employ in an effort to bet successfully.

No two racing parks are alike, but many of them have common features. The wide track is usually approximately a mile around (as contrasted to the common quarter-mile track for foot racing). The territory enclosed by it, the infield, is beautified by flowers, and—in some cases—by pools and water birds. In front of the finishing stretch is a grandstand, and there is also usually a clubhouse available only to spectators who pay a higher admission price. On the grounds are stables for the horses and a paddock in which they may be viewed.

A day's program usually consists of eight or nine races. Each is for a specified distance, a specified age bracket, and sometimes further restricted—such as for maidens (horses never having won a race) or for fillies (females under 5). Distances, of course, vary, but, in general, they range from slightly under three-quarters of a mile to a mile and a half. Many of the featured ones are between the mile and mile-and-a-quarter distance.

In some events, as in "Triple Crown" races for 3-year-olds, all steeds carry the same weight, 126 pounds. But in others, weights vary. Concessions are made because of sex, inexperience of the jockey, and for age of the horse—the last under a complicated weight-for-age scale. Sometimes high-ranking horses carry a greater impost (weight

handicap) than the ones with poorer records. The purpose is to equalize chances, somewhat as boxers compete only in specified weight divisions.

The jockey must be of light weight, usually 100 pounds or less. After a weight is assigned his horse, metal weights are inserted into a pocket attached to his saddle, so that the total weight of jockey, saddle, and metal weights will add up to the specified impost.

Modern racing usually employs a starting gate, a transportable device consisting of a number of separate stalls into which the horses enter according to the positions they have drawn. When the starting signal is given, the front part, or barriers, of all stalls open simultaneously and the horses are, as the announcer styles it, "Off and running."

At the finish the horses go under a wire, and are automatically photographed. Should the race be close, the results are determined by this "photo finish," which shows the steeds' noses in relation to the finish wire. The jockey and his saddle equipment must again be weighed before the horses are officially placed, and it must be ascertained that a horse has not been disqualified for a foul, such as bearing into a rival's path or interference by the jockey.

Most American races are on flat dirt tracks, although some are held on grass—the common English custom.

While horseracing is dedicated to the "improvement of the breed," it is obvious that without betting it could not exist in anything like its present form. A few spectators attend merely for the pleasure of watching, but the vast majority wager. In most States this is legal only at the track, but a few permit offtrack betting. Even in locales where this is illegal the bookmaker, like the bootlegger, still operates.

A bettor may wager on a horse to "win," to "place" (finish first or second), or "show" (finish first, second, or third). Should he bet successfully, the amount he receives will depend on various factors. In general he will receive the largest odds on a win bet, and progressively less for place and show, since his chances are more favorable in the latter instances. If a large number of people back a certain horse, the total bet on the race must be divided between them if they win, and each will accordingly get a relatively small portion. On the other hand, if a bettor successfully picks a "long shot"—one not backed by many other wagerers—he will receive a high payoff.

Another fact must be borne in mind. All money bet collectively on a given race is not collectively returned to the bettors. A percentage is deducted for the track operators and the State tax. Let us assume that this is 10 percent, to be divided equally between the track and the State, and that \$100,000 is bet by all bettors. This means that only \$90,000 will be returned to them collectively. Since this also happens on each succeeding race it is obvious that the crowd, collectively, will be appreciably poorer when the program is over. True, certain individuals may end up as winners, but they have overcome heavy odds to do so. It is thus obvious that no "system" based solely on a mathematical formula can be devised. The only individual who can expect to gain by betting is the one who can consistently pick horses on their merits. Since most horses are notoriously inconsistent, and the few consistent ones are so heavily backed as to pay very small odds, such bettors are few and far between.

Offtrack Betting

Generally speaking, track betting has not been a cause for great alarm among those opposing gambling. This is in part due to the widely held view that regular track goers for the most are people who can afford betting; therefore some of the social evils of gambling are necessarily controlled. Most criticism is directed toward lottery and offtrack gambling proposals which put gambling in the realm of an everyday experience.

New York and Nevada are the only States which permit offtrack betting, but a number of others are also considering this.

Offtrack betting has not been as successful as had been predicted. But according to Howard Samuels, head of New York City's OTB, it recently began to operate at a profit and he predicted \$25 to \$30 million in revenues for 1972. It does not appear that OTB has put any dent into the illegal bookie's profits. Those who bet with bookies have many conveniences: Their winnings are tax free, they can place bets by merely picking up the phone—no lines to wait in—and they have credit with their bookies.

Parimutuel Betting

Parimutuel betting is big business. At present, the main proportion of State revenues coming from legalized betting comes from this source.

In 1970, attendance figures at horsetracks alone totaled 69.7 million. The addition of dogracing increases that total to well over 80 million. By comparison, attendance for major league baseball in 1970 was 29 million; collegiate football drew about the same as baseball, and professional football recorded under 10 million onlookers.

There were 9,962 racing dates across the country in 1970, compared with 4,018 twenty years ago. Attendance increased dramatically, reflecting both the adoption of horseracing and dogracing in additional States and the popularity of the sport with the public.

Forty million more were in attendance in 1970 than the 29 million who went to the races in 1950. The parimutuel turnover at the tracks was an amazing \$5.97 billion in 1970, up from \$1.6 billion in 1950.

As a source of revenue to the States, there was a return of \$486 million to the 31 States sponsoring horseracing, compared to \$98 million in 1950 when there were fewer tracks in operation.

Greyhound racing in the eight States where it is permitted drew 12.6 million during 3,023 racing days in 1970. The parimutuel turnover amounted to \$730 million of which \$53 million became a source of revenue to the States.

Table I shows the State tax collections from both horseracing and dogracing in 1971, the latest year for which figures are available. Together, the States collected \$552,662,000.

As can be seen from this table, New York took in \$170,759,000 in parimutuel taxes while Nevada, which had legalized most forms of gambling other than racing, received only \$40,168,000. Nevada's recent adoption of both horseracing and dogracing is certain to bring millions more into the State treasury in the years ahead.

TABLE I.—State tax collections from parimutuel racing, 1971

[In thousands of dollars]			
Arizona	\$4,320	Nebraska	\$2,237
Arkansas	6,275	New Hampshire	10,193
California	64,859	New Jersey	35,419
Colorado	4,196	New Mexico	890
Delaware	7,785	New York	170,759
Florida	53,960	Ohio	16,813
Idaho	121	Oregon	2,685
Illinois	45,799	Pennsylvania	20,119
Kentucky	6,284	Rhode Island	12,373
Louisiana	5,164	South Dakota	1,461
Maine	1,736	Vermont	2,940
Maryland	14,679	Washington	2,873
Massachusetts	25,026	West Virginia	10,440
Michigan	23,238	Wyoming	18
Total			552,662

Source: Bureau of Census, State Government Finances in 1971.

Faced with the dilemma of rising costs on one hand and increased opposition to higher taxes on the other, Connecticut, Montana, and Nevada joined the 28 States in 1972 in authorizing horseracing events. Puerto Rico, which has allowed horseracing since 1905, returned \$8,888,532.38 to the Government in 1971.

TABLE II.—States permitting parimutuel racing as of May 1973

State and population:	Percent of U.S. population
1. Arizona (1,772,482)	0.88
2. Arkansas (1,923,295)	0.96
3. California (19,953,134)	9.83
4. Colorado (2,207,259)	1.08
5. Connecticut (3,302,217)	1.63
6. Delaware (548,104)	0.27
7. Florida (6,789,443)	3.35
8. Idaho (713,008)	0.35
9. Illinois (11,113,976)	5.47
10. Kentucky (3,219,311)	1.58
11. Louisiana (3,643,180)	1.79
12. Maine (993,663)	0.49
13. Maryland (3,922,399)	1.92
14. Massachusetts (5,689,170)	2.81
15. Michigan (8,875,083)	4.39
16. Montana (694,409)	0.35
17. Nebraska (1,483,791)	0.73
18. Nevada (488,738)	0.24
19. New Hampshire (737,681)	0.37
20. New Jersey (7,168,164)	3.55
21. New Mexico (1,016,000)	0.49
22. New York (18,190,740)	8.96
23. Ohio (10,652,017)	5.24
24. Oregon (2,091,385)	1.04
25. Pennsylvania (11,793,909)	5.81
26. Rhode Island (949,723)	0.47
27. South Dakota (666,257)	0.33
28. Vermont (444,732)	0.22
29. Washington (3,409,169)	1.68
30. West Virginia (1,744,237)	0.86
31. Wyoming (332,416)	0.16
Total (136,529,092)	67.24

In addition to the States listed above, Virginia and Texas are actively considering legislation through their respective legislatures to institute racing. If these two States are added to the existing number, the totals will reflect that States with three-quarters of the U.S. population have parimutuel racing:

	<i>Percent of U.S. population</i>
32. Texas (11,196,730) -----	5.52
33. Virginia (4,648,494) -----	2.29
States totals (152,374,316) -----	75.08
Total U.S. population : 203,184,772.	

In efforts to get more money from parimutuels, several States have increased the share of the government's take on betting and have increased the length of the racing season. Many in the parimutuel business fear, however, that the golden age of racetracks is near an end. Data giving the parimutuel turnover since 1955 indicate increases in betting and track attendance but at a decreasing rate. Thus, State efforts to gain additional funds from parimutuels may well be approaching a point of diminishing returns.

TABLE III.—*Parimutuel attendance and turnover, 1955-70*

	Number of racing days	Total attendance (thousands)	Parimutuel turnover (millions)
1955 -----	4,899	38,503	\$2,592
1960 -----	6,099	46,879	3,358
1965 -----	8,051	62,887	4,615
1966 -----	8,384	63,577	4,784
1967 -----	8,621	63,373	4,922
1968 -----	9,051	65,460	5,316
1969 -----	9,539	68,099	5,723
1970 -----	9,962	69,704	5,977

Source: Statistical Abstract of the United States, 1970.

Robert Kinsey, in a 1963 article in the *National Tax Journal*, estimated the gross amount of money wagered in the United States in 1950 at \$20 billion.¹ Today the figure is no doubt far greater. In another article, Pete Hamill estimates that illegal horse bets alone account for \$64 billion annually and that this form of gambling is only a small part of the total.² The Report of the President's Crime Commission estimates the gross revenue from gambling to be anywhere from \$20 to \$50 billion. Legal betting at racetracks reaches a gross annual figure of almost \$6 billion, and most enforcement officials believe that illegal wagering on horse races and sporting events totals at least \$20 billion each year. The Crime Commission estimated that the profit on this illegal betting is as high as one-third of the gross revenue or \$6 to \$7 billion each year.³

¹ Robert W. Kinsey, "The Role of Lotteries in Public Finance," *National Tax Journal*, v. 16, March 1963, p. 15.

² Pete Hamill, "Tax Organized Crime," *Playboy*, March 1967, p. 96.

³ The President's Commission on Law Enforcement and the Administration of Justice, "The Challenge of Crime in a Free Society" (Washington, 1967), p. 189.

Although the President's Crime Commission has no figures comparable to the table below, which dates back to 1950, the following gives an idea of gambling expenditures and losses to the public.

TABLE IV.—*Estimated annual gambling expenditures by type of gambling, representing net losses incurred by the betting public in the United States, 1950*

[In millions of dollars]

Type of gambling	Total wagers	Net losses ¹
Horserace betting:		
On the track	2, 000	240
Off the track	3, 000	600
Slot machines	1, 000	550
All other ²	14, 000	1, 000
Total	20, 000	2, 390

¹ The net gambling losses of the betting public are equivalent to the total wagers of all bettors less their total winnings.

² This item includes bingo, card games, football and other sport pools, gambling casinos, and the numbers game.

Source: Robert K. Kinsey, "The role of lotteries in public finance," *National Tax Journal*, vol. 16, March 1963, p. 13.

Of this \$20 billion, the betting public's net expenditures (or losses), that is, the total amount of money wagered less the total winnings of all participants, were estimated at \$2.4 billion. Kinsey further estimates that at the time he prepared this report (1963) the betting public's net losses approximated \$3 billion per year or 25 percent more than the net losses shown in the table above. If this amount could have been channeled into the hands of the National Government, it would have represented about 3 percent of the total Federal tax receipts for 1963. Or, assuming that this money could be channeled into State treasuries, it would amount to nearly 14 percent of combined State tax collections for 1963. These figures, it should be noted, do not allow for operating costs which can be significant in some forms of gambling. Of course, the assumption that the Government through the legalization of gambling could divert all money spent on gambling into its treasury is unrealistic. In all probability private and illegal operators would still compete with State gambling shops for business.

Harness Racing

The trend in harness racing in the United States and Canada after World War II was away from the old country fairs, still the more numerous in number, to the arc-light mutuel circuit headlined by the two largest circuits, Yonkers Raceway in Yonkers, N.Y., and Roosevelt Raceway in Westbury, N.Y., both in the metropolitan New York area.

When the Old Country Trotting Association pioneered nighttime harness racing over a half-mile oval in the fall of 1940 at Westbury, there were but 126,000 fans for the season, who wagered only \$1,704,000. The climb in interest and activity was steady after the end of World War II. Early in the second half of the 20th century the na-

tional annual attendance at harness races had grown to more than 10 million. The mutuel handle was more than \$600 million.

Annual sales of horses were more than \$5 million, and the leading sale at Harrisburg, Pa., was more than \$2 million. L. B. Sheppard's Hanover Shoe Farm of Hanover, Pa., paid \$500,000 for the 15-year-old bay stallion Adios in 1955 to Delyin Miller of Meadow Lands, Pa.

Not only did attendance and mutuel figures skyrocket on a national basis, but purses tripled in a decade from \$7,338,876 immediately after World War II to \$21,862,611. The famed 3-year-old trot, the Hambletonian, was worth \$117,117.98 in 1953.

While Roosevelt Raceway and Yonkers Raceway combined produced more than 50 percent of the national attendance and mutuel figures, at one time, their combined percentage dropped to 22.2 percent in 1972, representing \$610,698,750.

The growth came in other States which adopted harness racing. There are approximately 47 harness tracks located in these 16 States: California, Delaware, Florida, Illinois, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Vermont, and West Virginia. Total betting at harness tracks in 1972 exceeded \$2 billion.

The horse used for light harness racing is one bred especially for the purpose, chiefly developed in America, and known as the "standardbred." It is sturdier and has more endurance than the typical thoroughbred, is long barreled, high rumped, and has a somewhat larger head and shorter legs.

Two styles are used in harness racing—trotting and pacing. In the trot the horse's legs move diagonally, the left hind and right foreleg simultaneously, followed by the right hind and left foreleg. In the pacing, or "lateral gait," the two legs of the same side move in unison, giving the animal a somewhat rolling motion. Pacing is considered to produce somewhat faster times, but the difference is very small.

All racing is over prepared dirt and clay tracks which, to facilitate extreme speed, have a harder surface than those used by thoroughbred horses. Many tracks are ovals of 1 mile but the great majority of those in use are a half mile and five-eighths of a mile in length. There is one notable three-quarter mile track at Vernon, N.Y.

Harness racing in the United States and Canadian fair circuit is usually at 1-mile heats, best two in three, or with three heats the limit, the horses being placed as they stand at the conclusion of the third. In case of ties the heat winners race off. The mutuel tracks dominantly hold all races as 1-mile, single dash events. The administration of the sport is vested in the U.S. Trotting Association, a central governing body, which also owns the Trotting Register and publishes it and the annual year book in which official summaries of all meetings appear. State racing commissions and the Harness Tracks of America, Inc., embracing the larger mutuel tracks, appeared with the growth of the mutuels and became increasingly active.

Dogracing

Dogracing is the racing of greyhounds around an enclosed circular or oval track after an electrically controlled and motivated mechanical hare. The successful use of this artificial lure is made possible by

the fact that the greyhound chases his prey by sight rather than by smell. This idea of dogracing was tested in 1909 by Oliver P. Smith, a promoter and greyhound fan, at a track he built in conjunction with Tom Keen at Tucson, Ariz. By 1919 Smith had perfected his mechanical hare and successfully demonstrated it at Emeryville, Calif., and in the next few years other tracks were opened, among them those at Tulsa, Okla.; East St. Louis and Chicago, Ill.; Erlanger, Ky.; and Hialeah, Fla. On January 3, 1925, a track was opened at St. Petersburg, Fla. The earlier tracks eventually went out of existence and the St. Petersburg track, later to become internationally known as "Derby Lane," became the oldest greyhound racing track in the world in continuous operation. In July 1926 the sport was introduced in England, where it gained greater favor than in the United States. It later spread to many other countries, including Ireland, France, Italy, China, Czechoslovakia, Australia, Mexico, and Cuba.

Dogracing, or greyhound racing, was an outgrowth of coursing the running or hunting of game by fast hounds. The murals of ancient Greece and Egypt include many figures of hunting hounds of the greyhound type. In Great Britain the greyhound has been known for many hundreds of years. The origin of the name is a matter of some conjecture, but it is probable that it is another form of the words "gazehound" or "greecehound," both names being forerunners of the word "greyhound."

The greyhound was the badge of King Henry VII and is the badge of the queen's messengers. The coursing of dogs existed in the reign of Queen Elizabeth I, and the National Coursing Club was formed in 1858. The "Greyhound Stud Book" was initiated by the club in 1882, a separate Irish Coursing Club Stud Book in 1923, and the "National Coursing Association (U.S.) Greyhound Stud Book" in 1906.

The first greyhounds that provided the nucleus and foundation of the coursing and track stock were brought to North America from England and Ireland by early settlers. Coursing and greyhound racing is confined, in the main, to Florida (which has the most tracks), Massachusetts, and the Western States. After the successful demonstration of Smith's mechanical hare in 1919 the sport progressed remarkably, particularly in Florida, Massachusetts, Arizona, and Oregon. All major tracks are members of the American Greyhound Track Operators Association, and all greyhound racing is held under the supervision of the State racing commissions, whose representatives supervise the racing, kennels, etc. Practically all track surfaces in the United States are composed of sand and loam as opposed to the grass surfaces of England and Ireland. The sand and loam are sifted so that the particles are small enough to avoid injury to the greyhounds' feet.

Florida was the first State to legalize greyhound racing, in 1931, after which the State derived considerable income in taxation from it. This income came from a percentage of the "handle" (the money wagered on each race), a percentage of the paid admissions, and occupational license fees collected from all employees. Florida's experience prompted other States to legalize the sport. These included Arizona, Arkansas, Colorado, Massachusetts, Montana, Oregon, and South Dakota. In each of the States in which the sport has been legalized it has become an important source of tax revenue.

Entries for the various races are determined principally by a grading system that is more or less standardized in the various States, the dogs being classified on the basis of their records in previous races. There are usually six grades, ranging from young greyhounds that are just starting their racing careers and have never won a race, to the outstanding stars of the track. The standard size of the modern track is a quarter mile, with the major portion of races run over five-sixteenths or three-eighths miles, the entries passing the grandstand and finish line and then circling the track to complete the distance.

Regulatory Agencies

The American Horse Council estimates that the racing-and-breeding industry contributes nearly \$12 billion a year to the Nation's economy. In 1971, 30 states had parimutuel racing and more than 90,000 horses competed for nearly \$270 million in prize money. Approximately 75 million people attended nearly 100,000 races at about 200 racetracks in that year. Betting totaled more than \$6 billion, and revenues to the States far exceeded \$500 million. The number of licensees (owners, trainers, jockeys and drivers, grooms, veterinarians, etc.) can only be guessed at, since each State is responsible for its own licensing and there is no single depository for this kind of information; but 175,000 is the educated guess of the National Association of State Racing Commissioners.

Through licensing and rulemaking powers, the regulation and supervision of this giant industry rests largely with the racing commissioners, all of whom are gubernatorial appointees. The appointed State racing commission—usually consisting of three to five men—operates independently of other commissions but recognizes and aids in the enforcement of their disciplinary actions. The average racing commissioner serves for 5½ years and 25 commissioners have served for over 10 years. About half of all commissioners are unsalaried; most of the others receive only token remuneration.

Although racing in each State is governed by that State's statutes and each State's commission formulates and promulgates its own racing rules, there is a remarkable degree of uniformity from jurisdiction to jurisdiction, and reciprocity is the rule, says Urgel G. Bell, president of the National Association of State Racing Commissioners. No matter how stern a penalty is given to a licensee by a State it is honored by all other States, Bell wrote in a letter to the committee.

The conduit for transmitting such information among the State jurisdictions is the National Association of State Racing Commissioners, with headquarters in Lexington, Ky. All infractions of the racing rules are reported to the national association by the commissions, and these in turn are promptly tabulated and distributed to all members. In the course of a year about 7,000 penalties are reported—most of them for quite minor offenses.

The national association offers other services to the member commissions including an annual meeting for the open discussion of racing's problems, a regularly published volume on racing law for the convenience and guidance of commissions and their counsel, an annual compilation of racing's vital statistics, a semiweekly news digest, and

from time to time issues technical reports relating to racing regulation and its economic well-being.

The State racing commissions, and through them the national association, comprise the only organization which represents all racing interests, the public, the State government, and the racing industry. Every facet of racing—from parimutuels to security, from illegal medication to public accommodation—comes within the commissioners' purview.

The existence of commissions as a means of control is largely a consequence of the parimutuel, a system of betting originated in France. The money wagered goes into three pools: straight (winner), place (first or second); and show (first, second, or third), and is distributed after the race among the holders of the winning tickets. There is also, at most tracks, a "daily double" in which the pool is divided among those who have placed their wagers on the winners of two designated successive races. Before the pools are distributed to the winning players, they are reduced by a takeoff which ranges up to 15 percent and slightly higher in some States. A part of this take is retained by the track for the payment of purses and other expenses and for the promotion of the breed; and the remainder, a fixed percentage of the gross total wagered, is paid to the State as a tax. A total of such taxes in the States where racing is organized under the supervision of racing commissions has reached annual figures in excess of \$150 million, more than twice the amount paid out in stakes and purses. In terms of monetary gain the State governments receive the principal benefit from the sport.

Thoroughbred Racing Associations

The Thoroughbred Racing Associations of the United States (TRA) is perhaps the most important of the considerable number of organizations concerned with the maintenance and improvement of standards in racing. It is a voluntary organization of racetracks; included in its membership are most of the major racing associations.

Although TRA is the only national organization of thoroughbred racing management, it assumes no power or authority in the conduct of racing beyond its own membership. Its function is to serve as a clearing house for ideas and problems affecting racing management and operation.

The long-range objectives of the group are stated in its certificate of incorporation as follows:

To promote and coordinate the patriotic and charitable activities of the thoroughbred racing associations of the United States; to promote the common business interest and improve the business conditions of the thoroughbred racing associations of the United States; to maintain and promote public interest in thoroughbred racing; to improve the operations affecting thoroughbred racing; to prepare and distribute information of all kinds which may be useful in developing and improving the business of the thoroughbred racing associations of the United States.

Twenty-two racetracks were represented in the organization of TRA, and by December 1942, when the group held its first annual

meeting, it had a membership of 32 tracks. In 1962 there were 46, and by 1967 there were 54 tracks listed.

Today, 54 tracks in 21 States and Canada are members of TRA. Another 56 tracks have either declined to join or have not been offered membership. The States where tracks are TRA members are: Arizona, Arkansas, California, Colorado, Delaware, Florida, Kentucky, Louisiana, Massachusetts, Maryland, Michigan, Nebraska, New Hampshire, New Jersey, New Mexico, New York, Ohio, Pennsylvania, Rhode Island, Vermont, and Washington.

TRA membership does not depend on the size of the purses offered or on parimutuel sales handled; membership is based on the willingness to abide by a self-imposed code of standards and to assume a share of the, by no means insignificant, cost of maintaining the TRA's own national investigative organization, the Thoroughbred Racing Protective Bureau (TRPB).

In 1946, the TRA Board of Directors drew up the code of standards for racetrack operation, adopted in March 1947. The self-imposed regulatory code made mandatory a top-to-bottom fingerprinting program for the sport's personnel and participants. It further required the tattooing of all thoroughbreds starting at TRA tracks. Under the code of standards, each track pledges itself to cooperate in a united effort to rid racing of undesirable practices and persons. Noncompliance with the code can cause expulsion from TRA.

The creation of the Thoroughbred Racing Protective Bureau (TRPB) was an almost inevitable development arising from the unification of racing as an industry. Racing was increasingly vulnerable to racketeers, who had got rich from their black market dealings during World War II. Aware of the sport's vulnerability, the TRA Board of Directors drew up plans to safeguard racing. The Board, acting upon the advice of J. Edgar Hoover, established a national investigative organization headed by Spencer J. Drayton, a former administrative assistant in the Federal Bureau of Investigation. Engaged in 1945, Mr. Drayton was given a million dollar budget and a free hand. Drayton assembled a staff of investigators for the most part composed of men with previous experience in the FBI. The new organization started functioning on January 15, 1946. Mr. Drayton is also the executive director of the TRA.

By the middle of 1946, the TRPB was in full operation, with headquarters in New York City; field offices in Baltimore, Chicago, and Los Angeles; and seasonal offices in Boston, Miami, and New Orleans. The TRPB is wholly financed by the member tracks of the TRA at an average annual cost of about \$450,000.

The TRPB's first project was a study of thoroughbred racing's security problems. Before the first year was over, the most important security problems had been established, given an order of priority, and a program developed.

The study revealed that:

1. There was little or no check on thousands of racetrack personnel, nor was there a central repository for intelligence information and a uniform means of dissemination of such information to track management, stewards, or racing commissions.

2. Methods of horse identification at that time were inadequate.

3. The use of drugs, stimulants, depressants, and analgesics was prevalent and racing lacked a program of full investigation to fix responsibility.

Realizing that the information about racing's personnel and participants was inadequate, the TRPB began developing a central intelligence file. This file is made available to racetrack management and to the State racing commissions, which are the licensing bodies. More important, the TRPB began providing the State racing commissions with an investigative service—thorough investigations had been beyond the budgets of most racing commissions. The power to grant, deny, or rescind a license rests with the commission. The TRPB has annually conducted thousands of investigations for State racing commissions, providing them with special reports on individuals who have committed serious violations of racing law and/or who have serious arrest records. Spencer Drayton asserted in a statement submitted to the committee. Based on this information, the racing commissions can take the appropriate action. During 1971, the TRPB conducted 5,773 investigations which resulted in 758 licenses being either suspended or denied.

Beginning in 1947, TRPB implemented the code of standards fingerprinting program. Every racing participant from track president to groom is fingerprinted, if the track is a TRA member. After fingerprinting, the prints are checked through the files of the FBI by the State racing commissions. In Mr. Drayton's opinion, the program provides the State racing commissions with a continuous flow of information in regard to the arrest records of those employed or participating in thoroughbred racing. Since the fingerprinting program was started, over 265,000 persons have their identities and personal histories on record in the central files of the TRPB.

The TRPB also initiated a horse identification program. Since 1947, over 243,000 thoroughbreds have been tattooed with their Jockey Club registration number under their upper lip. This service is available to nonmember tracks at the request of the State commission.

For 25 years, the TRPB system of lip tattoo branding solved the "ringer" problem—during this time no horse which had been tattooed had been found to be involved in a ringer case. Then in 1971, a ringer case involving one tattooed horse and several ringer cases involving false Jockey Club registration certificates were uncovered.

The detection of counterfeit registration certificates focused attention of TRPB's policing powers. Mr. Drayton stated: "The Jockey Club has now furnished horse identifiers with the necessary information whereby they will be able to detect counterfeit registration certificates." Mr. Drayton defended the TRPB's policing effort, stating:

Subsequently, the news media throughout the country gave the matter headlines, but the news media failed to mention the fact that the thoroughbred industry had operated 25 years without a ringer problem and that furthermore it was the TRPB that discovered the fraud and not an outside law enforcement or investigative body.

Doping horses is nothing new. In the 1930's, doping was a widespread practice. TRPB with the help of Federal authorities developed a saliva test with methods of urinalysis. Mr. Drayton stated:

The use of hard drugs has been cut to a minimum, but the use of hormones, massive vitamin injections, and the development of certain analgesics, nonnarcotic painkillers, has created a problem.¹

Once the laboratory that shows a positive reaction to a drug in the examination of a horse's saliva and/or urine, the TRPB begins an investigation.

In May 1970, the TRPB learned that a group was attempting to fix races involving the exotic types of betting by tranquilizing certain horses in races in which they were interested. During the course of the investigation Bobby Byrne was apprehended as he attempted to enter the stable area at Suffolk Downs, and found to be in possession of two hypodermic syringes filled with a tranquilizing agent. Commenting about Mr. Byrne's testimony to the committee, Mr. Drayton stated:

You will recall that he [Byrne] testified as to the ease with which he could dope horses at various racetracks throughout the country, but he did not explain, nor was he asked, if it was so easy why was he apprehended in the Suffolk Downs stable area on April 23, 1971.

Mr. Drayton in his concluding remarks said:

Considering the billions of dollars bet on the thousands of races run at TRA tracks during this time [26 years] the number of instances of fraud is negligible.²

New York Racing Association

In 1955, a new idea in the operation of horseracing tracks was germinated which now appears to be bearing fruit. The new idea was that of nonprofit operation and it began on New York State tracks. Because the corporations running the State's tracks found their share of mutual take inadequate and for other reasons, the physical facilities were allowed to fall into disrepair. This deterioration was going on while attendance at racing meets was increasing rapidly. It became apparent to prominent persons in the field that something had to be done if New York racing was to be kept on a first-class plane.

A number of these prominent persons who were interested in thoroughbred horseracing studied the situation and came up with the idea of a nonprofit organization to conduct racing in the State. At first the group was called the "Greater New York Association." The name later was changed to the "New York Racing Association." The group succeeded in getting favorable legislation at Albany, the State capital. A 25-year franchise was granted and the State made concessions in the matter of take. This enabled the association to obtain loans from banks for the purpose of purchasing the four State tracks—Belmont, Aqueduct, Jamaica, and Saratoga—and for plant improvements. It was decided to improve the Belmont and Saratoga tracks, build a com-

¹ Hearings, prepared statement of Spencer J. Drayton, pt. 2, p. 808.

² Hearings, prepared statement of Spencer J. Drayton, pt. 2, p. 809.

