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COMMISSION ON THE REVIEW OF THE NATIONAL POLICY TOWARD GAMBLING

FEBRUARY 1975

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Transcript of Proceedings

COMMISSION ON THE REVIEW
OF THE
NATIONAL POLICY TOWARD GAMBLING

Sports Betting

Washington, D.C.
Wednesday, 19 February 1975

ACE FEDERAL BROTHERS, INC.

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PRICES SUBJECT TO CHANGE

1 COMMISSION ON THE REVIEW
2 OF THE
3 NATIONAL POLICY TOWARD GAMBLING

4
5 Sports Betting Hearings

6 Room 1202
7 Dirksen Senate Office Building
8 Washington, D. C.

9 Wednesday, February 13, 1975

10 The hearing was convened at 9:35 a.m., Charles H.
11 Morin, Esq., Chairman of the Commission, presiding.

12 COMMISSION MEMBERS PRESENT:

13 CHARLES H. MORIN, ESQ., Chairman

14 DR. ETHEL D. ALLEN

15 SENATOR HOWARD W. CANNON

16 JAMES M. COLEMAN, JR., ESQ.

17 DAVID D. DOWD, JR., ESQ.

18 MR. JAMES N. HANLEY

19 ROBERT LIST, ESQ.

20 MRS. GLADYS N. SPELLMAN

21 SAM STEIGER

22 STAFF:

23 MR. JAMES RITCHIE, Executive Director

24 MS. MARILU MARSHALL

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1 Chairman Morin. This is a public hearing being conducted
 2 by the Commission on the Review of the National Policy To-
 3 ward Gambling. The Commission was brought into existence
 4 pursuant to the provisions of the Organized Crime Control
 5 Act of 1970 and has been holding hearings since 1972 for the
 6 purpose of reviewing all the gambling laws of the United
 7 States and the States thereof, with a view of presenting its
 8 recommendations to the Congress and the Administration as to
 9 how, if at all, these laws might be changed or amended or
 10 altered in the public interest.

11 There has been a great deal of publicity attached to
 12 this particular hearing and I think it would be very worth-
 13 while if I were to take just a moment for the record to de-
 14 scribe what this Commission is attempting to do.

15 Because of the growing amount of public attention, I
 16 think at the outset it should be emphasized that the Commis-
 17 sion is engaged in a fact-finding process consistent with
 18 the mandate given us by the United States Congress. The
 19 Commission has approached its task pragmatically. We have
 20 sought to develop information through the hearing process by
 21 having all sides represented. This is true regarding these
 22 hearings covering the area of sports betting and the effect-
 23 iveness of all State and Federal laws controlling this activ-
 24 ity.

25 The witnesses who are presenting testimony in these

1 hearings normally have a particular position which they are
 2 urging the Commission to adopt. This will be true today, to-
 3 morrow, and throughout the balance of the hearing.

4 The questions which are posed by the members of the Com-
 5 mission and by the staff do not indicate a predisposition
 6 about the subject. The questions are designed to test the
 7 factual basis of the statement by the witness and should not
 8 be taken to indicate any bias or predisposition on the part of
 9 the questioner.

10 Testimony given before this Commission by officials of
 11 the United States Department of Justice concluded that the
 12 moneys from illegal gambling are responsible, and primarily
 13 responsible, for the financing of other activities of organized
 14 crime.

15 The Department of Justice officials indicated that in
 16 1973 approximately \$29 billion to \$39 billion -- I repeat,
 17 \$29 billion to \$39 billion -- was wagered illegally. Of the
 18 total amount of illegal wagers, it was estimated that 64 per
 19 cent is attributable to sports bookmaking -- not including
 20 horse betting.

21 The Federal Bureau of Investigation testified that between
 22 the years 1966 and 1973, 724 indictments were returned in
 23 gambling cases. Of the 724 indictments, ³³³ 33 were in the area
 24 of sports bookmaking alone, not including horse betting. Thus,
 25 Federal law enforcement agencies have concluded that the vast

1 majority of illegal gambling is in the area of sports book-
2 making.

3 Thus, gambling by the American public on sporting events
4 can quite correctly be viewed as a menace to our society so
5 long as the proceeds fall into the control of the anti-social
6 criminal elements in the society.

7 This Commission is charged by Congress with the responsi-
8 bility of providing recommendations as to how our existing
9 pattern of laws might be changed to improve their effectiveness
10 against what is quite obviously one of the great nutrients of
11 organized crime, that is, sports betting.

12 The country's present position is that there are laws
13 which prohibit gambling. The enforcement of the laws is about
14 2 per cent effective. And gambling flourishes under the con-
15 trol of criminal elements in the society.

16 Now, this Commission will not take seriously any recom-
17 mendation or conclusion that the laws should not be changed
18 and that the machinery of enforcement is as efficient as it
19 can be made and that gambling operations should be left in
20 the hands of criminals. I think that should be made clear at
21 the outset, that, because we are in a position where we must
22 ascertain the arguments in opposition to and in favor of the
23 legalization of gambling, our questions and the questions of
24 the staff may, I say again, appear at times to be pointed.

25 I ask, therefore, that you appreciate the purpose of the

1 questioning and not draw conclusions as to a predisposition
2 of the questions.

3 We are extremely happy and honored to have with us as the
4 first witness in this hearing on sports gambling a man who is
5 one of the great men of sports in the opinion of all of us.
6 He has come here voluntarily. It is an arduous journey from
7 Pittsburgh, Pennsylvania. He is probably the most legendary
8 owner of football teams, in fact one of the most legendary men
9 in sports today. It has been his life. He played, owned, and
10 managed semi-professional football and minor league baseball
11 teams, and my notes here indicate he was a distinguished ama-
12 teur boxer. I suppose he would prefer to be known as a success-
13 ful amateur boxer.

14 As the National Football League prospered, Mr. Rooney and
15 his five sons created an empire with interest not only in the
16 Pittsburgh Steelers but interest in horse breeding and tracks.
17 This past January the Steelers won the Super Bowl, which is
18 symbolic of football supremacy. That was a victory for Mr.
19 Art Rooney as well as the City of Pittsburgh and the Pittsburgh
20 Steelers.

21 STATEMENT OF ART ROONEY, OWNER, PITTSBURGH STEELERS,
22 ACCOMPANIED BY ANDY RUSSELL, FOOTBALL TEAM CAPTAIN,
23 JOE GORDON, AND DAN ROONEY.
24 Mr. Art Rooney. Thank you.
25 Mr. Gordon. My name is Joe Gordon, and I will read Mr.

1 Rooney's statement.

2 "My name is Art Rooney. I am President of the Pittsburgh
3 Steelers Football Club. I appreciate the invitation to appear
4 before this Commission as your guest.

5 "Ever since I was a young man I have been associated with
6 sports in some capacity. I played college football, college
7 and minor league baseball and boxed as an amateur. Later I
8 owned and coached good semi-professional football teams, man-
9 aged minor league baseball clubs, owned a professional soccer
10 team and promoted professional boxing matches including a heavy-
11 weight championship bout in 1951.

12 "Since 1933 I have operated the Steelers in the National
13 Football League.

14 "I also have a breeding farm in Winfield, Maryland for
15 both thoroughbred and standardbred race horses.

16 "I must begin by saying I am opposed to the legalization
17 of gambling on all sports. I truly believe that legalized
18 gambling will change the structure of sports as we know them
19 today. I know the effects of legalized gambling would not
20 significantly benefit anyone. In fact, I am positive it would
21 cause much more harm than good. It would not be good for the
22 sports involved, their players, or most particularly the fans.
23 The people who support legalized gambling are being overly
24 optimistic as to the revenue they think it will produce.

25 "I draw your attention to the report of Governor

1 Rockefeller's Commission of the future of horse racing in New
2 York State chaired by Charles B. Delafield.

3 "The Commission does not argue that gambling per se is
4 immoral. It is, for many, merely a source of enjoyment and
5 recreation. Extensive gambling, however, whether legal or
6 illegal, is a corruptive influence on some people and on
7 society with clear moral and social ramifications that should
8 not be encouraged by government.

9 "Neither should government become overly reliant on
10 gambling for revenues.

11 "This study and many others all conclude legalization of
12 gambling on sports would be harmful and revenue received from
13 such activity would be minimal.

14 "The Delafield Report recommended that the proposed con-
15 stitutional amendment on gambling involves great risk and
16 uncertain benefits and this Commission urges the legislature
17 not to pass it.

18 "It is hard for me to understand why anyone would want to
19 create such problems for sports. It does not make any sense to
20 me or anyone else familiar with professional sports. My common
21 sense tells me that this is not good and will not work. My
22 conclusions are in agreement with the majority study of the
23 Gambling Commission funded by the City of New York.

24 "The study found that legalized gambling was based on
25 false hopes and unreliable evidence.

1 "Let me quote briefly from that report:

2 "Although our recommendations may not square with the
3 temper of the times, we believe they are strongly supported by
4 the facts; as a revenue measure, legalized gambling raises
5 relatively small amounts of money in the wrong way from the
6 wrong people; as a law enforcement weapon, legalized gambling
7 is no substitute for a vigorous and sustained assault on organ-
8 ized crime."

9 "I think these conclusions lay to rest the theory that
10 legalized gambling is a way out for the states in a financial
11 squeeze. I honestly believe most officials over-estimate the
12 amounts of revenue from legal gambling.

13 "I do not believe legalized gambling will bring about the
14 common benefits that proponents of such legislation think it
15 will.

16 "The statutes are being enforced satisfactorily on all
17 levels from a practical standpoint. There is illegal gambling
18 taking place on sporting events but not to the degree that it
19 has created a serious problem for society or sports.

20 "I have no knowledge of any attempts to bribe or fix pro-
21 fessional football games. The penalty from within is so severe
22 for anyone becoming involved in such an activity that it is a
23 sufficient deterrent that additional legislation is unnecessary.

24 "I do not feel that gambling on sporting events is re-
25 stricted to any segment of the population. I believe gambling

1 attracts all classes of people.

2 "I think there are two types of gamblers: the social type
3 who bets only occasionally, and the compulsive gambler to whom
4 betting is the most important thing in his life. He risks
5 more than he can afford and this can have disastrous results
6 for him and his family.

7 "It is not unheard of for a social gambler to become a
8 compulsive one. The legalization of sports gambling would
9 increase the number of both types and would result in more
10 social gamblers becoming compulsive because of the ease with
11 which they could gamble on a steady basis.

12 "Legalized gambling then will result in many people be-
13 coming involved in gambling who otherwise would have never done
14 so. It then becomes a matter of how involved.

15 "I think there has been an overreaction to the amount of
16 illegal gambling that actually exists, and its scope. It is
17 not nearly as prevalent as some governmental and quasi-
18 governmental agencies believe. It is certainly not so much
19 'in demand' that it has to be tightly controlled by legalizing
20 it. It is far less detrimental to society on a relatively
21 low-scale, illegal basis than it would be if it were legalized
22 and became much larger.

23 "In addition, by legalizing gambling, you would also in-
24 crease the amount of illegal activity in this area. The in-
25 creased interest in gambling would encourage those now

1 illegally involved to continue and expand and would also appeal
2 to others to enter illegally to avoid the taxation paid by
3 those agencies legalized to conduct gambling.

4 "There is no question that the nature of a fan's interest
5 would change if he were betting on a game. The outcome would
6 be secondary to his wins and losses and to the point spread in
7 a football game. It would only follow that fans would be very
8 suspicious of not only a player's mistakes but also of a par-
9 ticularly outstanding play which required a high degree of
10 determination and second and third effort. Every move a player
11 made would be interpreted by each individual fan according to
12 how that fan bet. Thus the ultimate outcome would be second
13 to the gambler's successful or unsuccessful wager.

14 "A few weeks ago our team won the Super Bowl. The fans
15 lined the streets of downtown Pittsburgh to welcome our team
16 upon its return from New Orleans. It was a happy crowd. It
17 was their team and it has brought some honor to their city.
18 That may not happen if gambling is legalized in sports. The
19 fans would be more concerned about winning or losing a bet than
20 identifying with the success or failure of their favorite team.
21 There seems little question the gambling fan would become
22 suspicious whenever something unusual happened and oftentimes
23 even when it did not happen.

24 "This behavior would be magnified when it came to game
25 officials. It is not unusual for the outcome of a football

1 game to be determined by an official's decision. Any coach --
2 or fan, for that matter -- will attest to this. It is not hard
3 to visualize where fans might attack officials unmercifully
4 if gambling were legalized. As a result, the quality of of-
5 ficiating in our game would suffer because many competent and
6 honest men would be reluctant to subject themselves to this
7 abuse.

8 "Illegal betting, in my opinion, has had little effect on
9 the integrity of our game. But if gambling were legalized, then
10 the nature of the fan would change from one who is enthusiastic
11 to one who is suspicious and cynical. The integrity of the
12 sport will be questioned.

13 "One reason that gambling has not had much of an effect on
14 the integrity of pro football is that referred to earlier when
15 I said that not as many people gamble on our games as seems to
16 be the popular theory. People do bet on pro football but not
17 in the amounts sometimes estimated by public officials.

18 "Legalized gambling would make the players more aware of
19 gambling activities because there would be much more publicity
20 on the subject and there would be a great promotional effort
21 by the controlling agency to generate interest in it. The
22 players, of course, would be exposed to this like other people
23 and would be much more conscious of it than they are now. Ac-
24 tually, the promotion to get a gambling enterprise off to a good
25 start is really one with great social impact.

"There would be a different attitude to sports generally if gambling became importantly involved.

"At present, people are reluctant to discuss gambling, especially in detail, with professional athletes because they know it is illegal and, from the athletes' standpoint, unethical to discuss. If legalized, there would be no hesitation because there would be nothing wrong in talking about it. This would subject the players to suspicion and place undue pressures on them. Again, the integrity of pro football would be placed in jeopardy.

"Legalizing gambling will attract a greater number of people who will gamble and introduce to the sport an ever-increasing number who would want to capitalize on a quick buck by any means. These people would not care in the least for the game or for maintaining its integrity.

"I am not aware of any games in pro football that have been influenced by point spreads, gambling, or gamblers. There are hundreds of games played every season and all are subject to illegal gambling. In my opinion, as mentioned earlier, it is very difficult to 'fix' a football game because of the structure of pro football, the compensation to the athletes, and the social disgrace of anyone involved in such an act.

"As you probably know, the National Football League has a very competent security staff which is headed by a former FBI agent who is assisted by another former agent. The League

security staff has an able security man in each league city whose services are available on a full-time basis. This staff is the nucleus of the League's and the individual club's security.

"All of our employees, including the players, are instructed to be alert for unknown persons or propositions. People who we do not know well are not permitted to attend our practices and are not allowed access to our dressing room.

"We do not know of any bribery attempts in the NFL since the championship game of 1945. We believe that since then there have been no serious attempts to 'fix' an NFL game. Commissioner Rozelle is scheduled to appear before this body and would be more conversant on this matter.

"If gambling were legalized, we feel the possibility would exist and the temptation would be increased of bribe attempts. However, even this problem would not be as serious as many of the social aspects that would be created by legalized gambling.

"Under a policy adopted by the League and strictly enforced, we are required to provide comprehensive injury information to the League office twice a week during the regular season. This information is released immediately to the media. If injury information is withheld or if it is misleading, the violating club is subject to a heavy fine.

"Our team doctors and trainers also are aware of the

1 importance of reporting injuries quickly and completely. Per-
 2 iodically, they are reminded of their responsibilities in this
 3 area by the League and by the team. This system is one of
 4 checks and balances in which all team officials are responsible
 5 in an area in which everyone realizes its importance.

6 "Owners, like players, and all other employees, are sub-
 7 jected to punitive action if they bet on football games. I
 8 refer the Commission to Article VIII, Section C of the Consti-
 9 tution and By-Laws of the National Football League. There, it
 10 clearly states that whenever the Commissioner determines that
 11 any person employed by or connected with the League or any
 12 member club has bet money or any other thing of value on the
 13 score of any game or games played in the League or had know-
 14 ledge of or has received an offer to control, fix, or bet money
 15 or other considerations on the outcome or score of a game,
 16 then the Commissioner can (1) suspend such person indefinitely
 17 or for a prescribed period; (2) bar such person for life; (3)
 18 cancel or terminate the contract of such person; (4) require
 19 the sale of any stock; (5) fine the person not in excess of
 20 \$5,000; (6) cancel any interest that person has in a club.
 21 For complete punitive action that may be taken, again I refer
 22 you to Article VIII, Section C of the Constitution of the
 23 League.

24 "There is no relationship between gambling and attendance
 25 at professional football games. Fans are interested in seeing

1 evenly-matched teams play each week and following the excite-
 2 ment of a championship race. It is a secondary activity which
 3 has absolutely no bearing on whether they attend a game or not.
 4 The fans come to the games in great numbers and betting is not
 5 their primary interest.

6 "If gambling were legalized, it would probably have to
 7 be controlled by a governmental agency just as it is in racing.
 8 I do not believe it could effectively be administered privately
 9 because of its nature. With government involvement, some of
 10 the glamour which distinguishes professional sports from other
 11 businesses would vanish.

12 "Whether this control would be excessive or not is diffi-
 13 cult for me to say. However, because you are dealing with
 14 humans as principals, it would probably require more manpower
 15 to regulate effectively. Controversy regarding the outcome
 16 of games would attract investigation and control which would
 17 not be good for the sport or the government. The free enter-
 18 prise system which has been so much a part of American profes-
 19 sional sports would disappear.

20 "In conclusion, I urge this Commission to protect profes-
 21 sional sports by finding that legalization of betting on sport-
 22 ing events will be destructive -- to the sport, the participants,
 23 owners, and fans and without the much anticipated financial
 24 reward to the taxing authorities.

25 "Revenue of this nature, regardless of the amount, would

1 not be in the best interest of professional football. We do not
 2 feel that legalized gambling would be good for pro football and
 3 are not considering such activities as a new source of revenue.
 4 Really, no owner in sports would be interested in any revenue
 5 that would accrue which would not be in the best, long-range
 6 interest of sports."

7 Thank you.

8 Chairman Morin. Thank you, Mr. Gordon and Mr. Rooney,
 9 whose statement was read by Mr. Gordon.

10 I notice that when the Pittsburgh Steelers walked off the
 11 field victoriously in the Super Bowl, that the game ball was
 12 presented to Mr. Rooney by Andy Russell, who is defensive
 13 captain of the team, and he is here today.

14 Do you have a statement?

15 Mr. Russell. I do.

16 My name is Andy Russell. I am a professional football
 17 player and have been with the Pittsburgh Steelers since 1963.
 18 During the off-season, I am in the real estate investment busi-
 19 ness. I was born in Detroit, Michigan and went to the Univers-
 20 ity of Missouri on a football scholarship. I now live in
 21 Pittsburgh with my wife and two children.

22 During my last eleven seasons in the National Football
 23 League, to my knowledge there has never been an incident occur
 24 relative to gambling that would be of a suspicious nature
 25 regarding one of the players on the Steelers.

1 Basically, the only time pro football players discuss
 2 gambling or point spreads is as a reaction or a response to
 3 something they have read in a newspaper or seen on television.
 4 Usually this would occur when players would make a reference
 5 to published remarks questioning the credibility or expertise
 6 of the author who was attempting to convey something technical,
 7 and players were amused by his lack of expertise.

8 I know of players, myself included, who read newspaper
 9 columns such as Jimmy the Greek's, which is carried in one of
 10 the Pittsburgh daily newspapers. I read it to be entertained
 11 because such information is almost always inaccurate and inane.
 12 We feel it is good for a laugh but I have not thought about it
 13 again, such as during the course of a game, as I am far too
 14 preoccupied with my own assignments and responsibilities.

15 I am confident that none of my close friends gamble on
 16 pro foot-all. However, recently I discussed this question with
 17 my closest friend and business associate and he did indicate
 18 that a number of our mutual acquaintances occasionally place
 19 small bets on pro football games, I assume through book-
 20 makers. I found this very surprising since none of these
 21 people had ever asked my opinion of the point spread or had
 22 ever tried to obtain any inside information from me.

23 Obviously, these people were reluctant to discuss their
 24 gambling in my presence out of respect for the National Foot-
 25 ball League rules and the penalties they knew were involved.

1 It is not unusual for football players to occasionally
 2 overhear a member of the general public discussing gambling
 3 on pro football games in restaurants or bars. There doesn't
 4 seem to be any reluctance on the part of any of those people
 5 to discuss it even if they know we are pro football players
 6 and can overhear their conversations. However, it is not too
 7 often that these same people will talk to us and when they do
 8 discuss football with us it is only in general terms and not
 9 as gamblers but as fans. I have never had the impression that
 10 these people were pumping me or looking for so-called inside
 11 information that would help them in their gambling. These
 12 conversations are usually of a very general nature, as I said
 13 before, but occasionally it becomes more specific regarding
 14 the betting. For example, "Why don't you bums beat the
 15 spread?" This generally is done in a joking manner, but de-
 16 spite its being a joke I find myself becoming angered by such
 17 comments and becoming upset and feeling pressured by the com-
 18 ments of such people. It seems to me they are missing the
 19 point of what football is all about, at least from the players'
 20 standpoint, maximum effort and winning, not beating point
 21 spreads.

22 The National Football League does an excellent job in
 23 informing its players about the prohibition of gambling on
 24 games or associating with people who do. Each year at train-
 25 ing camp a representative from the League security office

1 addresses our squad and not only warns us not to gamble or
 2 become involved with people who do, but also informs us what
 3 establishments in our area we should not frequent. They also
 4 go into great detail on why we should not gamble, not just
 5 referring to the penalties involved. I think this annual prac-
 6 tice serves as a sufficient deterrent to discourage anyone who
 7 might be susceptible to becoming involved.

8 It is not necessary for the League, in my opinion, to do
 9 anything further in this respect. Combined with their investi-
 10 gative work, I feel they have done a tremendous job of protect-
 11 ing us from the obvious hazards of gambling.

12 For example, at the start of my career, two excellent
 13 players, Paul Hornung and Alex Karras, were each suspended for
 14 one year for betting on their own teams to win. Commissioner
 15 Rozelle came to Canton where we were practicing at that time
 16 and I vividly remember his explanation for the reasons for this
 17 severe discipline and it made a lasting impression on me.

18 There are a number of reasons why I believe that legal-
 19 ized gambling would be harmful to pro football. I think it
 20 would change the entire atmosphere of the game. For example,
 21 a few years ago, we were beating the San Diego Chargers at
 22 half time by a score of 38 to 0 and our coaches felt it was
 23 an excellent opportunity to give some of our second-liners an
 24 opportunity to get some game experience. Our opponents, un-
 25 fortunately, scored four touchdowns in the fourth quarter to

1 make the score 38 to 21. Some of the fans who had bet on the
 2 game began booing our offensive team. They were booing because
 3 the point spread was 18 points. This was a classic example
 4 of the negative effect gambling can have on fans and our game.
 5 It would surely be magnified if gambling were to be legalized
 6 as many more people would be betting.

7 Players are extremely sensitive to criticism both in the
 8 press and directly from the fans at the stadium. In the past
 9 we have found fans to be a very inspirational factor which
 10 leads to aggressive play and a better quality of football.
 11 The increased booing and criticism that I feel would result
 12 from gambling would cause the players to be hesitant and far
 13 less aggressive, being afraid to make a mistake. This atti-
 14 tude could easily be misinterpreted by fans as a lack of
 15 effort which, again, would increase the booing, causing what I
 16 think would be a snowballing effect.

17 The betting fans would react differently to the strategy
 18 of the game, as shown earlier in my San Diego example, and
 19 would be critical and suspicious of the coaches. Such tactics
 20 as running out the clock and coffin corner punts instead of
 21 field goals would be constantly second-guessed. The players
 22 would be accused of intentionally making mental and physical
 23 errors, and we have a hard enough time doing our job without
 24 that kind of pressure.

25 Normally, when I attend a sporting event, I find myself

1 pulling for the other athletes, hoping they will do well and
 2 seldom being critical. However, I recently attended a Jai Lal
 3 contest in Miami. Because there was gambling which involved
 4 human beings, I had a tendency in my own mind to question the
 5 players' motives when a bad play was made or a player failed
 6 to execute what appeared to me to be a routine play. As a
 7 result, this had an effect on my enjoyment of the games be-
 8 cause there was constantly a degree of doubt in my mind every
 9 time there was a questionable play. And I felt, after seeing
 10 that, that it was very unlikely I would want to return and view
 11 this type of exhibition on a frequent basis. And this exper-
 12 ience happened before I knew your Commission even existed.

13 Another possible danger of legalizing gambling would be
 14 the threat of player bribes. Today, with the present amount
 15 of gambling taking place, I know of no incident where a player
 16 has been approached to throw a game or shave points. If
 17 gambling were legalized and the numbers of people and the
 18 amounts of money greatly increased, the probability of bribe
 19 offers I think would also increase.

20 For example, a recent study of the effects of legalized
 21 gambling in Europe on team sports shows that major gambling
 22 scandals have occurred with far greater frequency than prior
 23 to the legalization of gambling. Assuming that players would
 24 still be banned from gambling, the temptation would be much
 25 greater to gamble by placing a bet through a friend or

1 relative.

2 If a player's close friend placed a bet one week, whether
3 the player was involved or not, he would be suspected of being
4 involved. If this same person failed to place a bet the next
5 week, the bettors would assume that the player had advised him
6 against a bet that week.

7 Thousands of youngsters in this country look up to pro-
8 fessional football players as examples of good citizens and
9 attempt to emulate them. The parents of these children often
10 use athletes as examples. If these children learned or even
11 suspected that these players were involved in gambling be-
12 cause of a disgruntled parent who lost a bet, I think they
13 would lose faith in these athletes and change what is now a
14 healthy relationship which is generally beneficial. Perhaps
15 their new heroes would be people like Minnesota Fats or Jimmy
16 the Greek.

17 I hope we have not reached a point where the states are
18 so pressed for additional revenue that they would legalize
19 gambling on pro sports. I don't think it would benefit pro
20 football and I think the revenue to the states would not be
21 realized, at least to the extent that someone suggested, and
22 therefore would not make it worth while. In my opinion, there
23 is no place in football for gambling because of its detri-
24 mental effects on society and the game.

25 This is what would happen if it were legalized.

1 Football is a diversion. It gets people away from the
2 routine and reality of their lives. Millions of people enjoy
3 it every year who do not bet on games, and I think it should
4 remain that way.

5 Thank you.

6 Chairman Morin. Thank you, Mr. Russell.

7 Before going on, I would like to take this opportunity
8 to introduce the members of the Commission who are before you.

9 We have on the Commission eight Congressional members,
10 four members of the Senate and four members of the House of
11 Representatives, and seven public members. Not all of them
12 are here today and you know it is difficult to get them all
13 together.

14 I would like to introduce those who are present.

15 Starting at my far right and your left are:

16 Robert List, Attorney General of the State of Nevada.

17 Congresswoman Spellman, of Maryland.

18 Congressman James M. Hanley, from the State of New York.

19 Mr. James M. Coleman, who is the Prosecuting Attorney of
20 Monmouth County, New Jersey.

21 Next is Mr. David Dowd, who is the Prosecuting Attorney
22 of Stark County, Canton, Ohio.

23 Next is Senator Howard Cannon, who I am sure you all know,
24 from the State of Nevada.

25 Next is Dr. Ethel Allen -- I have skipped the two members

1 of the staff -- who is a member of the City Council in Phila-
2 delphia and also an orthopedic surgeon.

3 Next is Congressman Steiger, from Arizona.

4 Mr. James Ritchie is Executive Director of the Commission,
5 and his Assistant, Ms. Marilu Marshall, will conduct the
6 questioning.

7 Our procedures normally are to have the Congressional
8 members of the committee question witnesses first, but today
9 we are varying somewhat because Mr. Ritchie and Mrs. Marshall
10 are both considered expert in the field and we will let one of
11 them ask some questions first to get us off on the right foot,
12 and then the members of the Commission will feel free to ask
13 you questions..

14 The questions would normally be posed to you, and also to
15 Mr. Gordon or Mr. Russell or your son Dan, who I am also pleased
16 to welcome.

17 Mr. Ritchie.

18 Mr. Ritchie. Mr. Rooney, it has been reported in the
19 public press, sir, that the moneys which you utilized to pur-
20 chase the franchising of the Steelers was money which you had
21 gained from placing a bet on race horses; is that correct?

22 Mr. Art Rooney. No, that is far from being true. I
23 purchased the Steelers when they did away with the Blue Laws
24 in Pennsylvania in 1933. I think that I broke the books at
25 Saratoga in 1936. That is when I got the publicity for doing

1 it. So that was three or four years later.

2 Mr. Ritchie. I see.

3 Your interest in racing is well known. I take it that as
4 a person who owns race horses and whose family owns race tracks
5 that you don't draw a particular distinction between your
6 interests there and your interest in the Steelers regarding
7 your attitudes toward legal betting.

8 Mr. Art Rooney. Well, the nature of the two sports, I
9 think, is different.

10 Horse racing has been semi-legal or legalized for over
11 a hundred years. I doubt that horse racing could have existed
12 without wagering.

13 On the other hand, I think that the athletic events of
14 humans have succeeded without wagering and I just think they
15 will continue to be successful without wagering, and that is
16 my opinion.

17 Mr. Ritchie. All right, sir.

18 Mr. Rooney, again, sir, do you have any objection to
19 either yourself or members of the Pittsburgh Steelers placing
20 wagers at casinos located in the State of Nevada where that
21 type of gambling is permitted by state law?

22 Mr. Art Rooney. Yes. I don't think that anyone con-
23 nected with sports, whether it is legal in Nevada or not,
24 should participate in wagering on sports in Nevada, if they
25 are connected with the game, that is, as an owner or a player

1 or anyone associated with sports.

2 Mr. Ritchie. I'm sorry, sir, my question was not clear.
3 As opposed to making wagers on sporting events in the State of
4 Nevada, do you raise any objection to members of the Pitts-
5 burgh Steelers placing wagers at the tables and casinos in the
6 State of Nevada?

7 Mr. Art Rooney. Well, that is their business. I, myself,
8 think they would be better off, personally, if they wouldn't.

9 Mr. Ritchie. All right, sir. But do you also raise no
10 objection as to their going to a race track and placing wagers
11 on the races at a race track where it is legal, even if it is
12 not your track, or perhaps if it is -- meaning, now, the foot-
13 ball teams.

14 Mr. Art Rooney. No. But I would just as soon that they
15 wouldn't.

16 Mr. Ritchie. All right, sir.

17 Mr. Russell. I would like to interject on that question.
18 Mr. Rooney has a number of times advised me not to get in-
19 volved in any kind of gambling of any significant nature. We
20 did have the opportunity at one time of attending a horse race
21 with him and he objected to anything over a \$2 bet. So he
22 does not want -- and in fact actively advises his players
23 against becoming bettors in any area.

24 Mr. Ritchie. Mr. Rooney, to be very personal, do you,
25 yourself, place wagers on horse races?

1 Mr. Art Rooney. Do I now?

2 Mr. Ritchie. Yes, sir.

3 Mr. Art Rooney. Well, for the past I'd say 15 or 20 years
4 I go to the race track a lot, and I wager. I wager -- I'd
5 call it social wagering.

6 Mr. Ritchie. Yes, sir. Does this create any difficulty
7 for you regarding your role as an owner of an NFL team?

8 Mr. Art Rooney. No. I think it is legal. In my case I
9 have been connected with racing for 50 years. So my con-
10 science hasn't bothered me about it.

11 Mr. Ritchie. Now, regarding the leasing of concession
12 rights in connection with your activities in racing or with
13 your other sports holdings, what has been the extent of your
14 dealings with the Emprise Corporation or any of its subsidi-
15 aries?

16 Mr. Art Rooney. Emprise?

17 Mr. Ritchie. The Emprise Sports Service.

18 Mr. Art Rooney. Well, it is hard for me to answer that
19 question as I suppose you would like it answered.

20 Indirectly I have been associated with them at the Uni-
21 versity of Pittsburgh and at Forbes Field where the Pirates
22 play -- that is where we played before we moved to the new
23 stadium -- and the Randall Park Race Track that I was inter-
24 ested in, and Palm Beach Kennel Club. And all of my dealings
25 with the Jacobs and the Emprise -- is that it?

1 Mr. Ritchie. Yes.

2 Mr. Art Rooney. -- have always been honorable. I have
3 found them honorable and I know they are good concessionaires.
4 I don't know the boys very well. I did know their father and
5 their uncle, and all of the dealings that I ever had with them
6 were very honorable.

7 Mr. Ritchie. All right, sir. Do you presently have any
8 connection with the Emprise Corporation?

9 Mr. Art Rooney. No.

10 Mr. Ritchie. When did you separate the connection that
11 you might have had with them?

12 Mr. Art Rooney. Well, whenever we left Forbes Field to go
13 to the Stadium they changed concessionaires at the University
14 of Pittsburgh. I have an interest in Randall Park and we re-
15 financed the Kennel Club and changed concessions there.

16 Mr. Ritchie. Has there been at any time anyone who has
17 participated in the ownership of the Steelers who has been a
18 gambler other than the gambling you have mentioned yourself?

19 I am sorry. Would you like for me to restate it?

20 Mr. Art Rooney. Not that I know of.

21 Mr. Ritchie. All right.

22 Mr. Rooney, in agreement with your statement regarding
23 your opposition to sports betting, would you suggest that this
24 Commission consider the banning of the publishing of the line
25 information or the discussion of it, of who is a favorite or

1 who is not, or particular aspects like that, on public broad-
2 casts or television broadcasts by football people?

3 Mr. Art Rooney. No, I have no answer to that. I think
4 that is the business of the newspapers.

5 Mr. Ritchie. Well, just as an owner, if you had a recom-
6 mendation to make, do you believe that if we could show a
7 causal relationship between that type of information, those
8 types of broadcast information, it might be helpful to stem
9 whatever illegal gambling exists if we did suggest that that
10 type of information be banned? I am sure you are familiar
11 with the FCC ruling about horse racing.

12 Mr. Art Rooney. I think it would be better for our sport
13 if there was no point spread, or no point spread mentioned in
14 the news media.

15 Mr. Ritchie. Just one last question about Emprise, Mr.
16 Rooney. What caused you to divest your interest in or your
17 connection with Emprise?

18 Mr. Art Rooney. Would you repeat the question, please?

19 Mr. Ritchie. What caused you to divest your interest in
20 or your connection with Emprise?

21 Mr. Art Rooney. Well, I never had any direct dealings
22 with Emprise outside of at the Randall Park Race Track, and we
23 sold it.

24 Mr. Dan Rooney. I think maybe I could describe it a
25 little bit.

1 When my father mentioned our association at the University
2 of Pittsburgh and Forbes Field, I might add that we do not have
3 any control of concessions. And Emprise or the Sports Service,
4 as it was called, was actually hired by the University of Pitts-
5 burgh, contracted by the University of Pittsburgh or contracted
6 by the Pittsburgh Baseball Club. We just happened to be an-
7 other tenant there.

8 I might also say when we purchased the Randall Race Track
9 they were also involved there.

10 When we purchased the Palm Beach Kennel Club, they were
11 also there as a concessionaire.

12 So, actually, our association with them became one of go-
13 ing in when they had it. As far as the Palm Beach Kennel Club,
14 we have changed concessionaires since we have owned the place.

15 I might say, though, that my father's personal association
16 with the Jacobs brothers from a friendly, social point, as he
17 mentioned earlier, was one that he considered was no problem.

18 Mr. Ritchie. Thank you.

19 Mr. Russell, you have mentioned the fact that you have
20 placed wagers on sporting events. Can you tell us the extent
21 of this and what difficulty this has caused you, if any, re-
22 garding your activities as a professional football player?

23 Mr. Russell. Yes. I mentioned that I had placed a \$2
24 bet on a horse race. I think that is about the extent of any
25 wagering I have done. I have been in Las Vegas and I have

1 occasionally lost \$20 or more at the tables. But I am not a
2 gambler and I very, very seldom -- you know, once a year is
3 the maximum amount that I will even do any gambling. And that
4 is either at a race track or some place like Las Vegas.

5 And to answer your question more directly, I feel it has
6 no bearing on my relationship to professional football.

7 Mr. Ritchie. Many times we find reports from professional
8 football players who allude to their profession as just a busi-
9 ness as opposed to a game. If that is the general attitude --
10 and I don't know if that is your attitude or you agree that
11 that is the general attitude -- what possible effect could the
12 fans' criticism of the play have upon the players' performance?

13 Mr. Russell. Well, I am in agreement and not. I agree
14 that professional football is a business and I think that is
15 why it is the quality business that it is. The reason that
16 professional football players today are as good as they are is
17 that they are well paid and it is their business and they pay
18 the price in terms of conditioning, et cetera, to be excellent
19 players.

20 So it is very much a business to us.

21 But to carry that a little bit further, I think to have
22 success as an athlete or in any business, one has to have his
23 heart in it and he has to love what he is doing. And all of us,
24 I think, become very emotional in these games. During the
25 game we lose all sight of how much money we might make. That

1 is not in our minds at all. It is the contest, the challenge
2 in front of us that we are concentrating on.

3 And I think, you know, that this is something that is
4 good.

5 And as far as fans booing us, it would have a very def-
6 inite effect, I think, on how we would play. We are sensitive
7 to their criticism. It would be nice for us to say, "We can
8 ignore the fans and their reaction does not affect us," and
9 I try to convince myself it is true, but in fact it is not.
10 The fans can inspire a team and a lot of booing and criticism
11 and second-guessing I think would tend to make the players
12 very cautious, less aggressive, and afraid to make mistakes,
13 afraid to commit themselves, hesitant. And that would be very
14 obvious to the fans but they might misread why that was taking
15 place and they would assume it was because we were throwing
16 the game or whatever.

17 Mr. Ritchie. Yes. Again, on another point, you indicated
18 that the discussion of point spread did not affect the play;
19 that no inside information was being sought from the players.

20 Would you agree -- and I am not asking you to particularly
21 disagree with Mr. Rooney -- that it would be helpful if that
22 type of information would be precluded from the public?

23 Mr. Russell. Yes, I think overall it would be a good
24 thing to not have that sort of thing in the papers and on tele-
25 vision, because I think it does tend to encourage people to

1 try to place bets, even though it is illegal. And I think
2 this is something we don't need in professional football.

3 Mr. Ritchie. Just one final question. You described
4 what appeared to be very, very adequate security measures to
5 preclude players from being involved with gamblers or to pre-
6 clude players from gambling themselves that the League has
7 presently taken.

8 Would you agree that even if gambling were legalized on
9 the sporting events, that those security measures would remain
10 adequate and that again there would be no danger to the players
11 from the legalization of the sport betting?

12 Mr. Russell. Well, I am not very expert in gambling or
13 how illegal bookmakers work or how it would work if it was
14 legalized. But I am under the impression that if it were legal-
15 ized, the social scandal part of it would now be eliminated,
16 which is one thing that would keep a player from getting in-
17 volved. If he was ever caught and penalized, he would be a
18 virtual outcast.

19 I think he might tend to feel he could place a bet more
20 easily through someone else than he does now.

21 I don't know how bookmakers work, but I think there is a
22 certain amount of mystique about them, a certain amount of
23 cloak and dagger kind of thing, and the players don't under-
24 stand how they work. So we assume that, if you try to place a
25 bet through a friend, that they would figure that out and it

1 might get back to the owners.

2 And I think if it was a public thing where, you know --
3 players might believe -- I don't know if this is because I am
4 not an expert -- they might assume they could place a bet more
5 easily.

6 Mr. Ritchie. Thank you, Mr. Chairman.

7 Chairman Morin. Perhaps no one of the Commissioners,
8 none to speak of, perhaps, in this room, has the practical
9 experience of gambling in a legal atmosphere that Senator
10 Cannon from the State of Nevada has, and I will now throw the
11 questioning open to him.

12 Senator Cannon.

13 Senator Cannon. Thank you very much, Mr. Chairman.

14 Mr. Rooney, I listened to your statement with consider-
15 able interest, particularly when you suggest that you should
16 not have legalized wagering on sports except the one sport
17 that really got you started in this business, the horse racing
18 business.

19 It seems to me that you are in effect saying that horse
20 racing couldn't have existed without wagering, and, on the
21 other hand, that football or other sports could not exist with
22 wagering.

23 Is that correct?

24 Mr. Art Rooney. No, I wouldn't exactly say they couldn't
25 exist with betting, but they have existed without it, and I

1 think the social effects on legalizing it would be far greater
2 than what the revenue would be that you would get.

3 Senator Cannon. Well, you would agree, I am sure, that
4 horse racing could not exist without wagering and you could
5 not maintain your stables without the wagering that is per-
6 mitted at the horse races.

7 Mr. Art Rooney. That is right.

8 Senator Cannon. And I may say even though I come from
9 Nevada, I am not a gambler, so I am sort of an observer in
10 this particular field.

11 You indicated in your statement that you thought the
12 gambling statute was being enforced satisfactorily and this
13 does not quite jibe with the Department of Justice figures
14 where they say that they only reach about 2 per cent of illegal
15 gambling through their enforcement activities.

16 Do you agree with those statistics? Or do you dispute
17 that 2 per cent figure?

18 Mr. Art Rooney. I wouldn't know.

19 Senator Cannon. Well, if you wouldn't know, then how can
20 you say that you think the gambling statutes are being en-
21 forced satisfactorily?

22 Mr. Art Rooney. Well, I believe that -- one thing I
23 believe is that the bookmakers don't go looking for the cus-
24 tomers. The customers go looking for him. And if he is going
25 to be hiding all the time -- there are so many other things

1 that the law enforcement agencies can be looking for, in my
2 opinion -- for instance, robbery, muggers, and so forth. And
3 I have my doubts -- I just have my doubts that there is that
4 much illegal betting.

5 Now just take, for instance, Pittsburgh, where I come
6 from and where I have lived all my life. I wouldn't have the
7 least idea where I could go bet on a horse if I knew I had a
8 sure thing.

9 I mean that. I am very sincere in it. And it is not
10 only -- I think I would have a hard time finding somebody in
11 Pittsburgh who would know where to go bet on a horse.

12 Senator Cannon. Other than at the track?

13 Mr. Art Rooney. That is right.

14 Senator Cannon. You do not have the off-track betting,
15 such as New York, in Pittsburgh?

16 Mr. Art Rooney. No.

17 Senator Cannon. Do you have experience with off-track
18 betting, such as New York has been engaging in?

19 Mr. Art Rooney. In Pennsylvania?

20 Senator Cannon. Well, in New York. What is your obser-
21 vation on that? Do you think that is good or bad?

22 Mr. Art Rooney. Well, I don't think it is good. I don't
23 think they have received the revenue from off-track betting
24 that they expected to receive.

25 Senator Cannon. And do you think it has done anything to

1 eliminate the illegal bookies?

2 Mr. Art Rooney. No, I don't. I don't think so. I think
3 in fact, maybe it has made more illegal bookmaking and betting.

4 Senator Cannon. It has what?

5 Mr. Art Rooney. It could have made more.

6 Senator Cannon. It could actually have gotten more
7 people interested in wagering?

8 Mr. Art Rooney. Gotten more people interested. And one
9 thing that I have always heard is that the office boy is always
10 the sharpest guy in the office, and he would be generally the
11 guy that would be -- the kid would be running the bets and
12 he would find out, I think, that he was taking more in than he
13 was taking back, and I am pretty sure he would end up being
14 a bookmaker.

15 Senator Cannon. Well, your recommendation, as I got it
16 from what Mr. Russell said and from what you have said, is that
17 in effect you would say "Do as I say; don't do as I do."

18 Because you suggested that you would just as soon that
19 the football players do not bet on the horses, either, but
20 you do not follow that advice, yourself.

21 Mr. Art Rooney. No, I think they would be better off
22 not betting on the horses. I have been betting on the horses
23 now for 50 years. I have been successful betting on horses
24 up to the last 15 years when it became just a sport. I go to
25 the races to enjoy them and rarely bet, or, if I bet, it is

1 just a sporting bet. I don't go there to win.

2 Senator Cannon. Last year we got a change in the law,
3 as you are aware of. The law provided a 10 per cent tax for
4 the federal government for the bookies, and we found in the
5 State of Nevada, where betting is legal, most types of betting
6 are legal, all this did was create business for the illegal
7 bookies because the legal bookies could not afford to assume
8 that 10 per cent penalty and pay that tax to the federal gov-
9 ernment.

10 So I think nationwide, as well as in the State of Nevada,
11 it drove a lot of bookies underground because they just simply
12 were betting illegally and not paying that 10 per cent to the
13 federal government because they did not have that margin on
14 the bet.

15 Do you have any thoughts on that particular point?

16 Mr. Art Rooney. I think it would figure. I think that
17 is very possible.

18 Senator Cannon. Thank you very much. I enjoyed listen-
19 ing to your statement and I enjoyed listening to Mr. Russell.
20 I have a great regard for your football team and enjoyed the
21 game.

22 Thank you.

23 Chairman Morin. Our rules call for no more than five
24 minutes of questioning per Commissioner, which assures us
25 getting out of here before nightfall.

1 Congressman Steiger, from Arizona, may question.

2 Mr. Steiger. Thank you, Mr. Chairman.

3 Mr. Rooney, I want you to know I speak for the whole Com-
4 mission. I am not a very good hand at ritual but I am very
5 pleased that you took the time to come here and I really ap-
6 preciate it and, as far as I am concerned, as an individual,
7 I think you represent not only a triumph of tenacity but the
8 very best elements of sport as we like to think of it in this
9 country. So your words have a lot of significance to me.

10 Mr. Russell, I just want you to know that I understand
11 about how being booed can get you uptight, even if you are not
12 an athlete. Believe me, I can tell you all about that -- as
13 a politician, I mean.

14 (Laughter.)

15 Mr. Rooney, you should know that I am not objective about
16 the Jacobs boys. My view is -- I do not feel as friendly
17 about them as you do, and I am honestly just looking for some
18 information. And perhaps, Dan, you could be a little more
19 responsive since you undoubtedly know the specifics.

20 Does either Green Mountain or Yonkers or West Palm Beach
21 have a loan from the Jacobs?

22 Mr. Dan Rooney. No, we don't. We do not have a loan
23 with them. In fact, at this moment we do not have any associ-
24 ation with the Jacobs brothers.

25 Mr. Steiger. Did you ever borrow any money from them,

1 Mr. Rooney?

2 Mr. Dan Rooney. No.

3 Mr. Art Rooney. No, not that I know of.

4 Mr. Steiger. The broader aspect of that, as I am sure
5 both you gentlemen are aware, is that the National Football
6 League, as indeed the professional baseball, has been very,
7 very concerned. Your testimony has very specifically expressed
8 concern that there not only not be any scandal, but there not
9 even be the appearance of scandal, which I think is very, very
10 appropriate, and everybody can endorse that. And, as a result,
11 you made the rules Mr. Russell refers to in which, if players
12 are caught gambling, they are suspended. If they are found
13 associating with people who are unsavory, they are suspended
14 and there is some relatively recent history of that.

15 I have always been concerned with an inconsistency because,
16 as you know, the concessionaire-team relationship in many
17 situations -- the way the concessionaire gets the contract
18 is to lend the team money.

19 Now, do you have any feeling -- setting aside the legal-
20 ized situation for a moment, do you think it would be helpful
21 and I will address you, Mr. Arthur Rooney, if I may.

22 I have always believed there is nothing wrong with a
23 relationship that is visible to everybody. And I don't think
24 we ought to limit who can lend money to whom or how to do
25 business. I do not believe in arbitrary limitation because I

1 think that just leads to corruption.

2 But do you see anything wrong in saying that if a foot-
3 ball team borrows money from anybody, that that be a matter of
4 record as to who the lender is as well as the stockholders
5 list of the football team, if that situation exists?

6 Mr. Art Rooney. No, I think that that should be a matter
7 of record. In fact, I am not so sure now that in our League,
8 in the National Football League, it isn't a matter of record,
9 that is, when a man gets a franchise.

10 Mr. Dan Rooney. I don't know that I want to disagree with
11 my father on that point, but that is not an issue. What he
12 was stating is that if anyone that is coming in as a new
13 franchisee borrows money, an expansion team, they must dis-
14 close their complete --

15 Mr. Steiger. A one-time disclosure?

16 Mr. Dan Rooney. One-time disclosure. As it presently
17 stands, let's say a football team with which I am familiar
18 is the same as any other business, and I don't think that any
19 restriction should be put on their borrowing power that would
20 be different from any other business; you know, the corner
21 grocery store.

22 I feel that as far as, let's say, some of the practices
23 that you mentioned that existed, let's say, with concession-
24 aires -- and I think this was a general thing back in the
25 past -- that that is the way people did get money when they

1 were unable -- this was before our time and I might say the
2 Steelers have never been in a position to do that because we
3 did not own ball parks or things like that and we did not do
4 it.

5 But, as far as borrowing money, let's say, from a bank or
6 something like that, I do not think we should have any restric-
7 tions. If this committee should find that because of the
8 nature of the let's say, concessionaire -- that that be made
9 public, I don't think we would have objection to that. But I
10 don't think any restriction should be put on that the normal
11 lending institutions, banks or others, should be different from
12 other businesses.

13 Mr. Steiger. You feel that public disclosure would be a
14 restriction. Is that what you are saying?

15 Mr. Dan Rooney. I think it would be treating the football
16 business or the sports business different from other businesses.

17 Mr. Steiger. Thank you very much.

18 Chairman Morin. Congresswoman Gladys Spellman, from
19 Maryland.

20 Do you have any questions?

21 Mrs. Spellman. I guess coming from the State of Maryland
22 where we do have race tracks, I am conditioned to that kind of
23 thinking.

24 Would you tell me, sir -- and, incidentally, I do want to
25 second what Congressman Steiger said. We are delighted to have

1 you here and feel that you have been a great asset and brought
2 honor to the sports profession.

3 Would you tell me what you think the difference -- you
4 talk about social effects.

5 What would be the difference between the social effects
6 on betting on horses and the potential social effects of wager-
7 ing on football games?

8 Mr. Art Rooney. Would you pardon me just a second. I am
9 kind of hard of hearing.

10 Mrs. Spellman. And I am a little hard of speaking. I
11 will get this in closer. My voice does not carry too well on
12 these microphones.

13 You mentioned social effects in your talk.

14 Mr. Art Rooney. Yes.

15 Mrs. Spellman. And I wondered what you saw as the dif-
16 ference in the social effects of placing wagers on horses and
17 the potential social effects of wagering on football?

18 Mr. Art Rooney. Well, I would say horses are animals.

19 Mrs. Spellman. With riders.

20 Mr. Art Rooney. Ball players are human beings.

21 I believe that the social effect it would have would be
22 on the players.

23 As Mr. Russell has mentioned, ball players -- it wouldn't
24 be the thing to do just to go to the ball game to watch the
25 game. It would be the thing to do, maybe, to go to the ball

1 game as to your bet. And I think it would have an effect on
2 the participants, and it also would be socially -- the ball
3 players -- every move they make would be looked at differently,
4 I think, than it is looked at now. A mistake would become a
5 very suspicious thing.

6 And I think it is along those lines that it would have
7 a tremendous effect.

8 Mrs. Spellman. You indicated that you now go to the races
9 to enjoy watching the race, and obviously one can enjoy the
10 race by itself, the horse race. But we find that there is
11 heightened excitement in the races when there is wagering on
12 those races.

13 Would not perhaps the same be true in football, that
14 there would be an enjoyment of the game, but a heightening of
15 that enjoyment through wagering?

16 Mr. Art Rooney. You ask the question why you can't go
17 to the races and enjoy them?

18 Mrs. Spellman. No, you indicated you enjoy going to the
19 track just to watch the race.

20 Mr. Art Rooney. I enjoy going to the race track -- num-
21 ber one, I know a great many people at the race track where
22 that is the only place I see them, old friends and new friends.
23 That may be one of the main reasons I go.

24 Two, I know a great many of the owners and a great many
25 of the trainers and that is enjoyable to see how their horses

1 do.

2 But I doubt that I would enjoy just going to the races
3 and watching the horses run if you couldn't bet on them.

4 Mrs. Spellman. You think the two would be quite dif-
5 ferent?

6 Mr. Art Rooney. Oh, I think there is a tremendous dif-
7 ference between horse racing and any other sport.

8 Mrs. Spellman. As far as ownerships in football teams is
9 concerned, do you know of any undisclosed ownership of any
10 team in the National Football League?

11 Mr. Dan Rooney. If I might answer that, the National
12 Football League constitution and by-laws is structured that
13 every owner of any team must be approved, not only disclosed
14 but approved, by the National Football League.

15 Now, there are two exceptions to that in the Boston
16 Patriots and the Green Bay Packers, which are public companies,
17 so to speak, and you know the difficulties there.

18 But as far as the other owners and the principal owners
19 of the other teams, they must be approved by the League, it-
20 self.

21 Mrs. Spellman. Thank you very much.

22 Chairman Morin. I think Mrs. Spellman's question was:
23 Do you know of any ownership which is not disclosed? That is,
24 is there any undisclosed ownership in the NFL, to your know-
25 ledge?

1 Mr. Dan Rooney. We would have to bring that before the
2 League or we would feel obligated to bring that before the
3 NFL.

4 Chairman Morin. Congressman Hanley, from New York.

5 Mr. Hanley. Thank you, Mr. Chairman.

6 Mr. Rooney, I, too, want to commend your cooperation
7 with the Commission and certainly your testimony today is going
8 to assist us in our deliberations.

9 Some have suggested restricting the ability of football
10 players from wagering if it is legalized. What would your
11 position be on such an action, that we have an out-and-out
12 restriction?

13 Mr. Art Rooney. A restriction of football players from
14 wagering on the games?

15 Mr. Hanley. Yes, that is correct.

16 Mr. Art Rooney. Oh, I don't believe they should be allowed
17 to bet on the games, even if it was legalized. Nor do I be-
18 lieve that owners or anyone connected with the organization
19 should be allowed to bet on ball games.

20 Mr. Hanley. Now, with regard to the role of the concession-
21 aire, should the concessionaire be precluded from engaging in
22 any loans or any investments whatsoever? Should the concession-
23 aire's role be purely and distinctly related to concessions,
24 period?

25 And I am essentially interested in the ability of a

1 concessionaire to loan.

2 Mr. Art Rooney. Yes.

3 Mr. Hanley. And the question is: Would you agree that
4 that ability should be denied a concessionaire?

5 Mr. Art Rooney. NO, I think they should be allowed to
6 make loans just the same as anybody else. In your state, the
7 Stevenses -- you know the Stevensaes, probably; I think every-
8 body in New York does. The Stevenses happen to be close
9 friends of mine -- Frank Stevens and Joe Stevens -- for 50
10 years, from the time I was a young man. And I remember that
11 Frank Stevens used to tell me at one time he probably could
12 have owned a great many race tracks and a great many major
13 league baseball clubs. He kept them alive. Of course, that is
14 not necessary today, but I think your concessionaire -- that
15 you could borrow money from him as long as it was proper.

16 Mr. Hanley. And drawing from your many years of exper-
17 ience, have you ever given witness to a situation that became
18 awkward or perhaps illegal, resulting from a concessionaire
19 loaning? Do you recall any incidents at all?

20 Mr. Art Rooney. Not that I know of -- that is, not that
21 I know of personally, no.

22 Mr. Hanley. Generally speaking, then, this procedure has
23 been okay, with no problems associated with it, from your
24 observation?

25 Mr. Art Rooney. From my observation there has never been

1 any problem.

2 Mr. Hanley. I see.

3 Now, inasmuch as government regulation of horse track
4 wagering apparently has not affected your ability, or the
5 ability of your counterparts to operate successfully, then
6 why would you be apprehensive about a similar set of regula-
7 tions dealing with football?

8 Mr. Art Rooney. As I mentioned before, I think it is an
9 entirely, vastly different sport with different conditions.
10 I think that racing -- I think that is gambling, horse racing.
11 Like I mentioned, there is no doubt in my mind that horse
12 racing couldn't exist without wagering.

13 Mr. Hanley. You are convinced from the standpoint of
14 illegality or on the border of illegality, in so far as foot-
15 ball is concerned it really does not exist to the extent that
16 some people seem to envision? Is that right?

17 Mr. Art Rooney. Right now I don't think it does.

18 Number one, I have never bet on a sporting event in my
19 life, outside of race horses. I know I have never bet on a
20 football game or a basketball game or a baseball game. But,
21 after all, I go to the race tracks a lot. I know a great many
22 people, knowledgeable people in this sport -- in gambling.

23 And I believe as of now that it is overrated, the amount
24 of money bet on sports.

25 I don't know what the future would be, if it was made

1 legal.

2 I have been told, for instance, that betting on baseball
3 is not nearly as big as what it was considered-- no comparison.
4 Betting on football is the largest of all.

5 When I compare the revenue -- you take racing, for instance,
6 in New York, where you have legalized off-track betting. You
7 have racing almost the year around. Football is a 4-1/2
8 month operation, and generally on weekends. So there would be --
9 as to the revenue, there would be a vast difference in what
10 the revenue would be, just talking about revenue, as to what
11 revenue would be with football and horse racing.

12 Mr. Hanley. Well, I certainly appreciate your observa-
13 tions. As you know, so many suggestions and recommendations
14 are purely the result of hearsay, so before this Commission
15 concludes its deliberations and offers any recommendations,
16 should it offer recommendations, by all means these recommenda-
17 tions have to be based on absolute documentation of need.

18 So again, my appreciation to you for your input this
19 morning.

20 Thank you, Mr. Rooney.

21 Chairman Morin. Mr. List.

22 Mr. List. Thank you, Mr. Chairman.

23 I, too, join in welcoming you to the Commission hearing
24 today.

25 I notice in your testimony, and having heard you here

1 today, I gather that your basic feeling is that there is a
2 relatively small amount of illegal sports betting going on at
3 the present time. Is that correct?

4 Mr. Art Rooney. That is my observation.

5 Mr. List. I gather, also, when I read your statement,
6 that you have no knowledge of any attempts to bribe or fix
7 professional football games; that you feel the reason there
8 haven't been bribes or fixes, to your knowledge, is because
9 there has been a relatively small amount of betting on games;
10 is that correct?

11 Mr. Art Rooney. That would have a lot to do with it.

12 Mr. List. If this Commission should determine, through
13 an effective survey of the American public, that instead of a
14 relatively small amount there is a relatively large amount,
15 in fact a substantial amount of illegal betting going on, would
16 you then concede that perhaps betting does not necessarily
17 tend to corrupt the game?

18 Mr. Art Rooney. No. I just don't think there is any
19 place for betting on sports such as football, baseball, hockey,
20 basketball.

21 All I believe -- and I sincerely believe this, whether
22 you pass the law or whether it isn't passed -- I think it
23 would be a bad mistake, regardless of what the revenue would
24 be, whether the revenue would be far greater than you expected
25 it to be. I just feel certain that it would be bad for the

1 sport. And I don't think it would be good for anyone.

2 Mr. List. I certainly respect your opinion, but what I
3 question is your premise that there is very little betting
4 going on now. And I suggest that there is a school of thought,
5 and a certain number of individuals, some of who are in this
6 room, who feel there is a very large amount of betting going
7 on already on an illegal basis and it has not tended to corrupt
8 the game or cause bribes or fixes, and that there is a sub-
9 stantially large school of thought that it might be best to
10 bring it out in the open -- sort of an analogy to the prohibi-
11 tion situation where the majority, perhaps, of the American
12 public was participating. And the time may be here when it
13 should be brought out in the open and regulated and controlled.

14 The fact that it has not, in other words, tended to
15 corrupt the game in its illegal form might support the argument
16 that it would not tend to corrupt it in a legal form.

17 Do you have any further thoughts to add in that respect?

18 Mr. Art Rooney. I don't know if I am following you. I
19 have an idea, following you, and then my boy -- I don't know
20 what he knows about gambling. I don't think he ever bet two
21 bucks on anything in his life.

22 (Laughter.)

23 I guess where I am kind of mixed up with you is the amount
24 of money that is bet. Like I say, there are small amounts of
25 money bet. That is what I said; right?

1 Mr. List. Yes, sir.

2 Mr. Art Rooney. Well, I just think there is small amounts
3 of money bet compared to the harm that legalizing this can do.
4 So I just don't think -- I use the word "small" -- obviously,
5 \$50 million is not small; that is substantial. And I call it
6 small because I think it is small for the harm that it can do
7 to the sport and also to the social gambler who, as long as he
8 stays social, doesn't get hurt and no one gets hurt. Modera-
9 tion in any form is probably good.

10 But the problem of social gamblers becoming compulsive
11 gamblers is an entirely different picture. And when I used the
12 word "small," I didn't mean \$50 million, or whatever is small.
13 But I don't think it is worth -- no matter how much money you
14 might raise, I don't think it is worth it to the sport or to
15 the public, to the people, to legalize it.

16 Mr. List. Thank you very much. In the interest of time,
17 I will pass.

18 Chairman Morin. Mr. Dowd and Mr. Coleman have agreed
19 that their questioning would be more appropriate of Mr.
20 Rozelle, and I think you have been more than kind. You have
21 spent ninety minutes here under those lights, Mr. Rooney, and
22 we are very, very appreciative of your coming here -- and your
23 son and your attorney and your defensive captain and, I hope,
24 bodyguard.

25 Thank you.

1 Let's take a two-minute recess.

2 (Whereupon, a short recess was taken.)

3 Chairman Morin. Will the hearing please come to order.

4 The next witness before the Commission on Review of the
5 National Policy Toward Gambling is Mr. Pete Rozelle, who I am
6 sure we all know as the Commissioner of the National Football
7 League, perhaps one of the youngest sports commissioners in the
8 history of professional sports, and who obviously deserves the
9 reputation of being one of the ablest and a credit to profes-
10 sional sports, not only to his own game but to all of them.

11 Thank you for coming, sir.

12 Mr. Pete Rozelle.

13 STATEMENT OF PETE ROZELLE, COMMISSIONER, NATIONAL
14 FOOTBALL LEAGUE.

15 Mr. Rozelle. Thank you, Mr. Chairman.

16 My name is Pete Rozelle. I am Commissioner of the
17 National Football League. I certainly appreciate your invita-
18 tion to testify today, for the subject under study by the
19 Commission is one on which professional football holds the
20 strongest convictions.

21 "Legalized gambling," of course, if a very broad term.
22 It includes everything from lotteries to casino operations to
23 horse or dog racing, and involves a number of fundamental
24 social, moral, economic, and legal questions. But proposals
25 to legalize gambling on team sports like football involve an

1 additional element as well: the potential destruction of the
2 sport as we know it.

3 The NFL is firmly opposed to the concept of legalized
4 gambling on professional football. In our carefully considered
5 judgment, legalized gambling in any form would seriously harm
6 our sport, and other team sports as well, without producing
7 the benefits its advocates envision.

8 Unlike horse racing, professional football has grown and
9 prospered over the past 50 years without resorting to betting
10 as an incentive -- indeed, with special vigilance directed
11 against its influence. The purpose of the NFL is to provide
12 a balanced, structured format in which closely matched teams
13 can compete intensively and honestly on the playing field to
14 produce exciting, entertaining football -- not to serve as a
15 medium for gambling, government-controlled or otherwise.

16 The objects of gambling in a casino, a lottery, or a card
17 game are inanimate. The object of gambling at a race track is
18 a horse or a dog. But the object of gambling on professional
19 team sports is a team composed of human beings capable of
20 betting on, or against, themselves. The difference is funda-
21 mental and critical. The proliferation of bribery and scandals
22 under legal team-sport betting arrangements in Great Britain
23 and Europe contrasts markedly with our own experience thus far
24 and provides a vivid warning of the foreseeable consequences
25 of such betting in this country.

1 Professional football, like other team sports, is grounded
2 on the absolute integrity of its games and its participants,
3 both in fact and, even more importantly, in the public's
4 perception. No one does, or could, dispute the absolute neces-
5 sity of keeping our game free not only from scandal but, even
6 more so, from suspicion of scandal.

7 We make every effort to assure the integrity of our game.
8 The NFL has stringent rules against gambling or association
9 with gamblers by anyone connected with the League or any member
10 club. Because we know that a certain element in our society
11 does gamble illegally on football, we currently employ extens-
12 ive security forces at great expense -- typically, several
13 hundred thousand dollars a year -- to police our rules. Our
14 players and all of our personnel are constantly and specific-
15 ally alerted to the importance of strict compliance. The im-
16 portance of these rules would in no way be diminished by legal-
17 ization of team-sport gambling, but their enforcement might
18 well be impossible. In addition, the pressure on players and
19 club and League personnel from increased numbers of people
20 seeking "inside information" and trying to influence the out-
21 come of games could quickly become intolerable.

22 Accompanying the pervasive climate of suspicion if team-
23 sport betting were legalized would be a serious erosion of the
24 public confidence on which our sport is built and without
25 which it cannot possibly survive. We firmly believe that

1 government-sponsored team-sport betting would soon create a
 2 generation of cynical fans, obsessed with point spreads and
 3 parimutuel tickets, and constantly prone to suspect the motives
 4 of players and coaches alike. These persons will inevitably
 5 become skeptics rather than supporters, adversaries rather
 6 than advocates of our game.

7 As a relatively recent Harris poll indicated, the vast
 8 majority of our fans do not now gamble on NFL games, at least
 9 in any meaningful way. Participation in the office pool, or a
 10 casual dollar bet on the home team with a friend, is far re-
 11 moved from the kind of habitual, systematic gambling, involv-
 12 ing additional millions of people, that government sponsorship
 13 would undoubtedly generate.

14 Inevitably, legalized gambling would change the fundamen-
 15 tal character of fan interest in pro football by converting
 16 millions of fans into gamblers, preoccupied with cashing a bet
 17 and therefore suspicious of the honesty and integrity of any
 18 player performance, coaching strategy, or official's decision
 19 that spells the difference between winning or losing that bet.

20 Even the NFL's best running backs fumble in critical
 21 situations. Its best linemen occasionally miss important
 22 blocks, its finest defenders miss tackles, and its premier
 23 quarterbacks sometimes throw interceptions. The strategic or
 24 tactical decisions of its best coaches sometimes backfire. Its
 25 game officials are constantly second-guessed on important calls.

1 To subject these men to the ire of fans whose normal disappoint-
 2 ment has been sharpened by a state-promoted financial interest
 3 would be, at the least, dramatically unfair.

4 The world knows no less rational person than a losing
 5 bettor. Who is going to cope with a hundredfold increase in
 6 the complaints of angry losing gamblers? Who is going to con-
 7 duct and finance investigations of the inevitable rash of
 8 unfounded "fix" rumors? Who is going to reconstruct the shat-
 9 tered base of public confidence that has taken so much time,
 10 effort, and expense to build and maintain? And who is going
 11 to undo the damage to an athlete, a coach, or an official who
 12 has been driven to distraction by unfounded but lingering
 13 accusations of wrongdoing resulting from a simple physical
 14 mistake, an error in judgment, or a controversial call that
 15 was really no mistake at all?

16 We do not look kindly on the prospect of 80,000
 17 fans vocally applauding the visiting team's rally and the home
 18 team's misfortune in hopes of winning their bets. Nor do we
 19 relish the prospect of driving away, perhaps irrevocably, the
 20 great majority of our non-gambling fans in disgust at the
 21 spectacle and the atmosphere that government-promoted gambling
 22 has created. We do not wish to see American children's normal
 23 enthusiasm for sports deflected or diverted by the knowledge
 24 that gambling and football games go hand in hand. In short,
 25 we believe it would be tragic for all concerned to supplant th

1 solid, typical fan's rooting interest in his favorite team
2 with a gambling-oriented philosophy, held by generation after
3 generation of future bettor-fans.

4 These are some of the destructive effects we are convinced
5 would result from state-sponsored gambling on our sport.
6 Wholly apart from the grave dangers to our game, we cannot help
7 but wonder what a government that sponsors team-sport gambling
8 is letting itself in for.

9 Let there be no misconception, active government sponsor-
10 ship is exactly what most proposals for "legalization" of
11 sports gambling would entail. It is one thing to debate
12 whether gambling -- like liquor four decades ago, or marijuana
13 use today -- should or should not subject a person to criminal
14 penalties. It is quite another matter for a state to set up
15 and run its own monopoly on team-sport gambling at a tremendous
16 cost in money and administrative headaches, and with only a
17 dubious prospect of ultimate financial reward.

18 Every proposal we have seen contemplates not merely govern-
19 ment approval of gambling, but its active promotion as well.
20 Apart from its social implications, this would entail assemb-
21 ling a public relations staff and developing advertising cam-
22 paigns designed to solicit as many bets as possible. New
23 Jersey, for example, spent more than \$1.6 million in fiscal
24 1974 merely to advertise its state lottery and then had to
25 cut this advertising budget by more than two-thirds in the

1 current economic climate. Moreover, the state would have to
2 enlarge its bureaucracy by creating and maintaining a sports
3 betting authority to oversee a large and complicated bookmaking
4 system. Whatever betting system were used, this would create
5 enormous mechanical problems, wholly apart from the cost of the
6 elaborate bureaucratic structure, itself.

7 I have already touched on the greatly magnified security
8 problems that legalized gambling would invariably produce. It
9 should be obvious that a state's money interest in legalized
10 gambling would require a dramatic enlargement of its own
11 security forces, involving increased risks of official corrup-
12 tion far greater than those we have known thus far. Ulti-
13 mately, this money interest would require direct and extensive
14 governmental participation in what is now an effectively self-
15 regulated sport. Further, legalized sports betting would give
16 a particular governmental entity a tremendous stake in over-
17 seeing sporting events held outside its borders and therefore
18 beyond its effective jurisdiction and control.

19 With the vastly enlarged number of bettors its own promo-
20 tional activities would engender, a state would constantly
21 have to cope with the kind of situation we face from time to
22 time.

23 Some of you may recall the Redskins-Giants game several
24 seasons ago in which Washington, ahead on the scoreboard,
25 called a time-out with 24 seconds left, then scored a touchdown

1 and thereby exceeded the established point spread. The next
2 day our switchboards were jammed with calls from angry losing
3 bettors, profanely questioning the motives of the Washington
4 coach and quarterback.

5 In countless situations of this kind, whenever a game
6 did not go "true to form," what are now our problems would
7 become the government's problems and on a scale so large that
8 they might be unmanageable.

9 While a government-run bookmaking agency would obviously
10 hope to make money, it must just as obviously be prepared to
11 to lose it. In this respect, illegal bookmakers have several
12 important advantages over any legal system: they can limit
13 the amount of money they will accept on any particular game,
14 and they can further minimize their risk of loss by "laying
15 off" bets with a central organization. It is not at all
16 difficult -- particularly in these times -- to imagine the
17 public reaction if a state agency lost \$1 million or so on
18 one game.

19 We have serious questions in the two principal areas
20 commonly cited by proponents of legalized sports gambling: the
21 amount of money a state could expect to raise in this way;
22 and the probable effect of such a program on efforts to combat
23 organized crime. As citizens and taxpayers we certainly sympa-
24 thize with both objectives. But we do not believe the answers
25 lie in government sponsorship of team-sport betting.

1 Bearing on both of these points is the fact that illegal
2 betting has two major, inherent advantages over government-
3 sponsored gambling. For one thing, an illegal bettor's win-
4 nings are, albeit illegally, tax-free. Any suggestion that
5 legalized gambling winnings should receive tax-free status
6 would surely be unacceptable to countless American taxpayers
7 who have no inclination to gamble regularly. For another,
8 illegal bookies will extend credit to their "clients." They
9 will commonly "carry" a heavy losing bettor or even rebate a
10 percentage of his losses, if assured that the client has the
11 ability to make those losses good. If the client does default,
12 the bookie has available a number of enforcement techniques
13 that a government could never use.

14 A governmental betting agency simply could not match these
15 advantages. It is therefore quite conceivable that many of
16 the new bettors created by government promotion would graduate,
17 sooner or later, to the illegal bookie or to his colleague,
18 the loan-shark.

19 We do not believe that revenue from team-sport gambling
20 would appreciably ease the financial burdens of government at
21 any level. The prospects of revenue from legalized gambling
22 are invariably exaggerated.

23 For example, five years after New York State legalized
24 lotteries, annual net revenues were less than one-sixth of
25 what had been predicted when the lottery was instituted.

1 More than thirty years of legal horse betting in New York
2 has not alleviated the constant pressure for more and more
3 revenues from this source.

4 Since numerous studies have shown that most gamblers are
5 low-income earners, the net effect of extended legalized gamb-
6 ling would not only be illusory but regressive as well. As a
7 recent task force recently concluded, "legalized gambling will
8 produce relatively small amounts of revenue, and will raise it
9 from the wrong people in the wrong way."

10 Against this background, to suggest that a "cut" of net
11 gambling revenues could be returned to the League or its teams
12 is to propose that we literally sell the soul of our sport for
13 a mess of pottage. There is simply no way to pay in dollars
14 for the devastation that widespread legal gambling would visit
15 on our game. And as public confidence evaporated, so, of
16 course, would revenues -- from gambling and all other sources
17 as well.

18 Even if government-sponsored sports betting could somehow
19 reduce, rather than enhance, the illegal bookie's business,
20 the likely effect would not be to cripple organized crime, but
21 simply to drive it into other areas. As a matter of objective
22 history, the repeal of prohibition can hardly be said to have
23 struck a vital blow at major criminal elements in this country.

24 We are compelled to conclude, as do most experienced and
25 knowledgeable law enforcement officials in this country, that

1 government sponsorship of sports gambling would have no signif-
2 cant impact of any kind on organized crime. Even the then-
3 president of New York City's Off Track Betting Corporation, a
4 vigorous advocate of legalized sports gambling, conceded that
5 after several years of OTB operation the effect on organized
6 crime "has been minimal." And, as the New York Times reported
7 a year, a New York City Police Department "white paper" con-
8 cluded that OTB -- and I quote:

9 "rather than eliminating organized crime from gambling
10 and driving out bookmakers, led to a 62 per cent increase in
11 illegal betting and brought more mob-connected figures into
12 bookmaking."

13 That is from the New York Times, January 10, 1974.

14 There is thus ample evidence that legalized sports betting --
15 even on horseracing, which does not depend solely on human
16 effort and which has been tied to legal gambling for centuries --
17 actually increases both the amount of illegal betting and the
18 involvement of criminal elements.

19 In summary, it is our firm conviction that the presumed
20 benefits of legalized team-sport gambling are an illusion, and
21 that the impossible quest to attain those supposed benefits
22 would wreck professional football as we know it.

23 We completely concur with the observation of a leading
24 sports commentator that "to impose state betting on a legit-
25 imate business that has been prospering on quite different

1 assumptions is certainly unfair, possibly unconstitutional, and
2 very likely self-defeating.*

3 I have brought with me copies of the NFL's position paper
4 on legalized sports gambling, which explains the reasons for
5 our opposition more completely than I have attempted to do
6 this morning. I will leave that statement with you for study
7 at your leisure. Meanwhile, I have touched on some of the
8 very basic reasons why the NFL, along with other professional
9 sports and numerous law-enforcement agencies, view legalized
10 team-sport gambling proposals with nothing short of alarm.

11 Now, where I have quoted various studies and sources, we
12 will be happy to provide your staff with documentation on them,
13 rather than include them with the statement.

14 Thank you very much, Mr. Chairman.

15 Chairman Morin. Thank you, Mr. Rozelle. And that NFL
16 position paper will become part of the record.

17 (COMMITTEE INSERT.)
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1 Before I ask Mr. Ritchie to begin the questioning, do you
2 have any doubt about or do you have any disagreement with the
3 figures announced by the Justice Department as their estimate
4 of illegal sports gambling in the United States?

5 Mr. Rozelle. I could not make a knowledgeable estimate
6 on the amount of money bet. I do know that I was given a
7 figure by the president of the National District Attorneys
8 Association, Mr. Carl Vance, who was then president and may
9 still be -- from Houston, Texas -- and he told me their esti-
10 mate was that less than 1 per cent of the population partici-
11 pated in illegal gambling.

12 I acknowledge that could still be a sizable amount of
13 money, but he gave it to me on the percentage of population
14 that participated in it -- obviously, a very insignificant
15 statistic.

16 Chairman Morin. I want the record to show at this point
17 that the Department of Justice has estimated somewhere between
18 \$29 billion and \$39 billion per year, of which 64 per cent
19 represents gambling on sports, and also that the Department
20 of Justice has stated that something in excess of 50 per cent,
21 and substantially in excess of 50 per cent of this, is con-
22 trolled by organized crime in the United States.

23 Mr. Rozelle. I could not give expert testimony that
24 would really comment on that observation.

25 Chairman Morin. This I think you should know, and I think

1 you do appreciate, is one of the things this Commission is
2 attempting to ascertain with more certainty, that is, the
3 volume of betting and if it is controlled by organized crime
4 and, if so, to what extent.

5 Mr. Ritchie.

6 Mr. Ritchie. Mr. Rozelle, could you tell us the position
7 of the NFL of the propriety of Emprise Corporation, which has
8 recently been convicted of a felony and the appellate process
9 completed, having the concession rights in several National
10 Football League cities?

11 Mr. Rozelle. The Emprise Corporation has no direct and
12 perhaps no indirect relationship with any of the National Foot-
13 ball League teams. If they are involved as concessionaires in
14 stadiums, they are municipal stadiums in which the National
15 Football League is a tenant.

16 Football, like other sports, has little or no income
17 from concessions. The concession income goes to the stadium
18 authority or perhaps to the time tenant, which might be base-
19 ball.

20 So we have not been involved with concessionaires.

21 Mr. Ritchie. I see.

22 There have been a number of witnesses who have presented
23 a causal relationship between the television of games, the
24 publication of line information, the commenting on televised
25 games of favored teams, even perhaps to the extent of talking

1 about spread or points, et cetera. Basically, as I understand
2 your position, you are totally opposed to the legalization of
3 sports betting. Do you also suggest that the Commission should
4 consider banning that type of information since it seems to
5 have some relationship to the amount of promotion toward il-
6 legal wagering at this time?

7 Mr. Rozelle. I think it probably does contribute to
8 gambling. However, it would be my personal opinion that the
9 Commission would be taking a rather undue burden in attempting
10 to restrict the media, television and the press, from giving
11 that information.

12 Mr. Ritchie. You recognize that the Federal Communications
13 Commission has the authority to do that, and in fact they have
14 a policy that they have applied to horse racing, which this
15 Commission did not undertake to question. Is it not your view
16 that it could just as easily be applied to professional foot-
17 ball?

18 Mr. Rozelle. Through the FCC it might well be on tele-
19 vision. The press, perhaps, would be a different matter.

20 Mr. Ritchie. Now, Commissioner, you have stated that
21 normally there are dual goals of legalization, one to raise
22 revenue and the other, if you will, to fight crime, either
23 organized or disorganized.

24 Do you agree that those are worthwhile goals?

25 Mr. Rozelle. I certainly do, as I expressed in my

1 statement.

2 Mr. Ritchie. Do you believe that they are compatible
3 with one another, that you can raise revenue and fight crime,
4 or do you believe that one must sacrifice one goal in favor
5 of one or the other?

6 Mr. Rozelle. Well, if you are talking about this particu-
7 lar vehicle, I feel if you are to raise revenue, the limited
8 studies that have been made -- the New York Police Department,
9 as an example -- that you are going to be developing customers
10 for illegal gambling. I know that is the view of a very
11 prominent former district attorney of the State of New York,
12 that his information, some of which came through wiretaps,
13 was that the bookmakers were delighted with OTB. That is what
14 he told me -- this is Bill Kahn. And they were very pleased
15 with it because they felt it was developing more customers
16 for them. After a person becomes interested in gambling he
17 would go to a better form of gambling which would be tax-free,
18 which would be the bookmaker.

19 Mr. Ritchie. I intend to address some general questions
20 to you but I think it only fair to read to you a letter from
21 the Commissioner of the New York Police Department regarding
22 the New York Times article that you cited in your testimony.
23 And we requested their, quote, "white paper," and the letter
24 reads as follows. This is dated as received February 28, 1974,
25 so this is from that date:

1 "Your letter requesting that we supply your Commission
2 with the report entitled 'Off Track Betting and Organized
3 Crime,' this report which was improperly referred to in the
4 news media as a White Paper was in effect a collection of
5 thoughts that had been assembled at a rather low level within
6 the Public Morals Division of our Department. It was prepared
7 over one year ago and was not based upon a scientific analysis
8 or an in-depth study of the situation. It did not and does not
9 now represent the official position of the Police Department.

10 "Subsequent to recent news media stories concerning this
11 report, I publicly corrected the impression that it was an
12 authoritative Police Department document. Under the circum-
13 stances, I feel certain that you will agree the report has no
14 value to you or the Commission in furtherance of the statutory
15 mandate.

16 "Sincerely, Michael J. Cobb, Police Commissioner."

17 We found, Commissioner, that some of the reports that
18 are made and often cited are not based on fact and that is the
19 purpose of our having these hearings, to try to ascertain from
20 you the factual basis of your opinion.

21 I am sure that if you will consult with the New York
22 Police Department, they still disavow any connection to that
23 report as cited in the New York Times.

24 I have a question, sir, regarding your action against
25 owners.

1 Can you tell us if you ever reprimanded or disciplined an
2 owner for acting contrary to the best interests of the NFL
3 or contrary to the best interests of an owner in the NFL?

4 Mr. Rozelle. Yes, on a number of occasions.

5 I can recall one instance indirectly involving gambling.
6 The individual was not chastized. He was a large stockholder
7 in a conglomerate company that acquired interest in a legalized
8 gambling development, casino.

9 And I advised him that I felt that even though it was
10 a business investment, it was not compatible with football,
11 and he divorced himself from that indirect stockholding.

12 Mr. Ritchie. I see. That relates to an owner as opposed
13 to a player?

14 Mr. Rozelle. Yes.

15 Mr. Ritchie. You have taken similar actions against
16 players, have you not, or caused them to be taken by the
17 League?

18 Mr. Rozelle. Yes.

19 Mr. Ritchie. Is there a different standard that you
20 apply to an owner than you apply to a player?

21 Mr. Rozelle. No, they are identical.

22 Mr. Ritchie. Now, you cited the banning of League per-
23 sons in betting on League games. Do you ban League persons
24 from other forms of gambling, such as going to the race track
25 and placing wagers via parimutuel on horse racing or going to

1 Las Vegas and betting at the tables there -- not sports betting --
2 or else in off track betting as it exists in the State of New
3 York, purchasing lottery tickets where it is legal?

4 Mr. Rozelle. No, as our constitution and by-laws spells
5 out, we are concerned solely with betting on National League
6 Football games.

7 Mr. Ritchie. I have some specific questions but I would
8 like to yield, if I might, Mr. Chairman, to other members of
9 the Commission.

10 Chairman Morin. I notice Senator Cannon has left momen-
11 tarily. I expect him back. I will call upon Congresswoman
12 Spellman.

13 Mrs. Spellman. I am just delighted to be here and sorry
14 I had to be gone and am re-catching up on what it was you had
15 to say.

16 Are players and owners required to file with the National
17 Football League any statements disclosing their interests in
18 any teams, franchises and race tracks, casinos, that sort of
19 thing?

20 Mr. Rozelle. We have a policy that does not directly
21 refer to gambling. And it is that a controlling owner in an
22 NFL team cannot have ownership in another team sport franchise.

23 I think we possibly have one or two that were grand-
24 fathered and the individual or individuals involved are using
25 their best efforts to divest themselves.

1 In the area of gambling casino interests or stock inter-
 2 ests, I gave an example of one owner who was a large stock-
 3 holder in a conglomerate that subsequently acquired a legal
 4 gambling entity. When I spoke to him he divested himself of
 5 that interest.

6 Mrs. Spellman. As I say, I have been trying to go through
 7 your speech to see some of the things that you might have
 8 touched on.

9 You talked about the effect of legalized gambling, the
 10 character of the change of the fans, I notice, and there seems
 11 to be some concern about creating more of an appetite for
 12 gambling.

13 Mr. Rozelle. Yes.

14 Mrs. Spellman. Do you not feel that those who are going
 15 to be gambling are already doing so -- I mean those who already
 16 have that kind of appetite are already doing so?

17 Mr. Rozelle. I sincerely don't. I think if we make some
 18 thing available at a legal OTB shop in New York, for example,
 19 it is a convenient factor.

20 There have been a number of studies on it now. Some
 21 communities are fighting to establish OTB shops in those areas.

22 But I think the convenience factor and the fact that it
 23 is legal would certainly increase the number of people betting,
 24 because your average low-income person probably wouldn't have
 25 access to a bookmaker and if he did, the bookmaker probably

1 wouldn't take his \$2 bet, whereas, you know, the OTB shops
 2 will.

3 Mrs. Spellman. Yes, I notice Andy Russell said some of
 4 the football players would have difficulty even knowing where
 5 to place a bet. And I remember when I was a sweet young thing
 6 of 20 working for the federal government, there were people
 7 who knew where to place bets and I imagine there are today.
 8 And I knew school teachers who knew where to place bets. I
 9 have a great system and if you want it I will be glad to share
 10 it with you. I am almost guaranteed to win between \$2 and
 11 \$10.

12 But it has been my experience that people who want to bet
 13 will find a way. As I mentioned earlier, I am from the State
 14 of Maryland and we do have race tracks. You indicated before
 15 that people might feel that players' actions in a game or
 16 reactions in a game might be an attempt to throw the game
 17 and that sort of thing.

18 We have horse racing and there are jockeys, and I see that
 19 horse coming round the bend and you know you are going to win
 20 and it is almost at the line and then it doesn't.

21 Have you attended the race tracks?

22 Mr. Rozelle. I have.

23 Mrs. Spellman. Do you feel, then, or do you get the sense
 24 that the fans, people who have been there at the races, feel
 25 the race was thrown in each of these cases?

1 Mr. Rozelle. I think you get a little of it. I know how
2 you could get a lot more of that feeling that you are describ-
3 ing, though, and that would be to have betting on horse racing
4 as you do on football, with a point spread. If you had the
5 race track and Secretariat had to win the Preakness by six
6 and a half lengths and he would win by six, I think there would
7 be many more criticizing that jockey.

8 That is one of our problems, the method by which you bet
9 on football, the point spread. It lends itself to consider-
10 able suspicion on the part of people who wish to be suspicious.

11 Mrs. Spellman. I must say I am asking these questions and
12 I have very mixed emotions. I am not sure how I want this to
13 come out at the moment, so in the interest of time, Mr. Chair-
14 man, I will conclude.

15 Chairman Morin. Congressman Steiger, from Arizona.

16 Mr. Steiger. Thank you, Mr. Chairman.

17 Commissioner, with regard to your assumption, I will tell
18 you it is a universal assumption, that legalized gambling
19 means state-operated. For whatever it is worth, your feeling
20 that you expressed very eloquently here that it won't work,
21 I subscribe to a hundred per cent. In my limited experience
22 with government, virtually everything they touch they mess up
23 and in something as involved as betting, I certainly agree.

24 There is another option, however, that is simply legal-
25 izing gambling, not placing any special tax on it, and everybody

1 who wins at it has to pay taxes on what they win or what they
2 earn. This is kind of a straightforward recognition of the
3 facts of life. This might mitigate a little of your concern.

4 The other equation that you make says the distinction
5 between team-sport gambling and horse and dog racing is that
6 one are animals and the other is folks. An animal does not get
7 to the gate without a lot of folks involved and a lot of
8 things can happen and sometimes they do.

9 So it is not the absence of the human element, I suspect.
10 I don't think you could justify the position of the distinc-
11 tion.

12 Your point spread -- handicappers will point out they
13 attempt to do just that with the weights and attempt to do just
14 that by classifying horses, so in reality the point spread is
15 simply an attempt to handicap a team-sport.

16 I am not speaking as an advocate but I would be inter-
17 ested in your response.

18 Mr. Rozelle. I am fully aware in horse racing the handi-
19 capping is done by weight. I am saying in football it is
20 done by points. And if in horse racing, other than using
21 weights to handicap, use the number of lengths a horse had
22 to win by, then you would have a great many more problems in
23 horse racing than you have today.

24 Mr. Steiger. I appreciate that and it is a good point,
25 but my point is it will not bear much examination.

1 I do have a specific question. I know you have very
2 specific rules in the NFL with respect to player behavior and
3 all personnel behavior, indeed. I submit that your rules
4 applied to owners are not quite as rigid.

5 I use the example of an owner -- I do not think it is
6 important because you will know the matter I am talking to.

7 There was an owner of a team that was involved in a race
8 horse fraud. It resulted in his being suspended as the owner
9 of the race horse. Did the League take any action in that
10 matter?

11 And, as a matter of fact, I happen to feel that the
12 gentleman was not the perpetrator. But had it been a player,
13 the suspension would have been automatic.

14 Did the League take any action?

15 Mr. Rozelle. The League did. The owner's contention was
16 that he had been stupid and careless. Under our auspices he
17 was given, by the experts from New York City, a lie detector
18 test which he passed completely, which satisfied me. This
19 was done by a man I had great confidence in in New York City
20 and this owner willingly took it, in fact volunteered after
21 I raised the subject to him.

22 We went that far.

23 And, after the test, I announced I agreed with him. He
24 had been stupid and careless but that was the total extent of
25 any wrongdoing on his part, and because of that we were taking

1 no action as to football.

2 Mr. Steiger. I believe the NFL has a rule that nobody may
3 own more than one team -- a piece or in its entirety.

4 Mr. Rozelle. Yes, the controlling stockholder or the
5 controller of the football entity, the operating entity, the
6 football operating entity, cannot have an interest in another
7 team sport.

8 When we put the rule through, we grandfathered two minor
9 stockholdings, as I recall, and the individuals involved were
10 given a "best efforts" to divest themselves of those holdings
11 in other sports, which they have been doing.

12 Mr. Steiger. All right, two questions subsequent to that.

13 Is it permissible for a minor stockholder to own pieces
14 of several teams under your rule?

15 Mr. Rozelle. Yes, we have minority stockholders. I
16 can think of one individual offhand who has five or ten per
17 cent of one of our football teams but is not involved in man-
18 agement, but is actually involved in another team sport.

19 Mr. Steiger. May he own a piece of another NFL team?

20 Mr. Rozelle. Oh, no.

21 Mr. Steiger. Do you have any prohibition from prohibiting
22 a lender from lending significant amounts of money to more than
23 one NFL team?

24 Mr. Rozelle. We have no such restrictions involving, say,
25 a bank, and I think some have loaned to more than one NFL team.

1 Mr. Steiger. What about specifically a concessionaire.
2 Could he loan to more than one team under your rules?

3 Mr. Rozelle. Concessionaires are not involved, really,
4 with NFL teams. NFL teams do not own concession rights. Some
5 have very minor participation through obtaining a share from
6 the municipal authority that might operate the stadium. But
7 they do not have the same relationship with concessionaires
8 that other sports do.

9 Mr. Steiger. I do not know that there are, so I am not
10 asking you to walk into the gate, but are there any NFL teams
11 that have loans from concessionaires and would you know it,
12 if they did, under your rule?

13 Mr. Steiger. There are none to my knowledge, and I would
14 feel, in my own mind, certain they did not. Our rules in-
15 directly -- our policies would indirectly probably cover it
16 because on any loan that a League owner obtained, we review
17 the terms of the loan and insist upon a certain clause going
18 into that loan agreement stating that should there be a de-
19 fault, the individual making the loan will not be able to
20 operate the football team, and the League would retain the
21 right of approval of any subsequent owner.

22 Now, by indirection, I think that that policy would keep
23 us informed of any loan from a concessionaire.

24 Mr. Steiger. Is that examination of a loan the one time,
25 at the initial granting of the franchise, or is that an ongoing

1 process? If an existing franchise makes a new loan, do you
2 review that?

3 Mr. Rozelle. Yes, we do.

4 Mr. Steiger. Thank you.

5 Chairman Morin. I want to thank the Commissioners for
6 adhering to this five-minute rule so well. I think it will
7 enable us to finish almost on time.

8 I want to announce for the interest of anyone who may be
9 here that the Commission is paying the price for inviting a
10 Commissioner of hockey to show up in Washington, D.C. in the
11 middle of winter. He is now snowed in, and I don't know if he
12 will be able to get here. That, of course, is Clarence Camp-
13 bell.

14 So our schedule will be pushed up a little bit and we
15 have Bowie Kuhn scheduled for 1:30. I understand he is here
16 and will be available at that hour.

17 He will be followed by James Snyder, better known to some
18 of us as Jimmy the Greek.

19 And then Mr. Paul Screvane.

20 Mr. Coleman, who is a prosecuting attorney from Monmouth
21 County in New Jersey, will now question.

22 Mr. Coleman. Thank you, Mr. Chairman.

23 Commissioner. In the field of horse racing, I understand
24 owners, trainers, jockeys, track owners can all bet on horses.

25 Do you have a rule that prohibits anybody connected with

1 the NFL teams from betting?

2 Mr. Rozelle. Yes, sir.

3 Mr. Coleman. Now, assuming for the sake of argument
4 that sports betting was legalized, would your position still
5 be that your players and anybody connected with the teams
6 would then not bet, despite its legality?

7 Mr. Rozelle. I think we would have to maintain that
8 position, but it would be virtually impossible to enforce.

9 I would be concerned in that area on the suspicions that
10 would be generated when you had a known relative of a football
11 player walking into a shop and making a bet and someone seeing
12 how they bet and thinking, "Well, they must have inside in-
13 formation from the football player."

14 I guess we would attempt to maintain the rule but, again,
15 its enforcement would be virtually impossible.

16 Mr. Coleman. Earlier today, Commissioner, Mr. Russell
17 testified as to the League's security efforts at the beginning
18 of the year by having some of your people come and talk to
19 them about various aspects, including places that he should
20 avoid. That indicates that you are aware there is a potential
21 danger here of someone attempting to approach your players;
22 is that correct?

23 Mr. Rozelle. Yes.

24 Mr. Coleman. And over the years you have been Commis-
25 sioner, I assume there have been instances such as that; is

1 that correct?

2 Mr. Rozelle. We know of only one which was reported to
3 us promptly by the player and his coach and was subsequently
4 reported to the FBI.

5 Mr. Coleman. And there have been no other occasions?

6 Mr. Rozelle. That is the only one I know of in the 15
7 years I have been Commissioner that we have learned of, yes.

8 Mr. Coleman. One final question: The rule that you have
9 I think you put in, if I am not mistaken -- about the advising
10 of injuries. I assume that goes back and forth amongst the
11 ball teams, but then it is also given to the news media; is
12 that correct?

13 Mr. Rozelle. Yes.

14 Mr. Coleman. What is the purpose? I can understand the
15 fairness, perhaps, of giving it to other teams, particularly
16 the upcoming opponent for the weekend, but why the news media?

17 Mr. Rozelle. We want everyone to know rather than inside
18 information, perhaps, getting to gamblers.

19 Let's take the Washington Redskins. If we did not have
20 that rule, let's say that Billy Kilmer and Charley Taylor,
21 two of their outstanding players, were unable to play on
22 Sunday, and the Redskins were listed as 6-point favorites,
23 and we didn't give that information out publicly, we feel that
24 there are ways people seeking information could obtain it --
25 people associated with the football team talking about it

1 privately, perhaps -- they could place bets the other way and
 2 inside word would get out, and the point spread would change
 3 radically and considerable suspicion would be attached to the
 4 game. Perhaps it would be taken off the books by the book-
 5 makers because so much money was coming in against the Red-
 6 skins.

7 We just feel the proper thing to do is advise everybody
 8 of injuries when they occur.

9 The other reason -- actually, I believe this policy
 10 started under former Commissioner Burt Bell over 20 years ago,
 11 and again it was to keep faith with the public coming to games.
 12 There was an instance in the old All-American Conference during
 13 the period from '46 to '50 where they had a star player on a
 14 team injured and had some 75,000 people come out and he did
 15 not appear.

16 I think that alerted Commissioner Bell to the importance
 17 of keeping faith with the public in addition to this possible
 18 potential gambling problem.

19 Mr. Coleman. Thank you very much.

20 That is all I have, Mr. Chairman.

21 Chairman Morin. I almost do not believe what I just heard.
 22 The explanation you have just given as to why injuries are
 23 made public is that it is not fair to the gamblers not to
 24 make it public.

25 Mr. Rozelle. No, it is to eliminate suspicion. Perhaps

1 I did not express myself clearly.

2 Chairman Morin. Oh whose part?

3 Mr. Rozelle. Here is an example. Whenever a football
 4 game is taken off the books -- and you will see this occasion-
 5 ally. You will see the line in your newspaper, so and so a
 6 1-point favorite, so and so a 3-point favorite, and you will
 7 see another game listed where it says "no betting." That a-
 8 rouses tremendous suspicion which is what we attempt to elim-
 9 inate.

10 People say, "Why is there no betting? Is it that the
 11 bookmakers fear there is a fix in the game?"

12 Chairman Morin. They will find out when they get to the
 13 game and find Charley Taylor and Billy Kilmer on the bench.

14 Mr. Rozelle. But damage has been done if bookmakers take
 15 it off the books because of this heavy betting.

16 Chairman Morin. If you are so worried about gambling in
 17 the NFL, that is great.

18 Mr. Rozelle. We are worried about the suspicions that
 19 will be attached to the sport. I am more concerned about the
 20 suspicions than I am about the possibility of the fix. I am
 21 concerned about what people will think, about them calling
 22 district attorneys, flooding government agencies with requests
 23 for investigation of this game or that game, which we do not
 24 now have because it is difficult for an illegal bettor to com-
 25 plain.

1 If you had legal betting, I assure you you would have a
2 flood of such calls saying, "This game should be investigated.
3 I lost a bet on it and I didn't like the call of the official.
4 The quarterback threw a pass that was intercepted and he
5 obviously shouldn't have thrown it. He was doing it because
6 he was in the tank."

7 Chairman Morin. Why don't they call if the betting is
8 illegal?

9 Mr. Rozelle. I think it is more difficult for a citizen
10 to be indignant about losing an illegal bet with a Congressman
11 or District Attorney than if he had gone to a state betting
12 shop and placed a bet.

13 It is the same reason you have betting commissions, why
14 they give urinalyses to horses. They do that to protect the
15 public. I don't know if they would do that with football
16 players, but they take great measures.

17 Chairman Morin. Who flooded the switchboard when the Red-
18 skins called time out and broke the point spread?

19 Mr. Rozelle. I think in some cases bettors.

20 Chairman Morin. Maybe what you are saying is, if it were
21 legal, you would have to get another switchboard.

22 Mr. Rozelle. I think every Congressman or District
23 Attorney.

24 Chairman Morin. Mr. Dowd is a prosecuting attorney from
25 Stark County, Canton, Ohio.

1 Mr. Dowd. As I understand your answers to both Mr. Cole-
2 man's and Mr. Morin's questions, the NFL is very concerned
3 about the attitude the illegal betting community has toward
4 football as of now, and you react to that, do you not?

5 Mr. Rozelle. We are concerned about anything that casts
6 suspicion on the integrity of our games. And we take every
7 step possible to minimize that suspicion.

8 Mr. Dowd. And that dominates your whole concern in this
9 particular field?

10 Mr. Rozelle. I think you have to always be alert to the
11 possibility of fixes as we saw in college basketball. But by
12 far, my greater concern is the suspicion.

13 Mr. Dowd. Would you say that illegal gambling as you
14 now understand it to be constitutes a negative influence upon
15 the professional football league?

16 Mr. Rozelle. Yes.

17 Mr. Dowd. What affirmative steps do you take other than
18 the ones that you have outlined? You have already discussed
19 your budget which includes several hundred thousand dollars
20 to supervise your personnel, and also your policy of making all
21 information about injuries public so that there will be some
22 integrity in the illegal sports betting.

23 What else do you do that you would consider to be posi-
24 tive efforts to put down the negative influence?

25 Mr. Rozelle. We check, primarily through Las Vegas

1 sources, the betting line several times a week to look for
2 changes in it before the press starts speculating as to why
3 there was a big change. Invariably it is because of an in-
4 jury that perhaps wasn't reported immediately.

5 We have investigative representatives in 26 or 28 cities
6 who work for us on a part-time basis. Their work gets them
7 around town. They report any rumors they hear. We, in the
8 past, have confronted people sitting in cocktail lounges per-
9 haps talking about, "I bet with this and that player," and we
10 have confronted them and found out they didn't know the players
11 and just liked to appear big. We felt that sort of thing was
12 damaging to us and football players.

13 We run down rumors. We check with players where they are
14 involved. And we use our central force in New York City, as
15 well as representatives in these other 26 to 28 cities.

16 And we give our talks at training camp each year to
17 alert players to these problems.

18 Mr. Dowd. Thank you, Mr. Chairman.

19 Chairman Morin. General List. Bob List is Attorney
20 General of the State of Nevada.

21 Mr. List. Thank you, Mr. Chairman.

22 Mr. Commissioner, I thoroughly enjoyed your testimony
23 here.

24 Let me ask you a little further question concerning the
25 subject brought up by Chairman Morin. Obviously, you are quite

1 concerned about what might be called the potential for govern-
2 mental interference in the conduct of football that might
3 arise if sports betting were to become a legal enterprise in
4 the country.

5 Mr. Rozelle. It is not my major concern. If they want
6 to take over the entire investigative procedure and be the fall
7 guy on any problems that happen in professional football, in
8 some ways I would almost welcome it.

9 But it would be a rather serious price for us to pay, I
10 am afraid, with other side effects.

11 Government intervention per se is not my main concern,
12 although I acknowledge to you it would not be particularly
13 welcome.

14 Mr. List. In any event, government intervention not being
15 welcome, you would, I gather, like to pass it off, if it should
16 be legalized -- the investigative phase of it and the licensing
17 and so forth -- to a legitimate government agency rather than
18 having to assume the burden as a league.

19 Mr. Rozelle. We couldn't assume the burden as a league.
20 We might attempt to but we couldn't do it successfully.

21 Mr. List. Assuming that the figures that the Justice
22 Department quotes with respect to the amount that is presently
23 wagered, \$20 billion or \$30 billion or \$40 billion a year,
24 is correct, and recognizing that there has only been one at-
25 tempt during your 15 years as Commissioner to illegally

1 influence a game, would you not concede that making the sport
2 a legally controlled and operated game would, in all likelihood,
3 not bring about an increased amount of attempts to illegally
4 influence the sport?

5 Mr. Rozelle. It may or may not. You have many more
6 people betting, which is a negative, but perhaps with the
7 government's involvement, that would be a safeguard.

8 I know you would many times over multiply the suspicions
9 that you have now that would be voiced by people, because you
10 would have many more people betting.

11 Mr. List. I suggest that the suspicions at the present
12 time are perhaps without -- that the persons who have sus-
13 picions are without any avenue to really run them down.

14 Your comment earlier that an illegal bettor really does
15 not have any place to turn, I think has merit. And it seems to
16 me that if the betting were to be made legal, and in effect
17 he is then a consumer, in a sense, with an avenue to report
18 and to proceed upon evidence that illegalities are taking
19 place -- do you have any comments on that?

20 Mr. Rozelle. Oh, I think you would get a flood of those.
21 That is my point. It would be his Congressman, his police
22 chief, his district attorney. For people who feel that legal-
23 izing it would lessen their law-enforcement burdens, I think
24 they would find that would be more than compensated for by,
25 as you call them, the consumer complaints they would receive

1 and have to run down.

2 Mr. List. It seems to me that up to this point the inter-
3 ests of the League and the owners and employers have been
4 relatively well protected, but that the interests of the
5 bettor -- again, I suggest that it is a substantial number
6 of American citizens -- really haven't been protected because
7 they have been virtually compelled to deal with illegal indi-
8 viduals in whom they really cannot afford to have a high
9 degree of trust.

10 Mr. Rozelle. Well, I would say this to you, sir, that
11 there is no question, as we sit here today, that, if this is
12 done five or ten years from now or in a shorter period of
13 time, I would be proven absolutely right on this score. It
14 will be like grammar school, your betting parlors for team
15 sports. They will go to your bookmakers. Because I see no
16 way to get over the hurdle of the credit the bookmaker can
17 give, and tax-free.

18 You are going to load something on this betting because
19 that is where you get the money. That is why they have an
20 OTB in New York -- they tax it. You will lay something on
21 there that I suspect will be heavier than the bookmakers'
22 present share. And then anybody winning is going to have to
23 pay taxes. So these parlors are going to get youngsters and
24 older people who will bet \$2 and they will get interested in
25 gambling and then they will say, "Why do I have to do this? I



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1 have to pay taxes on it. Now I am interested in gambling, and
2 I will call my bookmaker. I don't have to plunk it down right
3 away, and when I win it is tax-free."

4 So I say -- and I am certain in my mind I am right, and
5 I have talked to many law enforcement people, including prob-
6 ably many of the individuals who did the study that appeared
7 in the New York Times, who get around the city enough to know
8 the volume of betting that is going on. I am totally convinced
9 of this, sir, for the reasons given -- credit and tax-free.

10 Mr. List. I think perhaps those are questions that are
11 subject, with all due respect, to some debate and challenge by
12 economists. I think the Commission has had a number of pro-
13 posals that will perhaps counteract that, and perhaps can
14 provide those to you.

15 Thank you very much.

16 Mr. Rozelle. Thank you.

17 Chairman Morin. It strikes me that were we may be at the
18 present time is that, in the middle of this fact-finding tour
19 of the Commission, it seems quite obvious there is an enormous
20 amount of gambling on professional football and professional
21 sports and there is also enough evidence now to lead us to at
22 least suspect that we are going to conclude that organized
23 crime plays a big factor, that is, the profit from these opera-
24 tions is going into organized crime and being used by organized
25 crime for other purposes, drug traffic, loan-sharking,

1 prostitution, and a number of things which do not come immed-
2 iately to the attention of the National Football League or
3 other leagues and which they would not want to consider too
4 carefully.

5 But to gamble on horses, for example -- the handicapping
6 gives you a break to lure you into voting for a normally slow
7 horse against a normally faster case. The thing that makes it
8 possible to gamble on pro football is the point spread. I
9 doubt very much without up-to-date injury information the
10 gamblers would be able to put out a point spread, and I doubt
11 very much that, if the newspapers complied with the federal
12 law against disseminating gambling information, the point
13 spread would hit the newspapers. And that would be some
14 solution, perhaps, to a problem we are charged with solving.

15 And I would love to have the professional sports organi-
16 zations give to us some constructive suggestions as to how
17 we can combat a situation which exists, and we have another
18 year and a half to come up with our report on it.

19 Mr. Ritchie has some further questions.

20 Mr. Ritchie. Mr. Commissioner, again back to my question
21 regarding there being any different standard applied to the
22 owners and players.

23 Congressman Steiger asked you about an owner who was in-
24 volved in a, quote, "horse race situation," a non-League
25 situation. And you concluded from your investigation that you

1 agreed with the owners or stockholders' position that he had
2 been stupid and careless.

3 I cite to you your suspension of Mr. Karras and Mr. Horn-
4 ung. If they had said they were stupid and careless, would you
5 have not suspended them?

6 Mr. Rozelle. If the owner had been stupid and careless
7 in football to the extent of gambling, I would have suspended
8 him. This was not in our sport. Our investigation which, as
9 I said, included a lie detector test by an expert -- and the
10 expert and myself were totally satisfied with the results. This
11 involved the transfer of certain ownership papers on a horse.
12 It had nothing to do with anything but that it involved the
13 horse racing rules. Part was secretarial error and part, as
14 he acknowledged, was his carelessness and stupidity.

15 But had his carelessness and stupidity been involved with
16 the National Football League in the area of gambling, he would
17 have been suspended.

18 Mr. Ritchie. I am not sure at what point you joined us
19 during Mr. Rooney's statement this morning. Mr. Rooney said
20 he had at one time associated with gamblers. I will ask if
21 you will conduct an investigation of him as you did of Mr.
22 Namath and require him to divest himself of certain interests?

23 You say the National Football League can maintain its
24 reputation and whether or not there is a necessity for Congress
25 to consider an overview in the event you cannot, I am asking

1 you to share with us: Is there any comparison to those situa-
2 tions or other situations where you have perhaps fined owners
3 as opposed to treating a player differently?

4 Mr. Rozelle. Well, I would be very happy to provide you
5 privately the information developed on any of these cases. I
6 don't think it is fair in these circumstances to air them pub-
7 licly, but I would be very happy privately to give you specific
8 information for all of these areas, if that would be satis-
9 factory.

10 Mr. List. Yes, sir. We would not want it attributable
11 to anyone, and of course, what this Commission does is always
12 open to the public, so it would have to be in a form that would
13 not embarrass or perhaps blacken someone.

14 Do you have a basic feeling that legalization would
15 affect the attendance at professional football games?

16 Mr. Rozelle. I think it could in time. At least, as I
17 pointed out in my statement, those people who are not inter-
18 ested in gambling, and if you had more of a gambling element
19 attend the games, it might be repugnant to them.

20 I have told this story before. I am not totally object-
21 ive on this subject and I will explain why.

22 In the early 1960's, after I became Commissioner, I
23 went to Yankee Stadium. I went with a television executive
24 friend of mine and I had a four-seat box. There were just
25 the two of us and we sat in the two front seats. And two

1 young boys drifted down and sat in the seats behind us. And I
 2 wasn't going to use the seats, so it was fine with me. They
 3 started talking about the board gambling. So I turned around.
 4 I said "You are sitting in my seats. No one else is coming and
 5 you are free to be there but I don't want you to talk like
 6 that." To be honest, I was probably a little stronger in what
 7 I said.

8 So they were very good and didn't get a word out of them.
 9 Then the final gun went off and I had a tap on the shoulder and
 10 turned around and got a fist in the face and they ran up the
 11 aisle.

12 So perhaps I am not totally objective.

13 Mr. Ritchie. Perhaps Ms. Marshall and I have only seen
 14 gamblers across a courtroom trying to put them in jail, so I
 15 don't know if we are being totally objective, either. We are
 16 trying to understand the facts. The attendance factor is
 17 important because I suggest to you, sir, all the evidence
 18 preliminarily developed would dispute the Harris poll. All
 19 the evidence we have been able to develop on people who bet on
 20 sporting events would dispute that 1 per cent or whatever it
 21 was given to you by the National District Attorneys Associa-
 22 tion.

23 Mr. Rozelle. I thought that was a fairly knowledgeable
 24 source. I felt when that was given me by an organization of
 25 over 200 district attorneys throughout the country it had some

1 substance.

2 Mr. Ritchie. We received information from them and this
 3 Commission is endeavoring to expend a great deal of money to
 4 find just exactly that, if we can, the percentage of people
 5 who gamble. But we cited examples from people engaged in
 6 illegal bookmaking as well as our own common experience in the
 7 prosecution of cases, that the fans do bet.

8 And I cite to you an example where there is three minutes
 9 left in the game, there is a 13 point spread and the score is
 10 21 to 7, and the crowd does not leave. They are there to
 11 make sure that the point spread is protected one way or an-
 12 other.

13 That, to me, indicates they have a betting interest as
 14 opposed to an attendance interest in the game and are really
 15 staying in order to see the outcome of the line as opposed to
 16 the outcome of the contest, which is really not in doubt --
 17 maybe I should make it less than three minutes because in many
 18 games they have changed hands that quickly.

19 Do you think we should pursue an inquiry to try to under-
 20 stand the complexity of the people who attend your games and
 21 whether or not the legalization of some type of wagering on
 22 those games would affect their attending your games?

23 Mr. Rozelle. It might be worthwhile attempting to re-
 24 search. My opinion is that in football, people who hold season
 25 tickets -- it is a very small percentage of any of those who

1 do anything other than bet a dollar with their friend.

2 Mr. Ritchie. Could you tell us how many investigations
3 you have undertaken and what evidence you need to undertake an
4 investigation regarding any irregularity from your code of con-
5 duct or your rules in the last, say, 15 years, or the last
6 five years, if that is a better question.

7 Mr. Rozelle. Well, we are constantly running rumors down,
8 reports that come to us. So it would probably be in the hun-
9 dreds. I would have to go through our files with our Director
10 of Security, Jack Donehy.

11 We had a major investigation which was highly publicized
12 in 1963, in which we interrogated some 56 individuals, I be-
13 lieve, and spent several months on it.

14 We did have law enforcement sources originally, informa-
15 tion about the bar and restaurant that Joe Namath did not
16 operate but had an ownership interest in.

17 And those would be the major ones that I can recall off-
18 hand, but we could go through our files.

19 Mr. Ritchie. Could you tell us, in your judgment, who is
20 the person who would try to fix a sporting event such as foot-
21 ball? Would it be the athlete? The owner? The bookmaker? A
22 person who places large wagers? All of these?

23 Mr. Rozelle. People who would like to place a large
24 wager but have an edge on their wager, I assume. At least
25 that has been the history of it in this country and other

1 countries.

2 Mr. Ritchie. In your prepared statement, Mr. Commissioner,
3 you stated that in your judgment the revenue was small that
4 was received from legal gamblers, and you cite the New York
5 lottery for the past five years.

6 The figures which we have for -- unfortunately, my re-
7 search is not complete enough to limit it to five years, but
8 for the past seven years it indicates a gross of \$591 million,
9 and the net to education for the State of New York was \$290 mil-
10 lion, and prizes distributed were \$221 million.

11 Do you consider that not to be significant in terms of
12 what New York would have to do to raise that type of money if
13 they didn't have a lottery?

14 Mr. Rozelle. No, I didn't say that. What I said was
15 they had developed after five years one-sixth of what their
16 original projection was.

17 Mr. Ritchie. The projection might have been based in
18 order to get passage of the lottery law. I am just speaking
19 of what has actually resulted. Do you not consider those
20 significant amounts of revenue?

21 Mr. Rozelle. Certainly they are significant amounts of
22 revenue. I am not an expert on the subject, but I think,
23 however, there may be negatives as to the source of the revenue.

24 I have information here from Westchester where one of the
25 people, one of the city administrators, who was involved in

1 Mount Vernon, I think -- let's see. He states that when he
2 went to investigate an OTB parlor over the Mount Vernon line
3 in the Bronx, "Most of the people I see look like they need
4 bread rather than bets."

5 Mr. Ritchie. That is a different question. As to your
6 recitation of the small amount of revenue from legal horse
7 racing in New York, for New York in the last 14 years the
8 amount is \$1,093,790,000 to the State of New York. And for the
9 nation in the last 30 years it is \$9,313,194,000 to all of the
10 states which participated in parimutuel racing.

11 I am surprised that those are not significant amounts of
12 revenue. The money would have had to come from some source
13 and the government has to exercise its control in using an
14 excise tax or else lotteries. Why couldn't the government
15 do that in football, as they do with an excise tax on your
16 tickets?

17 Mr. Rozelle. I did not say this was insignificant reve-
18 nue. Please do not paraphrase what I said. What I said was
19 inevitably they overestimate the benefits that will be
20 derived. And on the betting, the income the states are re-
21 ceiving now is not enough. There is always something more.

22 You are going to hear this afternoon, I assume, from
23 Mr. Screvane, and Mr. Screvane is head of the OTB now in
24 New York. And we have heard talk that by having pool cards,
25 that will eliminate any problems.

1 Well, there are problems involved in pool cards, as we
2 found with the scandals and suspensions in soccer in Europe.
3 But beyond that, we are concerned about pool cards as a first
4 step, which Mr. Screvane readily recognized in a letter he
5 wrote the New York Times last Sunday in which he states in
6 part, "Initially we could offer sports cards, possibly with
7 parimutuel pay-offs with a low unit wager. This seems to
8 best fit with our existing operations and a market of small
9 wagerers. As experience accumulates, we can expand into other
10 popular forms of sports gambling, to further erode the grip
11 of organized crime," and so forth.

12 Now, I bring this out because you have cited staggering
13 sums of money if you take \$9 billion on a national basis from,
14 I believe you said, horse racing. And yet this is never enough.

15 We talk about having parimutuel cards, pool cards, but
16 here the sponsor says, "As soon as we are ready, we will grad-
17 uate to individual game betting."

18 Mr. Ritchie. I hope you stay around for my questions of
19 Mr. Screvane. Those might be statements in political rhetoric.
20 I am not saying we necessarily agree with them.

21 You cited one analogy, prohibition, and one thing, at
22 least as far as we are able to determine, that led to the
23 repeal of prohibition is the same thing that frustrates law
24 enforcement in their attempts to enforce anti-gambling laws.
25 That is, people want to bet, as people wanted to drink. People

1 have a high disregard for these types of laws, despite whatever
2 public awareness they might have been given.

3 Since, if I understand your argument, we should concede
4 our fight against prohibiting this type of activity, should
5 we adopt your second goal, that of obtaining some type of
6 revenue, no matter how it might be viewed, small or large,
7 which can serve some public good?

8 Mr. Rozelle. I can't accept the point that people want to
9 do it. A number of people in the country like prostitution.
10 A number of people like drugs. You could also make a lot of
11 money off them if you take the simple argument, "If they want
12 to bet, let's make it legal."

13 There are other things, adopting that premise that I
14 don't think the Commission would accept -- sell drugs; legal-
15 ize prostitution.

16 We are just going to that one point. That is why I can't
17 accept that as a valid premise.

18 There are a number of things that people want. I think
19 there are minority, ghetto housewives and men who want to bet
20 and do bet, and certainly I think in many cases they are de-
21 priving their families of the bare existence that they have,
22 as it is with their income.

23 Mr. Ritchie. And assuming that government has the ability
24 to regulate who bets as well as how much they bet, wouldn't
25 it be better to place it under controls as suggested by

1 General List?

2 Mr. Rozelle. By having legalized gambling?

3 Mr. Ritchie. Yes. It certainly is not controlled now.
4 As Congresswoman Spellman said, if someone wants to bet, they
5 certainly have plenty of opportunities now to do so.

6 Mr. Rozelle. You would screen the bettors?

7 Mr. Ritchie. There is nothing the Commission can't recom-
8 mend in terms of legislation, including credit, exemption from
9 income tax, all of those things which would give legal gamblin-
10 a competitive edge as well as prosecution of the bettor for
11 engaging with someone who was an illegal gambler.

12 Mr. Rozelle. You can surely do that but I am not sure
13 it would be accepted by the American public -- particularly
14 the no taxation.

15 Mr. Ritchie. I am not suggesting it is the solution; I
16 am suggesting it is a solution.

17 Let's, if we may, quickly do this: Can you tell us if
18 there is any legal sports betting which you believe, if you
19 were ranking them, would be acceptable to the integrity of
20 sports? And I start with the sports pool, and then say a
21 sports by event betting, the parimutuel, or license of an
22 operator, or where the government is the entrepreneur.

23 Could you give us your views as to whether there is any
24 form of legalization that you believe would be acceptable to
25 the integrity of the sport as you view it?

1 Mr. Rozelle. Of course, the basic one is a selfish one
2 on our part -- go into competition with your friend from Las
3 Vegas. Have your casinos in the Catskills -- it is selfish on
4 our part. We don't want to be the fall guy. Nobody is going
5 to be hurt except the people who go to the casinos.

6 But when you get into sports betting, we believe we will
7 be the fall guy.

8 Mr. Ritchie. You mean you believe the legalization would
9 be contrary to the League's best interests, or do you believe
10 it will involve government regulation?

11 Mr. Rozelle. No, the former. We feel it is contrary to
12 our best interests; that we would be the fall guy.

13 Mr. Ritchie. But assuming that overall interests assumed
14 by Congress would be to the contrary, you would accept that?

15 Mr. Rozelle. If Congress passed something, obviously.

16 Mr. Ritchie. I have no further questions.

17 Chairman Morin. I want to thank you very, very much for
18 coming. We have been at this for something like a year and a
19 half, and the success that your sport and your office has had
20 in the face of what does appear to be a gambling property is
21 outstanding, and we feel a great deal of it is due to you
22 personally, and we congratulate you and thank you for coming.

23 Mr. Rozelle. I want to congratulate you people. What
24 you are doing is a complex subject and I think hearing from so
25 many people involved directly or indirectly is the proper

1 approach and I commend you on the approach with which you are
2 conducting your investigation.

3 Chairman Morin. Mr. Steiger.

4 Mr. Steiger. The Commissioner should not feel too badly
5 about the wrong information in the White Paper. You are not
6 the first guy who has been fooled by the New York Times.

7 (Laughter.)

8 Chairman Morin. Thank you.

9 The hearing will adjourn now until 1:30.

10 (Whereupon, at 12:30 p.m., the hearing was recessed, to
11 reconvene at 1:30 p.m., this same day.)

AFTERNOON SESSION

(1:35 p.m.)

Chairman Morin. The hearing before the Commission on the Review of the National Policy Toward Gambling will come to order.

This is a continuation of our morning hearing and our first witness this afternoon is Mr. Bowie Kuhn, Commissioner of Baseball. This was the first sport which had a commissioner, a so-called czar, and we are deeply grateful to Mr. Kuhn for coming here to address us and subject himself to our questions.

STATEMENT OF BOWIE KUHN, BASEBALL COMMISSIONER

Mr. Kuhn. Mr. Chairman, I thank you for inviting me on behalf of our national game. The subject is obviously an extremely important one, and on behalf of professional baseball I am delighted that we are given an opportunity to come and talk to you about it, because I think we do have some useful information with respect to the subject matter you are dealing with and I would like to talk about it.

I would like to express my views in opposition to any expansion of legalized gambling in the United States.

There should be no surprise in this, Mr. Chairman, and ladies and gentlemen, as I have taken every opportunity I could since I became Commissioner of Baseball to oppose any extension of legalized gambling that might cover not only baseball but team sports in general, whether amateur or professional.

I have listed, in connection with my statement, the organizations, amateur and professional, which have joined with professional baseball in opposition to legalized gambling to cover team sports.

It is our general position that any form of gambling on professional baseball games, whether it is legal or illegal, imposes a threat to the integrity of our game, exposes our game to grave economic danger and threatens a disservice to the public interest. I would like to tell you why.

Going back to the days of the Black Sox scandal in 1919, probably the all-time low point of professional baseball in the United States, certainly in the century, baseball felt the frightful impact gambling could have on our sport. The simple, and really unvarnishable fact is that a group of hoodlums succeeded in fixing the result of the World Series in that year.

In order to protect baseball against this very real and present danger then and now, the Office of Commissioner was created in 1920 with primary responsibility for protecting the integrity of the game and since that time Baseball Commissioners have traditionally considered this the most important function of their office.

In my statement I said "a most important" and I would like to correct that to "the most important."

Since I became Commissioner I have viewed this mandate

1 as my most important assignment. I have added to my staff
 2 veteran former FBI personnel and have instituted a program
 3 designed to safeguard as best we can our game's integrity.
 4 Baseball long ago adopted rules with the strictest possible
 5 penalties for baseball people, players and others, who attempt
 6 to fix the outcome of games or to gamble on our games up to
 7 mandatory life-time ineligibility, and these rules have been
 8 enforced. For your information, a copy of Major League Rule 21
 9 is attached to my statement, which covers the subject of
 10 gambling on our games. This rule, incidentally, goes back to
 11 the very beginning of the Office of the Commissioner. It had
 12 its antecedence very much earlier, indeed back in the last
 13 century.

14 In the early days the development of baseball was an
 15 amateur development, and starting just before the Civil War,
 16 our then existing amateur leagues developed rules prohibiting
 17 gambling on baseball games by those involved. Those rules
 18 were notoriously ineffective in those days. Gambling flour-
 19 ished on baseball. And it was not until 1877, two years after
 20 the founding of the National League -- and that is our present
 21 National League -- that the Louisville Club discharged four
 22 players who had been convicted of what they called heaving,
 23 which was throwing baseball games.

24 And from that day on, baseball began to do the necessary
 25 work to put its house in order in this respect.

1 But interestingly enough, even with the beginning of the
 2 National League in 1877, the Philadelphia and New York teams,
 3 which should have been two of our very strongest teams, were
 4 unable, or unwilling to control gambling, believing, I think
 5 history will show, it would stimulate attendance at the games.
 6 And those teams went out of business and for some years there
 7 was no New York or Philadelphia team. And it was not until
 8 the Louisville Club took the first step by putting players
 9 out of the game for gambling that we began to get the kind of
 10 honest game the public was entitled to.

11 It was not to be the last time we would have a problem,
 12 but it was certainly a historic time.

13 I would like to submit to the Commission, Mr. Chairman,
 14 some further information on that history which I just gave you
 15 and which is not in my statement, but which I think is quite
 16 important.

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

20 It would deal a death blow to organized crime;

21 It would not have adverse effects on society;

22 It would greatly increase state and local revenues; and

23 It would not irreparably harm team sports.

24 I disagree emphatically on each of these points, and I
 25 will deal with each individually.

1 With respect to organized crime, it is my very strong
 2 conviction that legalization would lead to greatly increased
 3 gambling on baseball, both in terms of the dollar volume and
 4 the number of bettors. I believe this because, in my judgment,
 5 legalization with the attendant government sanction it implies
 6 I would like to underscore that; it is very important -- with
 7 the attendant government sanction it implies would open up
 8 the avenues of gambling to millions of team sports fans who
 9 presently have no interest in gambling.

10 Remember that most people in this country do not gamble.
 11 That is the fallacy of the oft-heard argument that you might
 12 as well legalize gambling because people are going to do it
 13 anyway. No doubt a small percentage will, but the vast major-
 14 ity are not gamblers and will not.

15 On January 10, 1974, the New York Times reported that a
 16 privately circulated New York Police Department white paper
 17 concluded that off track betting, rather than eliminating
 18 organized crime from gambling and driving out bookmakers, led
 19 to a 62 per cent increase in illegal betting and brought more
 20 mob-connected figures into bookmaking. A high police official
 21 stated: "A climate has been created to gamble. Because it
 22 now is possible to bet legally on horses, thousands of people
 23 who never in the world would have thought of betting on foot-
 24 ball or basketball or baseball are now betting with the bookies."

25 Now, I am aware that the Police Commissioner of the City

1 of New York has taken the position that this white paper was
 2 not an official publication of the New York Police Department.
 3 That doesn't surprise me in the least, nor do I think for one
 4 second that that is any reason why this Commission should
 5 ignore the results of this white paper. Indeed, I would urge
 6 this Commission to do what I have not been able to do, and
 7 that is obtain a copy of this report for your study and eval-
 8 uation.

9 It is the opinion of my security people who I think under-
 10 stand enforcement problems pretty well that this does represent
 11 responsible thinking of responsible people in the New York
 12 Police Department, whether or not it bears the label officially.

13 I suggest that you keep in mind that reports of this kind
 14 are not made in police departments by chance. Whether it is
 15 called official or not, they are simply not made by chance.

16 Also I would suggest, ladies and gentlemen, that the
 17 City of New York has long taken a keen interest in the exten-
 18 sion of legalized gambling. It is now, through off track bet-
 19 ting, proposing the extension of legalized gambling to team
 20 sport. It is not surprising to me the Police Commissioner
 21 does not want to put "official" on a report that appears to
 22 so thoroughly damn the existence of legalized gambling now
 23 in New York State.

24 The New York Times states that, according to police
 25 officials, the marked rise in shylocking was attributable to

1 OTB and further indicated that thefts from businesses and price
2 increases in retail outlets run by gambling losers resulted
3 from shylock pressure.

4 In a later report, the Times cited the case of a 15-year-
5 old boy who had obtained an OTB telephone account after making
6 30 bets a week by going directly to OTB parlors and having
7 adults place his bets for him.

8 I ask you to keep in mind as you listen to that tragic
9 little bit of news that perhaps the largest part of the popula-
10 tion attending major league baseball games and minor league
11 baseball games is children.

12 The youth stated that OTB had introduced many of his
13 schoolmates to gambling and that if "basketball, football,
14 and baseball betting become legal, all the kids will be down
15 at the parlors. These are sports we really know something
16 about."

17 That focuses on the point I am trying to make. Kids do
18 know baseball; they know it very well.

19 It is naive to think that legalization would eliminate
20 or even substantially diminish the volume of illegal gambling
21 on baseball. Quite the opposite will, in my opinion, occur.
22 By introducing gambling to the non-gambling majority, legal-
23 ization would open the doors for organized crime to a vast
24 array of people they could not otherwise have interested.

25 Now, I know you ladies and gentlemen are sophisticated in

1 the problems you are dealing with here and intend to become
2 more so. Therefore, you are probably familiar with this kind
3 of highly sophisticated advertising (indicating document) that
4 we see daily in our New York papers. This is Off Track Betting.
5 They are not going to sit back and wait for people to come to
6 their parlors. They are going to hustle to get people to come
7 to their parlors. And that is exactly what they are doing.

8 To show you how unprincipled they are, they have put
9 this figure (indicating) in the advertisement of a sports
10 shirt and on his shirt they have in lettering "NEW YORK BETS."
11 They didn't get it from "Betting," but from the name "NEW YORK
12 METS," which was also the father of the "NEW YORK JETS" name.

13 That (indicating document), incidentally, is a national
14 publication. That is Sports Illustrated. Look at the reach
15 they are trying to get with their advertising -- not just New
16 York City -- national.

17 The illegal bookmaker will not be put out of business by
18 legalization. No government operation can match his low
19 overhead and he can be counted on to effectively compete for
20 the gambling dollar. He will feed on the host of newly
21 initiated gamblers which legalization would make available to
22 him. He will meet gimmick with gimmick and service with
23 better service. He always has. He will give credit and
24 rebates. He will accept poor credit risks confident that his
25 strong arm methods will be an efficient collection agency. It

1 always has been. He will benefit further from enlarged loan-
2 sharking opportunities presented by increased gambling.

3 What are the likely effects of legalization on society
4 in general? I would like to give you my opinion. One must
5 fear that many of its well-intended proponents seeking somehow
6 to improve the various revenue problems of local governments --
7 I might say parenthetically I have no quarrel with the motives
8 of the people who are trying to promote this kind of legis-
9 lation; I think their motives are good. I think they are mis-
10 guided -- have blinded themselves to its dangerous consequences.
11 They see the possibility of revenue when revenue is badly
12 needed and blind themselves to these problems.

13 An editorial in the Chicago Tribune on February 6, 1972,
14 stated the case well against legalization:

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

23 "On balance, encouraging vices for the sake of taxing
24 them is counter-productive."

25 It is more than that, in my judgment; it is immoral.

1 It is mathematically certain that those who gamble regular-
2 ly with either the legal or the illegal bookmaker lose in the
3 long run. In advertising in the press and on TV promoting
4 the sale of lottery tickets I have seen this catch phrase:
5 "Be an instant millionaire -- buy a lottery ticket today."

6 That is more of this kind of advertising (indicating document).

7 Ladies and gentlemen, I think you know the odds against
8 the buyer winning such a jackpot is more than a million to
9 one, even if he wins he won't be a millionaire because the
10 taxes on his winnings would take much of it.

11 The other side of the coin -- and I firmly believe this --
12 is that among regular gamblers for every "instant millionaire"
13 there are literally thousands of "instant paupers."

14 What is going to be the source of the money that the
15 public loses in legalized gambling? Is it likely to be money
16 that would otherwise go into luxury items? I doubt it. If we
17 open this gambling door further to a whole new generation, I
18 shudder to think what the price will be. The money, I believe,
19 will come, in many instances at least, from people who are
20 least economically able to lose it; money that should go for
21 food, clothing, education, and other necessities will go into
22 gambling. Gambling money is also likely to be taken from
23 wages and welfare payments with all the varieties of problems
24 that could present.

25 In 1963 the New York State Assembly completed a report on

1 Off Track Betting in England. Its conclusions have for us an
2 ominous ring in their applicability to legalization here.

3 They found out these things:

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

6 "1. A massive increase in gambling expenditures which
7 involve at least a fourfold increase in turnover and the parti-
8 cipation of thousands of new citizens in this activity.

9 "2. The great bulk of increased gambling turnover has
10 come from those in the lowest income strata, contributing to
11 an unhealthy and largely unproductive shift of wealth, via
12 betting, away from lower-income families.

13 "3. A sharp increase in defaults of debts owed small
14 shopkeepers as a result of family resources diverted to betting.

15 "4. Changed family expenditure patterns with an increased
16 proportion of household income diverted to gambling.

17 "5. Millions of leisure man and woman hours being con-
18 sumed in the process of gambling.

19 "6. Juvenile indoctrination in gambling habits as a
20 recognized form of entertainment.

21 "7. The development of new forms of gambling to meet the
22 demand generated by the increased public appetite for wagering."

23 I strongly urge that this Commission, through research
24 and investigation endeavor to determine some answers to these
25 critical questions. Perhaps this will be included in the

1 survey contract you are considering awarding to the Survey
2 Research Center of the University of Michigan to determine the
3 betting habits of the average American. But, more than determ-
4 ining his betting habits I urge you, and I would like to see
5 an authoritative report on the effect of increased betting on
6 society and the economic welfare of the bettor.

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

13 Coming to the subject of the effect on state and local
14 revenues, I would like to give you my opinion here.

15 We, in Baseball, do not believe the legalization of gamb-
16 ling on team sports events will provide an important new
17 source of revenue for governments. We believe increased anti-
18 social behavior and poverty among gambling citizens will result
19 from any such legalization. Therefore, while it may be true
20 that a legalized gambling operation may produce a modest rev-
21 enue return, I feel we have not fully evaluated the complex
22 set of interactions which could make the promised riches of
23 legalization fool's gold, in my judgment.

24 I ask you to consider these subjects and to look into them
25 In 1974, a report of the Task Force on Legalized Gambling

1 was published by the Twentieth Century Fund under the title
 2 "Easy Money." The Task Force concluded there is no justifica-
 3 tion for the expectation that legalized gambling will provide
 4 an important new source of revenue for state treasuries. It
 5 is not a substitute for a broad and sustained assault on
 6 organized crime. Perhaps that is a very important sentence to
 7 focus on. "It is not a substitute for a broad and sustained
 8 assault on organized crime."

9 These general conclusions reached in this professionally-
 10 done report are supported by specifics which are quite per-
 11 suasive. I have been informed your committee has copies of
 12 this report and I will therefore not dwell on it further.

13 Now I come to the area where I think we sports Commis-
 14 sioners are best equipped to give our opinion and I strongly
 15 urge you to listen to what we have to say, and that is the
 16 effect on sports.

17 Probably the area in which proponents of legalization
 18 have the least knowledge and sophistication is the effect on
 19 team sports. I do not think I exaggerate one bit when I say
 20 that legalization could jeopardize the very existence of pro-
 21 fessional baseball and other professional team sports by:

- 22 1. Shaking public confidence in the integrity of the game;
- 23 2. Creating a climate favorable to gambling which would
- 24 undermine baseball's historic efforts to prevent gambling
- 25 by its people;

1 3. Creating a new class of gambling fans;

2 4. Adversely affecting baseball's strong family following;
 3 and,

4 5. Threatening the financial stability of professional
 5 baseball.

6 I have no doubt that legalization would adversely affect
 7 baseball's reputation for honesty by creating suspicion in the
 8 mind of the betting and non-betting public.

9 For example, consider this situation. The baseball game
 10 is tied. It is the last of the ninth, runner on third, a
 11 pitch is thrown. It appears to be the third strike but, wait,
 12 the catcher misses the ball. It is a passed ball and the
 13 runner scores the winning run. The true baseball fan sees an
 14 unfortunate error at a crucial time. The fan gambler who had
 15 bet on the losing team will all too often think and say, "It
 16 was right in his mitt, the catcher threw the game."

17 I received mail -- I was very interested last year -- when
 18 a Chicago Cubs catcher dropped a third strike in a game with
 19 Pittsburgh.

20 Where there is heavy gambling, suspicion of dishonesty
 21 will inevitably follow, regardless of how honest the sport
 22 may actually be. There is no way of proving that this is so
 23 other than to search the opinions of knowledgeable people in
 24 sports, all of whom uniformly recognize this clear danger.
 25 Baseball has long been free -- even of whispers -- regarding

1 its honesty and there can be no doubt that this freedom is in
2 large measure responsible for the enormous popularity of the
3 game.

4 Moreover, legalization would certainly increase the like-
5 lihood of efforts being made to fix baseball games and per-
6 formances. This is simply inevitable as the quantum of gamb-
7 ling and the number of gamblers increase. For a shocking but
8 tremendously meaningful comparison, look at the record sum-
9 marized from New York Times stories during the period 1960-71
10 of sports scandals in countries abroad which have gone down
11 the low road of legalization.

12 I have summarized these stories in my statement and I will
13 not go through them here, but in summary they show instance
14 after instance of efforts to fix sports events in Europe. And
15 one can only shudder at the effect that stories like this
16 would have if they occurred in our professional sports in the
17 United States.

18 I would like to direct your attention to a Readers Digest
19 article published in August 1973, entitled "Big-Time Gambling's
20 Menace to Pro Sports." The author, George Denison, is re-
21 ported to have spent nine months researching his story. Mr.
22 Denison found gambling presents a clear and present danger
23 to professional team sports. The devotion of millions of fans
24 to professional sports is rooted in their deep faith that the
25 games are honestly played and that the athletes give their

1 best performances at all times. Anything less than the abso-
2 lute isolation of the gambling syndicates from the world of
3 professional sports would constitute a betrayal of that faith.

4 Based on our own investigative experience and substan-
5 tiated by law enforcement authorities, it is our conclusion
6 that both big and small-time gamblers who patronize legal or
7 illegal sports bookmaking operations will try to get inside
8 information from players and others who work in or in conjunc-
9 tion with baseball, in order that they will have what they
10 call the "edge," which is restricted knowledge of a strength
11 or weakness on the team. Likewise, bookmakers are seeking the
12 same type of inside information in order that their "odds
13 line" will be accurate and thus attract bets to both teams
14 in the contest. This leads to a "balanced book" and sure
15 profits for the bookmakers regardless of which team wins. This
16 pressure for inside information would lead to undesirable
17 associations involving our people and would focus suspicion
18 on the integrity of the game of baseball.

19 There is another danger for us if legalization were to
20 occur. It is altogether probable that it would lead to forms
21 of baseball betting other than individual game bets. The most
22 likely new forms of betting would be spread betting and indi-
23 vidual performance betting. The reason is simple: Where you
24 have the enlarged betting climate which legalization would
25 produce, you can be sure that more sophisticated forms of

1 betting will ensue.

2 The danger of these more sophisticated forms is that per-
3 formers might be lured into run shaving and predetermined indi-
4 vidual performances which would not necessarily involve fixing
5 a game. Such approaches give the gamblers a much more per-
6 suasive argument when trying to induce athletes to give less
7 than their best.

8 The legalization of gambling on baseball games or any of
9 the team sports, either professional or amateur, would require
10 that a decision be made with respect to whether licensing and
11 controls should or should not be imposed on owners, players
12 and game conditions, such as are in existence in horse racing.

13 If they were to be imposed, I fear it would dramatically
14 change the nature of our game. It would emphasize the fact
15 that it has become a gambling control. The effects of control
16 that would be on baseball as they have been on horse racing
17 would change the nature of the game.

18 With or without such controls, baseball is unalterably
19 opposed to legislation which would permit a government agency
20 either to conduct or profit from the booking of bets on base-
21 ball games. Baseball people at all levels have labored dili-
22 gently over the years to develop and preserve the image of our
23 game as one which provides scrupulously honest and wholesome
24 entertainment for American families and from which all taint
25 of gambling is absent.

1 We intend to oppose with all resources at our command any
2 attempt by such agencies to alter that image and at the same
3 time to profit unjustly from it. We are advised by our
4 attorneys that such activities by local or federal governments
5 in the absence of our consent -- which we do not propose to
6 give -- would represent a deprivation of baseball's property
7 rights. Accordingly, we intend, if necessary, to protect the
8 good name and economic well-being of our game through resourse
9 to the courts, if it should ever come to that.

10 In conclusion, professional baseball consisted of 24
11 Major League and 139 Minor League teams in 1974. Our games
12 were attended by over 40 million fans while countless millions
13 watched or listened to broadcasts by means of television and
14 radio. Baseball games have, throughout this century, consti-
15 tuted one of our most important and popular entertainment
16 mediums. We are convinced legalization of gambling on our
17 games will of necessity change the character of our games
18 from a family entertainment medium to a gambling game. This
19 will seriously jeopardize the public confidence in the integ-
20 rity and thereby jeopardize the professional baseball's finan-
21 cial viability.

22 Over and above our determination to protect the best
23 interests of baseball, we feel it is not in the public interest
24 to exploit the weaknesses and encourage the vices of our
25 citizens to finance government. Therefore, we in baseball

1 sincerely hope this Commission will be persuaded we are right
 2 in our fight against legalization of gambling on baseball
 3 games and we appeal to all friends of team sports here and
 4 everywhere to give us their assistance and support.

5 Mr. Chairman, we will be following with great interest
 6 the work of this Commission and you have our cooperation in
 7 your efforts to develop facts on which enlightened decisions
 8 may be made.

9 That concludes my statement, Mr. Chairman.

10 Chairman Morin. Thank you very much, Mr. Commissioner.

11 Before the Staff questions, I just wanted to repeat some-
 12 thing I said this morning, just to set a tone, and perhaps
 13 you might bear it in mind in answering questions.

14 So far the evidence that has been presented before this
 15 Commission -- and it is not final and conclusive yet by any
 16 means -- indicated that perhaps as much as \$30 billion to \$40
 17 billion a year is bet illegally in the United States, and that
 18 some 64 per cent of that is bet on sports, including profes-
 19 sional baseball.

20 It also has been testified to here by law enforcement
 21 people that this gambling operation, all of it illegal, is
 22 generally controlled by organized crime.

23 This Commission, of course, was established by the Organ-
 24 ized Crime Control Act, and it is our task here to try to find
 25 out what, if anything, can be done about this very unhappy

1 situation.

2 Now although, much to your credit and that of Commissioner
 3 Rozelle and others, professional sports has remained startlingly
 4 untainted by this, the rest of society has not. That is, these
 5 billions of dollars presumably -- or apparently, I should say --
 6 are being channeled into organized crime activities of a far
 7 less attractive sort than betting on football and baseball
 8 games. And I am speaking of prostitution, drug traffic, loan-
 9 sharking, and things that are considerably more repulsive to
 10 all of us.

11 Therefore, our task here is not to determine whether or
 12 not necessarily legalization of gambling is or is not beneficial
 13 to professional sports, but rather, in the overall, whether it
 14 might, in some circumstances, benefit society as a whole.

15 Now, number two -- and I just want to say that when that
 16 guy drops that third strike and that gambler says that he
 17 threw the game, I do not know whether it makes any difference
 18 whether he has gambled legally or illegally. If he's got
 19 money on the line, I think he is going to think the same thing.

20 And I think those two matters, as divorced as they may
 21 seem to be from anything, we will address in our questions to
 22 you.

23 Ms. Mariu Marshall will conduct the questioning.

24 Ms. Marshall. I would like to make a statement, if I may.
 25 You suggested we attempt to obtain a copy of that Police

1 Department white paper and I would like you to know we did try
2 to obtain it by a letter written to the Police Commissioner
3 written on February 4. In response we received the following
4 letter:

5 "Your letter requesting that we supply your Commission
6 with the report entitled 'Off Track Betting and Organized
7 Crime,' this report which was improperly referred to in the
8 news media as a White Paper was in effect a collection of
9 thoughts that had been assembled at a rather low level within
10 the Public Morals Division of our Department. It was prepared
11 over one year ago and was not based upon a scientific analysis
12 or an in-depth study of the situation. It did not and does not
13 now represent the official position of the Police Department.

14 "Subsequent to recent news media stories concerning this
15 report, I publicly corrected the impression that it was an
16 authoritative Police Department document. Under the circum-
17 stances, I feel certain that you will agree the report has no
18 value to you or the Commission in furtherance of the statutory
19 mandate.

20 "Sincerely, Michael J. Cobb, Police Commissioner."

21 And the date of the letter was February 28, 1974.

22 With respect to your statement, sir, concerning your
23 security program, I believe you stated you considered the
24 protection of the integrity of the game perhaps your most
25 important assignment.

1 Would you tell us, sir, exactly how much of your staff
2 program is devoted to security? How many staff members, for
3 example, or what percentage of your budget?

4 Mr. Kuhn. It would be hard to give you a precise budget
5 percentage. I have brought into my operation in my office
6 two former FBI men who are responsible for security in base-
7 ball -- and when I say "security," I use the word broadly and
8 it covers the protection of the integrity of our game. At the
9 club level, of course, we have many people who work at this
10 level in cooperation with the people in my office.

11 To try to give you a budget figure would be impossible
12 because I, myself, spend a good deal of my time. We have never
13 broken it down that way. There is a budget for the Security
14 Department but it would be totally misleading to give you
15 that figure even if I knew offhand what it was, and I don't,
16 because so many of us in baseball spend our time on security
17 problems, whether it is me or the general counsel or a whole
18 host of people in our operations, both at club, league, and
19 Commissioner's level. We have a number of people trying to
20 attend to the problems of the integrity of baseball.

21 Ms. Marshall. Do you have a position, sir, relative to
22 the propriety of the Emprise Corporation having concession
23 rights in several of the Major League cities?

24 Mr. Kuhn. Yes, I do. Emprise, through various operating
25 companies, sometimes called Sports Service, has contracts with

1 a number of our Major League baseball teams and some of our
2 Minor League teams for concessions.

3 These relationships go back over a period of many years,
4 back to the days when Louis Jacobs founded the business, and
5 continue today.

6 I have had no reason to raise any question with respect
7 to those until the conviction in 1972 of Emprise Corporation
8 in California with respect to covering up ownership of gamb-
9 ling houses in Nevada.

10 At that time I instructed my clubs that there should be
11 no further contracts made with any affiliated companies of
12 Emprise without clearance with me, and there have not been any
13 new contracts made.

14 That order remains in effect. And until such time as
15 the various pending matters involving Emprise are completed,
16 it will remain in effect.

17 I have not made any final conclusion on how baseball
18 should ultimately handle this problem. The Supreme Court
19 denied certiorari last month and we have proceedings around
20 the country involving Emprise or some of its affiliated com-
21 panies in some of which very favorable results have been
22 obtained from Emprise or Sports Service. So we are following
23 that and when we think we can make a final determination, we
24 will make one.

25 Ms. Marshall. Mr. Kuhn, are professional baseball

1 players permitted to wager on non-sporting events such as
2 casinos in Nevada, Hialeah?

3 Mr. Kuhn. Professional baseball players would not be
4 permitted to wager on baseball games where that is legal. They
5 are not permitted to wager on baseball games anywhere. Specif-
6 ically in Nevada, where it is legal, they would not be per-
7 mitted to do that.

8 Ms. Marshall. Are they permitted to wager on football
9 games?

10 Mr. Kuhn. As long as it is legalized, they could. Where
11 I have discovered such cases, I have taken action against it.

12 Ms. Marshall. What is your basis for drawing the dis-
13 tinction?

14 Mr. Kuhn. Between legal and illegal?

15 Ms. Marshall. No, between baseball and football.

16 Mr. Kuhn. I think it is fairly apparent that if you are
17 going to protect the integrity of the game of baseball you
18 can't have our people betting on it. If they bet on our games
19 it is likely to have some effect on their performance.

20 Whereas, if our people bet legally on horse racing, there
21 is no reason to believe it will have an effect on their per-
22 formance in baseball.

23 Ms. Marshall. We have been told, sir, that perhaps in
24 some instances the extensive television coverage of sporting
25 events and the syndicated publication of point spread

1 information has perhaps given rise to perhaps more of an inter-
2 est in placing wagers in sporting events.

3 Do you feel this is so, and, if so, do you feel it should
4 be banned?

5 Mr. Kuhn. I am hard pressed, Ms. Marshall, to try to
6 give you an answer on that. I am not sure I know.

7 I think it is possible that the extensive coverage by
8 the media of our games in some way leads to some forms of
9 gambling, but I really don't know. I would be speculating
10 there and I am really not sure what advice to give you in that
11 area.

12 Ms. Marshall. What effect, if any, on attendance do you
13 feel legalization of gambling would have?

14 Mr. Kuhn. Devastating -- bad. In my judgment, if we had
15 legalized gambling on baseball, while you might attract people
16 that were primarily interested in gambling who might not
17 presently come, you would certainly drive away the family
18 groups that come to our games in large number. It would have
19 a devastating effect, in my judgment, on attendance.

20 Ms. Marshall. You stated, I believe on page 5 of your
21 testimony, sir, that "Baseball has long been free even of
22 whispers regarding its honesty."

23 A recent poll taken in New York indicated that 18 per
24 cent of the adults in New York bet on baseball during 1972.
25 This amounted to \$212 million, 52 per cent of which was placed

1 with bookmakers. Do you feel this large amount of illegal
2 gambling created a larger incentive for bribery that way or
3 a larger potential for suspicion arising than you had previously
4 had existing?

5 Mr. Kuhn. I think any substantial amount of gambling,
6 legal or illegal, on baseball, represents a threat to the in-
7 tegrity of the game. And as the amount of gambling increases,
8 whether it is legal or illegal, that threat will increase, in
9 my judgment.

10 Ms. Marshall. Mr. Chairman, I have some more specific
11 questions but I would, at this point, yield to the members of
12 the Commission.

13 Chairman Morin. Before you arrived, Mr. Commissioner,
14 after I introduced the Commissioners, Congresswoman Gladys
15 Spellman from Maryland joined us and Congressman Sam Steiger
16 from Arizona.

17 Mrs. Spellman. Did you say Congresswoman?

18 Chairman Morin. Is that the right way to address you?

19 Mrs. Spellman. My son calls me Gladys Spellperson, the
20 Congressperson.

21 (Laughter.)

22 I am intrigued as people who appear before us talk about
23 the compulsive gamblers and all the gamblers that would be
24 created by legalizing gambling. Don't you suppose these
25 people who have problems like that are finding ways to gamble

1 now, that they have been introduced to gambling at one time or
2 another in their lives?

3 Mr. Kuhn. Mrs. Spellman, I believe many of them would
4 find a way to gamble today. I also believe that many of them
5 do not.

6 It is just a matter of making things easy. The easier you
7 make them, the more apt people are to take advantage of what
8 is made easy.

9 You don't tempt an alcoholic by putting a bottle in front
10 of him. You keep it away from him.

11 And when, when you put the sanction of the State of Mary-
12 land behind him, you bring in not just compulsive gamblers,
13 but you bring in a lot of people who are not compulsive gamb-
14 lers who just will be induced to go out and gamble because the
15 State of Maryland will be doing the very same sort of thing,
16 I am afraid, as this (indicating) once it gets into the busi-
17 ness. And I see nothing but trouble there.

18 Mrs. Spellman. The State of Maryland had hoped to collect
19 a great deal of money from the lottery because all those
20 people out there were just waiting to gamble, but it has been
21 somewhat disappointing and they have not done nearly as well
22 as they had expected.

23 I was also interested in your statement that the nature
24 of the spectators would be changed, that if we had gambling
25 we would lose a good many of the family kinds of spectators.

1 And yet, mine is a highly Catholic district and when you attend
2 the church festivals with the Bingo games -- I do not know
3 how the Catholic Church would exist if we did not have gambling
4 in the churches. And those are families who go.

5 Does that change your impression?

6 Mr. Kuhn. Does that change my view?

7 Mrs. Spellman. Does that change your view?

8 Mr. Kuhn. Mrs. Spellman, I might say it is an unfair
9 question to ask me because I am a Catholic.

10 No, it doesn't change my view. I feel what you can
11 successfully do under the aegis of the Church you would have
12 a hard time doing if it was just pure and simple in the State
13 to run a money-making business of gambling. I think it is a
14 very different thing.

15 Mrs. Spellman. Maybe that is a solution we have not
16 thought about. Rather than turning it over to the government,
17 maybe we should turn it over to the churches to get them to
18 control it.

19 (Laughter.)

20 To get a little more serious about some of these things,
21 how do the efforts that you both are making to prevent gamb-
22 ling scandals and the like compare with the kinds of efforts
23 that are being made in collegiate sports? Are they not far
24 more stringent than your requirements?

25 Mr. Kuhn. Are collegiate sports more stringent?

1 Mrs. Spellman. Yes.

2 Mr. Kuhn. Well, I doubt it. I think collegiate sports
3 make a very real effort to protect the integrity of their
4 game. And I think they do a pretty good job.

5 From what I know of theirs, they are very similar to our
6 efforts. You will find a lot of very fine ex-FBI men working
7 around the country doing a good job, I think, in colleges.

8 However, I think in the case of professional baseball you
9 can go a step farther than just police and say, "If you do bet
10 on a baseball game you are involved in, your professional car-
11 eer is over."

12 It carries a lot more impact than anything the colleges
13 can do, and in no way demeans the efforts of the colleges
14 which, to the best of my knowledge, are very good; the efforts
15 of the colleges in trying to protect the integrity of their
16 games.

17 They labor under the same problems we do. If you go back
18 to the basketball scandals in the 1950's, you know what hap-
19 pened to basketball at that time.

20 Mrs. Spellman. You feel that kind of a scandal creates
21 a problem in terms of attracting spectators, attracting parti-
22 cipation. What about the 1919 Black Sox scandal? Did that
23 create a problem and did you lose attendance as a result of
24 that?

25 Mr. Kuhn. I don't have any attendance figures. I could

1 get them and I will submit them to you. It is an interesting
2 question. I don't know the answer but if I can give you a
3 speculation for the moment. The baseball mood when the 1919
4 scandal was developed was to bring in Commissioner Landis as
5 the first baseball commissioner to replace what was called
6 the National Commission, which was a three-man troika kind
7 of operation which was not as effective as it should have been.
8 The Judge, having ascertained the fact and ignoring the fact
9 that those who had been indicted were acquitted, or not letting
10 that influence him, used Rule 21 I read you a while ago and
11 put them out of baseball permanently.

12 I think the action the Judge took -- it was not done im-
13 mediately; he took some time to get the facts and evaluate the
14 situation -- but I think that action had an almost dramatic
15 effect on the public.

16 They said, "By God, baseball means to be honest and our
17 faith has been restored by what Judge Landis has done."

18 But we will submit the attendance figures to you.

19 Mrs. Spellman. What is your permanent action program at
20 the moment in terms of strengthening these rules of misconduct
21 in the area of gambling, to prevent illegal or extensive legal
22 gambling having a detrimental effect on sports?

23 Mr. Kuhn. As I indicated earlier, we have a security
24 department and beyond that many of us are involved in trying
25 to protect the integrity of our game.

1 I imagine I could take the better part of a day going
2 through all the things we try to do, but I would like to try
3 to give you some highlights.

4 What we do is, we work with our clubs very closely to
5 alert them to any dangers that we have ascertained, or sus-
6 pect.

7 We insist that our clubs maintain certain kinds of regu-
8 lations. In other words, we try to police our clubhouses so
9 that undesirables do not come into our clubhouses.

10 We take direct call telephones out of our clubhouses so
11 people can't call in and try to get edge information on our
12 games.

13 We post in all of our clubhouses Major League 21 which
14 carries with it permanent ineligibility. We have our clubs
15 read that to our players. I go around myself as often as I
16 can and speak to our players and talk about Rule 21 and tell
17 them what it means.

18 I will guarantee every ballplayer knows what Rule 21 is
19 and what the ultimate penalty is in Rule 21.

20 And, our security people make periodic visits to our
21 clubs and go over all the security arrangements

22 Where we find that there has been something which is
23 contrary to our code, we take action, such as where we find a
24 player associating with undesirables.

25 Oftentimes undesirables try to get close to players to

1 try to get inside information and the player is quite innocent
2 in not knowing what this guy is or what his business is.

3 When we find out anything like that, we immediately go
4 to the player and warn him to desist from that association and
5 if it continues then we will take further action.

6 We work with enforcement authorities around the country
7 to protect the integrity of our game. They call us from time
8 to time and ask for our assistance. We go to them from time
9 to time with our problems, as our problems develop. If we
10 have gambling in one of our ball parks -- in the bleachers you
11 may have people gambling. We go to the enforcement authorities
12 and say, "This is a problem we have and we hope you will take
13 care of the situation and put some sort of penalty on the
14 people involved."

15 This is the general nature of it.

16 Mrs. Spellman. Thank you, Mr. Chairman. I hope somebody
17 will follow up with some specific questions.

18 Chairman Morin. Yes. Congressman Steiger.

19 Mr. Steiger. Thank you, Mr. Chairman.

20 Commissioner, it is nice to see you again.

21 Incidentally, that is the most ringing testimony I have
22 heard by a non-participant in this political arena -- honestly,
23 the flowing phrase is great and if you wrote it, you might
24 consider --

25 Mr. Kuhn. I am in enough trouble now, Congressman.

1 (Laughter.)

2 Mr. Steiger. No, why should you consider it?

3 Commissioner, on page 7 I will quote one of your more
4 ringing phrases: "Anything less than the absolute isolation
5 of the gambling syndicates from the world of professional
6 sports would constitute a betrayal of that faith."

7 It not only has a nice ring to it but it is something
8 I think everybody would agree with.

9 Do you accept -- I guess it is an assumption -- that
10 one of organized crime's major efforts is in gambling?

11 Mr. Kuhn. Yes, I do.

12 Mr. Steiger. Do you have a rule in baseball that an
13 owner may own a piece of only one team or only one team in its
14 entirety?

15 Mr. Kuhn. Yes, we do.

16 Mr. Steiger. You, of course, are aware of Emprise from
17 our past discussion?

18 Mr. Kuhn. Yes.

19 Mr. Steiger. I have never understood in the light of
20 this statement and in light of the rules about ownership how
21 you have been able to justify the existence of outstanding
22 loans from the Jacobs family to at least two clubs, and
23 certainly more -- but at least two, to my knowledge -- and one
24 is in excess of \$3 million or almost \$4 million, and the other
25 in excess of \$2 million -- from a family that has been convicted

1 of a conspiracy with members of organized crime.

2 This lender position obviously puts them in a most sig-
3 nificant role as far as the future of the clubs in question
4 is concerned.

5 Is there a reason why you have not required the removal
6 of this lender position? Or is that also one of the things
7 you are contemplating with regard to -- you mentioned pending
8 actions, and I do not know which pending actions. Emprise
9 has no more recourse; you understand that, of course.

10 I guess my question is: One, are you able to do anything
11 about the loans or are you going to formulate a rule which
12 will prohibit multiple loans from individuals particularly with
13 relationship to organized crime, to ball clubs in the future,
14 regardless of whether gambling is legalized or not?

15 Mr. Kuhn. I think there are several questions in there.
16 Let me talk to them separately.

17 First of all, putting aside the Emprise conviction, I
18 have not seen any problem in the fact that several of our clubs
19 may do business with the same corporation.

20 We have this not only in regard to concessions, but we
21 have our clubs, some of which have the same sponsors, for
22 instance, on their broadcasts, for substantial interest.

23 I don't believe that raises the problem we call syndi-
24 calism when, back in the 1800's several of our clubs were
25 owned by the same interests and there was not only suspicion

1 of what was going on but actually something going on.

2 Mr. Steiger. You are equating the sponsorship of a tele-
3 vision broadcast of a game to the lender position? Do I under-
4 stand that?

5 Mr. Kuhn. Yes.

6 Mr. Steiger. Excuse me for saying that is a very poor
7 equation. How could the sponsorship of an exhibition or
8 series of exhibitions of a team affect the economic future as
9 significantly as a lender?

10 Mr. Kuhn. I think, Congressman, if I may draw an infer-
11 ence from your question, your concern is that a lender has
12 some potential control -- potential control -- because he
13 represents an important financial involvement of the baseball
14 club.

15 The same thing is true of sponsors. They are extremely
16 important to the success or failure of our baseball clubs. So
17 the constant element is that financially they mean consider-
18 able to the club with which they do business.

19 Mr. Steiger. Excuse me again. I am going to interrupt
20 you because of time limitations.

21 Again, it would seem to me that in order to complete the
22 equation you would have to establish that the sponsors, them-
23 selves, were organized crime.

24 Mr. Kuhn. I said I would come to that subject. The
25 sponsors of course, I am happy to say, do not have such

1 connections.

2 Mr. Steiger. At least to your knowledge?

3 Mr. Kuhn. To my knowledge, they don't.

4 But taking the organized crime point, Emprise was con-
5 victed in 1972 in California in this matter that I referred to
6 earlier in my remarks, in response to a question by Ms.
7 Marshall.

8 Certiorari was denied by the United States Supreme Court
9 only last month. And, as I said to Ms. Marshall, we have not
10 reached any conclusion about what the future of our relation-
11 ship with the Jacobs corporations will be.

12 To the best of my knowledge, there is pending this month,
13 for instance, a proceeding with respect to the licensing of
14 Emprise in sports arenas in St. Louis. And the referee has
15 returned a report in which he determines that -- Referee or
16 Special Master; I am not certain what the proper title is --
17 in which he determines that the connection between the corpor-
18 ation there involved and the Emprise Corporation, which is a
19 different corporation, is too remote to cause any action by
20 the state authorities of Missouri with respect to that license
21 and that the Jacobs people involved in the Emprise conviction
22 are not involved in the operation of the corporation which is
23 in Missouri.

24 A similar conclusion has been reached by a superior
25 court of California on a related question -- I think it was

1 about race track operations.

2 There are, although I don't have the information here to
3 specify it -- I will be happy to specify them to you in writ-
4 ing, Congressman -- other pending matters where we think these
5 determinations should be seen through before we make a final
6 determination.

7 I have restricted action with regard to Jacobs until the
8 matter is settled.

9 Mr. Steiger. I do not want to belabor this but Mrs.
10 Spellman asked a very germane question: What, indeed, are you
11 doing?

12 I will simply tell you that there is no way that you could
13 defer to whatever the Special Master's decision is -- you
14 obviously have not read the decision in California because it
15 is not germane. The fact is all the Jacobs enterprises are
16 owned by the Jacobs family, the same family that was convicted
17 in the Los Angeles matter. And the fact is, if you are deeply
18 concerned, as you state on page 7, about isolating baseball
19 from any connection with syndicate crime, then there is no way
20 that you can justify, through any legalese or legal maneuvering,
21 the sanctioning of the Jacobs family participation in financing
22 baseball.

23 To say it is not the same family that was convicted be-
24 cause they changed the name of the corporation would be like
25 saying if you call "Jack the Ripper" Andy Dickenson, it would

1 not be any problem. It is that simple. And it is that simple-
2 I am not over-simplifying it.

3 So the only bearing it would have -- at least as far as I
4 am concerned -- on what recommendation this Commission arrives
5 at, it seems to me, is that if indeed there is that little
6 concern at this point in time as far as professional baseball
7 is concerned with the appearance of evil when there is illegal
8 gambling, then clearly, if you are laying on the floor, you
9 cannot fall out of bed. It cannot get any worse and therefore
10 baseball's concern, selfish concern, is going to be enough to
11 overlook what good might come to the nation.

12 I want to tell you in this instance I think you have done
13 a very bad job and your apparent intention to continue that
14 posture I would think would have some bearing on the Commission
15 which, in the light of your invoking all of the harm that is
16 going to develop from legalized gambling, it seems to me you are
17 persisting in a course that, by your own language, you recog-
18 nize as being inappropriate.

19 Mr. Ruhn. I think I have stated in my testimony, Congress
20 man, and I won't repeat it, the points I believe explain our
21 posture and really answer the points you have made here.

22 I assure you I have read the Superior Court decision. It
23 says exactly what I say, that there is no rational connection
24 between the corporation involved in the criminal conviction
25 and the corporation involved. "No rational connection" is the

1 phrase used and I can submit that to you if you like.

2 But I want to remind you, Congressman, very respectfully,
3 that we try to give fair play. And I think these people in
4 sports services are entitled to fair play, too, until we are
5 satisfied -- and I repeat I have taken action -- until some-
6 thing further is established that indicates a further step
7 is required of me. At that time I will do what I think is
8 the right thing to do in fairness to baseball, to the public,
9 and to the Jacobs people.

10 Chairman Morin. We are eating into the time of the next
11 witness and, as you see, we have thus far at least allowed a
12 certain amount of latitude in members of the Commission express-
13 ing their opinions. These happen to be Mr. Steiger's opinions
14 and I do not know if they are shared or not shared by other
15 members of the Commission simply because they have not been
16 discussed by the Commission.

17 I would rather avoid a discussion of the merits of the
18 particular family or company involved because I do not think
19 it is relevant to our inquiry other than to ask questions.

20 Mr. Steiger. I agree. If I could just make a reference to
21 Rule 21, I am sure you are familiar with it and I do not have
22 to recite it to you. Under Rule D it says "Any player, umpire,
23 league official, or employee who shall bet" -- if it is not
24 his team he is suspended for a year and if it is his team,
25 permanently.

1 'Would a club or league official include owners of clubs?

2 Mr. Kuhn. Yes. That was invoked of Mr. Cox, the owner
3 of the Phillies, and he was put out of baseball permanently
4 by Judge Landis and he was put out of baseball permanently
5 for betting on a Phillies game.

6 Chairman Morin. Mr. Dowd.

7 Mr. Dowd. I was so prepared for someone else that I was
8 sitting here today dreaming, and it might be best to pass on.

9 Chairman Morin. All right, why don't we pass on to Mr.
10 Coleman.

11 Mr. Coleman. Mr. Commissioner, in regard to Rule 21,
12 there are two provisions, so to speak. One is if anyone bets
13 in a game they are not involved in, it calls for a year's
14 suspension. But betting on a game they are involved, they
15 are out forever.

16 What is the difference? If you are interested in in-
17 stilling public confidence in the game, if they are going to
18 bet on the game of baseball, why should they get out free in
19 any game?

20 Mr. Kuhn. I think, as far as public confidence is con-
21 cerned, Mr. Coleman, if you knew a player or an owner --
22 or an owner or umpire for that matter -- but take a player who
23 was betting on teams other than his own -- I don't think that
24 would create as great a possibility of public suspicion. If
25 he were betting on his own team, public suspicion would be

1 greater. I think there would be public suspicion in any event.
2 That is why both parts are there.

3 Mr. Coleman. This morning I asked the question that I
4 now ask you: Starting with the premise that in horse racing
5 members of the track, owners, jockeys, et cetera, can bet, if
6 sports betting were to be legalized would you feel, in all
7 fairness, you would have to change the rule, that your people
8 then would be able to bet? Is it legality or illegality that
9 dictates this rule today?

10 Mr. Kuhn. No, it is not the illegality. As I said a bit
11 ago, if we found one of our members was betting in Nevada
12 legally on baseball, we would impose the same sanctions. Even
13 if there were legalization we would take the position that
14 Rule 21 applied and do our best to enforce it. Frankly, I
15 think we would have a tough time, Mr. Coleman, given legaliza-
16 tion.

17 Mr. Coleman. Finally, since you have been Commissioner,
18 may I assume there have been cases you have investigated where
19 your players have been approached, other than some we know about,
20 and that made the papers and you have acted upon? Have there
21 been other instances?

22 Mr. Kuhn. Instances where players were approached to do
23 something dishonest to the game? Since I have been Commissioner
24 I have known of no such instances. We have heard suspicions
25 and checked them out and found no basis. So my honest answer

1 has to be I know of no instance.

2 Mr. Coleman. Thank you very much.
3 Chairman Morin. General List.

4 Mr. List. I have enjoyed hearing your testimony very
5 much, Mr. Commissioner, and we appreciate your being here.

6 I notice throughout your testimony there seems to be a
7 thread running through it that you feel it is only a very, very
8 small number of people proportionately that gamble, a small
9 percentage of the American population who engage in gambling
10 on baseball.

11 Is that accurate?

12 Mr. Kuhn. Yes, that is accurate.

13 Mr. List. What is the basis for that conclusion on your
14 part?

15 Mr. Kuhn. I would say the basis for that is largely the
16 kind of advice and information I get from my security people,
17 which in turn is based on the kind of information they pick
18 up in dealing with enforcement people around the country.

19 As you of course appreciate, there is no precise way to
20 measure this and what you have to deal with is people's
21 opinions and I am dealing with what I believe to be expert
22 opinions.

23 Mr. List. What percentage of the American population
24 would you estimate, based on those opinions you have received,
25 engage in gambling, either legally or illegally on baseball?

1 Mr. Kuhn. There would be a very small percentage engaged
2 in legal gambling because, except in your state -- in fact,
3 there is none except in your state that I know of.

4 As far as illegal is concerned, I don't have the kind of
5 stophisticated or really any kind of opinion to give you. I
6 simply have to generalize as I did in my statement. I don't
7 think it is large but I can't put a percentage figure on it.

8 Chairman Morin. Perhaps the next witness can help us on
9 that.

10 Mr. List. You would attribute the fact that you have
11 had no players approached to what you would call a relatively
12 small amount of gambling?

13 Mr. Kuhn. Mr. List, in order to give you a thorough
14 answer to that I should say that I know of no instance. It
15 is possible that it has happened. I don't think so, but I
16 don't know of any.

17 The relatively small amount of gambling in terms of the
18 percentage of the population certainly, in my judgment, is a
19 factor in what I would call the basic thing, and that is the
20 public confidence in our game.

21 Mr. List. Is it also your opinion that a relatively small
22 amount of money is wagered on baseball?

23 Mr. Kuhn. No, that is not my opinion. I think it is
24 probably a fairly substantial amount.

25 Mr. List. As you indicated, you are aware that the

1 Commission is attempting to ascertain the number of Americans
2 who do engage in sports betting, and the manner and the form
3 in which they do it.

4 Assuming that that survey indicates that there is a sub-
5 stantial amount involved in betting on baseball, would your
6 answer change about the corrupting influence on the game and
7 its impact?

8 I ask the question in light of the fact you apparently
9 believe there is relatively little impact at the moment with
10 only a small number of people gambling.

11 If we find, for example, that 20 to 25 per cent of the
12 American people gamble on baseball, then would your opinion
13 change about the possibility of the impact on the integrity?

14 Mr. Kuhn. I think the more gambling is shown to exist,
15 the greater the risk to the integrity of the game. If it is
16 greater than I think it is, I would say twice over, I guess
17 we ought to take steps to enforcement to prevent it.

18 Mr. List. On page 4 of your testimony you indicated that
19 you believed that increased anti-social behavior and poverty
20 among gambling citizens will result from any such legalization.

21 What is the basis for that conclusion?

22 Mr. Kuhn. My basis for that is various of the studies I
23 have cited in my statement, among which is the experience that
24 we have seen in England and abroad with legalized gambling.

25 I referred to that in my statement.

1 In part, it is my opinion in general as I have observed
2 the scene.

3 It is my conviction, Mr. List, that this is a highly re-
4 gressive form of taxation.

5 Mr. List. Several times throughout your testimony you
6 used the word "vice" to describe gambling and used the word
7 "immoral."

8 I gather you equate that with at least sports betting
9 and feel it is basically an immoral thing to do.

10 Mr. Kuhn. I am thinking largely of sports betting when
11 I say that.

12 My name is Bowie, so I guess I can't talk too much about
13 horse betting.

14 Mr. List. Is it possible, Mr. Kuhn, with all due respect
15 that perhaps most Americans -- and I would say perhaps the
16 majority of Americans -- would have a contrary view? And
17 should not this Commission take into account public opinion
18 on the subject of morality or immorality of betting?

19 Mr. Kuhn. Yes, I certainly do think the Commission
20 should take into consideration public opinion as one factor
21 that it should try to evaluate.

22 I must say I was impressed here recently with the State
23 of New Jersey, faced with casino betting, beat the bejabbers
24 out of it because the people of New Jersey -- my home state and
25 I'm proud of them -- voted it down.

1 Mr. List. Well, they voted it down for some reason, not
2 necessarily that it was immoral.

3 Mr. Kuhn. I have a hunch that it was immoral.

4 Mr. List. I might make one final comment and solicit
5 your comments on it.

6 I, for one, have some feeling that at the present time
7 the sport is pretty well protected from an assault on its
8 integrity, through your efforts and those of the other Com-
9 missioners.

10 I feel, however, that baseball being, in a sense, a
11 national sport, it is more than just the property of the
12 leagues and the owners and it is more than just the property
13 in the sense of players.

14 It is something in which all of us, as Americans, have
15 an interest to some degree.

16 And it seems to me that there are a great many Americans
17 who are at the present inclined that way, not through any
18 habit or through any compulsive urge to gamble, but simply
19 because they like to bet. And they perhaps are without pro-
20 tection, as opposed to the owners and players and the others
21 whose interests are looked after through your good work.

22 It seems to me some consideration has to be given to
23 them, to the debtors, and to the consumers and their protec-
24 tion, if you will.

25 I invite your comments on that.

1 Mr. Kuhn. I think, Mr. List, you have to look at the
2 total price you have to pay in trying to make a judgment on
3 that.

4 I realize there are people who are not addicted to gamb-
5 ling who would gamble for fun, and do indeed gamble for fun.

6 But if you were to legalize gambling on team sports --
7 and I have tried to address my remarks largely to that -- and
8 the price we pay for that is the loss of public confidence in
9 the integrity of those sports -- which is the opinion held by
10 all responsible people that I know of in professional sports --
11 then I say that is too high a price to pay. If you want to
12 let those who want to gamble for fun indulge in that pleasure,
13 I think that is too high a price to pay.

14 Because sports in this country in my humble opinion may
15 be one of the most important treasures that we have of human
16 relaxation. God knows, there are times that are tough enough
17 and we need the relaxation that good, honest sports give us,
18 professional and amateur.

19 I think if you toy with jeopardizing that, you are toying
20 with jeopardizing something that is of very, very great risk
21 to our country.

22 Mr. List. I do not think anybody on the Commission wants
23 to jeopardize the sports and that, of course, is balancing
24 these interests and it is a difficult judgment to make.

25 Thank you very much.

1 Chairman Morin. I just learned that the last witness
2 today will not be able to get here, so we will let it go beyond
3 a little bit.

4 Is that all right with you, Mr. Snyder?

5 Mr. Snyder. I am at your disposal.

6 Mr. Dowd. If some of the states were to lean on legal-
7 ization of sports betting, would there be any preferences you
8 might have as to the limitations placed on sports betting?
9 And I think I am particularly referring to the parlay card,
10 the idea that you bet three or four or five events on the same
11 card, rather than just one event. At least, that concept has
12 been proposed as maybe not so disastrous, as so much of a
13 headlong rush. I wonder what you would comment on that.

14 Mr. Kuhn. I would say two things with respect to that.

15 First off, I think any opening of the door to team sports
16 betting is dangerous because once the nose of the camel is
17 inside he will look for more than the first bite. I think that
18 is pretty inevitable. Look at the extension of racing from
19 race tracks to OTB and the efforts of OTB to expand. I think
20 it is inevitable that the camel will lump them all.

21 Second, while there might be some forms of gambling
22 which would be potentially less harmful, I don't know of any,
23 including the card betting. And I think the experience abroad
24 indicates that card betting has produced problems of illegal
25 fixes, not so much because you try to fix every game but because

1 you try to maybe fix just one or two. And if you can fix one
2 or two, you have the edge. And if you have the edge, that
3 is because you are looking for it; you are a gambler. You
4 will settle for the edge.

5 So, on those several grounds, I would be satisfied with
6 that kind of approach.

7 Mr. Dowd. Thank you.

8 Chairman Morin. I think that Ms. Marshall has some addi-
9 tional questions.

10 I thank you for being patient.

11 Mr. Kuhn. I am delighted to be patient, Mr. Chairman.

12 Ms. Marshall. I just have one question, Mr. Kuhn.

13 You cited to us some instances of past Commissioners'
14 experiences that led to the permanent ineligibility or barring
15 of players. Can you tell us, sir, whether there have been any
16 such instances during your tenure as Commissioner?

17 Mr. Kuhn. No, there have not.

18 Ms. Marshall. There have not?

19 Mr. Kuhn. No similar situations to the best of my know-
20 ledge have arisen and, if there were, there is no question
21 what would be done.

22 Ms. Marshall. Two instances come to mind, sir, one a
23 player charged with murder in a foreign country and fined
24 \$100, and a second one of someone in the 1970's suspended
25 twice for association with known gamblers.

1 Both of these sanctions seem rather lenient. Would you
2 comment on that?

3 Mr. Kuhn. Yes. As far as the Houston ballplayer was
4 concerned, he was charged with what was the equivalent to in-
5 voluntary manslaughter in the Dominican Republic and found
6 guilty. To my mind, that is a very different thing from inten-
7 tional association with gamblers or gambling on our games.

8 I don't believe, myself, that that case presented a risk
9 to the public confidence in the honesty of the game of baseball.

10 As far as McClain is concerned, our investigation, which
11 I think was quite thorough, did not reveal anything in McClain's
12 case other than, in broad terms, association with the gamblers
13 who were running the illegal bookmaking operation in Flint,
14 Michigan. There is not the slightest indication that McClain
15 was in any way gambling on baseball and we found no evidence
16 to that effect.

17 Under the circumstances, many people argued that the
18 penalty imposed was too severe and not the other way. When you
19 are in this area of the length of the Chancellor's foot, you
20 can be sure you will get criticism whichever way you go. And
21 I think that was the case with McClain.

22 But had he been gambling on baseball, Rule 21 would have
23 been complied with.

24 Ms. Marshall. Thank you.

25 Chairman Morin. Thank you again for coming, Mr.

1 Commissioner. We are honored to have had you come.

2 Mr. Kuhn. Thank you very much.

3 Chairman Morin. We will take a five-minute recess and
4 then Mr. Snyder will be with us.

5 (Whereupon, a short recess was taken.)

6 Chairman Morin. Mr. Snyder, could you set up here at
7 the table.

8 The next witness certainly needs no introduction and I
9 think that no hearing on the subject of gambling would be
10 complete without him.

11 None of us who do any betting at all would think of
12 making a bet on any sport or election or anything in the
13 country without checking with what Jimmie says.

14 Mr. James Snyder, who is known to all of us as Jimmie
15 the Greek.

16 STATEMENT OF JIMMIE (THE GREEK) SNYDER

17 Mr. Snyder. Thank you, Mr. Chairman.

18 I have a statement of principle here that I will make.

19 Regardless of what certain newspaper articles said this
20 morning, that I was here to testify in favor of legalized
21 gambling, I am not. But I am going to tell you what I think
22 about it and then you can ask whatever questions you wish.

23 I am strongly opposed to legalization of wagering on
24 team sports -- either amateur or professional -- whether
25 authorized by city, state or federal government.

1 There are several reasons for my viewpoint:

2 1. Legalization would not produce enough revenue to be
3 worthwhile. I estimate the profit at less than \$300 million
4 nationwide. Speculations on pro basketball, baseball and
5 hockey would not even make a dent of any kind on the gambling
6 situation.

7 In a short season, football carries the whole load, except
8 one other place, on the first tee of every country club.

9 The technical operation on betting pools and the manage-
10 ment of point spreads on a per-game basis could not be con-
11 trolled efficiently.

12 The government literally could not compete with bookmakers
13 in sports betting. The present profit margin of bookmakers
14 is only 5 per cent of the gross, a margin too low to fight.
15 Can you imagine our government operating on a 5 per cent gross
16 profit? I mean, how could you do it, especially when it takes
17 a third of the profits to operate by a bookmaker, let alone our
18 government who has to put extra people on payrolls, and you
19 would be operating at a loss.

20 In general, legalized team betting would seriously under-
21 mine public confidence in pro team sports -- and I am sure
22 you heard that from other people this morning. Adults would
23 be affected first, but within a short time betting really
24 would help destroy the loyalty and illusion of youthful ath-
25 letes and worshippers of "Sports Gods."

1 And I say "Sports Gods" for in the ancient days Hercules
2 and all these people were sports heroes in the eyes of the
3 Greeks and they became sports Gods. And the same thing hap-
4 pens now. Our kids and we, ourselves, live vicariously in
5 the shoes of these athletes, and when they do something wrong
6 it is right on the front page -- even though it happens very
7 rarely.

8 Even if no evidence of illegal tampering or collusion
9 were uncovered, suspicion would always cloud some of the
10 events.

11 Now, you have a sufficient profit motive here. In other
12 words, when you have legalized gambling the profit situation
13 enters into it. And the unsuspected wonders of technology
14 could be brought to bear on players. Also, many avenues of
15 sophisticated tampering would become economically feasible.

16 Can you imagine the foolishness of trying to maintain
17 air-tight security over stadiums, locker rooms, coaches'
18 offices, players, and so forth? In brief, integrity could
19 not be maintained, much less guaranteed.

20 In summary, legalized team betting would not be finan-
21 cially rewarding. It would hold a potential for widespread
22 skullduggery and it would help demoralize our youth by a small
23 percentage -- not too much because our kids know what is
24 going on.

25 I have a bit of testimony here about my credentials which

1 I think would be in order.

2 I have been around for 40-some years in gambling, and that
3 has been on both sides of the high-action betting in sports.
4 At one time I gambled as high as anybody. I quit in 1962 --
5 at the request of Bobby Kennedy, by the way.

6 And also that special sport called "Elections" -- I used
7 to bet quite high on that.

8 I am familiar with all types of casino operations. I
9 have owned and operated a stable of race horses. And three
10 years ago -- or four years ago, I was called upon by Howard
11 Samuels to consult with him on operating policies and projec-
12 tion of off track betting in New York.

13 I consider myself a sports analyst or a political analyst,
14 depending on what the season is. My sports column appears in
15 over 250 American newspapers, with some 10 million or 12 mill-
16 ion readers, I guess. My twice-a-day radio broadcasts are car-
17 ried on 258 Mutual stations. In addition, I make frequent TV
18 appearances and I am called upon frequently for statements by
19 committees such as this one.

20 I would hazard a guess I know as much about teams, players,
21 coaches, and other interests as any other individual in the
22 country. That is, after all, my interest.

23 My income is derived from my newspaper column and broad-
24 casts, plus I do have a public relations firm and do have
25 several blue-chip firms I represent.

1 I want to make it very clear on this occasion that I do
2 not make a dime from any form of gambling, and I have not done
3 so for over a decade.

4 Now, to answer some of the things that maybe you all
5 might be interested in. I could talk for hours about any of
6 these points, so please feel free to interrupt me if you want
7 clarification or additional information.

8 I think I have already covered most of the things you
9 want on Question 1, but I want to point out sports handicapping,
10 as you call it, is as much an art as it is a science. No
11 computer can evaluate the data. In fact, for three years we
12 tried it in Santa Monica, a friend of mine and I, and it just
13 doesn't work. Only experience and judgment can evaluate a
14 quarterback or capture a team's momentum or spirit. We gather
15 all the legal information we can on a team with my own per-
16 sonal scouts that are on my own payroll, and our readers, and
17 of course what we do depends a lot of that. We make compari-
18 sons with their opponents and give the result a number. It
19 is not a field for amateurs.

20 In the political scene we will take a poll like others do,
21 maybe more so, maybe by more than they make, and project the
22 percentage into odds, which we think that the public under-
23 stands better.

24 On the social implications of gambling, in my opinion a
25 great amount of gambling money comes from the middle class.

1 Ninety-five per cent of all bets made on sporting events are
2 in the \$25 or \$50 range, among the people, and that puts it
3 squarely in the lower-middle and middle-middle income brackets.
4 There is, in fact, a strong correlation between the segments
5 of society that share the greatest burden of Federal tax and
6 the segments that provide the greatest funds for sports betting.

7 It is not a poor man's game but it is seldom a rich man's
8 toy, either.

9 You ask, Is betting contagious, or is it disruptive?
10 As a rule of thumb, 20 per cent of all gamblers will overdo
11 their betting to the point of financial ruin. This is true
12 regardless of the economic class or form of gambling that he
13 does. Millionaires are ruined as easily as milkmen.

14 By legalizing sports gambling, you would definitely broad-
15 en the customer base; therefore, you would automatically in-
16 crease the number of compulsive gamblers. You would be provid-
17 ing an exciting lure and making it readily available.

18 Under legalization, a small bettor is not likely to in-
19 crease his stakes. But he will bet more frequently. Keep in
20 mind, however, that in sports betting the demand for fresh
21 money will be less than a third of what it is for horse betting.

22 Against the 5 per cent takeout, a bettor would have to
23 make twenty separate wagers of \$2 apiece in order to lose his
24 money if he played at average luck. At OTB, his \$2 would be
25 wiped out in five or six wagers on the same basis of average

1 performance.

2 As to whether enforcement efforts are futile, I say abso-
3 lutely no. Enforcement has been tremendously effective in at
4 least one area. There are few big bettors and few big book-
5 makers around now -- and I tell you this and tell you this
6 truthfully, our FBI has done a hell of a job regardless of
7 what other people say. The moment that iceberg came to the top
8 they cut a big hunk right off the top. Laws dating from 1961
9 to 1970 have effectively stopped the big boys.

10 However, on the low level, on small wagers or social
11 betting, enforcement is a waste of time and effort. The public
12 simply does not support the law at this level. Therefore,
13 enforcement is virtually hopeless.

14 Now, your next question deals with the volume of sports
15 betting.

16 I think, however, your assumptions are wrong. Volume
17 has not increased in the last ten years in what I call "real"
18 betting. Where it has increased drastically is in the areas
19 of pool betting and person-to-person wagers. Greater TV
20 exposure has led to an enormous increase in wagering between
21 friends gathered in front of the set or at a bar. Multiple
22 selection football cards, promising large payoffs, have also
23 grown a lot. Practically every office building in America
24 has someone who sells them. Millions of clerks and secre-
25 taries bet a dollar on games they won't see, just for the

1 social excitement. But big betting, \$500 and up, has really
2 declined regardless of the population explosion.

3 As to point fluctuations for a game, let me explain my
4 role in this regard. For football and many other team games,
5 my own figures reach the public before anyone else's. In fact,
6 I gave my numbers to my publication, Field Enterprises, on
7 Sunday night and they are published nationally in some papers --
8 not all of them -- on Monday, Tuesday, and Wednesday. They
9 have different dates of publication. My figures reach the
10 public before anyone else's and in general sports fans can
11 tell how a game stacks up by reading my column.

12 Eighty per cent of my figures will be approximately the
13 same as what the bookies will have. I will be different maybe
14 on one out of five. And our figures are invariably close,
15 sometimes identical, because mostly handicappers practically
16 always handicap the same way and have the same type of system
17 or rating. It is only a question of how much information you
18 have ahead of time about any affair.

19 But all week long I keep checking with my sources to see
20 how the other line is doing. We keep informed at all times of
21 what the line is. We like to see what they open, according to
22 what my line may be, and I would also like to see what they
23 close to see how close it is to our final numbers.

24 And a football game actually rarely varies by more than
25 two points from the original line. If it does, I check for

1 stories of prominent injuries, flue epidemics. If nothing
2 like this is widely reported in the press I would become sus-
3 picious. That would mean an unnatural amount of money was
4 showing for one side or the other. That is the only way you
5 can tell if there is anything wrong. And there would be sus-
6 picion, as I said, of some kind of inside information.

7 I would feel it would be my duty to warn my readers,
8 which I have in previous times. These circumstances, however,
9 have not occurred in several years. In fact, the last time it
10 happened was in '69 with the Kansas City Chiefs, which I barred
11 for seven consecutive weeks, not because anything was going on
12 that was wrong, but we knew that someone was using the team,
13 the name of the team.

14 Now, you ask if legalization will bring more bettors and
15 thereby more bribery. Well, I would have to say yes. Let me
16 explain this in terms of a pendulum swing. In the 1940's,
17 athletes earned maybe \$12,000 to \$15,000 a season. There was
18 ample opportunity to bet \$250,000 or more on a game. You
19 could actually bet \$250,000 during the war years if you had
20 the credit. It was just like rolling off a log.

21 And I was here. In fact, I bet it a couple times myself.

22 But there was the temptation there -- believe me, a lot
23 of strange things happened in a lot of fields in those days,
24 right here in Washington, as a matter of fact.

25 Now, however, an athlete may easily make \$40,000 a season.

1 maybe \$250,000 or more. At the same time it is very difficult
2 for an individual to bet more than \$10,000 on a single game.
3 I doubt if there are five bookmakers in the United States,
4 hidden wherever they might be, that you could bet \$10,000 with.
5 So who wants to take a risk like that? I mean, why would any-
6 one gamble to win \$10,000 when they are making \$250,000? Why
7 would they want to gamble if they have the fringe benefits
8 of insurance, of retirement policy, that the Leagues offer
9 them? Even their dental bills are so high and the NFL is
10 paying that.

11 And, by the way, I am not on the salary of any of these
12 teams. In fact, I am not even on their mailing list.

13 There are maybe five people in the United States who
14 could bet maybe \$100,000 on a game and get it covered.

15 Now if gambling were legalized, there is that profit
16 motive again, where someone making only \$30,000 or \$40,000 a
17 year would have the chance to bet \$100,000 or \$200,000 in
18 legalized form. I mean the temptation would exist.

19 But now see what the legalized betting would do to the
20 pendulum. A player making \$50,000 would have a chance to bet
21 a half-million dollars on a game and, once again, the tempta-
22 tion for profit would be out of line with the earnings. One
23 timely fumble and he could retire for life.

24 I am not saying it would happen, but I am just saying this
25 could happen. Hypothetically it could happen, because it did

1 happen previously. I am not saying that it will, but the odds
2 are that it would.

3 The answer to whether sports fans would change their
4 attitudes under legalized betting -- I would have to say yes.
5 We can listen to the post-race comments at any track and get
6 a fair sampling of the comments that would be hurled at
7 athletes. Suspicion would be a permanent part of the sports
8 scene. In fact, it is now to some extent.

9 I recall a few games that some things have happened --
10 right here in Washington two years ago, George Allen called
11 time out with 35 seconds left to play, leading, and Larry
12 Brown carried over for a touchdown against the Giants, I
13 believe. Wasn't that right, Morrie?

14 The next day holy hell was raised in the papers about
15 why that happened because it beat the spread. The fact that
16 Larry Brown was trying to beat the points scored for the year
17 never entered anybody's mind.

18 Football will survive, I am sure, because 60 per cent
19 of the fans in the stands are mindful -- when I say 60 per cent,
20 I want you to know I have a market research company with my
21 firm. We have polled people in the stands. We say 60 per
22 cent of the people over 21 of the male audience -- there is a
23 difference, not 60 per cent of the total people in the stands,
24 but 60 per cent of the people over 21 in there have some kind
25 of wager on the game. But let's not call this a bet. It

1 could be a Coca-Cola for Mr. Coleman, or it could be a dinner
2 with Mr. Ritchie, or a parlay card for Ms. Marshall -- for a
3 dollar. We are talking that kind of a bet.

4 Anyway, I would say that credit is more important to
5 sports betting than it is to the over-all economy. Without
6 credit, it would probably dry up. Probably 95 per cent of
7 sports bets are made on credit, all on the telephone. Although
8 most bets are settled two or three days after the event, the
9 week after the event -- for instance, like on a Tuesday is
10 settling day because you do have Monday night football, also,
11 and those who are winners bet on Monday night and those who
12 are losers try to get even on Monday night. It is the biggest
13 betting game of all -- Monday night football.

14 Many bookmakers will carry a reliable client on the cuff
15 for a whole season. Furthermore, a reliable guy with \$500
16 cash on hand can bet \$100 on different games with a bookie,
17 but legally he would have to bet \$100 on each of five games.
18 He can dream of winning tens of thousands from a bookmaker
19 without a worry in the world about taxes. Under government
20 scrutiny, this dream would be imperiled.

21 There is one added statement I would like to make. If
22 sports betting was legalized my income would probably triple.
23 But I don't want it to.

24 Okay; shoot.

25 Chairman Morin. Well, parlay card or not, it is Ms.

1 Marshall that is up for the questions.

2 Ms. Marshall. Thank you, Mr. Chairman.

3 Mr. Snyder, as I understand your statement, you are telling
4 us you are not opposed to social betting but you are opposed
5 to government legalization of sports wagering.

6 Mr. Snyder. Yes.

7 Ms. Marshall. Where do you draw the line?

8 Mr. Snyder. Where do I draw the line? I've got this
9 question marked already, "This will be number 1."

10 How can someone explain that there are three different
11 types of gamblers? You've got your professional gambler,
12 which is like 1 per cent of the 60 per cent that sit in the
13 stands. And 50 per cent of that 1 per cent stay at home.
14 They don't even go to the ball game.

15 I am not talking about that type of gambling, but the
16 social gambling of the people for whom I write and who I want
17 to protect.

18 And the people that I tell are Johnny and Joe who are
19 at the bar and like to bet \$2 because the game is on tele-
20 vision, so they don't have a number so they say, "Let's take
21 The Greek's number."

22 It's in the Washington Post and the Star-News -- Morrie
23 has enough scruples. He probably uses my numbers like every-
24 one else. I have known him and we have been friends for a
25 long time. And on many occasions he has condemned me for

1 some of the numbers that I have made. In fact, he was the first
2 one to knock me for making the New York Jets a 17-point under-
3 dog.

4 But there is a friendly atmosphere with the press and
5 the social gambler. And I think it should continue. But there
6 is no way that you are going to curtail that.

7 Do you want the government to book a social bet of \$25
8 and \$50? I mean, there is just no way that you can patrol
9 that.

10 Ms. Marshall. Is your distinction then predicated on the
11 circumstances under which the bet takes place or the amount of
12 money wagered?

13 Mr. Snyder. I have to apologize. I didn't hear you.

14 Ms. Marshall. Is your distinction predicated on the
15 circumstances under which the bet takes place, i.e., from one
16 friend to another, or the amount of money wagered?

17 Mr. Snyder. Even a social bet can be between two Texans
18 who have a lot of money, so if they bet \$1,000 or \$5,000 with
19 each other it doesn't make any difference. I can make a \$100
20 bet with someone. It doesn't make any difference.

21 Ms. Marshall. You stated your market research indicated
22 60 per cent of the people in the stands were aware of the point
23 spread.

24 Mr. Snyder. I said 60 per cent of the people over 21 in
25 the stands had some kind of a wager of some sort, whether from

1 a Coca-Cola to \$25, but not big bets. The big bettors stay
2 home. I am talking about these people knew what the number
3 was -- of the male audience -- of the male audience. Only
4 one woman out of three knew what it was.

5 Ms. Marshall. Mr. Rozelle cited us this morning a Harris
6 poll that stated that the vast majority of NFL fans do not
7 gamble on NFL games. We are also aware of a poll taken by
8 the Association of District Attorneys --

9 Mr. Snyder. Ms. Marshall, may I interrupt you one second
10 there?

11 Ms. Marshall. -- which indicates that 1 per cent of the
12 adult population gambles. Do you dispute these figures?

13 Mr. Snyder. I have disputed Harris and Gallup for 25
14 years now, so I am not going to quit now. It's fine for St.
15 Peter -- I mean Peter Rozelle -- to say that.

16 (Laughter.)

17 I mean, he has to follow somebody. They have to do it.
18 That is their own private little cubicle. They have to pro-
19 tect it. And I can't name them. If I were Pete Rozelle, I
20 would do the same thing; I would say the same thing.

21 And what's burning me up is I am sitting here practically
22 saying the same things that he probably said this morning
23 because I would love to disagree with him, but I can't.

24 Ms. Marshall. You said that television coverage and
25 exposure of television sports events has led to increased

1 betting?

2 Mr. Snyder. Sure, because it is on television. And
3 you've bet a dollar with your boyfriend, I am sure, at some
4 time.

5 Ms. Marshall. What effect do you feel legalized gambling
6 would have on attendance at sporting events?

7 Mr. Snyder. I don't think it would hurt it.

8 Ms. Marshall. You do not think it would hurt it?

9 Mr. Snyder. No.

10 Ms. Marshall. Do you think it would increase it?

11 Mr. Snyder. I don't think it would make any difference.

12 Ms. Marshall. Do you think it would change the character
13 of the fan that is attending the game? Do you feel it would
14 lead to perhaps less of a family-type gathering and more of
15 a gambling-type environment?

16 Mr. Snyder. I don't want to disagree with Mr. Bowie
17 Kuhh, but there isn't that much betting on baseball today. At
18 one time there was, when baseball was the only sport before
19 the TV audience.

20 Up until 1949 -- '52 -- let's put it this way; '57 --
21 baseball was the biggest betting game of all. But after that,
22 professional football took over from that year on.

23 Ms. Marshall. You brought up the Kansas City situation,
24 Mr. Snyder, in which you said someone was using the name of a
25 team member.

1 Mr. Snyder. Unnatural money was showing for Kansas City in
2 that particular year. What I mean by "unnatural money" was
3 the game was handicapped like 17 by me and also by some other
4 people. Now, the bookies will, say, put it up at 17 and all
5 of a sudden your game is 17, 16, 15, and 14. And yet there was
6 no reason for it because you know the game figured to be 17.

7 Then, all of a sudden, it was 13 and 12, and then 11. And
8 then it went from 11 back to 12, back to 13.

9 What was happening was there was a gentleman by the name
10 of Dawson who was talking, and using Mr. Dawson's name, so
11 even though Mr. Dawson was not doing anything wrong, this
12 other Dawson was using his name to create more money.

13 You see, in football you have three different kinds of
14 gamblers. You have the challenger like I was, and some of my
15 friends -- the challenger who challenges the opening line of
16 the bookie.

17 Then you have your followers who follow you in, because
18 they respect your opinion.

19 And then you have the third class of bettors, those who
20 like to bet, period. Because they went to Michigan they bet
21 on Michigan, or because they are Catholic they bet on Notre
22 Dame, and because they live in Washington they bet on the
23 Redskins. And these would follow this Mr. Dawson because he
24 had been successful on two or three other occasions. But what
25 they were doing was using the public in this respect, because

1 they would take the 17 down to 14. The public would take from
2 14 to 13 to 12, and they would come back and give 11 and 12.
3 In this respect the public was supplementing the bookie's loss
4 by at least 25 per cent and that is why I took them off.

5 But there was nothing wrong. Nobody was doing anything
6 wrong -- none of the players was doing anything wrong.

7 Two other players were on the Kansas City Chiefs at that
8 time and they were talking a little, too. Both of them are out
9 of football now.

10 Ms. Marshall. What opinion do you have on the legaliza-
11 tion of sports pools?

12 Mr. Snyder. You know, I don't like to sound like someone
13 if you are against it, Ms. Marshall, you've got to be against
14 it and I am against it.

15 I don't want to be like the guy who's against capital
16 punishment but says, "No, if he rapes a girl I want to kill
17 him, or if he kills a policeman."

18 You are either for legalized gambling or you are not. I
19 have to say if that comes out, it would be the best form, no
20 question about it. If that were to happen, it would be the
21 best form. In fact, I would even go a little bit further.
22 While I was with OTB as a consultant to Mr. Samuels, we dis-
23 agreed on the fact of legalized gambling. This goes back four
24 years ago. He wanted a program to put legalized sports gamb-
25 ling together for the State of New York and I was against it.

1 He said, "You've got to give me something." And I gave
2 him as an alternative the card, the professional card, on 13
3 professional games -- definitely not on any amateur game.

4 That is, I said, "I don't think that would be right."

5 Ms. Marshall. Thank you, Mr. Snyder.

6 Mr. Chairman.

7 Chairman Morin. Congresswoman Spellman.

8 Mrs. Spellman. I will pass for the moment.

9 Chairman Morin. General List, let's start with you, then.

10 Mr. List. What percentage of the American people would
11 you estimate wager in some form, social or through bookies?

12 Mr. Snyder. Well, as I said, I think 60 per cent of the
13 male audience over 21 makes some kind of a wager.

14 Mr. List. That is people attending or watching a ball
15 game?

16 Mr. Snyder. Yes. So I would have to go along. I would
17 have to say my feelings would be --

18 Mr. List. Let me interrupt just one moment. I would
19 include election bets, bets on virtually any activities, sport-
20 ing or otherwise.

21 Mr. Snyder. Sir, it would all depend on the events.
22 Really, it depends on the events. If it is the Super Bowl,
23 almost 80 per cent of the public would like to make some kind
24 of a bet. If it is the Kentucky Derby, the percentage goes
25 up tremendously -- on the Derby and the Super Bowl -- and on

1 the World Series. They run out 1, 2, 3.

2 But the rest of the events -- on a political race it
3 would have to be like another Nixon-Kennedy situation that
4 was so close, or Nixon-Humphrey situation where it was awfully
5 close. But a Goldwater-Johnson thing -- you know, there was
6 nothing.

7 It all depends on the press, the publicity any situation
8 gets, too. The bigger the publicity, the more people will
9 want to make some kind of friendly wager on it, or social
10 wager.

11 I would have to say that 40 per cent of the public makes
12 some kind of a social wager -- 40 per cent of the public. Now,
13 that is 40 per cent of the 60 per cent, not 40 per cent of
14 our total population.

15 Mr. List. That is the figure I am striving for, the per-
16 centage of the total population that engage in some form of
17 wagering.

18 Mr. Snyder. I will tell you what. You're from home,
19 so I'll give you a full run-down on all our -- in total
20 figures on that; okay? I will give the Commission the whole
21 rundown of what we have done on this and give you the figures
22 on it, if you don't mind.

23 I just don't have total figures in my mind. But my
24 company did it and we will be glad to give them to you. It
25 was for our own research. Of course, we wanted to prove Mr.

1 Harris wrong, that's all. And we know he is wrong. Harris says
2 only 1 per cent -- he's cracking walnuts or getting paid by
3 the NFL, that's all I can say.

4 (Laughter.)

5 Mr. List. I have no further questions, Mr. Chairman.

6 Chairman Morin. Mrs. Spellman?

7 Mrs. Spellman. I will pass.

8 Chairman Morin. Mr. Coleman.

9 Mr. Coleman. Mr. Snyder, talking about the change-over
10 from the bulk of the sports betting being baseball in the
11 1950's and going over to football, to what do you attribute
12 that? Why was there the change-over to the situation where
13 you said football carried it all?

14 Mr. Snyder. I said football is by far the biggest, pro-
15 fessional football.

16 Mr. Coleman. Why the change-over from baseball at one
17 times?

18 Mr. Snyder. It reminds you of the Greco-Roman disaster --
19 the football field -- the stadium where they said, "Thumbs
20 up," and "Thumbs down," on those who were in the arena.

21 Football reminds you a little bit of that. And there is
22 a little violence connected with it, and it creates excitement
23 and chaos and people like it. And the TV exposure did it.

24 Mr. Coleman. The baseball games were televised, also.
25 What is different about football?

1 Mr. Snyder. But nobody gets hit in baseball, sir. No-
2 body gets knocked on their butt when they go back to pass, and
3 nobody rolls over, and nobody gets hit in the head, and things
4 like that.

5 Mr. Coleman. Mr. Snyder, is it the form of gambling, the
6 method, the way the gambling is done, that makes football more
7 popular?

8 Mr. Snyder. It helps, the fact that you can bet on either
9 team and only 11 to 10. You can equalize. Like, for instance,
10 the Redskins are 3 over Green Bay and you can bet 11 at \$10.
11 That helps a lot. A baseball game will sometimes vary any-
12 where from even money to as much as 4 to 1 when Kofax was
13 pitching. He was as high as 5 to 1. He was the only pitcher
14 in the last decade probably that had runs connected with him,
15 where he would spot 2-1/2 runs instead --

16 Mr. Coleman. One other question. You mentioned the
17 social bets of \$25 or \$50 of most people, but is it your
18 experience there is considerable betting with bookmakers
19 with such sums, \$25 or \$50 on sporting events?

20 Mr. Snyder. I said for 95 per cent of the business done
21 in Nevada which is legalized, the tickets they write are
22 between \$25 and \$50.

23 Mr. Coleman. The gambling done with a non-legal bookmaker
24 would follow that same pattern?

25 Mr. Snyder. No, because an illegal bookmaker, unless he

1 is just a corner guy -- you know, a guy on the corner --
2 wouldn't take a customer like that.

3 Let me try to explain something, if I may, about the
4 bookmakers who have been deleted starting with the Kefauver
5 situation.

6 The Kefauver situation probably cut out 50 per cent of
7 the bookmakers -- the top bookmakers we are talking about. Up
8 to then you could bet a million dollars on a game if you had
9 credit -- up until 1951, especially through the war years,
10 because there was an excess of black market money around. Con-
11 sequently, there was a tremendous amount of betting going on.

12 But the Kefauver investigation came along and they brought
13 out the law about the 10 per cent credit tax. This knocked
14 about 50 per cent of the good bookmakers out -- bookmakers
15 who had good names.

16 Now, the other 50 per cent remained until 1961 and the
17 Kennedy Administration came in and put through the Anti-
18 Racketeering Law, which said something pertaining to the fact
19 you could not cross a state line because of the federal tax,
20 if you disseminated any odds or made a wager. That is when
21 about 90 per cent of the other 50 per cent that was left
22 quit also.

23 So that left a very few, very few, of the top bookmakers.
24 In fact, I would say that there are maybe four in the United
25 States today who will deal maybe with five or six exclusive

1 customers in their vicinity, in their locale, period, and
2 nobody else.

3 Now there might be a small bookie, for instance, who will
4 take the \$25, \$50 bets, but a good bookie -- this particular
5 guy you are referring to is not going to put him on. He is
6 not cooking because he is going to hold his business down to
7 those who will make the decision as to whether he wins or
8 loses. And he doesn't want publicity out of it. So he will
9 hold his business to those five or six exclusively good play-
10 ers, and that is all.

11 Mr. Coleman. Thank you very much.

12 Chairman Morin. Mr. Dowd.

13 Mr. Dowd. Mr. Snyder, you made the statement -- and, of
14 course, you just referred to it again -- that big betting has
15 declined. It would seem to me from the information that we
16 are getting from the Justice Department that it is conceivable
17 they have arrived at the opposite conclusion.

18 I am curious on what data or how you base your observation
19 that big betting has declined. What do you use as a basis for
20 that observation?

21 Mr. Snyder. What do I use as a basis? Well, having been
22 one, myself, I know. And I knew the others who were. And I
23 know how little they do. And there is nobody coming around
24 anymore that is. There may be five or six of them and they
25 gamble among themselves more than anybody else.

1 A gambler is a certain clique all to itself and to belong
2 to it you have to be somebody. You have to be one of them.
3 And you have to be one of them that bets. And you've got to
4 have had a past record -- I mean that you have gambled high
5 before -- so that you can continue to bet. And your credit
6 rating has to be there.

7 There just aren't that many people around today who are
8 doing it.

9 Plus the fact -- I will have to say this -- the reputation
10 of people today does not exist like it used to, because after
11 the Kefauver investigation, being a gambler meant you sort of
12 became a second-class citizen, so consequently they all went
13 into hiding and whatever gambling they did do they did among
14 themselves so nobody would be able to tell on them.

15 Now, the demand for information -- I mean you can tell
16 where the gambling is. You know that it is big in New York,
17 no question about it, because there are more people in New
18 York. It goes to Atlanta, maybe, because of the Southern
19 Conference. There is a tremendous amount of interest in that
20 part between Atlanta and Birmingham.

21 And then maybe New Orleans -- a little bit in Miami --
22 very little in the middle west, actually, outside of maybe
23 Chicago.

24 Then you can forget about Nebraska, Oklahoma, North
25 Dakota, until you get clear to Nevada and Western Texas and a

1 little bit in Oklahoma maybe.

2 But all this gambling today among the high players is
3 curtailed to themselves, among themselves, and it is a very
4 low percentage and it is a very select society, believe it
5 or not. They are a society of their own. And very few people
6 can join it.

7 Mr. Dowd. Well, if all that is an accurate reflection
8 of what we have today, then I am not certain I follow your
9 concern that legalization of sports betting will suddenly en-
10 large the clientele of such a closed society.

11 Mr. Snyder. We are talking about the high gamblers, sir.
12 We are talking about a gambler per se, the guy that studies
13 every game and wants to bet the other bookmaker, who will
14 match his bets with the other bookie.

15 We are not talking about the individual -- how many new
16 players has OTB made, Mr. Dowd?

17 Mr. Dowd. I don't know. I do not live in New York.

18 Mr. Snyder. I would say there are now probably 7 per
19 cent more people playing horses than last year, and it will
20 increase to 10 per cent more in the following year. It will
21 increase by 1 per cent for the next five years and then drop
22 down.

23 But there is another thing. Money for sports isn't
24 inexhaustible as far as gambling on sports. You can run out of
25 money for that. But for some reason horses continue because

1 you can bet \$2 on a horse at 15 to 1.

2 Mr. Dowd. Your proposition is that big betting, in the
3 context of sports betting, has declined?

4 Mr. Snyder. Yes.

5 Mr. Dowd. Would you say at the same time that the over-
6 all volume of sports betting has declined?

7 Mr. Snyder. No, I didn't say the volume of sports betting
8 had declined. I said the volume of the gambler -- of the
9 gambler, you see, guys like I was -- has declined to a very
10 small per cent. I quit. A hundred of my friends quit.

11 But the volume in sports betting has not declined totally
12 because of the population explosion and the exposure to tele-
13 vision, so the social betting has been raised.

14 Mr. Dowd. I am talking about volume of betting. Has the
15 volume of illegal sports betting increased?

16 Mr. Snyder. No, I would say definitely not. The volume
17 of illegal sports betting has not increased. In fact, it has
18 decreased tremendously since 1962.

19 Mr. Dowd. And you attribute that --

20 Mr. Snyder. -- to the law. And I attribute it to the
21 FBI because they harrassed and made every gambler go into a
22 hole or put him into a hole.

23 Mr. Dowd. Thank you, Mr. Chairman.

24 Mr. Snyder. In fact, I just got pardoned, myself, about
25 three months ago for a gambling violation that I had in 1961,

1 thanks to Mr. Ford. I appreciate him giving me my pardon.

2 Chairman Morin. Congressman Steiger.

3 Mr. Steiger. Thank you, Mr. Chairman. Mr. Ford thanks
4 you, too, Mr. Snyder.

5 In the old days, I guess before Kefauver, we used to hear
6 a lot about lay-offs and I think there are still a lot of
7 people who think of organized crime's involvement in gambling
8 as a series of very intricate lay-off systems. Maybe you could
9 advise the Commission as to how significant lay-offs are now as
10 compared to 15 years ago.

11 Mr. Snyder. Fifteen years ago maybe they were there --
12 these organizations that you are talking about; I have never
13 actually come in contact with them -- people who are sports-
14 minded and have a bit more money and could control the bets.
15 Before '52 I would say it existed nationally and maybe even
16 up until 1961 there was some existence. The last big bookie
17 situation was knocked out in Las Vegas about three years ago,
18 I believe it was, where the big lay-off was coming in from all
19 over the United States and coming right into Vegas. That was
20 the last big one. There hasn't been any big ones since then.

21 Mr. Steiger. I think it is important that the Commission
22 understand that --

23 Mr. Snyder. Mr. Steiger, may I interrupt one second here?

24 Mr. Steiger. Yes.

25 Mr. Snyder. I just don't believe that there is organized

1 crime in sports. In fact, I just don't believe it because I
2 have never seen it -- not in the last 15 years anyway. They've
3 found better places to put their money, if there is such a
4 thing as organized crime.

5 Mr. Steiger. I will accept the first part of your state-
6 ment.

7 Are you telling us you do not believe there is such a
8 thing as organized crime?

9 Mr. Snyder. I have never run into it yet. There might
10 be an organization in each little town or a group of people
11 organized together. That is all I have ever seen. That
12 doesn't mean that there isn't.

13 Mr. Steiger. So the popular concept of organized crime,
14 the 22 Families and the Mafia and Cosa Nostra --

15 Mr. Snyder. It sure makes good reading -- and it could
16 exist. But I have never run into it, and I don't want to.

17 Mr. Steiger. It does not exist, or you are afraid of it?

18 Mr. Snyder. Afraid of it? You're damn right I am.

19 Mr. Steiger. I do not want to argue with you, Mr. Snyder.

20 Mr. Snyder. No.

21 Mr. Steiger. I want to pick your brains. Because I
22 think you have exposed for us a very important factor, which
23 is the popular misconception of the organized crime lay-offs
24 and what I happen to believe is the fact, that there are lots
25 of people who book bets, as you say, on a much smaller scale

1 than the old image of the \$50,000-a-game player -- the gamblers,
2 in your lexicon.

3 These people who handle a lot of action on the street,
4 each with their own customers and with the credit ratings and
5 so forth -- I was interested in your response to Mr. Dowd,
6 that you believe these people are also fewer in number than
7 they were in the past.

8 Mr. Snyder. Definitely, because there was another law
9 that came through in the '70s, I believe, that five or more
10 create a conspiracy of some sort. And if there was one loop-
11 hold in the '61 law, that '70 law took care of it.

12 Mr. Steiger. All right, then. The concept of legalized
13 gambling using the expertise of whatever is available from
14 people who have been involved in gambling at the public level,
15 not the gambler level -- if this is all true, if there are
16 no more lay-offs and no more big bettors, then from a mechani-
17 cal point of view it should not be too difficult for a private,
18 legal outfit to organize a betting operation that would not
19 require an elaborate lay-off system.

20 Is that a fair statement?

21 Mr. Snyder. I think I would say there aren't any big
22 bets anymore.

23 Mr. Steiger. No, is it a fair statement to say the
24 business now is not so complicated it could not be run legally
25 without the necessity of a big central lay-off system?

1 It is a question, not an argument.

2 Mr. Snyder. I don't understand it.

3 Mr. Steiger. You have told us you accept the fact there
4 are very few big players.

5 Mr. Snyder. Yes.

6 Mr. Steiger. The big players are the ones who created
7 the need for a lay-off --

8 Mr. Snyder. Oh, I see. Right.

9 Mr. Steiger. Now there are no more big players.

10 Mr. Snyder. But, Mr. Steiger, if you were to legalize
11 it there would be some big players, including me. I would
12 start playing again if you made it legal. And so would my ex-
13 friends and other friends.

14 Mr. Steiger. Let me explore that for just a moment, Mr.
15 Chairman, and then I will get on.

16 The popularity of your predictions is accepted and well
17 known. Am I correct in assuming that it is based in large
18 part on your ability to research and analyze current situa-
19 tions with each team in each sport? In other words, you do
20 not just look at their records the way somebody would read a
21 form.

22 Mr. Snyder. No, sir; no. We do a lot of research from
23 the time that the draft starts, all the way through.

24 Mr. Steiger. I was sure that was the case. That re-
25 search, in part, is dependent upon your relationship with the

1 leagues?

2 Mr. Snyder. I have no relationship with any of the
3 leagues, sir.

4 Mr. Steiger. I am not trying to imply that. The fact
5 that they know and trust you, they know you are not going to
6 abuse --

7 Mr. Snyder. I never talk to any of them, sir.

8 Mr. Steiger. How do you do the research?

9 Mr. Snyder. I have 13 scouts of my own that I pay \$300
10 a week -- individually, to each one. I will be glad to give
11 you their names.

12 Mr. Steiger. Mr. Snyder, I am really not concerned
13 about that. Those people, in turn, are dependent upon the
14 sports that they are covering. They have to deal with those
15 sports; is that correct?

16 Mr. Snyder. That is right.

17 Mr. Steiger. And they deal with them as your representa-
18 tives; is that correct?

19 Mr. Snyder. But they are learned people in that particu-
20 lar sports or former players, former coaches, former scouts --
21 all 45 years old or more.

22 Mr. Steiger. I appreciate that. What I am trying to
23 establish is the quality of your information, which is ob-
24 viously excellent, is dependent on these 13 men's relationship
25 with the sports which they are monitoring for you. In other



CONTINUED

2 OF 5

1 words, if they were not on good terms with the various teams
2 in the various Leagues, they would not be as able to get the
3 good information that you need.

4 Mr. Snyder. Mr. Steiger, we do not involve ourselves
5 with any team or with any player. The only thing that my
6 scouts do is go to the game or watch it on television and
7 report to me of any injuries or what they think of it. They
8 know the personnel of each team because at some former time
9 they were connected with some team. But we have no contacts
10 whatsoever with any coaches or players. We don't even talk to
11 them, especially on season -- off season, yes -- not because
12 we do anything wrong; we just have made a practice of that.

13 Mr. Steiger. My question is: Is your decision to oppose
14 legalized gambling based on a necessity to maintain good
15 relationships?

16 Mr. Snyder. No. If you legalize it, my income would
17 triple. Who would be more in demand than Jimmy the Greek?

18 Mr. Steiger. Or Cal Roche?

19 (Laughter.)

20 Mr. Snyder. You got me there. But you must admit I
21 would have more exposure to making more money.

22 Mr. Steiger. Mr. Snyder, you would be in Fat City.

23 Mr. Snyder. Maybe the government would hire me to get
24 the money.

25 Mr. Steiger. If you worked for the government, you would

1 not be as bright as I think you are.

2 Mr. Snyder. I have worked for them for nothing.

3 Chairman Morin. Mrs. Spellman.

4 Mrs. Spellman. What would you say the odds are that we
5 would be legalizing gambling?

6 Mr. Snyder. Morrie asked me that before we came in.

7 Mrs. Spellman. And what did you say?

8 Mr. Snyder. I said a million to one against that.

9 Chairman Morin. We will get a little pool on the Com-
10 mission.

11 (Laughter.)

12 Mrs. Spellman. I am being coached here. Why do you feel
13 that players should not be allowed to bet?

14 Mr. Snyder. There is a good reason why. And I can see
15 why, but I would have to give you an example.

16 Player ABC -- ABC is his name because almost any name
17 we could mention you could hit someone.

18 So we will say Player ABC plays for the Washington Red-
19 skins and he calls his friend and he bets \$500 on the Redskins.
20 They are favored by 3 over Philadelphia. He lost the bet.
21 He lost \$550; okay?

22 And the following week the Washington Redskins are playing
23 the Dallas team and it is a 3-point favorite again with Dallas,
24 and he says, "Bet \$700 for me this week."

25 So now he loses \$1,300 because he loses again.

1 The third week -- and he might have lost the fourth week,
2 too. I will tell you one thing about these players. I remem-
3 ber some who were betting in the '50s. One made 7 bets and
4 lost five of them and the other made five and lost four of
5 them. But that is beside the point.

6 But the big reason is all of a sudden he is a loser, a
7 couple thousand dollars, and now all of a sudden the Redskins
8 are play'ng a team where they are the 17-point favorite. He
9 might decide to bet \$2,500 on the opposite side to get even,
10 "If you can win it by 14, what difference would it make?"

11 So I would have to say it is the right thing to do.

12 But talk about taking advantage of a situation such as
13 that, if you know a player is betting -- if you knew that a
14 player was betting -- if he bets on a game the first week,
15 the second week, the third week, and all of a sudden he lets
16 go the fourth week and doesn't bet on the fourth game, that is
17 the one I would bet on. I wouldn't bet on the three he bet on.
18 He didn't bet on that game because he thinks he is going to
19 lose it and that is why he didn't bet it.

20 And that is why I go against it.

21 I hope I explained it to you.

22 Mrs. Spellman. You certainly did.

23 Let me ask this question: The people we had here this
24 morning all indicated they had very little to do with betting.

25 You, on the other hand, are a real connoisseur on gambling.

1 And you have indicated that a great many people gamble in one
2 way or another, that is, percentages are extremely high.

3 In our own state we have seen something interesting happen
4 just within the last 12 years, I guess.

5 There was a period of time in '62 when people who ran for
6 office said, "We've got to do away with gambling in the state."
7 And they were going to do away with slot machines and all
8 that sort of thing and they did.

9 Now, 12 years later, here we are and some of the same
10 group of people are now in the Legislature saying, "Let's
11 bring back the slot machines, not only to those counties that
12 had them before but bring them back to ours which haven't had
13 them to the same extent." And they are now talking about such
14 things because the pressures are there for gambling. People
15 somehow seem to want to gamble and of course the pressures are
16 there for money on the part of government. I am not sure that
17 this is the way to raise money.

18 But what is your thinking on that kind of thing?

19 Mr. Snyder. Usually the first thing a person does --
20 starting at the lowest level, a person like me or just the
21 average citizen -- the first time his income goes down he looks
22 for a way to raise it back up again, and there is only one way,
23 of course besides working, and that is to gamble. So our
24 states and government now are doing the same thing that the
25 average person does.

1 I don't like to sound like a reformed drunk here who has
2 joined Alcoholics Anonymous, and I come from a legalized gam-
3 bling state, in which I have spent the better third of my life.
4 But I want you all to remember one thing about Nevada and the
5 people in Nevada, and that is that 98 per cent of the people
6 in Nevada don't even gamble; only 2 per cent gamble. The rest
7 is tourism. And the 2 per cent who gamble in Nevada would
8 gamble anywhere in the world if they could find a punchboard
9 or something to lose their money on, because they are chronic
10 gamblers.

11 We in Nevada have grown up with it. My son will walk
12 through the lobby of the hotel and say, "Hey, look, Pop, that
13 guy is playing the slot machines. Doesn't he know it is 15
14 per cent against him?"

15 We just don't pay any attention to it. But we have been
16 at it for 44 years and we have a gambling system that, if
17 anybody has to use, I think ours is the best around. Whether
18 it is right or not, I don't know, but it is the best one
19 around.

20 Mrs. Spellman. Thank you very much.

21 Chairman Morin. Do you have any other questions?

22 (No response.)

23 Thank you. I really appreciate your coming. We all do.
24 It has been very refreshing and also educational.

25 Mr. Snyder. If there is anything I can help with in any

1 way, I will be glad to do so.

2 Chairman Morin. We are adjourned until 9:30 tomorrow
3 morning.

4 (Whereupon, at 4:10 p.m., the hearing was adjourned,
5 to reconvene at 9:30 a.m., Thursday, February 20, 1975.)
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COMMISSION ON THE REVIEW
OF THE
NATIONAL POLICY TOWARD GAMBLING

Sports Betting Hearings

Room 1202
Dirksen Senate Office Building
Washington, D. C.

Thursday, February 20, 1975

The hearing was convened at 9:35 a.m.,
Charles H. Morin, Esq., Chairman of the Commission,
presiding.

COMMISSION MEMBERS PRESENT:

JAMES M. COLEMAN, JR., ESQ.

DAVID D. DOWD, JR., ESQ.

ROBERT LIST, ESQ.

CHARLES H. MORIN, ESQ.

DR. CHARLES F. PHILLIPS, JR.

HONORABLE CHARLES E. WIGGINS

STAFF:

MR. JAMES RITCHIE, Executive Director
MS. MARILU MARSHALL, Assistant Executive Director

CR 3126
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Smith

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P R O C E E D I N G S

CHAIRMAN MORIN: I don't have a gavel today so I can't gavel this meeting to order, but it will now be in order.

This is a continuation of the current hearings being held by the Commission on the Review of the National Policy Toward Gambling.

The subject of these hearings, yesterday and today, is of sports betting, that is, gambling on sporting events.

Our first witness today will be Mr. Kelso Sturgeon who is author of Guide to Sports Betting and other sports gambling publications.

Next is Mr. Robert James, Chairman of the Legislative Committee of the National Collegiate Athletic Association.

Next is Mr. George Killian, Executive Director of the National Junior College Athletic Association.

Those three witnesses will testify this morning.

This afternoon Mr. Clarence Campbell, President of the National Hockey League, Mr. Larry Merchant, a sportswriter for the New York Post and author of The National Football League Lottery, Mr. Ollan Cassell, the Executive Director of the Amateur Athletic Union, and Guy Mainella who conducts a talk show, "Calling All Sports," for WBZ Radio Station in Boston, a radio station which has taken a particular interest in the matter of sports gambling.

I took the opportunity yesterday, and I would like

on behalf of the Commissioners today, to remind the witnesses that we are here as a fact-finding panel. There is no pre-disposition on the part of the Commission as to anything, and particularly in respect to the legalization of gambling.

I took pains to say this because somehow or other it is the popular thought that we are here to consider a bill which is to legalize gambling on sports in the United States -- which is not so.

And I remind you that the questions which the Commissioners or the staff may ask the witnesses, although they may seem to indicate some bias one way or the other, are not intended to, but rather are intended to draw out the arguments of the witnesses, most of whom will have positions which they are urging.

Mr. Kelso is President of Gambling Research, Inc., which is a new company concerning itself with publishing related to the gambling industry. As I say, he is the author of Guide to Sports Betting, Football Betting - The Biggest Business, and other provocative titles we are interested in hearing about.

Welcome here, Mr. Sturgeon.

STATEMENT OF KELSO STURGEON, AUTHOR, GUIDE TO SPORTS BETTING

MR. STURGEON: Chairman Morin and distinguished Commission members.

1 My name is Kelso Sturgeon. I am the author of
2 Guide to Sports Betting, which was published last year by
3 Harper and Rowe. I have spent the last four years researching
4 and writing about sports betting. I currently am doing a
5 second book for Harper and Rowe, a book which will be entitled
6 Football Betting - The Biggest Business.

7 I also am an expert gambling witness and work with
8 attorneys preparing gambling cases for court. I also am
9 president of a small, newly-formed company called Gambling
10 Research, Inc.

11 I reside in Great Neck, New York.

12 I want to thank this Commission for the invitation
13 to share some of my thoughts on whether sports betting should
14 be legalized. I am here today as an ambassador without port-
15 folio, representing the bettors and bookmakers of this country.

16 In establishing my position and in order to put
17 these remarks into proper context, I definitely am in favor of
18 legalized sports betting. However, I am unconcerned whether
19 it is legalized. It will exist as this country's biggest
20 business, regardless of the actions of this Commission.

21 The basic question before you is not at all compli-
22 cated. It is merely a matter of whether betting should be
23 conducted by a subculture operating basically outside the law,
24 or whether it should be legalized and put under governmental
25 supervision.

6 1 In this brief statement, I will attempt to bring
2 the question of sports betting from the twilight zone of philo-
3 sophical rhetoric into the spectrum of reality. I am not
4 as interested, now, in the "what might be's" of this question
5 as I am what is. Because my speaking time is restricted, I am
6 going to try to say many things quickly, but I hope you will
7 listen carefully and not be reluctant to ask questions when
8 I am finished.

9 First of all, I am very interested in the work of
10 this Commission and the recommendations it will make to the
11 United States Congress. It is imperative that this Commission
12 be objective and realistic in its report, for what you say
13 certainly will play a major role in forming the future of the
14 gambling industry in the United States.

15 With this in mind, it is important that this
16 Commission never let the picture of the sports betting propo-
17 sition get out of focus. The hazards each of you face in
18 analyzing and drawing conclusions is very real. In research-
19 ing any area of gambling, at least in the United States, almost
20 all available data comes from two sources -- studies conducted
21 with Gamblers Anonymous, an organization completely made up of
22 compulsive gamblers and compulsive losers, and data gathered
23 through agencies such as the Federal Bureau of Investigation
24 or the Internal Revenue Service. Most of this data brings out
25 only the negative factors of gambling and basically ignores

7 the two most important elements of wagering -- the average
 2 bettor and the average bookmaker. I would hope this Commission
 3 would not draw any conclusions without first seeking the
 4 opinions of bettors and of those with whom they bet.

5 First of all, let's consider the sports bettor who
 6 too often is mistaken for and identified as being one and the
 7 same with the horse bettor. However, demographics of the
 8 sports bettor show him to be better educated, financially more
 9 successful and living at a higher level of social acceptance
 10 than the average person who bets horses regularly. And it is
 11 very important to remember the sports bettor simply does not
 12 bet on horses, a sport in which betting is legal in 31 of the
 13 50 States. The sports bettor has no interest in horses. He
 14 does not identify with them. Horse racing in this country is a
 15 dying business, and this Commission can basically ignore it when
 16 considering the future of gambling in the United States. It
 17 would be a tragic mistake to use the example of horse racing to
 18 lay the foundation for new legalized gambling programs. Horse
 19 racing's average mutuel handle and average daily attendance have
 20 not shown an increase since the 1940's.

21 I am presently conducting a study on 200 people who
 22 wager from \$200 to \$40,000 a week on football, basketball and
 23 baseball. Less than 20 per cent of them made a bet on a horse
 24 in the period of time from January 1, 1973, to mid-November of
 25 1974. This study is approximately 50 per cent complete, but I

8 1 believe these figures will hold up right to its conclusion. It
 2 is difficult for the sports bettor to accept the fact he can
 3 bet on horses legally and not on sports. Horse racing was
 4 legalized in this country when the horse was very much a part
 5 of everyday life. But as soon as the automobile and the
 6 tractor replaced the horse, the horse and horse racing began
 7 their decline.

8 This is a fact which this Commission must understand.
 9 Horse racing interests, politicians looking for new ways to
 10 raise revenues, and people studying gambling heretofore have
 11 ignored the natural decline and lack of interest in horse racing.
 12 You cannot, if you are to properly shape the future of gambling.
 13 Horse racing as we know it today will not exist at the turn of
 14 the century. Consider horse racing and sports betting as com-
 15 pletely different business, for they are. Never lose sight of
 16 this fact: the sports bettor is not a horse bettor. He has
 17 grown up with a football, a basketball or a baseball in his
 18 hand. He identifies with them -- not with the horse. And he
 19 bets on those things he understands. He understands sports --
 20 not horse racing.

21 Because I have spent the last four years researching
 22 and writing about sports betting, I have come to learn the
 23 dangers of assumption. Like so many people before me, I learned
 24 that conclusions based on assumptions can be intellectually
 25 embarrassing. I assumed, for instance, that the bettor would

9 1 be willing to pay the 2 per cent gambling tax if he could bet
 2 legally. I was wrong. He simply won't pay it. In correspond-
 3 ing with and talking personally to bettors, they have made it
 4 quite clear they will not pay any tax on a bet. And, if legis-
 5 lation legalizing gambling insists the bettor pay the tax, the
 6 new laws will mean nothing. The bettor will continue to wager
 7 secretly with an illegal bookmaker. It's as simple as that.
 8 The fact that bookmakers, likewise, have said they won't
 9 absorb the 2 per cent tax complicates matters even more, but
 10 let's talk more about the bookmaker and his problems later.

11 I also assumed big sports bettors would stay away
 12 from legal betting outlets if credit betting was not available
 13 to them. I was wrong again. More than 50 per cent of the
 14 bettors interviewed said they already have to put up their
 15 money in advance. It seems that when anti-gambling laws made
 16 it increasingly hazardous for both bettors and bookmakers to
 17 use the telephone, credit betting started to die. Bookmakers
 18 and their representatives now conduct business on a person-to-
 19 person basis. They see one another almost daily, and bookmakers
 20 have begun to train these people to put up their money when
 21 they bet. By the same token, the bookmaker settles up hours
 22 after the bettor wins. Most bettors interviewed said elimina-
 23 tion of credit betting was not that important. They do not
 24 care how business is handled; they are concerned with one
 25 basic thing: getting paid when they win -- nothing more,

1 nothing less.

2 This Commission should be aware that any legalized
 3 sports betting operation that doesn't give the bettor the
 4 opportunity to wager on single games will fall far short of
 5 any meaningful accomplishment. What I am saying is simply
 6 that it is not enough to legalize and sanction sports lotteries
 7 and expect to capture the average bettor's money. The average
 8 bettor wagers on one team to beat another. He is sophisticated
 9 enough in his approach to know the near-impossible odds against
 10 his picking 13 to 20 winners in a single sports lottery. This
 11 is not to say that sports lotteries do not have their place,
 12 for they do, and they should be legalized, too. I do not know
 13 what percentage of the illegal gambling dollar the lottery-type
 14 football/sports cards now constitute, but most bookmakers don't
 15 even bother with them. They are another business, run by other
 16 people who have little, if anything, in common with the average
 17 bookmaker, and it is this average bookmaker who handles most
 18 of the sports betting money.

19 I could talk for days about the bettor, but will
 20 summarize my thoughts about him by saying he is an individual
 21 who already has his betting habits formed, and any effective
 22 legislation changes will have to be made to accommodate these
 23 habits. The sports bettor has used a certain system of betting
 24 for the past 40 years and he is not going to change. If new
 25 legislation doesn't accept him as he is, he will continue to

1 bet in the same illegal fashion that is so much habit for him
2 now.

3 The position of the bookmaker is even simpler to
4 discuss. I have had the opportunity in the last year to
5 interview many bookmakers, and I think I know how they think.
6 Recently I had the opportunity to meet with a man the Federal
7 Bureau of Investigation considers one of the biggest bookmakers
8 in this country. The interview was arranged through an
9 attorney and monitored by an attorney. I was instructed by
10 the attorney never refer to the man as a bookmaker, but only
11 as a gambler, during our conversation. That was the basic
12 ground rule of the interview. Any time the attorney objected
13 to a part of the conversation, we agreed to strike that part.
14 But, even with these restrictions, it was the most enlightening
15 conversation I have ever had with anyone in the gambling
16 business.

17 Here, briefly, are the highlights of that conversa-
18 tion:

19 First of all, it was the sincere opinion of this
20 bookmaker that sports betting already is legal. He explained
21 that bookmakers took this position when the Federal gambling
22 stamp was raised to \$500 a year and certain rules governing
23 gambling tax laws were changed. He said the new \$500 Federal
24 gambling stamp, along with the reduced gambling tax -- from 10
25 per cent to 2 per cent -- makes it much easier to be a "legal"

1 bookmaker in 1975.

2 But more important than that was the fact the
3 Federal Government no longer will supply the names and addresses
4 of those who purchase the \$500 stamp to local police depart-
5 ments and politicians. In the past, holders of the old \$50
6 stamp were supposed to collect a 10 per cent tax on every bet.
7 They couldn't and didn't for obvious reasons. Their names and
8 addresses were supplied to local officials and those who held
9 the stamp were harrassed and shook down by police departments,
10 mayors, city managers, city councilmen, et cetera, all across
11 this land. Untold millions of dollars were extorted from book-
12 makers by local police agencies and politicians in recent years.

13 The bookmaker who complied with the old law and pur-
14 chased the \$50 stamp had to include in his overhead thousands of
15 dollars in "police and political taxes." He no longer faces
16 this hazard and, regardless of how this Commission feels or
17 reacts, the bookmakers already believe they are 90 per cent
18 legal. At worst, they consider themselves to be operating
19 in a gray area of the law.

20 And, this bookmaker, like others, said it will be
21 difficult to be 100 per cent honest in either collecting or
22 absorbing the 2 per cent tax. He, too, has discovered the
23 better will not pay the tax. And the bookmaker would be
24 financially strapped to do so. Consider these figures, which
25 are the consensus opinion of this man and 22 other bookmakers

1 I have interviewed.

2 The margin of profit on booking football and
3 basketball averages out just below 4.7 per cent. A 2 per cent
4 gambling tax absorbed by the bookmaker would cut this to less
5 than 2.7 per cent and is an unattractive, unrealistic margin
6 of profit.

7 Now consider baseball, which is a bit more compli-
8 cated in its betting make-up. The margin of profit on booking
9 baseball is just under 1.8 per cent. This means a bookmaker
10 would lose money on every baseball bet if he had to pay the
11 tax.

12 On the matter of horses, only two of the 23 book-
13 makers interviewed took any thoroughbred or harness racing
14 action. The margin of profit on horses is about 16 per cent,
15 but gambling percentages do not hold up unless there is volume
16 and the other 21 betting accountants -- including my star
17 witness -- said there was not enough interest or volume in
18 their areas to justify booking horses.

19 But let's get back specifically to the original
20 bookmaker I interviewed with an attorney. This particular
21 bookmaker said he felt free to speak for "no less than 1,000"
22 of his fellow bookmakers in New York City, Nassau County, New
23 York, Suffolk County, New York, and Northern New Jersey. He
24 and his associates have frequent conversations about the legal
25 versus illegal gambling question. They are almost 100 per cent

14 1 in favor of legalizing sports betting. Simply put, they would
2 love to go legitimate. And, according to this bookmaker, these
3 1,000 New York City-area bookmakers would like to share these
4 specific thoughts with this Commission:

5 1. They all are willing to purchase the \$500
6 gambling stamp.

7 2. They would like to substitute the 2 per cent
8 Federal tax with a license fee, which would run from \$1,000
9 to \$3,500 a month, depending on the dollar volume of their
10 respective operations.

11 3. They would then pay taxes on their profits in
12 just the same manner as do all other United States businesses
13 and corporations.

14 4. They will work with the Federal Government --
15 or State governments -- in designing a workable and realistic
16 betting and tax program.

17 5. They would cooperate with all law enforcement
18 agencies in establishing and enforcing rules to govern the
19 day-to-day operations of the gambling business.

20 I do not know your reaction to these thoughts, but
21 I do know, beyond any doubt, that neither the Federal Govern-
22 ment, nor any State government, will be able to eliminate
23 illegal betting without dealing with the present gambling
24 subculture of this land. It is naive to believe he can. The
25 average bookmaker is going to continue to operate regardless of

15 1 the work of this Commission. But he would much rather operate
2 your way -- legally.

3 Keep in mind the bookmaker cannot survive if he has
4 to absorb the 2 per cent gambling tax. And remember each book-
5 maker is a small part of a gigantic subculture and business
6 which, in my opinion, already is the biggest industry in the
7 country. If you cannot accept the reality of having to call
8 upon the expertise of the bookmaking industry, just consider
9 that the United States is the only major country in the
10 civilized world in which the bookmaker is considered less than
11 a gentleman. In places such as England, France, Germany, and
12 Australia, for instance, his social ranking is at a level at
13 least on par with politicians. But, enough for bookmakers.

14 There are so many aspects of this situation to which
15 I would like to address myself, but do not have the time. So
16 I will add a few more quick thoughts and facts to this presen-
17 tation and then entertain questions.

18 At the present time, legalized sports betting is
19 opposed by the sports establishment, meaning such things as
20 the National Football League, Major League Baseball, et cetera.
21 But there is something about this opposition which always
22 mystifies me. Have you ever noticed how representatives of the
23 sports establishment appear before commissions such as this
24 one, tell you how much work they do in order to cope with the
25 enormous gambling business, tell you they are definitely opposed

16 1 to legalized sports betting and then -- and this is all impor-
2 tant -- make the rest of their presentation as if sports
3 betting didn't exist. They speak as if it were something new,
4 and something all decent people should oppose. They obviously
5 don't have the answers. They don't even know the questions.

6 On another point, it must be obvious to this Com-
7 mission that current Federal and State gambling statutes mean
8 little or nothing. Research has shown that only the States of
9 New Jersey, Texas, and Nebraska attempt to enforce anti-
10 gambling laws with any degree of enthusiasm. And, I believe
11 this Commission already has heard the FBI say it simply cannot
12 enforce the laws as they are now on the books. The laws ob-
13 viously are not effective because changing public opinion has
14 outdated them. There is no question gambling laws should be
15 more realistically structured to fit the times.

16 I think it also is safe to say illegal betting over
17 the years has not affected the integrity of sporting events.
18 Bookmakers think games are honest, or they wouldn't let people
19 bet on them.

20 On the social implications of gambling, I don't
21 have the answers and you don't either. Sports betting has been
22 conducted in dozens of foreign countries for years, and none
23 of them were swallowed up in moral decay. Why are we so con-
24 cerned this country will be? It is my opinion gambling in
25 moderation is a healthy recreational outlet with numerous

17

1 financial and psychological rewards.

2 On the matter of new tax revenues, this Commission
3 has an obligation to dig deeply into the possible financial
4 rewards to the State and Federal Governments, if gambling were
5 legalized. It is not enough to say legalization of sports
6 betting will raise \$1 billion, \$2 billion or \$10 billion a
7 year. You must go further than that.

8 I asked the Chase Manhattan Bank in New York to
9 try to determine what happens to the economy when the profits
10 from illegal gambling are not taxed, and the theories and
11 figures supplied by that bank are stunning. The financial
12 aspects and repercussions of this question are complicated, but
13 you owe it to the United States Congress and the American
14 people to analyze this issue in great detail.

15 For instance, if there is \$1 billion in taxes the
16 States and Federal governments could have but did not get,
17 what does this mean to the economy? And more than that, what
18 has this \$1 billion grown to three, four, or five years from
19 now? What other taxes must we raise, or what services must we
20 discontinue in an inflationary economy because this money
21 never found its way into public services? As one economist
22 at Chase Manhattan said, there is one thing for sure, the "no
23 tax" on the profits of illegal gambling are "a tax" on every
24 American. And, keep in mind, we are not even discussing license
25 fees, only profits. This is a complicated question but there

8

1 are people who do have the answers. Find them.

2 And last, this Commission should remember that
3 sports betting is conducted successfully in dozens of other
4 countries, and it is free from scandal.

5 Now my prepared text will differ just a little bit
6 here. I get a bit tired of hearing the sports establishment
7 single out a few isolated incidents of so-called "betting
8 scandals" in countries where sports betting was legalized. If
9 an isolated incident or two means a business is corrupt, then
10 there isn't a single business, industry or institution of
11 American society which is not corrupt. Every segment of our
12 society has incidents of scandal. This doesn't make them
13 corrupt. Some foreign gambling is conducted through sophisti-
14 cated computer operations, some by bookmakers. Some of it is
15 run by governments; some of it is run by public benefit cor-
16 porations; some of it is conducted by private individuals. The
17 foreign expertise is available to you. I have talked to many
18 people involved in the gambling business in other countries
19 and they would be pleased to share their knowledge with you.

20 In conclusion, I am sorry I have spoken for so
21 long, and I am somewhat reluctant to leave here knowing I have
22 but scratched the surface. I have many ideas on how sports
23 betting could and should be legalized and implemented, but
24 my time allotment does not permit me to go into them today.
25 Possibly at a later date I could supply this information to

19 1 you in the form of a written report. Suffice it to say simply
2 that any recommendations this Commission makes which ignores
3 the mode of operation of the present gambling subculture in
4 this country is doomed to failure. Keep that one thought in
5 mind and I am confident you will make this puzzle fit together
6 for the U.S. Congress.

7 Thank you very much for listening to me. I hope
8 that in some small way I have shared some thoughts with you
9 that might give you some guidance for the future. It has been
10 a pleasure to be able to share honest thoughts and facts with
11 such a distinguished Commission. Please feel free to call on
12 me in the future if there is any additional contribution I
13 might make.

14 Now, if there are any questions, I will attempt to
15 answer them at this time.

16 CHAIRMAN MORIN: I really enjoyed your presentation
17 because I find that I personally agree with so much of it.

18 I want to thank you for coming. Our practice has
19 been at these hearings to have the staff question the witnesses
20 first in general terms, and then the Commissioners will follow
21 with their own questions.

22 So I am going to ask Miss Marilu Marshall who is our
23 Deputy Director to start the questioning.

24 MS. MARSHALL: Thank you, Mr. Chairman.

25 Mr. Sturgeon, I have some general questions

0 1 concerning your research. First of all, you made reference to
2 the study you are conducting on sports bettors and I wonder
3 if you could tell the Commission, first of all, how your sample
4 was selected and, secondly, what percentage of the total popu-
5 lation you are discussing.

6 MR. STURGEON: I am doing this research in the form
7 of a written questionnaire and inquiry to 200 people who I
8 know bet. I would be pleased to tell this Commission how I
9 know they bet privately. I don't care to do that publicly.
10 But I obtained their names and have corresponded with them and
11 know beyond any doubt that these people are sports bettors.

12 I have not sampled the general public per se. I
13 went right to people I know who bet. So this is not a general
14 sample of public opinion. I am dealing strictly with people
15 who I know bet and who I feel have something to say on this
16 particular subject. But it is not a random sample of the
17 American public.

18 MS. MARSHALL: Geographically speaking, are they all
19 in one locale?

20 MR. STURGEON: I would say that geographically
21 speaking -- and this is merely a guess -- I would say they are
22 from every area of the country. I couldn't say if they are
23 from all 50 States.

24 MS. MARSHALL: Could you tell us, sir, on what
25 research you base your statement that only Nebraska, I think

1 you said, Texas and New Jersey make a vigorous attempt to
2 enforce their gambling laws?

3 MR. STURGEON: I obtained this information from
4 attorneys who review primarily gambling cases for me. And I
5 am glad to explain the basis for this.

6 Let me back up by making this statement.

7 The States of Texas, Nebraska, and New Jersey seem
8 to equate gambling with a crime such as manslaughter, second-
9 degree murder, and so forth. In fact, in the State of New
10 Jersey, in some cases you'd be better off to be convicted of
11 manslaughter than bookmaking.

12 These are states attorneys who have a rather jaun-
13 diced view in comparison with other States as to the enthusiasm
14 with which they prosecute people who bet and those who book
15 bets. But these are merely the opinions of the attorneys who
16 work primarily on gambling cases.

17 MS. MARSHALL: When you say "attorneys who work on
18 gambling cases," are you talking about defense attorneys?

19 MR. STURGEON: I am talking basically about criminal
20 attorneys who handle gambling cases.

21 MS. MARSHALL: But I am talking about private
22 practice.

23 MR. STURGEON: Private practice, yes.

24 MS. MARSHALL: Has your research turned up any
25 information regarding incidents of bribery related to gambling

1 within sports organizations?

2 MR. STURGEON: No. The only thing I have turned up
3 is two incidents of two football players who were very much
4 involved with the wrong people. It was in the area of
5 Shylocking. One of them was involved in a major trade this
6 last season because of his association with Shylocks.

7 There is another one I heard of but I have no reason
8 to doubt the situation. I do not know it personally.

9 But I have never uncovered anything that would
10 indicate bribery or anything, just two instances of football
11 players getting into debt and borrowing money from the wrong
12 people and being obligated.

13 MS. MARSHALL: We had some testimony from the
14 Department of Justice last year during which they told us
15 their projected volume of illegal gambling was \$29 billion to
16 \$30 billion. Do you care to comment on that?

17 MR. STURGEON: Miss Marshall, I think it's higher
18 than that. But I found the same problem I am sure this
19 Commission has found. It is so difficult to accurately assess
20 the volume of gambling or many questions related to it because
21 there just simply is no reliable research. I would say it is
22 higher than that. I would say it is at least that.

23 MS. MARSHALL: They also told us that illegal
24 gambling forms the largest source of revenue for organized
25 crime. Would you comment on that statement?

23 1 MR. STURGEON: I don't think there is any question
2 about it. I would like to elaborate on it if I might.

3 In talking to bookmakers, some of which I'm sure
4 are involved in organized crime, some of which I'm sure are
5 independent -- and there certainly is a difference -- the
6 organized Strike Force has been very, very effective in weaken-
7 ing organized crime, and probably from the standpoint of law
8 enforcement was the greatest thing that has ever happened to
9 this country.

10 And I find this situation -- and maybe I am drawing
11 conclusions that I don't have any right to draw so I will stand
12 challenged, if necessary.

13 I think that organized crime right now is probably
14 weaker than it has been in this country in years, and people
15 who are involved in organized crime are more afraid of going
16 to the penitentiary, being convicted, being indicted than they
17 ever have been.

18 Here is what has happened.

19 First of all, the Strike Force is very effective,
20 and at the same time much of the old leadership of the so-
21 called organized crime is old. It is very weak. And in
22 talking to people who may or may not be -- I have no personal
23 knowledge of this -- involved with organized crime, I find no
24 enthusiasm on their part to follow this great operation or
25 whatever it is supposed to be.

1 I didn't mean to build you a Swiss clock to get to
2 this point, but here is what has happened.

3 Organized crime, as I say right now, is weaker than
4 it has ever been. I honestly believe the fact that organized
5 crime bookmakers would even concede the point to speak with me
6 shows that they themselves have serious doubts about the
7 future of organized crime itself. Because I guarantee you
8 five years ago it would have been unheard of. They wouldn't
9 even have taken the time to have spoken to me.

10 So I really believe that you have this weak position
11 of organized crime, and if someone were to legalize betting
12 and rip the rug right out from under these people and take
13 away their cash flow -- I would never want to go on record
14 as saying it would eliminate organized crime, but I think
15 it would almost destroy it.

16 CHAIRMAN MORIN: You say organized crime bookmakers.
17 How do you know they were organized crime?

18 MR. STURGEON: Mr. Morin, I don't, and I am only
19 assuming certain things. And once again, that is a dangerous
20 thing to do.

21 I'd like to point out -- and maybe the FBI has done
22 this, too. I have read some speeches of Clarence Kelly's.
23 There is definitely a difference between the organized crime
24 bookmaker and the bookmaker. There are many people who are not
25

25 1 connected; there are people who are.

2 But my assumptions, when I mention organized crime
3 bookmakers, are simply my own opinion. I have no proof that it
4 is so.

5 CHAIRMAN MORIN: Then I take it that you assume some
6 of the bookmakers you have talked to were not and some were?

7 MR. STURGEON: Definitely.

8 CHAIRMAN MORIN: What do you base the assumption on?
9 A hunch?

10 MR. STURGEON: I would answer that question in
11 private. I wouldn't like to answer it in public.

12 CHAIRMAN MORIN: All right.

13 We could give you immunity.

14 MR. STURGEON: No. I would be very pleased to
15 speak with this Commission. I will tell you the problems in
16 researching gambling are very difficult because many people
17 who should talk to you are very concerned about being exposed
18 or revealed or whatever, and unfortunately that is why it is
19 difficult sometimes to really pin down what is actually going
20 on. And I appreciate your offer of immunity, but I really
21 would be very pleased to speak with any member of the Commis-
22 sion behind closed doors. I don't want to do it in public.

23 CHAIRMAN MORIN: In other words, you'd rather have
24 protection rather than immunity?

25 MR. STURGEON: Well, you are getting close to the

26 1 truth.

2 CHAIRMAN MORIN: I interrupted Miss Marshall.

3 MS. MARSHALL: Mr. Sturgeon, yesterday we had as a
4 witness here Jimmy (the Greek) Snyder and he shared with us
5 some of his views in the same area. Are you familiar with his
6 theories on the subject?

7 MR. STURGEON: I was very busy and didn't get here
8 myself, so I only know what I have heard in hallway chatter.
9 If you'd brief me, I'd appreciate it.

10 MS. MARSHALL: His opinion is that the anti-
11 racketeering laws passed in 1961 have made a great inroad
12 toward disposing of what he calls the big bookmaker. In his
13 opinion, there are no big bookmakers in the true sense of the
14 word left today.

15 Do you agree or disagree?

16 MR. STURGEON: Once again I will answer this ques-
17 tion as plain as I can. I would be once again pleased to go
18 behind closed doors and give you more detail.

19 But I did read in the newspaper where Mr. Snyder
20 said that there really were probably only five bookmakers in
21 the country left who'd take a bet of up to \$100,000. I can
22 introduce him to five within five minutes of time who will take
23 any amount of money he wants to bet, and certainly there are
24 more than five in the country. I'd have to say the man is 100
25 per cent wrong. There are more big bookmakers now than there

27 1 ever have been.

2 MS. MARSHALL: Is this evaluation based on your
3 current research?

4 MR. STURGEON: Absolutely, and on face-to-face
5 interviews with people.

6 MS. MARSHALL: He also draws a distinction between
7 what he calls social betting and professional or heavy betting
8 that would be encouraged by the legalization of gambling.

9 Do you have a comment on that?

10 MR. STURGEON: That is a difficult question, and
11 I'd like to tell you I really don't know the answer to that.
12 I honestly don't know and I don't have an opinion.

13 MS. MARSHALL: One thing I'd like to differ on with
14 you in your statement. You said the FBI had told us they
15 cannot enforce the laws on the books as they are now. Actually,
16 what they did tell us is quite the contrary. They gave us
17 statistics that showed during a seven-year period they have
18 enforced rather vigorously the laws on the books, to the tune
19 of 734 indictments, 333 of which dealt with sports bookmaking.
20 The Justice Department tells us, however, their efforts have
21 reached only 2 per cent of the illegal gambling market.

22 MR. STURGEON: I apologize. I had spoken to a member
23 of your staff and received the wrong information. I should
24 have viewed that question in the area of their effectiveness
25 rather than their ability to enforce.

28 1 MS. MARSHALL: Thank you, Mr. Chairman. I have
2 no further questions.

3 CHAIRMAN MORIN: You may have been told that there
4 was testimony to the effect -- and I don't recall who gave it
5 -- that it is not possible to stamp out illegal gambling in
6 the United States, at least under the present laws. So in
7 that respect you are correct.

8 Congressman Wiggins is with us this morning from
9 California, and I am going to ask him to begin the questioning.

10 Incidentally, we will be going over a little bit
11 on the scheduled time. I will announce that now because we
12 have extra time this morning and can afford an extra 15 minutes
13 with this witness.

14 MR. WIGGINS: Thank you, Mr. Chairman.

15 Mr. Sturgeon, you are connected with an organiza-
16 tion known as Sports Action. What is that organization?

17 MR. STURGEON: I haven't been there for a year.

18 MR. WIGGINS: What is your current connection?

19 MR. STURGEON: None.

20 MR. WIGGINS: You are an independent researcher?

21 MR. STURGEON: Right.

22 MR. WIGGINS: How do you make a living?

23 MR. STURGEON: I write.

24 MR. WIGGINS: No problem?

25 MR. STURGEON: Sorry?

29

1 MR. WIGGINS: Do you write for profit?
 2 MR. STURGEON: Yes, sir.
 3 MR. WIGGINS: What was your connection with Sports
 4 Action?
 5 MR. STURGEON: I have none.
 6 MR. WIGGINS: You have never been connected with
 7 them?
 8 MR. STURGEON: I said I left there about a year ago.
 9 MR. WIGGINS: What was your connection with --
 10 MR. STURGEON: I apologize. I can't hear you.
 11 MR. WIGGINS: What was your connection with this
 12 thing called Sports Action?
 13 MR. STURGEON: I served as editor there and worked
 14 -- it gave me the opportunity to get involved very deeply in
 15 researching gambling.
 16 MR. WIGGINS: And --
 17 MR. STURGEON: Let me finish. And when it had
 18 served its usefulness, I left there.
 19 MR. WIGGINS: What is the organization Sports
 20 Action?
 21 MR. STURGEON: It is a publishing company.
 22 MR. WIGGINS: Is it still in existence?
 23 MR. STURGEON: Yes, it is.
 24 MR. WIGGINS: Were you an editor or employee?
 25 MR. STURGEON: Yes, I was the editor.

30

1 MR. WIGGINS: Is it in any way connected with
 2 gambling activities?
 3 MR. STURGEON: No.
 4 MR. WIGGINS: Who owns it?
 5 MR. STURGEON: It is owned by a man by the name of
 6 Jack Cohen.
 7 MR. WIGGINS: Spell the last name, please.
 8 MR. STURGEON: C-o-h-e-n.
 9 MR. WIGGINS: Is it your view that sports betting,
 10 at least in part, is an organized activity?
 11 MR. STURGEON: Now, what do you mean by "organized
 12 activity?" Do you mean an activity of organized crime?
 13 MR. WIGGINS: No, I am wanting to know from you
 14 if you have found that the sports betting in this country is
 15 in any way organized.
 16 MR. STURGEON: I would just say an absolute,
 17 definite "yes" to your question.
 18 Now, the difficulty in finding just how it is
 19 organized and to find its levels and upper levels of manage-
 20 ment -- you face really tremendous problems. But there is no
 21 question in my mind that there is a certain organization that
 22 goes with it.
 23 MR. WIGGINS: I'd like you to describe, at least as
 24 you understand it, the structure of this organization.
 25 MR. STURGEON: Mr. Wiggins, I am at a loss to really

31 1 describe it. I only know of its existence. There is one thing
2 that I am including in the book that I am doing now for Harper
3 and Rowe, and I have talked to a lot of people about it, both
4 law enforcement agencies and people who are in the gambling
5 business, and I really haven't -- I honestly don't know. I
6 would say that to answer that question your best source would
7 be probably the Federal Bureau of Investigation.

8 I really don't know the answer to the question.
9 There is no way that anyone could ever convince me that the
10 organization itself does not exist. It operates too smoothly
11 and too quickly for there not to be some kind of an organiza-
12 tion.

13 MR. WIGGINS: Well, insofar as you know the answer,
14 what would be the relationship of an individual bookie with
15 this organization?

16 MR. STURGEON: I find that most bookmakers have a
17 common tie to an organization. And I would like to simply
18 say let's not confuse an organization with organized crime
19 because they are two separate things.

20 But you will find that bookmakers do usually join up
21 with someone else in being able to have some kind of a lay-off
22 operation. A bookmaker would want to be able to send some of
23 the money he got someplace else if he felt like it was too much
24 or more than he wanted to handle.

25 So as long as we can differentiate between an

1 organization and organized crime, I think that regardless of
2 which way a bookmaker might fall, he does have at least a semi-
3 official tie to some area, somebody else or some group of
4 people, where they might lay off their money and balance their
5 bets.

6 But I have no personal knowledge of that. It is
7 just, once again, an assumption based on the realistic way in
8 which gambling is conducted.

9 MR. WIGGINS: I want you to know I am making no
10 connection between the organization structure of betting and
11 organized crime for purposes of my questions. I am just
12 wondering how it is organized, if it is organized.

13 You say that it is. You feel that it is, I should
14 say. And the services performed by the structure to the in-
15 dividual bookie is that of laying off bets.

16 MR. STURGEON: Basically, yes.

17 MR. WIGGINS: Is there an information service con-
18 nected with it?

19 MR. STURGEON: Mr. Wiggins, I am going to give you
20 two examples. There are two instances I am aware of that
21 occurred during the last football season which woke me up to
22 the very realistic existence of an organization. And I would
23 stand corrected on a few of the facts. Basically what I am
24 speaking of is correct.

25 There were two college football games during the

33 1 last season, one involving Pittsburgh and West Virginia, the
2 other involving the University of Georgia and South Carolina,
3 which proved to me that there is some kind of an organization.
4 And let me just briefly go into this.

5 There was another problem -- a betting line was
6 carried on the Georgia-South Carolina football game all week
7 long, and then on Friday night, at approximately 8:00 or 8:30,
8 that particular game was taken off of the board all across the
9 country.

10 Now, there might have been a few isolated places
11 you could bet on it, but basically the game was taken down
12 and you couldn't bet. And when a game goes off the board I
13 would like to know why.

14 So I started making informal calls myself to find
15 out why. It seems like an hour before this game was taken off
16 the board all across the country there had been a problem at
17 the University of Georgia with nine or ten players, and Coach
18 Dooley decided that possibly they wouldn't play the following
19 day, and within an hour after he had even raised the question
20 or the possibility that these players would not play, you
21 couldn't bet that game anywhere in the country.

22 And so in one hour, from the time a decision was made
23 on the university campus to the time the bookmakers all across
24 the country took the game off the board -- no one can tell me a
25 pipeline doesn't exist somewhere.

1 The second game would be the University of
2 Pittsburgh --

3 MR. WIGGINS: That's all right. You made your
4 point. I think the point is well taken, that there is some
5 connection between individual bookies and some organization
6 which disseminates information, perhaps lays off bets for
7 individual bookies.

8 MR. STURGEON: And I think it is a sophisticated
9 organization.

10 MR. WIGGINS: Yes.

11 Now, you asserted, largely on the basis of belief
12 rather than data, that some of the profits from sports betting
13 finds its way into organized crime. You make that point in
14 your book.

15 MR. STURGEON: I don't think there is any question
16 about it.

17 MR. WIGGINS: Do those profits come from the
18 structure, the superstructure of organized betting, or do they
19 come largely from the individual bookie -- in the first in-
20 stance, that is?

21 MR. STURGEON: I am not sure I understand your
22 question. If I don't understand it correctly, just start over.

23 I would just simply say that the money that finds its
24 way into organized crime is money that is bet with or that
25 starts with organized crime -- you know, this money is bet with

35 1 organized crime bookmakers. It starts at the bottom and finds
2 its way up.

3 I may have misunderstood your question, but there
4 is a lot of money not involved with organized crime, and that
5 would never find its way into organized crime. By the same
6 token, I think in major cities organized crime is a tremendous
7 problem.

8 MR. WIGGINS: Do you think the major source of funds
9 for loan-sharking, for example, comes from the individual
10 bookies directly, that they are engaged in those activities?
11 Or are they funded through some third party before they are
12 diverted?

13 MR. STURGEON: This, once again, is an assumption
14 based not on actual fact but what I think. I think that it
15 works both ways. I think a certain amount of it would go
16 through third parties. I think that many bookmakers probably
17 shylock themselves.

18 MR. WIGGINS: If the activity of sports betting were
19 legalized, would this organization still remain intact?

20 MR. STURGEON: No. And let me say this, Mr.
21 Wiggins: You know, I am not here advocating that any govern-
22 ment go into business with organized crime. I detest organized
23 crime and everything that it represents. But I think that the
24 bookmakers themselves would make certain that there were no
25 connections with organized crime --

36 1 MR. WIGGINS: No, no, no, don't go back to the
2 issue of organized crime. I am curious to know: In your
3 opinion, if the activity of sports betting were legalized as
4 you suggest, would this super organization which lays off bets
5 and provides information remain intact?

6 MR. STURGEON: I think it would depend on how the
7 laws were changed and in what manner they were set up. Maybe
8 that doesn't answer the question. It is very difficult to
9 answer that question. If gambling legislation were changed to
10 license the present bookmakers, these bookmakers would do the
11 work of the Federal Government in whatever manner it would be
12 necessary to set up.

13 MR. WIGGINS: Well --

14 MR. STURGEON: Let me finish.

15 CHAIRMAN MORIN: You may not have time.

16 MR. STURGEON: I can't say whether it would exist
17 or not. It would depend on whether or not it was necessary.
18 It would depend on what kind of laws were passed.

19 MR. WIGGINS: I take it that laying off bets and
20 providing instant service to bookies -- and someone would
21 provide that service, I'm sure. Perhaps the Federal or State
22 governments could move into the vacuum, and maybe not. Perhaps
23 the organization would continue to provide the services to
24 bookies even if it were legalized, wouldn't you concede that?

25 MR. STURGEON: I would think so.

37 1 MR. WIGGINS: I don't want to take too much time
2 but I want to ask one other question.

3 I get the impression from your testimony, Mr.
4 Sturgeon, there are a lot of individual intrepeneurs here --
5 maybe they are all individual intrepeneurs in the bookie
6 business -- but they have some connection for purposes suitable
7 to themselves, but another organization for information and for
8 laying off bets.

9 But to the extent we are talking about individuals
10 now, who are bookies, they are involved in a business which has
11 a high level of cash transaction, a minimal amount of records.
12 Would they submit to regularization of their activities and
13 regulation of them when it would be perhaps more profitable
14 for them taxwise and otherwise to stay outside of the law in
15 dealing with these high-volume cash transactions?

16 MR. STURGEON: They definitely would submit to any
17 kind of scrutiny that the government wanted to place them
18 under.

19 MR. WIGGINS: Would the name of the bettor and the
20 amount of the bet be an important record for them to retain for
21 the government to scrutinize the volume of their activities?

22 MR. STURGEON: You know, once again -- I will answer
23 your question yes and no. I would be against any legalization
24 that made the bettor's name available to anybody. However, the
25 amount of the bet I would think would be very important.

1 MR. WIGGINS: I will withhold the balance of my
2 questions, Mr. Chairman.

3 CHAIRMAN MORIN: I am sure that Mr. Coleman from
4 New Jersey has some questions.

5 MR. COLEMAN: Thank you, Mr. Chairman. I really
6 don't want to get into the issue of manslaughter versus book-
7 making in New Jersey, but I have just one or two questions.

8 Mr. Sturgeon, going over your statement, I note
9 that you don't set a figure on what you feel the approximate
10 amount of illegal wagering is. You gave some answer on that
11 and said it was very difficult. But do you have any idea, as
12 to sports betting, how much you think is illegally wagered?

13 MR. STURGEON: If I were pinned down, I'd say it
14 exceeded \$100 billion a year.

15 MR. COLEMAN: \$100 billion?

16 MR. STURGEON: Yes.

17 MR. COLEMAN: In one part of your presentation you
18 talk about the potential tax revenue and, of course, use an
19 example of \$1 billion.

20 Assuming it is \$100 billion, as you said, and half
21 of that could be channeled legally if it were approved, what
22 tax revenue would you estimate you could raise?

23 MR. STURGEON: Not being a figure man, I don't
24 want to be held to this, but I would say between \$2 billion
25 and \$2.5 billic: year.

MR. COLEMAN: In the situation you mentioned about horse racing when you talk about the decline, isn't it a fact that there are a great many -- I think here in the East, to my knowledge, more tracks have sprung up --

MR. STURGEON: What has happened, Mr. Coleman, is you will find overall figures in horse racing are larger. Average figures are lower and have declined since the 1940's.

Horse racing is in a very, very difficult financial situation right now, and it is simply from a lack of interest on the part of the public.

MR. COLEMAN: I have nothing further.

Thank you, sir.

MR. STURGEON: Thank you.

CHAIRMAN MORIN: Mr. Dowd, who is a prosecuting attorney from Stark County, Ohio, will question now.

MR. DOWD: Thank you, Mr. Chairman.

I would like to pursue how you arrive at your \$100 billion annual betting figure. I assume that is an illegal sports betting figure?

MR. STURGEON: Once again, Mr. Dowd, I apologize. I wish I had never said \$100 billion. But if I had to be pinned down I would say that.

But here is the problem. There is really no basis. There is no data available that says it is in this area. And just getting around and talking to bookmakers themselves and

their volume of business, I don't think the \$29 to \$30 billion that is used or accepted -- even in its shaky position -- is anywhere close to the amount of money that is wagered illegally.

In answer to the second part of your question, I am not talking horses at all, only sports.

MR. DOWD: Do you have any ballpark figure on how many adult persons in the United States on a regular basis engage in illegal sports betting?

MR. STURGEON: No, I do not.

MR. DOWD: I have computed that if there is as high as 20 million sports bettors, if you use that as a figure, to reach the sum of \$100 billion a year, each of those 20 million bettors would have to wager an average of \$5,000 a year to reach your \$100 billion figure.

Does that sound reasonable to you?

MR. STURGEON: It certainly does.

MR. DOWD: How do you arrive at that?

MR. STURGEON: When you say \$5,000 a year, you are talking about a man betting less than \$100 a week. And I think the average bettor bets far more than \$100 a week.

MR. DOWD: What do you base that belief on?

MR. STURGEON: In interviewing these 200 people who I know bet.

Keep in mind, the smallest bettor in that group so far bets an average of \$200 a week. The largest bettor

41 1 bets \$40,000 a week.

2 Now, I have not computed an average, but it would be
3 in the area of, let's say, \$2500 a week.

4 MR. DOWD: As I read your testimony, it is unclear
5 to me why you favor legalized sports betting. It comes through
6 to me, especially in the first page of your statement, that
7 this subculture exists and we have some obligation to recognize
8 this subculture and, in effect, legitimize its activity because
9 they would like to be legalized as opposed to being outside the
10 law.

11 Is that the basic thrust of your reasoning?

12 MR. STURGEON: No. Let me say this: I just simply
13 think that it is completely hypocritical for this business to
14 exist in this country in this volume with absolutely a minimum
15 of governmental regulation.

16 Once again, I don't want to be misunderstood. I am
17 in favor of legalizing betting, period, 100 per cent. It is
18 going to exist whether it's legal or not.

19 I think that if it can be eliminated and it's for
20 the good of the public to eliminate it, then let's eliminate it.
21 If it can't be eliminated and it's a problem we all have to
22 live with, let's figure out some way to live with it.

23 MR. DOWD: Maybe I am way off the beaten track, but
24 I have a great problem in my community with armed robbery, and
25 we constantly send people to prison. And the losses are

1 enormous in our community.

2 But I don't think anybody would suggest that we
3 should recognize this subculture that believes the way to put
4 bread on the table is to commit armed robbery.

5 MR. STURGEON: How many cases of armed robbery did
6 you have in your community last year?

7 MR. DOWD: A great number.

8 MR. STURGEON: How many?

9 MR. DOWD: I suppose about 10 to 15 a week. I
10 suppose we send an average of 100 people to prison a year for
11 that crime, maybe 75.

12 MR. STURGEON: I certainly respect your point of
13 view. I don't think that the comparison is relevant.

14 MR. DOWD: Why?

15 MR. STURGEON: You are talking about a violent
16 crime against society. You are not talking about something
17 that the people want. Nobody wants armed robbery.

18 MR. DOWD: The people that commit them want them.

19 MR. STURGEON: Once again, I don't want to argue
20 philosophy or to get into a semantic argument with you, but in
21 my mind --

22 MR. DOWD: All right, let's lay that aside. Why do
23 you believe that it is in the public interest to legalize
24 sports betting?

25 MR. STURGEON: I think that the times have changed

1 and that the public wants it.

2 MR. DOWD: What evidence do you have that the
3 majority of the people in this country want to legalize sports
4 betting?

5 MR. STURGEON: I think "majority" is a bad word. I
6 have no evidence that the majority want to. I have evidence
7 that many millions of people want it.

8 MR. DOWD: My understanding is that the legislature
9 still operates by majority rule. Is the fact a minority wants
10 something enough to move the entire country?

11 MR. STURGEON: Let me tell you something. Much of
12 the legislation in this country has been passed and implemented
13 to accommodate minorities. This wouldn't be anything new.

14 CHAIRMAN MORIN: Let me interrupt here to say I
15 think your opinion is as good as anybody's and maybe better,
16 but we do have the University of Michigan going through an
17 extensive survey which will give us answers, and rather than
18 speculate here I think we should move along.

19 MR. DOWD: Thank you, Mr. Chairman.

20 CHAIRMAN MORIN: Attorney General List of the State
21 of Nevada.

22 MR. LIST: Thank you, Mr. Chairman.

23 I am interested in knowing what research, if any,
24 you have done concerning the legal bookmakers in the State of
25 Nevada on sports betting.

1 MR. STURGEON: Well, I have tested them.

2 You know, I could not believe when I saw figures
3 from the State of Nevada -- and correct me if I am wrong on
4 the figure -- between \$3 and \$3.5 million was bet in Nevada on
5 sports in either 1974 or 1973 -- I am not sure which figure I
6 looked at.

7 It just was inconceivable to me, realizing it was
8 legalized there -- and I took into account the population of
9 Nevada. I know nothing about what percentage of people who
10 live there bet. But it was inconceivable that people in the
11 State of Nevada would only handle that amount of money a year.

12 So I went to Las Vegas myself and began to make
13 inquiries -- and once again, I'd like to go behind closed
14 doors to elaborate on this if you wish. But I will just tell
15 you that up until a few months ago almost anybody who wanted
16 to go to Nevada could go and bet with an illegal bookmaker for
17 whatever amount of money he wanted and it was never taxed.
18 That is all I know about Nevada.

19 MR. LIST: Anybody could make such a bet with a
20 licensed legal bookmaker, you say?

21 MR. STURGEON: Yes. I won't say any bookmaker. I'd
22 just say the outlets were available to do that. And if you'd
23 like to discuss that behind closed doors --

24 MR. LIST: I want to understand your testimony.
25 You spoke rather rapidly and I wasn't sure I understood you

1 specifically.

2 MR. STURGEON: I apologize.

3 MR. LIST: Is it your testimony here that you dis-
4 covered in Las Vegas a person could put down any amount of
5 money under the table or privately with one of the licensed
6 bookmakers, or with other illegal bookmakers in town?

7 MR. STURGEON: Both.

8 MR. LIST: I definitely would like to talk to you
9 behind closed doors.

10 (Laughter.)

11 MR. STURGEON: Once again, Mr. List, in researching
12 gambling, the problems are tremendous because you are dealing
13 with many people who, regardless of how they feel, are
14 operating in a gray area of the law, are breaking the law. And
15 it is difficult to speak publicly about these things.

16 MR. LIST: How long were you in Las Vegas?

17 MR. STURGEON: Four days.

18 MR. LIST: Did you pursue the question with anyone
19 there, or do you have any opinions about the effect of the 2
20 per cent excise tax on the gross volume of business being done
21 by licensed bookmakers?

22 MR. STURGEON: I think the 2 per cent tax is pre-
23 sently being absorbed by the bookmakers there. I haven't been
24 there since, but I understand it is being absorbed and it is my
25 understanding it has increased the volume of their business.

1 However, they will face problems when it comes time to book
2 baseball because they can't absorb the 2 per cent tax at that
3 time.

4 MR. LIST: Would it surprise you to learn, for
5 example, that one licensed bookmaker out there in the month of
6 December only did about \$120,000 in gross bets in sports bet-
7 ting?

8 MR. STURGEON: That wouldn't surprise me at all.

9 MR. LIST: I might add that his gross profit was
10 only \$1100 on the bets, and that was before he paid a \$2400,
11 2 per cent excise tax.

12 So it doesn't surprise you that they are unable to
13 absorb the 2 per cent tax or unable to keep absorbing it?

14 MR. STURGEON: No, the bookmakers I have spoken to
15 say the 2 per cent figure just puts them at a tremendous dis-
16 advantage. And one thing, Mr. List, you are probably aware of
17 that maybe other members of this Commission are not, is that
18 there is a tremendous question on how much money really would
19 be raised with sports betting legalized.

20 As I say, I have just begun a survey or study with
21 the Chase Manhattan Bank, and if the figure came low I wouldn't
22 be surprised, and if it came high I wouldn't be surprised. It
23 is a tough business to make money in. The margin of profit is
24 low.

25 MR. LIST: You are aware there are only six licensed

47 1 sports bookies presently operating in the State of Nevada?

2 MR. STURGEON: I didn't know.

3 CHAIRMAN MORIN: If the average bettor loses and the
4 margin of profit is so low, I wonder where all the money goes.
5 Somebody has to win something.

6 MR. LIST: Let me make a comment and solicit the
7 witness' comment on it. There is a very strong feeling that
8 the 2 per cent Federal excise tax is the difference between
9 bettors dealing with legal bookmakers and dealing with illegal
10 bookmakers, because most of the legal bookmakers have now
11 reached the position that they are not going to be able to
12 continue absorbing it.

13 CHAIRMAN MORIN: I am anxious to move along. I
14 would like to avoid as much as possible speculation if we can
15 deal with facts.

16 MR. LIST: I have no further questions.

17 CHAIRMAN MORIN: We are running over time.

18 Professor Phillips from Washington and Lee
19 University.

20 DR. PHILLIPS: Mr. Chairman, just a couple of quick
21 questions.

22 Mr. Sturgeon, you talked about your study of 200
23 people who wager from \$200 to \$40,000 a week on football,
24 basketball and baseball.

25 Would you supply to us at some future time a

1 breakdown of those 200 people as to how much they wager per
2 week and annually?

3 MR. STURGEON: Yes, I would. And I would even go
4 further than that. I am sure that I would want to ask their
5 permission, but these people were aware of the study I am
6 attempting to do. There might even be the possibility I'd
7 make the names available to you.

8 DR. PHILLIPS: I am not worried about the names.

9 MR. STURGEON: I'd definitely make this data avail-
10 able to you.

11 DR. PHILLIPS: I'd like a breakdown of the 200.

12 MR. STURGEON: Yes.

13 DR. PHILLIPS: Secondly, you mentioned the Chase
14 Manhattan Bank study which supplied certain theories and
15 figures that you say are stunning. Have those been supplied
16 to the staff?

17 MR. STURGEON: No, they have not, and I am dealing
18 with a gentleman at Chase Manhattan by the name of Phillip
19 Braverman, and the research is really not complete. I would
20 supply that to this Commission, though. And keep in mind in
21 many cases we are dealing here more with theory -- and I am not
22 an economist so forgive me -- we are dealing more with the
23 theory and philosophy of the dollar than maybe we are with
24 profit and loss.

25 DR. PHILLIPS: That is the obvious reason I'd like

1 to see that.

2 MR. STURGEON: Yes, I will definitely supply this
3 Commission with that material.

4 DR. PHILLIPS: Finally, your figures on profit
5 margins are in line with some other estimates that we have
6 received earlier. Would you briefly explain why it is that
7 you believe these profit margins vary so considerably from
8 football and basketball to baseball, and then to horse racing?

9 MR. STURGEON: I hate to say this, but I am unquali-
10 fied to answer that question. I am only going on the basis of
11 information gathered from these individuals.

12 DR. PHILLIPS: Thank you, Mr. Chairman.

13 CHAIRMAN MORIN: I think there are no further
14 questions, and I want to thank you very much for coming, and
15 I think you may have an opportunity to get behind those closed
16 doors.

17 MR. STURGEON: Thank you very much.

18 CHAIRMAN MORIN: We will take a three-minute recess,
19 and ask Mr. James to come up.

20 (Whereupon, a short recess was taken.)

21 CHAIRMAN MORIN: The hearing will please come to
22 order.

23 The next witness is Mr. Robert C. James who is
24 Commissioner of the Atlantic Coast Conference of the National
25 Collegiate Athletic Association, the NCAA, so-called.

1 Thank you for coming, sir, and thank you for being
2 so patient with us for going beyond your time.

3 STATEMENT OF ROBERT C. JAMES, CHAIRMAN, LEGISLATIVE
4 COMMITTEE, NCAA, ACCOMPANIED BY RITCHIE T. THOMAS,
5 ESQ., COX, LANGFORD AND BROWN

6 MR. JAMES: I am joined by Mr. Ritchie Thomas of Cox
7 Langford and Brown, who serve as legal counsel to the NCAA.

8 CHAIRMAN MORIN: I notice you have a prepared state-
9 ment. You may read it if you like or summarize it or enlarge
10 upon it.

11 MR. JAMES: If it is permissible, I would like to
12 read it.

13 CHAIRMAN MORIN: Surely.

14 MR. JAMES: Mr. Chairman and members of the Commis-
15 sion, I am Robert C. James, Commissioner of the Atlantic Coast
16 Conference. I appear before you today in my capacity as
17 Chairman of the Legislative Committee of the National
18 Collegiate Athletic Association in order to present the views
19 of the NCAA on a matter which is of grave concern to it and
20 its member institutions -- betting on team sports.

21 I can state unequivocally that the NCAA is
22 adamantly opposed to any governmental action, Federal or State,
23 which in effect approves gambling on team sporting events,
24 whether such action takes the form of legislation legalizing
25 such gambling or merely entails a less than vigorous

enforcement of existing laws limiting sports gambling activities. Such opposition extends not only to betting on athletic contests involving colleges and high schools, but also to betting on professional team sports. Further, the NCAA recommends and will support Federal legislation which makes gambling on team sporting events of any kind illegal.

Since the NCAA's opposition to betting on team sports relates directly to the fundamental purposes and policies of the NCAA, a brief description of our organization and its goals will aid you in understanding the basis for and depth of the NCAA's position.

The NCAA is a voluntary, nonprofit, educational organization for the administration of intercollegiate amateur sports in the United States. It is composed of 719 member four-year colleges and universities and 87 allied and affiliated collegiate conferences and other organizations who have voluntarily joined our organization in order to support and promote its goals. NCAA policies are determined by delegates voting in annual convention and those delegates are appointed by the chief executive officer of each member institution and allied athletic conference.

The NCAA membership provides intercollegiate competition in at least 36 different sports in which more than 210,000 men and women students compete annually. To protect the integrity of such competition and the participants therein

-- the institutions, the coaching staffs and above all the student-athletes -- NCAA member institutions, working through regional athletic conferences and the NCAA at the national level, have adopted rules and regulations governing such competition. These rules and regulations have three fundamental purposes:

1. To prevent the student-athlete or the athletic program from being exploited by the coach, his institution or outside promoters. By exploitation, I mean attempts to capitalize upon the athlete's or college team's athletic prowess without regard to the student's educational needs and attainments.

2. To maintain those particularly popular intercollegiate sports activities within reasonable educational boundaries and control so that in fact they can be justified as a desirable extracurricular function of an institution of higher education.

3. To maintain a reasonable degree of equal opportunity and competitive balance between and among institutions of higher education on the playing floor and field.

NCAA member institutions and allied athletic conferences have long recognized that fulfillment of these purposes would be seriously jeopardized if gambling activity of any kind were permitted in connection with intercollegiate sporting events. This historic anti-gambling policy underlies

1 many of the provisions of the NCAA Constitution and By-Laws.
 2 The NCAA Constitution, for example, places upon member institu-
 3 tions the responsibility of insuring that:

4 Individuals employed by, or associated with, a
 5 member institution to administer, conduct or coach inter-
 6 collegiate athletics and all participating student-athletes
 7 shall deport themselves with honesty and sportsmanship at
 8 all times so that intercollegiate athletics as a whole, their
 9 institutions and they, as individuals, shall represent the
 10 honor and dignity of fair play, and the generally recognized
 11 high standards associated with wholesome competitive sports.

12 Also to be noted is Policy No. 8 of the NCAA's
 13 Recommended Policies and Practices for Intercollegiate Athletics
 14 which specifically addresses the matter of gambling in inter-
 15 collegiate sports. I have attached a copy of Policy No. 8 to
 16 my prepared text, and in the interest of time will not read it.
 17 However, I do wish to state for the record that Policy No. 8
 18 sets forth recommended actions to be undertaken by member in-
 19 stitutions to combat the menace presented by gambling and the
 20 bribery that often accompanies sports betting as gamblers
 21 attempt to eliminate or minimize their risks. Such recommended
 22 actions include the counseling of student bodies, athletic
 23 squads and student-athletes as to the seriousness of the
 24 gambling problem and the nature of existing laws limiting
 25 gambling activities; the expulsion of students -- athlete or

1 nonathlete -- for failure to report a solicitation to be a
 2 party to sports bribery or for acting for gambling interests
 3 by distributing handicap information or handling bets; and
 4 the support of the enactment and enforcement of strong anti-
 5 gambling legislation.

6 In addition to these general principles relating to
 7 sports gambling and bribery, specific rules aimed at destroying
 8 or minimizing the opportunities for organized gambling to in-
 9 fluence amateur athletic events have been adopted by the
 10 membership.

11 Prime examples of such rules are the prohibition on
 12 outside basketball competition for individual student-athletes,
 13 the prohibition on postseason basketball practice, the limita-
 14 tions on the length of the basketball season, and the number
 15 of games which may be played, and the policy that all games of
 16 the NCAA National Championship competition, except the champ-
 17 ionship finals, be conducted on campus or in facilities at
 18 which an institution schedules its regular season contests.
 19 Each of these rules is designed to ensure that intercollegiate
 20 games are played in a normal college atmosphere and to make it
 21 as difficult as possible for outside influences to reach the
 22 participants.

23 As suggested by the foregoing description of the
 24 NCAA's anti-gambling policies and rules, the principal respon-
 25 sibility for enforcement lies with individual member institutions

1 and affiliated regional conferences and, when violations of
2 local or Federal law may be involved, with local or Federal law
3 enforcement agencies.

4 It is, therefore, impossible for the NCAA to estimate
5 the cost of the efforts of college athletics to prevent attempts
6 to influence the outcome of college athletic contests and to
7 defend itself from any contact with gambling activities. The
8 NCAA's anti-gambling countermeasures are a normal adjunct of
9 the NCAA's overall enforcement and events areas of its opera-
10 tions. While most of the efforts of the NCAA's rules and en-
11 forcement program are directed toward recruiting violations and
12 violations of other NCAA legislation, enforcement personnel are
13 constantly on the alert for any indications of gambling
14 activity. When a gambling problem does arise, close liaison
15 with the institution and local and other law enforcement
16 agencies is maintained until the case has been disposed of.

17 In addition to its own enforcement efforts and the
18 enforcement efforts of its member institutions, the NCAA and
19 its member institutions and conferences have on numerous
20 occasions supported strong anti-gambling legislation in Congress
21 and various State legislatures. Its members have also con-
22 sistently opposed legalization legislation at the State level,
23 most recently in Massachusetts where several Boston area insti-
24 tutions were instrumental in aiding a State legislator's
25 successful campaign against the legalization of betting on team

1 sports. Further, while the NCAA has abandoned formal efforts
2 to deter the printing of point spreads in newspapers, its
3 representatives and institutional representatives have urged
4 newspaper writers and sports commentators to avoid publicizing
5 point spreads.

6 Mr. Chairman and members of the Commission, I wish
7 to emphasize that the NCAA's anti-gambling policies, rules and
8 countermeasures are not based upon the arbitrary prejudices
9 of overly-protective patrons of athletics, but rather are the
10 responses of deeply involved administrators of and participants
11 in intercollegiate athletics to specific abuses which on
12 occasion have arisen as the outgrowth of sports betting
13 activities. The specific rules governing college basketball
14 and Policy No. 8, both of which I have previously mentioned,
15 were direct products of the point-shaving scandal which
16 rocked college basketball in the early 1960's. Also, many of
17 you will recall that that scandal, which epitomizes the threat
18 which gambling activities pose to the integrity and existence
19 of college athletics, resulted in the enactment of Federal
20 legislation, making it a crime to use bribery to influence the
21 outcome of a sporting contest. It is precisely this type of
22 experience which clearly shows the inadvisability of legalizing
23 gambling on team sports and demonstrates the necessity for even
24 stricter anti-gambling legislation.

25 Because of the very nature of the problem and because

57 1 of its circumscribed jurisdiction and the largely decentralized
2 administration of its rules, the NCAA has no informed opinion
3 as to the extent of gambling on college athletic events. Cer-
4 tainly, it appears that illegal gambling on college sports does
5 take place. However, while there have been a few incidents
6 of student-athletes placing bets on college athletics events,
7 NCAA files do not reveal any instance since 1965 in which it
8 has been found that a college athlete or an official has en-
9 deavored to alter illegally the outcome of an athletic event
10 or to affect the margin of victory.

11 We believe that this is attributable not only to the
12 efforts of the NCAA and its members to prevent illegal gambling
13 from affecting college athletics, but also to Federal statutes
14 limiting gambling activities, particularly the anti-bribery
15 statute, and to the quick reaction which, in our experience,
16 local law enforcement officials make to reports of betting
17 by college athletes and other gambling activities involving
18 college sport events.

19 This is not to say, however, that existing statutes
20 and enforcement efforts are sufficient to prevent another
21 scandal of the magnitude of the point-shaving scandal. On
22 occasion rumors and allegations as to gambling on college
23 sports surface. The increasing sophistication of gambling
24 organizations and the cavalier attitude towards gambling which
25 is developing among those segments of the public lured by

58 1 promises of increased excitement and a fast buck for them-
2 selves or their State's treasury demand more comprehensive
3 legislation and more stringent law enforcement and prosecution,
4 designed to combat the pernicious influence which experience
5 shows gambling exerts on athletes and athletic competition.

6 For these reasons and to avoid the chaos which would
7 result if individual States were permitted to enact legislation
8 legalizing sports betting, the NCAA recommends the enactment
9 of Federal legislation making activities in interstate commerce
10 in pursuit of gambling on any team sporting event criminal.

11 The NCAA wishes to go on record in the clearest and
12 most emphatic way that it opposes the legalization of gambling
13 on team sports, whether amateur or professional. The NCAA
14 believes that all sports are intertwined in the public mind
15 to such a degree that doubts about the integrity of any one
16 sport would quickly spread to other sports. It would be es-
17 pecially unwise to legalize betting on high school and college
18 sports because of the particular vulnerability which these
19 programs and their participants have to the undesirable side
20 effects of gambling.

21 First, whereas the scope of professional sports is
22 rather limited, making regulation problems possibly of manage-
23 able proportions, the extensive scope of college sports activi-
24 ties would make it impossible to protect participants from the
25 increased attempts to influence the outcome of sporting events

1 which would surely follow legalization. In football there
 2 are but 26 professional teams having 40-man rosters, while 460
 3 colleges have football teams comprised of 60, 70 or even 80
 4 players per squad. There are some 28 professional basketball
 5 teams; there are nearly 700 NCAA college basketball teams
 6 playing some 9,000 games each season. To ensure the integrity
 7 of the competition and individual participants in the context
 8 of legalized sports betting would, at best, be prohibitively
 9 expensive and, at worst, simply impossible.

10 Secondly, legalization -- to say nothing of official
 11 government sanctioning -- of gambling on these events will bring
 12 gambling onto the campus, openly and to an extent far greater
 13 than appears to be the case at present. The result, we firmly
 14 believe, will be to increase tremendously the exposure of
 15 student-athletes to pressures from gamblers.

16 In this regard, the particular vulnerability of
 17 the college student-athlete must be borne in mind. They are
 18 17-to-20-year-old boys and girls. To subject these youngsters
 19 who are already under considerable academic and competitive
 20 pressure to added pressures of defending themselves against
 21 improper attempts to influence the outcome of the events in
 22 which they participate would be unconscionable. Surely, neither
 23 this Commission nor any legislative body would deliberately
 24 heighten the pressures and responsibilities already placed on
 25 college athletes or increase the exposure of our nation's youth

60 1 to the corrupting influences which experience has shown are
 2 associated with sports betting.

3 Thirdly, legalization of gambling on college sports
 4 would thrust intercollegiate programs into an environment
 5 hostile to their basic principles. Open and widespread wagering
 6 on contests is clearly inconsistent with fundamental concepts
 7 of amateurism in sports. Moreover, for many institutions it
 8 would raise questions whether college sports conducted in such
 9 an atmosphere remain valid education programs. As a consequence,
 10 a grave threat would be posed to the continuation of competitive
 11 college athletic programs.

12 In closing, I would like to speak quite frankly with
 13 you. The NCAA and its members are deeply disturbed by the tone
 14 and thrust of recent articles on sports betting and the Commis-
 15 sion's policy review appearing in the New York Times and other
 16 newspapers. We sense that there is developing towards sports
 17 betting a laissez-faire attitude which totally ignores the
 18 realities of sports competition. Even in communications from
 19 the staff of this Commission, we find sports programs described
 20 as an "industry."

21 In your inquiry into betting on team sports, you
 22 are dealing with an activity which is distinct from and far more
 23 sensitive than the pursuits commonly associated with that term.
 24 You are dealing with the lives and futures of thousands of
 25 young men and women and the integrity of competitions which are

61 1 of great importance to the development of the individual par-
2 ticipants, to the educational institutions for which they com-
3 pete and to the many fans of such institutions.

4 Today I ask your assurances that before acceding to
5 what the media would have us believe is an almost irresistible
6 drift toward legalization of gambling on team sports, the
7 members of this Commission will seriously consider the possi-
8 bilities for mischief and corruption which legalization would
9 foster. I, in turn, can assure you that the NCAA and its
10 members will in the future, as they have in the past, vigor-
11 ously oppose action which we believe threatens to destroy the
12 athletic programs of this nation's high schools and colleges.

13 Thank you, Mr. Chairman.

14 (Policy 8, Gambling and Bribery, is as follows:)
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225 A

NCAA Recommended Policies and
Practices for Intercollegiate Athletics

POLICY 8
GAMBLING AND BRIBERY

Section 1. College administrators should redouble their efforts in counseling the student body at-large and athletes in particular as to the seriousness of the gambling problem. This is an unending and continual challenge and one to which college athletic administrators must constantly rededicate themselves.

Section 2. All institutions should warn their athletic squads regularly against the threat and corruption attached to the activities of gamblers; cite existing and applicable Federal, state and local laws; review the tragedy which has struck some students; and post pertinent messages on this subject to remind the student-athletes of these facts.

Section 3. Institutional rules should provide that any student (athlete or non-athlete) shall be expelled from college for failure to report a solicitation to be a party to sports bribery; further, institutional regulations should provide that a student shall be expelled if he becomes an agent of the gambling industry through the process of distributing handicap information or handling bets. [NOTE: Institutions should encourage local authorities to enact and enforce laws prohibiting this type of activity on the part of any citizen.]

Section 4. Any additional steps that can be taken to make it more difficult for the briber to gain information or to make contact at the campus level should be undertaken.

Section 5. In those states which do not have anti-bribery laws or where existing laws are inadequate, member institutions should take the leadership in petitioning state legislatures to pass strong legislation to deal with this subject.

1 CHAIRMAN MORIN: What do you mean by "laissez-faire?"

2 MR. JAMES: Well, we are interpreting from the
3 articles that the information contained therein just said,
4 "Well, it is going to happen. Let it be there and don't do
5 anything about it."

6 CHAIRMAN MORIN: I asked you a question: What do
7 you mean by "a laissez-faire attitude?"

8 MR. JAMES: Just that; don't do anything about it.
9 Let it develop to any point, without controls.

10 CHAIRMAN MORIN: Let what develop?

11 MR. JAMES: The feeling that we gather from the
12 articles which appeared in the paper --

13 CHAIRMAN MORIN: No, let me put it another way. I
14 think that classically a laissez-faire attitude is used to
15 describe one which is, "Leave things the way they are."

16 Am I correct?

17 MR. JAMES: I would presume so.

18 CHAIRMAN MORIN: Which leads me to believe or leads
19 me to ask: What is the attitude of the NCAA if it is not "do
20 nothing?"

21 MR. JAMES: The attitude of the NCAA, I think, sir,
22 has been demonstrated fully in all of our actions in the past.
23 I have never in any meeting of any type of representation from
24 member institutions of the NCAA taken anything but a stand
25 adamantly opposed in any way to legalization of gambling.

1 CHAIRMAN MORIN: Therefore, it is, "Leave things the
2 way they are," which translated into French is laissez-faire.

3 MR. THOMAS: Mr. Chairman, what I understand Mr.
4 James has referred to and what he has said is there is the
5 argument that, "There is a lot of gambling going on, and
6 therefore, let's recognize because lots of people do it it's
7 okay and let's not try to stop it."

8 I think certainly it is valid to describe that as
9 laissez-faire."

10 CHAIRMAN MORIN: I agree with you on that. Let me
11 ask you what the NCAA is doing to try to stop it.

12 MR. THOMAS: I think, again, Mr. James' statement
13 referred to the NCAA's actions in this regard. The NCAA's
14 action is with anything that would lead to increase in gambling.
15 This is with respect to the integrity of their events.

16 CHAIRMAN MORIN: Very well.

17 What is the policy of the NCAA regarding the dissemi-
18 nation of injury information, collegiate football injury in-
19 formation, for example?

20 MR. JAMES: There is a committee very actively in-
21 volved in this, sir. It is headed by Dr. Carl Blythe, head
22 of the Physical Education Department of the University of
23 North Carolina.

24 Each year through all the trainers of our member
25 institutions we submit statistical data on a very extensive

64 1 survey. This information is compiled by Dr. Blythe, and the
2 purpose of obtaining information is to attempt to develop
3 equipment which will better protect our athletes against injury.

4 CHAIRMAN MORIN: That is not what I meant. Let's
5 say that the Notre Dame quarterback cuts his foot on a piece
6 of glass in the locker room on Wednesday and is going to be
7 unable to play on Saturday. What does Notre Dame do about that
8 or should it do anything under the NCAA policy?

9 MR. JAMES: It is not required to do anything.

10 CHAIRMAN MORIN: So that no one is to know that
11 the quarterback is injured and will not play on Saturday.

12 MR. JAMES: Mr. Morin, I have witnessed countless
13 press conferences our coaches hold weekly with news media.
14 Our practices are open, in the main, to any and all persons who
15 wish to attend them. Very seldom at these press conferences
16 is there an injury which goes undetected, and rarely is it
17 not specifically a part of the conference. In other words,
18 "Quarterback So and So was injured Saturday. What is the
19 extent of his injury? Do you think he will be able to play
20 Saturday?"

21 And I think our coaches attempt to make an honest
22 assessment, and I don't think this knowledge is hidden from the
23 public.

24 CHAIRMAN MORIN: I don't think it is either. But I
25 wonder if you had a policy similar to the pro-football leagues

65 1 where the injuries are reported?

2 MR. JAMES: No, we do not, sir.

3 CHAIRMAN MORIN: I have another question. I am
4 really intruding on the staff here.

5 I guess I am referring to your fear that the Commis-
6 sion is adopting a laissez-faire attitude.

7 You state that the NCAA has abandoned formal effort
8 to deter the printing of point spreads in newspapers. Why?

9 MR. JAMES: It was just ineffective from a national
10 standpoint, so I believe what we have done in this regard is
11 that going to the differing areas of the country, if this is
12 creating problems in that area, then the institutions respond
13 to it.

14 We have communications periodically from the NCAA
15 to institutions recommending policies. We have publications
16 which come from our coaches association which are affiliated
17 members of the NCAA.

18 CHAIRMAN MORIN: I understand all that but that
19 doesn't answer my question. The statement says you have
20 abandoned efforts --

21 MR. JAMES: On a national level.

22 CHAIRMAN MORIN: I say why? Why abandon the efforts?
23 What I am getting at -- and I think you realize it --
24 that one week before the collegiate football season starts
25 several million people are going out and buying football

66 1 cards for \$1 or \$10 or \$100 a piece, and they are going to
2 gamble on intercollegiate football games. And the reason they
3 are going to is that it is possible to have a point spread.

4 And the reason it is possible to have a point spread is that
5 the point spread is published and publicized.

6 Now, if gambling is so bad, I am simply saying:
7 Why doesn't the NCAA not only not abandon its national policy
8 but press its national policy, redouble its efforts?

9 MR. JAMES: Because I believe the feeling was, sir,
10 it could be more effectively accomplished at the local level.

11 MR. THOMAS: Mr. Chairman, I think I have looked at
12 the history of this matter perhaps more extensively than Mr.
13 James has, and let me add a couple of points in this regard.

14 I think that it was the NCAA experience that two
15 points discouraged them from continuing an aggressive operation
16 with regard to this matter.

17 One was that it simply wasn't very effective in many
18 areas of the country and there was absolutely no promise that
19 no matter what they did it would become more effective.

20 And the second point was that a very strong argument
21 was made on the other side, by the press in particular, that
22 as far as they were concerned, what was involved were large
23 issues of the freedom of the press and freedom of speech.

24 As you can imagine, this is an area as to which
25 educational institutions are particularly sensitive, to claims

7 1 of this nature, and the NCAA in the circumstances has taken a
2 more indirect approach to the publication of point spreads.

3 It is my understanding that in media conferences,
4 as Mr. James notes, at a conference level and at a national
5 level, when NCAA officials are together with sportswriters,
6 sports editors, television and radio people, they point out
7 that they believe that discussions of point spread over tele-
8 vision, radio, and publication in the newspapers puts the
9 emphasis on the wrong thing as to their events, encourages
10 gambling, facilitates gambling to some extent, and in their
11 view it is not a desirable practice.

12 Certainly, it is left up to the newspapers then --
13 it has been the experience of NCAA officials that in these
14 discussions frequently the newspapermen will agree.

15 However, the point spreads still seem to be pub-
16 lished.

17 Mr. Chairman, perhaps this would be a good area
18 for Federal legislation, if there is, in fact, no first
19 amendment issue here -- and I think there may be.

20 CHAIRMAN MORIN: I think the reason for the question
21 is that it has been suggested that the Commission is adopting
22 a laissez-faire attitude, while at the same time the NCAA is
23 abandoning a policy which would oppose the one thing that
24 encourages gambling on intercollegiate sports more than any
25 other single thing in the United States.

68 1 MR. THOMAS: Mr. Chairman, I think as to that state-
2 ment, there are two points we have to make.

3 One of them is that our statement does not accuse
4 the Commission of adopting a laissez-faire attitude, but what
5 the statement said was there seems to be developing such an
6 attitude.

7 Certainly the attitude we were pointing to was re-
8 flected in New York Times articles and perhaps that was an
9 attitude of the reporter.

10 And secondly, if it is in fact true, Mr. Chairman,
11 that the publication of point spreads is the principal cause
12 of sports betting, that is a fact of which we are not aware.
13 I am not aware of the evidence on that.

14 CHAIRMAN MORIN: I suppose that we ought to make
15 an official release somehow or other that the New York Times
16 is not the official organ of the Gambling Commission. Because
17 whatever appears in the New York Times somehow or other achieves
18 an authoritative ring which leads us to spend a half-day
19 denying it.

20 I don't think the attitude is developing on the
21 Commission.

22 I have, as I say, intruded on the staff's time. Mr.
23 Ritchie has some questions.

24 MR. RITCHIE: Thank you.

25 I want to express at the outset, gentlemen,

69 1 particularly Mr. James, that although the staff is cast in the
2 role of the devil's advocate, I want you to understand the
3 nature of our questioning. The fact that I am from the State
4 of Oklahoma and differ greatly with the decisions made regarding
5 the University of Oklahoma by your organization (laughter), I
6 want to be on record that I attended Oklahoma State University.

7 Gentlemen, again I feel somewhat, as the Chairman
8 has indicated, like I have heard a breakfast cereal advertise-
9 ment for the all-American boy.

10 You have said you have a position against legaliza-
11 tion. You are disturbed by the description of college activi-
12 ties as an industry.

13 Now, I'd like for you to recite for us, if you will,
14 the gross receipts from television and attendance at sporting
15 events which the NCAA sanctions and see if that does not indi-
16 cate that it is, in fact, an industry.

17 MR. JAMES: Well, let me start off, sir, by stating
18 the requirement of the NCAA for institutional membership. And
19 perhaps we could get this more in an educational frame.

20 Our programs, by NCAA rule, must be under faculty
21 control. The faculty athletic body which controls athletics
22 must have in its membership a majority of faculty members. It
23 may have student appointees; it may have alumni appointees,
24 but the control --

25 MR. RITCHIE: Mr. James, in the interest of time,

70 1 sir, do you discontinue sporting events when they don't show a
2 profit?

3 MR. JAMES: I think you are speaking maybe of an
4 isolated instance. I don't believe every institution dis-
5 continues a sporting program because it doesn't show a profit
6 or we would have many institutions without any but two programs.

7 MR. RITCHIE: That is right, and those two programs
8 carry the others. And when they don't carry them sufficiently,
9 measures are taken to make sure the revenues are increased.

10 This is the problem the Gambling Commission is con-
11 cerned about. You state you have the ability to regulate this.
12 You state that you have codes of conduct. You state you have
13 certain abilities to enforce things. But you are ignoring the
14 fact that there is a terrific amount of gambling on NCAA
15 events, particularly college football. And you are ignoring
16 whether or not you have a responsibility to insure that some-
17 thing other than the athlete's integrity is preserved, are you
18 not, sir?

19 MR. JAMES: No, I don't think we are saying that.

20 MR. RITCHIE: Well, you have suggested that it is
21 the responsibility of this Commission to institute Federal
22 legislation in this area. Are you suggesting, sir, that the
23 Federal Government disavow its all-purpose intention that the
24 States have a right to make these decisions themselves? Are
25 you suggesting that we ban legal sports betting in Nevada

71 1 because the people of Nevada aren't entitled to make that de-
2 cision?

3 MR. JAMES: Well, I would call to your attention,
4 sir, that it is my understanding that where it is legal to
5 place a sports bet in Nevada, there is an agreement there will
6 be no bets taken on college athletic events.

7 MR. RITCHIE: Absolutely.

8 MR. JAMES: Maybe that's wrong.

9 MR. RITCHIE: What is wrong with that? You don't
10 have any instances at the University of Nevada, I'm sure.

11 MR. JAMES: But I don't think that suggests it
12 should be the national policy either. I think we are speaking
13 in a rather isolated instance.

14 MR. RITCHIE: Why? The State of Nevada is able to
15 allow wagers on college events and exclude wagers on colleges
16 located within its boundaries, and you have no instances to
17 show that is an unwise policy. Why isn't any other State
18 entitled to make that same judgment? Should you superimpose
19 your judgment upon that of the people of those States who might
20 wish to do that?

21 MR. JAMES: Well, at the present time, sir, I do not
22 believe -- I think that what you do for us is to take away our
23 greatest deterrent with our athletes, to keep them constantly
24 aware of the problem that they have in associating with these
25 people. Right now I don't believe we are talking about

widespread gambling on our campuses. It is my opinion if you legalize it --

MR. RITCHIE: Widespread gambling on your campuses by students?

MR. JAMES: Yes.

MR. RITCHIE: By the general students?

MR. JAMES: Students.

MR. RITCHIE: Let's give an age limit that would exclude students. Why wouldn't that be a natural regulation? But are you suggesting, sir, there isn't widespread gambling on college events?

MR. JAMES: I do not know the extent of gambling on college events. I wish I could bring it to you.

MR. RITCHIE: Let me suggest to you that all authoritative sources this Commission has consulted suggest that it is an enormous amount of money wagered annually, particularly on college football, even growing now on college basketball.

Let me raise another issue, and I don't wish to take the entire time for presenting questions to you.

We are told by people who are bookmakers, people who are outside the scope of law, that one of the particularly sensitive areas regarding college athletics regards the alumni and their relationship to the coach.

We are cited instances where people who have made

large contributions to sporting programs intentionally tell the coach before he goes in, "I want you to know that I have \$10,000 bet on a 21-point spread. Don't let it interfere with your judgment about how to run the game, but I want you to know that."

Do you think, sir, you are regulating that type of pressure on college sporting events that might lead a coach to make some judgment about leaving his first string in longer so that the point spread of 21 is surpassed?

MR. JAMES: What I am suggesting to you is that the principles of ethical conduct which I cited in that paragraph are a very vital part of what we are talking about.

The administrative head of each one of our institutions is required to certify annually that he does not have a staff member who is in violation, who has been helped by infractions of those principles -- has not been a member of his staff for a period of two years, or none of the sports in that institution are eligible to compete in national championships.

Now, if we found this out, that this circumstance did arise --

MR. RITCHIE: How would you find it out, Mr. James? What resources do you apply to that type of investigation other than this certification?

MR. JAMES: Well, I can tell you what I do from a conference level.

1 MR. RITCHIE: Yes, sir.

2 MR. JAMES: And I can tell you what coaches asso-
3 ciations do from a national level. They constantly call this
4 to the attention of their coaches and ask their coaches to call
5 it to the attention of their athletes.

6 I personally visit with our coaches each year in
7 each sport. I personally, at a maximum of once in a two-year
8 period with particularly the football and basketball squads,
9 visit and discuss it with them, the fact of their responsi-
10 bility to call any instance to the attention of their coach so
11 it can be brought to our attention.

12 I know you hear these things and we hear a lot of
13 things, but I am not too sure that that is a true circumstance.
14 It may have happened and I can't deny that it did. I think
15 what we should be talking about here is what is the normal
16 circumstance, not the unusual.

17 MR. RITCHIE: According to the information that we
18 are trying to gather for utilization in this Commission, I am
19 not suggesting that it is normal, but I am certainly suggesting
20 that it appears to be frequent.

21 MR. JAMES: I know what you are speaking about.
22 We often hear that the alumni can fire the coach but I can cite
23 you instance after instance where that is not true.

24 MR. RITCHIE: Well, I am not really speaking of his
25 job security, sir.

1 Now, one final question regarding your position on
2 the legalization of sports betting on professional events.

3 Why do you think that would have some effect on
4 college athletics if there were no wagers allowed on college
5 athletics, pool cards, as they now exist in virtually every city
6 in this country, or sports event betting?

7 MR. JAMES: I believe, sir, our two activities are
8 so intertwined that it is almost impossible to distinguish one
9 from the other in certain regards.

10 MR. RITCHIE: Between professional and college
11 athletics?

12 MR. JAMES: I said "in certain regards." And we
13 find this quite frequently in the rules administration. In
14 the sport of football, for example, we will often receive com-
15 plaints from spectators that a certain situation was not
16 called in a very key game, but in fact was a professional rule.
17 And I think the public in general does not want to take the
18 time to distinguish one from the other.

19 I think that we are associated in other activities
20 where it would be very difficult to separate one from the
21 other, just as I think it would be difficult to separate us
22 from the high schools.

23 MR. RITCHIE: Since I have moved to within your
24 conference, I want to compliment you on the quality of the
25 basketball in NCAA.

1 MR. JAMES: Thank you very much.

2 CHAIRMAN MORIN: Maybe that is one thing you can't
3 control.

4 MR. JAMES: We try there, too.

5 CHAIRMAN MORIN: Why don't we start with Professor
6 Phillips.

7 DR. PHILLIPS: Mr. Chairman, I don't have any
8 additional questions.

9 CHAIRMAN MORIN: Mr. Coleman.

10 MR. COLEMAN: Thank you, Mr. Chairman.

11 Mr. James, the reference to the problems that you
12 had in basketball back in the '60's -- as I remember, it
13 started in the late '40's even, and early '50's. But was it
14 your information that the bribe and attempted bribe of
15 collegiate basketball players were made by gamblers or by
16 bookmakers?

17 MR. JAMES: Could I give you the information we
18 disseminated on that, sir?

19 MR. THOMAS: I think, sir, I can give you a few
20 more details on that. It is our understanding again -- and
21 this is just from viewing what we found in our old files about
22 it -- it appears that contacts were made initially through
23 former basketball players who were, I would say, gamblers
24 rather than bookmakers. There was some evidence in some parts
25 of the country the activity itself was financed by bookmakers.

1 MR. COLEMAN: Well, was there any pattern? There
2 were certainly enough cases to form some sort of a pattern that
3 there were more attempts made by gamblers or by bookmakers.

4 MR. THOMAS: What was involved in this case was a
5 ring, if we can describe it as such, of a number of people
6 who were associated. And as I say, the contacts were made
7 from people who were gamblers. But as I say, it was our under-
8 standing that in some areas financing for these pay-offs was
9 done by bookmakers. So they were both involved, gamblers
10 and bookmakers.

11 MR. COLEMAN: Let me tell you the reason for the
12 question. It has been discussed that certain things con-
13 ceivably could be legalized. Or without legalization of sports
14 betting, if the gamblers were going to make the contacts, they
15 are going to be there in any event, aren't they? In other
16 words, you are still going to have the gamblers whether it's
17 legal or illegal.

18 MR. THOMAS: One of our concerns, sir, is with
19 numbers. I think to some extent we are all speculating. We
20 are predicting from a base which everybody here today has
21 acknowledged is a little bit unclear. But I think that most
22 people would anticipate that with the legalization of gambling
23 activities on sports events, there will be a great many more
24 people involved in it. And it is the feeling of the NCAA
25 members that this will increase the number of people who may be

78 1 interested in both trying to fix events, and even the fixing,
2 point-shaving issue aside. It will greatly increase the
3 number of people who are trying to get inside information.
4 Anybody who has a bet down wants to know all he can about the
5 event.

6 MR. COLEMAN: That is not unusual, I don't think.

7 MR. THOMAS: Beg pardon?

8 MR. COLEMAN: If you brought a lot more bettors in
9 the field, you wouldn't bring the \$10,000 people in. You'd
10 get the \$5, \$15, \$20. Those aren't the ones who fix basket-
11 ball games. Would you try to fix a basketball game that you
12 put \$25 on, in your opinion?

13 MR. THOMAS: Well, I think what we are concerned
14 about, as I say, is not only people who may take steps to try
15 to fix the game but people who, in order to protect their \$25,
16 which may be important to a great many people, want to call
17 up the star basketball player and find out how he is feeling
18 today, want to call the coach.

19 I think if somebody starts losing \$25 every week
20 over a year, it may be important to a lot of people.

21 It is also an amount of money which may be one that
22 college students could or would be betting. And again, the
23 fellow's fraternity brother has \$50 riding on a game and the
24 fraternity brother is going to get him -- not get him to
25 shave a point, but let him know that it would be important if

1 the team won by more than 20.

2 CHAIRMAN MORIN: Your testimony is the Association
3 believes the legalization of gambling is going to increase the
4 danger of attempts to fix intercollegiate contests. That is
5 the testimony, bottom line, of the NCAA?

6 MR. THOMAS: That would be one side of it, sir. We
7 also believe it will increase the extent to which people are
8 trying to get inside information about the game from players.
9 This is another side, and it goes beyond mere fixing. It is
10 just trying to know as much as they can about the game.

11 CHAIRMAN MORIN: It increases the chance of that?

12 MR. THOMAS: Yes.

13 CHAIRMAN MORIN: And this is based, I take it, on
14 speculation rather than any particular fact or survey?

15 MR. THOMAS: As you know, sir, we do not have
16 nationwide legalized gambling.

17 CHAIRMAN MORIN: I am not looking for an argument,
18 honestly. We are trying to build a record here in a limited
19 amount of time. And I think the record should finally demon-
20 strate what the position of the NCAA is, not what you are doing
21 and what you speculate or why you don't have the facility, but
22 rather what your position is and upon what it is based. And
23 from there on we have to operate.

24 I take it that correctly summarizes the NCAA
25 position?

1 MR. THOMAS: Yes.

2 CHAIRMAN MORIN: Mr. Dowd.

3 MR. DOWD: I have just one question, hopefully.

4 What evidence do you have today that the level of
5 illegal gambling represents an unhealthy influence on college
6 athletics today?

7 MR. JAMES: We do not have specific information
8 available to us, but I would have to believe this is a great
9 part, because of the vigilance we have demonstrated with this
10 problem and the effectiveness of our coaches dealing with it
11 at an institutional level.

12 MR. DOWD: Do you have any evidence that suggests
13 that the players today in big games, where it is fairly
14 obvious that there is a big betting, are in any way responsive
15 or handicapped or bothered by that fact?

16 MR. JAMES: I think that any evidence that we have
17 ever determined of involvement by athletes or coaches was
18 very promptly dealt with at an institutional level so it never
19 became an NCAA problem. It never has become a conference
20 problem.

21 When our institutions determine that this might be
22 a matter of concern to them, they have acted very promptly and
23 very decisively.

24 MR. DOWD: But your belief is you can't control it
25 if it is legal?

1 MR. JAMES: I think you introduce pressures here to
2 our players and place them in a far different atmosphere than
3 prevails today, and I think it would be totally unfair to do
4 this.

5 MR. DOWD: Thank you, Mr. Chairman.

6 CHAIRMAN MORIN: You realize that to the uninitiated
7 that is a non sequitur. So long as it is illegal, there are no
8 pressures on the players, but as soon as you legalize it they
9 feel the pressure.

10 MR. JAMES: Sir, I think if you legalize it for
11 whatever purpose you might, it implies that this is correct.
12 What do we do if it is legalized for financial gain --

13 CHAIRMAN MORIN: Do you mean it is correct to throw
14 a game because it is legal to bet on it? There is more pressure
15 on the player?

16 MR. JAMES: There are more people betting. Because
17 I am one of those people who believes there are those who don't
18 do things that are illegal.

19 CHAIRMAN MORIN: So the player feels instead of 100
20 people betting on him there are 10,000 so there is more pressure
21 on him?

22 MR. JAMES: No. I think we are talking about a
23 different sort of pressure than exists today, Mr. Chairman,
24 and it is a very valid concern, I'm sure.

25 CHAIRMAN MORIN: I am sure the concern is valid or

82 1 we wouldn't all be here, but it is a matter of whether the
2 concern is misplaced or whether it can be explained.

3 MR. JAMES: I would certainly have to sustain the
4 harm before we found out.

5 CHAIRMAN MORIN: Did we skip over General List?
6 Excuse me.

7 MR. LIST: I have just a couple of brief questions.

8 There was testimony here to the Commission yesterday
9 to the effect that 60 per cent of the adult males attending
10 ball games have some personal knowledge of the point spread,
11 and furthermore have a wager of some sort on the game.

12 Does that statistic surprise you or startle you or
13 would you challenge it?

14 MR. JAMES: I would challenge it from a college
15 standpoint. I don't know whether it was specifically related
16 to all games, professional or college, or just to professional
17 games.

18 I think in the main people who attend our athletics
19 contests are alumni or people who reside in the area, and they
20 go to the game because of affiliation of some sort with the
21 institution and not to see if they have won their bet or not.
22 Maybe this is not true in other areas.

23 MR. LIST: Perhaps it is due to the fact that we
24 don't have hard information yet on the subject, but certainly
25 there is a large school of thought, don't you agree, that

33

1 indicates that there is a far greater interest in ball games,
2 or at least a much more substantial interest than you would
3 concede, from the bettors? Isn't that a possibility?

4 MR. JAMES: Oh, I think there would be a possibility
5 that there would be information on that that would not be
6 available to me, and I'd be hard-pressed to make any judgement
7 on it. I am not trying to evade the point, but I have diffi-
8 culty with your point that there is that number of people that
9 go to our --

10 MR. LIST: I think there are people who feel that
11 the attitude you take, both here and in previous statements and
12 publications of your organization, leads many people to believe
13 that you are operating, in a sense, in a kind of vacuum, isola-
14 tion, that football games and basketball games are played in
15 some sort of sterile test tube or sterile atmosphere where all
16 that is of concern is the educational effect that it might have
17 on the participants, when really there are millions and millions
18 of Americans who follow the games and read the sports pages and
19 attend the ball games not to see how high a basketball player
20 can jump or how fast a football receiver can run, but they are
21 interested in the points and they are interested in the compe-
22 titive angle of the gambling as well.

23 And I suggest to you that perhaps there is a far
24 greater number than you are willing to concede. And it seems
25 this Commission has a duty to find that out and to take it into

84 1 account.

2 MR. JAMES: Well, in making that determination, I
3 hope you will bear in mind the responsibility which we feel we
4 hold for our programs, and that is our position. And I just
5 don't know how many people sit in our stands and bet. I just
6 don't know.

7 MR. LIST: Your primary responsibility is to the
8 players and to the universities you represent; right?

9 MR. JAMES: Yes, sir.

10 MR. LIST: And not to the people who sit home and
11 read the sports pages.

12 MR. JAMES: That is not our primary responsibility.
13 Our primary responsibility is as you stated it.

14 MR. LIST: In fact, you are not concerned about
15 whether they are betting with illegal bookies or legal bookies
16 or whether they are betting at all so long as it doesn't affect
17 the people you represent, namely the players and coaches and
18 schools. Am I right?

19 MR. JAMES: I might be concerned as a citizen but in
20 my area of responsibility, no.

21 I am concerned that if we take the steps that some
22 have suggested, it will place our players in a position which is
23 far more difficult than prevails at the present time. And I
24 have to have that concern, and that is the concern I have been
25 alluding to this morning.

1 MR. LIST: What I am suggesting is that for every
2 person who is inside that gymnasium, or let's say for every
3 person who is participating on the ball team, there may be a
4 million people in this country who are affected by his per-
5 formance, and you are concerned with that one individual.

6 Don't you think this Commission has some obligation
7 to consider the views of those other million?

8 MR. JAMES: I just don't have any -- I haven't
9 thought of it. I am speaking of the concerns that we have.
10 Perhaps you do, and I am sure that my position is that taking
11 into consideration all of the concerns, ours will be very im-
12 portant to you.

13 MR. LIST: Thank you.

14 CHAIRMAN MORIN: I am not going to put you on the
15 spot today, but you notice it is entirely possible for this
16 Commission -- and I might say it is also entirely unlikely --
17 entirely possible for this Commission at least to make a de-
18 termination that gambling on intercollegiate football games is
19 so widespread that the use of interstate commerce to disseminate
20 information about these games is illegal; therefore, that
21 national television should not be permitted to carry inter-
22 collegiate football contests.

23 Now, that would be one great recommendation.

24 (Laughter.)

25 Because it would certainly put to a great extent an

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1 end to gambling on intercollegiate sports, and that would fit
2 right into the program of the NCAA. But I can see that that
3 might perhaps meet with some opposition from the NCAA at the
4 same time.

5 MR. JAMES: I might say, sir, we did not develop or
6 invent television.

7 CHAIRMAN MORIN: Don't put yourself in the position
8 of saying that would be a good recommendation.

9 MR. JAMES: I am not going to say that, no, sir.

10 CHAIRMAN MORIN: Professor Phillips has a question.

11 DR. PHILLIPS: Mr. James, following up one question
12 that Mr. List asked you, does the NCAA have any position with
13 respect to sports cards or pool cards which are found, to the
14 best of my knowledge, on every campus in the United States?

15 MR. JAMES: Sir, the reason that we have a policy
16 here instead of a rule is because this problem area has been
17 most effectively administered at the institutional level.
18 Now, when we go to the institutional level, it is only natural
19 to assume that we will have problem areas in one sector of the
20 country which would not prevail in another sector. So, there-
21 fore, there is more concern in that particular area.

22 So we don't have a rule which specifically excludes
23 any type there, except the statement which is contained in the
24 policy submitted to the Commission. We do not have a rule.
25 A policy is a guideline. And our institutions -- I'm sure if

1 one became a problem it would immediately become a rule, be-
2 cause it would be very easy to do so.

3 But I am not aware of any action that the NCAA has
4 had to take in this matter, sir, because it has been handled
5 most effectively at the institutional level, which is the most
6 desirable level for us to have it handled.

7 DR. PHILLIPS: Mr. James, you mean handled in the
8 sense the schools let it go on?

9 MR. JAMES: No, sir. I think in every instance
10 where this was brought to the front there was very effective
11 action taken on behalf of the institution.

12 DR. PHILLIPS: Okay.

13 CHAIRMAN MORIN: Again, I remind you of what I said
14 before we started. Don't take the tone of the questioning to
15 indicate any bias. This Commission -- I think every member of
16 it -- is very well aware that the legalization of gambling pre-
17 sents some tremendous problems. They are not necessarily the
18 ones you have cited today. There are others that are far more
19 serious.

20 And don't believe the newspapers when they tell you
21 there is an irresistible drift toward the legalization of
22 gambling, because Jimmy the Greek said it is a million to one
23 against it.

24 Thank you very much for coming and responding to our
25 sometimes very vigorous questioning.

MR. JAMES: Thank you.

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1 MR. THOMAS: Thank you.

2 CHAIRMAN MORIN: The next witness to come before the
3 Commission is Mr. George Killian who is Executive Director of
4 the National Junior College Athletic Association.

5 I might add that very shortly after the formation of
6 this Commission was announced in the press, we received a
7 letter from Mr. Killian's organization -- I think it was the
8 very first letter that we received -- expressing concern about
9 the legalization of gambling. And it has been a long time
10 since, but Mr. Killian, you finally made it. Thanks for coming.

11 STATEMENT OF GEORGE KILLIAN, EXECUTIVE DIRECTOR,
12 NATIONAL JUNIOR COLLEGE ATHLETIC ASSOCIATION

13 MR. KILLIAN: Thank you.

14 Mr. Chairman, my name is George Killian, and I am
15 the Executive Director of the National Junior College Athletic
16 Association, commonly referred to as the NJCAA.

17 It is a pleasure and an honor to appear before you
18 today, and on behalf of the Association I represent, I wish to
19 thank you for giving me the opportunity to express my views.
20 We, who make sports both our vocation and avocation, realize
21 the importance and magnitude of your task.

22 With your kind indulgence, I would like to briefly
23 familiarize you with the organization I represent. While
24 relatively new, the NJCAA represents the fastest growing segment
25 of education in this country, namely the junior colleges. For

1 the past four or five years junior colleges -- or community
2 colleges, as they are commonly called today -- have been opening
3 at the rate of approximately one a month. Economic conditions
4 have slowed that down somewhat. Predictions are that this rate
5 will continue for at least another five years. Without going
6 into the philosophy of the junior college movement, suffice it
7 to say it is filling a void that has long been present in our
8 educational system. It is from our ranks that come the techni-
9 cians and the paraprofessionals that this country so vitally
10 needs.

11 The NJCAA, a nonprofit organization, represents more
12 than 555 of these institutions throughout the United States,
13 which we have divided into 21 legislative regions. It is the
14 purpose of the corporation to promote and foster junior college
15 athletics on intersectional and national levels so that results
16 will be consistent with the total educational program of its
17 members.

18 Let me at this point establish what I feel is the
19 current pecking order in intercollegiate sports. Quite
20 naturally, the NCAA would have the premier program, followed
21 by the NAIA, and then the NJCAA. This, then, will give you some
22 direction as I attempt to give you the feelings of our group
23 on the matter currently facing the Commission.

24 Let me emphatically state that the NJCAA would
25 oppose any attempt to make sports betting legal. We feel that

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1 we have a moral and ethical commitment to our membership to see
2 that sports betting does not become an additional problem to
3 the already overabundance of problems that the field of inter-
4 collegiate athletics is now experiencing. We feel that if
5 junior college athletic contests were the subject of betting,
6 it would place a tremendous strain on the players and the
7 coaches and would bring a new dimension that quite frankly we
8 don't need.

9 Gentlemen and ladies, it seems to be common know-
10 ledge that the present methods of law enforcement are not
11 effective in dealing with gambling activities within the
12 United States. However, the facts are limited and it is
13 extremely difficult for the NJCAA to suggest what might be
14 done to make the current Federal and State statutes more effec-
15 tive. However, we do not believe that the panacea for solving
16 this is the legalization of sports betting.

17 In our opinion, illegal betting over the past decade
18 has not affected the integrity of the games, as viewed on our
19 level. In checking with our regional directors in the big city
20 areas, they inform me that illegal betting on junior college
21 games is nonexistent in this day and age. However, I would
22 like to call to the Commission's attention that a decade ago
23 this was not true, as the college team I was coaching did
24 appear on the "cards" in basketball. And as I sat here yester-
25 day and today, the thought came back to me that there was a

1 rating sheet out in those days called the Dunkle rating, which
2 did carry the line on junior college basketball games.

3 In the discussion with our urban area regional
4 directors, they all voiced concern that if sports betting were
5 made legal, the possibility exists that this would affect our
6 team on the local level. There was no doubt in their minds
7 that a possibility existed of creating a new group of bettors,
8 namely the students on each of the respective campuses.

9 With this in mind, there then exists the possibility
10 of the use of bribes which could lead to a multitude of sins.
11 It is our opinion that athletic contests today are not in-
12 fluenced by point spread consideration. However, if sports
13 betting would put a greater emphasis on winning or losing by a
14 margin than by just winning the game is one of conjecture.

15 This leads us to the question of whether or not a
16 college athlete is really aware that gambling surrounds his
17 activities. From a limited number of interviews, the answer is
18 no. If there is no awareness to this possible activity, then
19 it would have no effect on their play.

20 Basketball, which happens to be the number one spec-
21 tator sport as far as junior colleges are concerned, presents
22 a rather unique picture in the junior colleges, of which this
23 Commission should be aware. Over half of our junior colleges
24 are located in rural and suburban areas where spectator interest
25 reaches a feverish pitch. Institutions located in the large

1 city areas attract a limited number of spectators.

2 It would seem to me that if sports betting were
3 legalized we would be opening new territories to gambling where
4 none now exist. Let me give you an example.

5 Our national office is located in Hutchinson, Kansas,
6 where our local junior college regularly plays before capacity
7 crowds of 6,500. In the six years that I have resided in this
8 community, I have yet to see any form of gambling connected
9 with these games. Furthermore, we have played our National
10 Championship in this same city for 27 years, and having been
11 in attendance since 1959, the same observation holds true.
12 Hence, my concern when there rests the possibility of having
13 gambling because it now would fall within Federal and State
14 statutes.

15 To date, the NJCAA has not spent one cent in the
16 supervision of sports betting. We consider ourselves most
17 fortunate that we do not have a problem at this time with sports
18 betting. This is not to say that it might not exist, but to the
19 best of our knowledge we have no record in this area.

20 Let me point out, ladies and gentlemen, we would
21 hope and pray that the future would not hold for us the possi-
22 bility of having to employ a staff to supervise this area.
23 Economically it would be an impossible burden for us to shoulder.
24 In reality it probably would drastically alter the method of
25 our operation.

33 1 The question of whether or not the NJCAA would
2 welcome the idea that a percentage of profits from gambling
3 activities go to athletic departments as a new source of
4 revenue is really unfair. Surely every department worth its
5 salt is looking for new funds, but I doubt that we, as a
6 national organization responsible for junior college athletic
7 programs, would want to sell our soul for these dollars.

8 Gentlemen, as sure as I'm sitting here, there will
9 be those among us who will disagree with my stand. The
10 financing of intercollegiate athletics on our level has become
11 a most serious problem, and one that will not disappear in the
12 immediate future.

13 In closing, I don't wish to appear as the three
14 monkeys, who see no evil, hear no evil, and speak no evil. I
15 would like to once again emphasize that illegal gambling to
16 date has not been a problem on our level. I have felt it only
17 fair to address my remarks to those questions which pertain to
18 junior college athletics. I have not attempted to answer
19 questions such as specifics on the number of instances of
20 bribery attempts involving players, coaches, and officials,
21 because it is not applicable to our situation. To do otherwise
22 would be to fantasize.

23 I would like to again thank the Commission for the
24 honor and privilege of appearing before you.

25 If you have any questions, I will be most happy to

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1 answer them.

2 CHAIRMAN MORIN: It takes a brave man to invite
3 those after the last witness.

4 Mr. Ritchie may have some questions, however.

5 MR. RITCHIE: Could you give us some kind of an
6 idea, sir, of the revenue difficulties you are presently ex-
7 perencing, that is, the revenues received, the gross receipts
8 from sports events, and the cost of those programs?

9 MR. KILLIAN: Yes, Mr. Ritchie. Most junior college
10 athletic programs are supported by student funds. We have a
11 number of colleges throughout the country that take their
12 student funds, and they supplement these in areas with dona-
13 tions from booster clubs, et cetera, which we permit -- which
14 some of our colleagues in the other organizations do not.

15 This, then, would be further supplemented, if you
16 were fortunate to be in an area where junior college athletics
17 does well at the gate.

18 You mentioned, for example, being from Oklahoma.
19 Oklahoma is one State where most of your junior colleges are
20 located in small, rural areas, and they become a source of
21 entertainment for the local populace, and therefore they draw
22 better than five or six of our member colleges would draw in
23 the City of New York.

24 MR. RITCHIE: I see. I have also lived in California
25 and am very familiar with the program there.

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1 Would you say Oklahoma's experience is unique or
2 California's is more typical?

3 MR. KILLIAN: I'd say you have to break the country
4 into areas. Oklahoma, Kansas, Nebraska, Iowa -- these areas
5 draw very well.

6 New York State, for example, Pennsylvania, Maryland,
7 the District, and so on, draw very poorly. What you would take
8 in at the gate couldn't keep you in tape.

9 MR. RITCHIE: You have stated that presently you
10 have absolutely no difficulty with illegal wagering having any
11 effect upon any of your sporting events.

12 MR. KILLIAN: To the best of our knowledge that is
13 true.

14 MR. RITCHIE: And you have stated you are opposed
15 to the legalization of wagers on it. But say that we legalized
16 a system that did not reach your membership, would you then say,
17 if we legalized wagering on larger schools, that would create
18 an illegal market for the junior colleges in your judgment?

19 MR. KILLIAN: I think the thing would kind of filter
20 down. Once you legalize something up here, it has a tendency
21 to go down. And I am afraid if sports betting were made legal,
22 we'd have people who'd want to include our people back on the
23 cards.

24 I went through this once 15 or 18 years ago when
25 Dunkle had his rating and we appeared on his rating sheet. We

1 have disappeared off everybody's rating sheet, and we are very
2 happy with that, because we run probably the purest amateur
3 type of intercollegiate program that anybody could run.

4 MR. RITCHIE: I am familiar with it, and I certainly
5 commend your membership for what they have developed.

6 But, sir, you recognize that betting on professional
7 games, as well as college games, is legal in the State of
8 Nevada now, and even though that is so, that has had no effect
9 even on schools located in California; is that correct?

10 MR. KILLIAN: If you say so. I have no knowledge of
11 what effect it would have on a California school.

12 MR. RITCHIE: You do have a number of members there.

13 MR. KILLIAN: Very few. That is the one State we
14 don't have a very large membership from.

15 MR. RITCHIE: I have no further questions.

16 CHAIRMAN MORIN: Mr. Coleman.

17 That's a big junior college state, New Jersey.

18 MR. COLEMAN: No, I don't think so.

19 Mr. Killian, am I correct that in the junior college
20 you find very few so-called scholarship athletes?

21 MR. KILLIAN: That basically is true, Mr. Coleman.
22 I believe you are from New Jersey, and Mercer County Community
23 College has won our National Championship two years in a row.

24 To the best of my knowledge, the amount of scholar-
25 ship money at Mercer County would be very, very small.

1 MR. COLEMAN: The reason I asked the question, as I
2 recall your statement you said you didn't think that players
3 had that much awareness of point spreads to be bothered -- did
4 you say that?

5 MR. KILLIAN: Yes.

6 MR. COLEMAN: Are you talking generally about
7 collegiate players?

8 MR. KILLIAN: I am talking about our players because
9 there is no line established on junior college basketball games
10 or football games, for that matter, and the youngsters that I
11 talk with are not aware of any betting -- they are not aware of
12 any point spread because there isn't any.

13 MR. COLEMAN: You have in your junior colleges
14 people about whom you know, when they come there, there is a
15 good chance after some time they might go somewhere else.

16 MR. KILLIAN: Oh, absolutely.

17 MR. COLEMAN: And on a scholarship, no question
18 about it?

19 MR. KILLIAN: No doubt about it. We have many young-
20 sters that are placed by four-year colleges in our institutions
21 -- for many reasons. Years ago it was because of grade systems.

22 Many of our junior colleges play a very good
23 schedule. The caliber of competition would be above that of
24 a freshman schedule. And lots of times these youngsters are
25 sent to specific junior colleges not only to up their academic

standards but to improve their athletic ability.

MR. COLEMAN: What I really want to find out is: From your experience, do you think there is any relation at all to whether the so-called -- I don't want to call it "paid athlete" but the scholarship athlete -- would have more of an awareness, perhaps, of what is going on in gambling in the sport he is involved in as opposed to someone who is there and not a scholarship athlete?

MR. KILLIAN: No, I don't think so. Again, the number of athletes I have talked to are very, very limited. But the ones I did talk to, at least two I know are on scholarship at our own junior college in Hutchinson, Kansas, and had no knowledge at all, didn't even realize that people would bet on the game. Whether they are naive or actually telling me the truth -- but I had the feeling they were telling me the truth.

MR. COLEMAN: Thank you very much, Mr. Killian.

CHAIRMAN MORIN: General List of Nevada.

MR. LIST: I have no questions, Mr. Chairman.

CHAIRMAN MORIN: Mr. Dowd?

MR. DOWD: I have no questions.

CHAIRMAN MORIN: I don't think that this should reflect on the fact that we are not interested but we have exhausted our questions.

MR. KILLIAN: I was glad you asked them of Mr. James.

(Laughter.)

CHAIRMAN MORIN: Dr. Phillips?

DR. PHILLIPS: No questions.

CHAIRMAN MORIN: Thank you very much. I am glad you finally got here, and I compliment you on being so alert.

We will adjourn until 1:00 o'clock. The first witness will be Clarence Campbell, President of the National Hockey League.

(Whereupon, at 12:00 m., a luncheon recess was taken until 1:00 p.m.)

AFTERNOON SESSION

(1:00 p.m.)

DR. PHILLIPS: Will the hearing come to order,
please.

Our first witness this afternoon is Mr. Clarence
Campbell.

Mr. Campbell, we appreciate the lengths to which you
went to get here. We understand you were snowed in yesterday,
and further understand that to avoid the snow you drove from
Montreal to Vermont, and then flew down to be here with us
today.

We appreciate it, sir.

STATEMENT OF CLARENCE CAMPBELL, PRESIDENT,
NATIONAL HOCKEY LEAGUE

MR. CAMPBELL: I have only one observation to make,
and that is that the combination of the weather, the airlines,
the union, and the Federal Government is a pretty formidable
conspiracy to defeat by yourself. But anyway, I am grateful
to Allegheny Airlines for getting me here, and I am grateful
also to the Commission for its generous attitudes towards my
shortcomings in this respect.

Gentlemen, your Executive Director has requested the
presentation of a brief history of the National Hockey League,
its background, and so on. I am not at all sure that that is
essential to your consideration. If it becomes important, I

I think there is sufficient material here for you to be able to
understand the dimensions to which this game has ascended over
the period of the last roughly 50 years since it first came
into the United States in 1924 at Boston.

In the interval, of course, we had approximately 40
years of consolidation, and then the last seven or eight have
been ones of vigorous expansion.

And the impact of that expansion probably is the
point of greatest interest to this Commission, because it will
be indicative of the expansion not only numerically but geo-
graphically, and the figures which I have provided in the short
history of it -- the last couple of pages of it which form the
first part of my brief -- you will see the progress which has
been made since 1946-47 in terms of paid attendance. And that
represents an increase of from 2,600,000 to a projected paid
attendance this year of over 10 million.

The progress has been even more phenomenal since
expansion in 1967-68 when your attendance in the preceding
year was 3,300,000, and as I have just observed, in the current
year: it will exceed 10 million.

I am much more concerned -- and I think the inter-
ests which I represent, the members of the National Hockey
League and the League in its totality -- my brief is not that
long, and with your indulgence I will deal with it all.

DR. PHILLIPS: Please do.

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1 MR. CAMPBELL: I don't know what the practice is
2 with respect to questioning, whether it is intermittently or
3 at the end.

4 DR. PHILLIPS: No, sir. I think we prefer to let you
5 go ahead and read your statement, and then we will question you.

6 MR. CAMPBELL: Gentlemen, the National Hockey League
7 is unequivocally opposed to the extension of legalized gambling
8 to team sports in any form. We have over the past several years
9 made our opposition in this regard abundantly clear and have
10 voiced our opposition to the legalization of sports betting
11 whenever the opportunity has presented itself.

12 For the purposes of these remarks, I will refer to
13 the extension of legalized gambling on team sports as "sports
14 betting" or "sports gambling."

15 Gambling is not an intrinsic part of our sport and
16 we cannot perceive where or how legalized gambling on the game
17 of hockey, or any team sport for that matter, will be of any
18 benefit to the sport. On the contrary, we can see where sports
19 betting could do irreparable harm to our game. When you
20 subordinate the entertainment aspect of a game in favor of a
21 gambling interest, you have completely changed the nature of
22 the sport. For over 50 years the National Hockey League has
23 been providing its fans with hockey games, played by gifted,
24 skilled athletes, solely for the enjoyment and entertainment
25 of those fans. We are not in the hockey business to provide

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1 gamblers with a medium for conducting an activity which we
2 consider to be potentially threatening to the integrity of our
3 sport.

4 The National Hockey League has been uncommonly free
5 of any gambling scandal for more than 25 years. We know of
6 no instance of anyone connected with the National Hockey League
7 illegally or improperly attempting to influence the outcome of
8 a game.

9 I should say parenthetically there I am taking
10 literally the time limit of 25 years because it is just a little
11 over 25 years ago that we had something which might be referred
12 to as a scandal, at which time I expelled two members of the
13 League for life, in 1948. That was for gambling on games in
14 the National Hockey League.

15 We also know of no instance of anyone in the League
16 being offered a bribe or any other inducement to illegally
17 affect the outcome of a game. This does not mean, however,
18 that we are complacent about such a possibility or unaware that
19 such problems could occur. In this regard, the National Hockey
20 League has established its own Security Department. It is the
21 job of this department, among other things, to maintain vigi-
22 lance over our League in an effort to prevent incidents such
23 as described above from taking place.

24 In our opinion, the legalization of sports betting
25 will not only increase the potential danger of a gambling

104 1 scandal in our sport but will greatly increase the funds which
2 we will have to expend to maintain proper surveillance over
3 our League. We believe that the legalization of sports betting
4 will increase enormously the number of people gambling on
5 hockey games, thus exposing our players, coaches, managers and
6 trainers to more and more people who are no longer fans, but
7 gamblers seeking information which they feel will assist them
8 in winning their bets.

9 We do not buy the argument that most people gamble;
10 therefore why not legalize it? We believe that even today
11 most people still attach a stigma to illegal gambling. How-
12 ever, if you remove that stigma and give it an aura of re-
13 spectability or social acceptability, in our opinion, you will
14 create a whole new generation of gamblers. We believe the
15 experience of off-track betting in New York City bears this
16 out. We do not believe that many of the more than 10 million
17 fans who attend our games during the season, or the millions
18 more who watch our games on television, have a wagering inter-
19 est in the outcome of these games.

20 We are not concerned with the fan who may bet a
21 dollar or two on his favorite team with a friend or neighbor.
22 This type of bet is not going to affect the fan's loyalty to
23 his team. Our concern is with the gambler who bets money on
24 a game and whose only interest in that game is whether he wins
25 or loses his bet. When you fill an arena or stadium with fans-

105 1 turned-gamblers, you take away from the sport one of its most
2 important ingredients -- the home-town fans cheering the
3 efforts of the home team. With an arena full of fans-turned-
4 gamblers, there is the distinct possibility that the home team,
5 even though winning, could be booed by these fans because they
6 are not beating the point spread. Those of us who sit in the
7 stands may not fully realize the importance of fan reaction to
8 the morale and determination of an athlete, but I assure you any
9 participant in a sporting event can testify to that point.

10 At the present time, knowledgeable people have
11 stated that gambling on hockey games is minimal compared to
12 other sports. In this regard we are most fortunate. Our
13 sport, for many reasons, does not lend itself to the type of
14 gambling where there is a point spread established. Our
15 games are normally low-scoring contests which make it more
16 difficult for the oddsmakers to develop a meaningful betting
17 line. As a result of this, one will seldom find a betting line
18 or "puck" line, so-called, published on hockey games in news-
19 papers or other publications in any of our franchise cities.
20 Nonetheless, we are concerned about the gambling that does take
21 place on our games and have taken what we consider to be
22 prudent action to protect the integrity of our sport.

23 The National Hockey League has a rule which pro-
24 hibits anyone in the League, top to bottom, from gambling on
25 National Hockey League games. It is the position of the League

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1 that anyone in the National Hockey League who wagers on League
2 games, whether his team is involved in the game or not, projects
3 a poor image for our sport and is subject to severe discipli-
4 nary action, including expulsion or forfeiture of franchise.

5 If sports gambling were to be legalized, we would be
6 placed in the position of telling our people that what is
7 legal for everyone else is illegal for them. There is no way
8 the National Hockey League will ever condone gambling by its
9 employees or the employees of its member clubs on National
10 Hockey League games.

11 And once more, parenthetically, I'd like to make
12 this observation, that it is a matter of some anxiety to me
13 personally, and I think to our counsel and others who are inter-
14 ested in this point, that if it ever comes to a situation where
15 legislation is necessary, or is deemed to be advisable to
16 authorize in some manner the wagering or so-called sports bet-
17 ting, that this will not create for the participating people
18 any constitutional or legal right to be able to do it, not-
19 withstanding their contractual obligations with us not to do
20 so. Because without the injunction against gambling within the
21 sport itself, I think you will agree that it would be just an
22 intolerable situation.

23 The suggestion has been made that the legalization
24 of sports betting could be a source of new revenue for the
25 League and its member clubs. While this is a possibility, the

1 National Hockey League is so adamantly opposed to legalized
2 sports betting that we have never given this any serious con-
3 sideration. I am sure, though, that should legalized sports
4 betting be forced on us, and our game is pirated for this
5 purpose, the League and its member clubs would indeed have to
6 give this a great deal of consideration. In this connection,
7 however, we would feel that our sport was being used for pur-
8 poses for which it was not intended, and we were being forced
9 into an activity which we believe to be immoral and a very
10 real danger to our sport as we know it today.

11 These revenues would not be worth a damn if the
12 result of legalized sports betting is the erosion of the in-
13 tegrity of our sport, and in my opinion this is exactly what
14 will happen. Most fans can understand when a player has an
15 "off night," especially with an 80-game schedule and enormous
16 amounts of travel. However, it is not the nature of a gambler
17 to admit, even to himself, that he has made a bad bet; some-
18 thing or someone else is always to blame for his loss. So
19 when a player has an "off night" which results in the gambler
20 losing his wager, the player's motives become suspect and the
21 gambler immediately questions his honesty and integrity. This,
22 of course, could result in irreparable harm to the player's
23 reputation and career. In sports, being innocent is not
24 enough; you must always be, like Caesar's wife, above suspicion.

25 We do not wish, at this time, to become involved in

1 a discussion of the various positions, pro and con, regarding
 2 the effect legalized sports gambling will have on organized
 3 crime, police corruption and revenues to State and local
 4 governments. Suffice it to say that we do not believe the
 5 legalization of sports gambling will have a meaningful impact
 6 on any of these areas. Nor do we believe it is the function
 7 of the National Hockey League to comment on the effectiveness
 8 of any Federal or State statute designed to control illegal
 9 gambling activity or on the efforts of those people who are
 10 responsible for enforcing these laws.

11 As we understand it, the context in which the word
 12 "legalization" has been used in connection with this matter is
 13 misleading. Any program to legalize sports betting requires
 14 more than merely repealing the current laws prohibiting
 15 gambling. It requires active participation and promotion by
 16 the government to encourage and facilitate the citizens of the
 17 community to gamble. One only has to visit New York City to
 18 witness the tremendous advertising campaigns put on by Off-
 19 Track Betting Corporation under the name of the "New York Bets."
 20 To us, this is the most insidious part of legalized gambling.
 21 You almost feel as if you are neglecting your civic duty if
 22 you do not place a bet with OTB.

23 We do not believe it is the proper function of
 24 government to actively encourage its citizens to gamble on
 25 sporting events with promises of "pie-in-the-sky" winnings or

1 smaller tax burdens. Nor do we believe it is the proper
 2 function of government to exploit a private enterprise by
 3 forcing it to take part in an activity for which it was never
 4 intended, and in which it has no desire to participate.

5 The National Hockey League, like any professional
 6 sport, must always maintain absolute integrity in the eyes of
 7 the public. Unquestioned honesty is the life-blood of any
 8 sporting event. Without it, you no longer have a contest; you
 9 have an exhibition. Gambling, more than anything else, offers
 10 the greatest threat to the integrity of our game. The legali-
 11 zation of sports gambling, by encouraging everyone to gamble,
 12 would place an immense and undue pressure on professional
 13 athletes and management. We can see no possible benefits re-
 14 sulting from the sanction of what is now an illegal practice.
 15 The risks on the downside, however, are enormous and it is be-
 16 cause of these tremendous risks that the National Hockey
 17 League must express its opposition to the extension of legalized
 18 gambling to team sports.

19 DR. PHILLIPS: Thank you, Mr. Campbell.

20 Mr. Ritchie has some questions, please, sir.

21 MR. RITCHIE: Thank you, Mr. Chairman.

22 MR. CAMPBELL: In this connection -- I don't know
 23 if there is anyone who wishes to direct any questions to me,
 24 but in the course of the discussion earlier, the appearances
 25 of other witnesses, I have been given to understand that

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1 someone has posed a question or several have posed a question:
 2 If your sport is currently not being adversely influenced by
 3 the illegal gambling which exists, what makes you so frightened
 4 of legalized gambling if it should be so legislated?

5 I understand that question was posed, and I want to
 6 provide an answer to it as far as we are concerned.

7 The answer to it is very simple and very straight-
 8 forward, and that is: The consequences of the first breakdown
 9 are irrevocable. Once you have destroyed the confidence of
 10 the public in your sport, there is no way that you are going
 11 to retrieve it -- no way. So we are not going to have a
 12 second chance.

13 And the more risks that you add or the greater
 14 number of people participating, the greater number having a
 15 gambling interest in the game, the more likely you are to
 16 generate a scandal of some kind or other, improper involvement,
 17 for which you will not be forgiven.

18 Now, in this connection, I should like to point out
 19 also that no one in America has such a big stake in the
 20 successful operation of a sport as the governments in this
 21 country -- Federal, State, county, city. Think of the billions
 22 of dollars that have been invested in the plants in which
 23 these games are being conducted. Just think of that.

24 Now, who provides the income to make those things
 25 viable or their cost recoverable? Obviously, the sports

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1 enterprises.

2 But if you are going to damage their position to
 3 the point where the public loses faith, I would say that the
 4 governments totally have more to lose than anyone. This is
 5 a bigger risk than most people think it is.

6 And I want to say with all the conviction I can
 7 command that I believe that the preservation of the integrity of
 8 all sports as played in America today is the only assurance of
 9 their continued success.

10 MR. RITCHIE: Thank you, Mr. Campbell.

11 On behalf of the staff, I would like to ask you just
 12 a few additional questions, if I may.

13 MR. CAMPBELL: Yes, of course.

14 MR. RITCHIE: Directing your attention to the exis-
 15 tence of soccer, which is in terms of scoring and in terms of
 16 time not dissimilar to the game of hockey, do you see any re-
 17 lationship to the great popularity of the soccer matches in
 18 England that persists despite what you might fear as some type
 19 of encroachment through betting by event and also the soccer
 20 pools which all my relatives in Scotland enjoy weekly?

21 And it seems to heighten the interest in the soccer
 22 matches as opposed to diminishing it.

23 Do you see any relation to that, sir?

24 MR. CAMPBELL: Let me put it this way: I think the
 25 concept of pool betting, which that is, is a sort of a weekend

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1 pastime in the old country. And I have seen it in operation
2 for a long period of time. And it is very, very strictly
3 regimented, there is no question about that.

4 And the thing that makes it acceptable to the soccer
5 people is the fact that the government has permitted it to have
6 a copyright of its schedule, which is the thing that makes the
7 whole pool betting possible. And they get the major benefit
8 from it.

9 MR. RITCHIE: Yes, sir, I appreciate that, but don't
10 you see that as a viable possibility for, say, hockey, both
11 in Canada and in this country?

12 MR. CAMPBELL: No, I don't. I don't think there
13 are enough people in this country who are prepared to sit down
14 and do that kind of a job. The fans collectively are not that
15 knowledgeable about the individual teams.

16 I can't conceive that pool betting will ever have
17 any real serious appeal for people here, plus the fact that I
18 am sure the cost of administration in pool betting will cer-
19 tainly result in a much lower percentage of return -- not that
20 that matters too much if the ratio is 100,000.

21 MR. RITCHIE: Part of our interest from the Com-
22 mission standpoint is the experience in foreign jurisdictions,
23 and I am sure -- you call it the old country and I call it
24 home -- in Great Britain and other countries, specifically
25 some 80-odd countries contribute to the soccer pool at

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1 approximately \$12 million a week.

2 I suggest to you that indicates a great deal of
3 interest worldwide in English soccer matches, and I am confi-
4 dent most people wouldn't know how to play soccer or anything
5 about it. It happens to be something that heightens their
6 interest.

7 Again, I am not trying to compare, but your particu-
8 lar sport lends itself. In the soccer pool the greatest amounts
9 are realized from selecting ties as opposed to winning and
10 losing.

11 MR. CAMPBELL: That is right.

12 MR. RITCHIE: Additionally, you receive less than
13 if you pick a tie if the visiting team wins, and you receive
14 less than that if the home team wins.

15 Don't all those things seem to work, at least so
16 far as the British soccer pool, regarding those matches and
17 those types of wagers?

18 MR. CAMPBELL: Let me say this: I am not at all
19 sure whether the American or North American gambling aficionado
20 is interested in that type of weekend recreation. For most of
21 them, many of them, that is really what it is. It is a form of
22 relaxation for many of them.

23 MR. RITCHIE: I appreciate that, sir, but with the
24 pools that are offered of \$1.5 million, I am not sure whether
25 they'd care if it was wagered on hockey or anything else. It

114 1 does increase their interest in the sport, but their real
2 interest is winning a great deal of money for very little in-
3 vestment.

4 MR. CAMPBELL: I agree.

5 MR. RITCHIE: The other aspect of our inquiry re-
6 garding hockey and your experience in Canada as part of an
7 organization that controls both an industry within the United
8 States and one located adjacent to the United States, you
9 have stated that your league had a terrific concern for the
10 appearances and the integrity of those people connected with
11 it.

12 MR. CAMPBELL: That is right.

13 MR. RITCHIE: We are advised that there are owners
14 in Toronto and Vancouver who are convicted felons, who you
15 have allowed to retain their ownership.

16 Can you explain why you have made that decision
17 and what implication that might have to an American owner who
18 might be convicted of a felony?

19 MR. CAMPBELL: Yes, I can give you an explanation.
20 It may not be an acceptable one, but it operates in this
21 fashion.

22 In the case of the Toronto conviction -- shall I
23 put it that way? -- of one of the owners, and possibly it
24 would have been two if he had remained alive, the situation
25 there was that there was a great deal of confusion in the

15 1 trial. I don't want to quarrel with the consequences of the
2 decision, but it was very carefully monitored by us, by our
3 counsel. And the situation was that there never was at any
4 time in that situation one dollar of public money in jeopardy
5 in any fashion. That is, there was no private investment.
6 The funds which were found to have been misapplied -- shall I
7 put it that way? -- had long since been replaced in a proper
8 auditing fashion. And I am not saying that that doesn't still
9 leave the stigma of some improper action in the first in-
10 stance, but that was the issue in the trial throughout.

11 And inasmuch as it had no other implications for
12 anyone except that this was a bit of a power play between two
13 conflicting interests in the organization itself, the parties
14 involved were permitted to resign from participation in the
15 conduct of their particular organizations.

16 That relates to Toronto.

17 Now, in respect to the situation in Vancouver, I'd
18 like to measure my words here, because I feel very, very
19 strongly and very bitterly about this. I testified in that
20 case myself.

21 The accused person was victimized from the outset
22 by a rival who planted information in various places that put
23 him in technical default with the securities organization in
24 British Columbia.

I can tell you also that the party who was

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1 responsible for this action also signed the identical prospectus
2 that was signed by the accused, but he was never charged.

3 What happened in that situation was simply that the
4 philosophy in British Columbia, in the Province of British
5 Columbia, is that only British Columbians will profit by
6 operations in this province. And when Mr. Scallon went to
7 British Columbia as a foreigner, he was immediately the victim
8 of that philosophy. And that was maintained throughout the
9 entire period of his operation of that hockey club.

10 I have a very high regard for Mr. Scallon. I think
11 that what he did legally may very well have constituted a crime
12 for which he was convicted. But I am going to say this: If he
13 hadn't been a foreigner, he never would have been prosecuted.

14 MR. RITCHIE: Well, sir, I am not trying to argue
15 the facts with which you are obviously much more familiar than
16 ourselves, but the integrity of the game is placed in question
17 because of the conviction; do you agree? And our question is:
18 How have you been able to resolve in those particular in-
19 stances in favor of the person who has been convicted and
20 against the appearance of integrity?

21 MR. CAMPBELL: Well, let me put it this way. I
22 don't think the position -- as I have said, anyone involved in
23 sports should, like Caesar's wife, be above suspicion.

24 The violations here -- and undoubtedly they were
25 criminal under our criminal code -- did not appear to me and

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1 to the other members of the Board of Governors of the League
2 of the character that were going to be seriously damaging to
3 the long-range interests of the sport.

4 And while I am not saying that the impact of those
5 events has fully exhausted itself, I think our judgment has
6 been vindicated in the interval by the response that we have
7 had.

8 MR. RITCHIE: All right, sir.

9 Now, would you have any particular different
10 standard which you would apply to an American?

11 MR. CAMPBELL: I don't think so. I don't know any
12 reason why we would have a double standard in any particular
13 situation.

14 MR. RITCHIE: All right, sir.

15 MR. CAMPBELL: I think if the participation by the
16 owner related to something that had to do with the playing of
17 the game itself or the residual effect on the public -- I
18 think we'd react exactly the same.

19 MR. RITCHIE: Would you recognize, then, a convic-
20 tion in the U.S. courts as something that would give rise to
21 question?

22 MR. CAMPBELL: Oh, yes, sir.

23 MR. RITCHIE: Recently, Emprise Corporation or one
24 of its subsidiaries has been convicted of a felony. Does
25 Emprise or any of its subsidiaries hold any concession rights

1 with any League teams?

2 MR. CAMPBELL: Yes, Emprise has a concession con-
3 tract with three of our member clubs.

4 MR. RITCHIE: What, if anything, is your view on the
5 propriety of their arrangement in view of their conviction?

6 MR. CAMPBELL: Well, let me put it this way: I have
7 been associated with the hockey business for a very long time,
8 and I think to take a record of an organization which extends
9 back and the principal subject of the criticism of its relates
10 primarily to incidents that occurred years and years and years
11 ago under quite different circumstances, may or may not be --

12 MR. RITCHIE: Mr. Campbell, let me correct what may
13 be a misimpression. If it occurred years and years and years
14 ago, I could not have investigated it, and I happened to have
15 investigated that particular case while I was a member of the
16 Department of Justice just prior to my becoming Executive
17 Director of this Commission.

18 The facts in that case, which occurred in 1972,
19 involved incidents alleged to have occurred in 1966 and '67,
20 on which juries made a finding.

21 I don't call that years and years ago.

22 MR. CAMPBELL: Let me put it this way: I am not,
23 obviously, as well informed on the subject as you are.

24 MR. RITCHIE: We'll trade information on the
25 Canadian cases and the American cases.

1 MR. CAMPBELL: Well, I have known the Jacobs family
2 for a very, very long time. And I know -- and I am sure you do
3 too -- that at various times along the way they have assisted
4 and supported our sport, as well as others, in a very realistic
5 and practical manner.

6 I do not believe that they have ever exacted from
7 any of our people, certainly, any unreasonable or improper
8 tribute. And inasmuch as there is no way in which they can
9 have -- unless there is an obligation such as a hypothecation
10 of stock or something of that character -- I think an arm's
11 length transaction for the conduct of a business in which they
12 are eminently competent is perfectly all right.

13 MR. RITCHIE: I see. Well, I am only using your
14 standard of Caesar's wife, Mr. Campbell. I am not suggesting
15 one.

16 Regarding the three teams which have some interest,
17 would you designate which of your League members those are?

18 MR. CAMPBELL: Oh, I think it's a matter of common
19 knowledge that there are three teams that have had for a very
20 long time a relationship in the concession business with each
21 of them: Buffalo, where the family have operated for many
22 years -- in fact, they operate the franchise -- Chicago like-
23 wise, and St. Louis.

24 MR. RITCHIE: Am I correct in that it is your
25 position and your League's position that despite the fact that

1 the appellate process and the Federal conviction for basically
2 violating Federal law by traveling interstate in violation of
3 laws of Nevada, that is, holding a hidden interest in a casino
4 in Las Vegas, that that does not raise any question in your
5 mind about the rights of the Emprise Corporation to be con-
6 nected with your sport in those three cities?

7 MR. CAMPBELL: I think the question you pose calls
8 for an affirmative answer. I think definitely it is a matter
9 to which we are obliged to direct our attention. I don't think
10 there is any question whatever. Whether we all arrive at the
11 same conclusion in the end, I'm not sure.

12 MR. RITCHIE: Well, do you have it under considera-
13 tion as to what, if any, action your League will take regarding
14 Emprise?

15 MR. CAMPBELL: I must say to you at the moment that
16 there are some other economic problems that have taken pri-
17 ority. Our litigation and things of this kind over the last
18 couple of years has -- I shouldn't say it has reduced the im-
19 portance, but at least the order of priority of events and
20 problems has been modified considerably by that. And cer-
21 tainly I have it in mind that we must make a firm policy deci-
22 sion about these matters in the fullness of time, hopefully
23 sooner than later.

24 MR. RITCHIE: All right, I will go on with the
25 subject, if I may, and take advantage of your long experience

1 in Canada.

2 Can you tell us how the Canadian Government is
3 faring against illegal gambling in Canada? Are they winning or
4 losing? We have received a great deal of information about
5 who is winning the war here, organized crime or the government.

6 MR. CAMPBELL: There are currently a number of very
7 serious inquiries in progress in Canada which imply -- well,
8 they have established quite improper conduct at various levels
9 of government administration. I refer particularly to the
10 current inquiry into the building trades by the Klish Commis-
11 sion in Montreal.

12 So far as the subject of gambling is concerned, I
13 think that the emphasis has been turned around very largely by
14 the legislation which has been passed in Canada authorizing
15 lotteries by our provinces, notably Quebec, which has taken it
16 up. And in addition to that, we have had three, and I think
17 we are on the fourth, Olympic lottery.

18 The lottery has been much more prominent than any-
19 thing else.

20 MR. RITCHIE: Does that have any detrimental effect
21 on League games or attendance in Canada?

22 MR. CAMPBELL: Not at all, because they are not re-
23 lated. Lotteries in Quebec are identified in only one situation
24 with horse racing, and it is once a week. They have what is
25 called "Lotta Perfecta." You must select four horses in the

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1 correct order in one race. And it provides a pretty substan-
2 tial pay-off. And then they have regular lotteries every week.

3 MR. RITCHIE: I am just curious as to the nature of
4 the constitution or by-laws. In the event that the Commission
5 should recommend and Congress should enact legislation which
6 would preclude ownership, interest, control, or connection of
7 a convicted felon by United States standards, would you apply
8 that type of criterion to your Canadian clubs in the event the
9 United States Congress legislated or prescribed that particular
10 type of activity?

11 MR. CAMPBELL: Well, I am not sure that I am compe-
12 tent to respond to your question either as a matter of authority
13 or by study, either one. But certainly any standards estab-
14 lished for the ethical conduct of people involved in sport in
15 the United States would receive the highest possible considera-
16 tion in Canada, I'm sure, and it would be equally applicable to
17 our sport.

18 MR. RITCHIE: I see. Would you suggest that the
19 Commission consider making it a condition that in order to
20 participate in this in the United States that equal standards
21 must be reciprocal with other countries?

22 We are not trying to legislate for the Canadian
23 Government --

24 MR. CAMPBELL: On the face of it, that is an
25 eminently reasonable position to take. What the international

1 implications might be for some of the people I wouldn't have
2 any clue at this stage.

3 MR. RITCHIE: Nor would I.

4 MR. CAMPBELL: I haven't addressed my mind to that.

5 MR. RITCHIE: I suggest that with a name like
6 Campbell we are probably both from the same part of Scotland.
7 We appreciate very much your being here.

8 DR. PHILLIPS: Mr. Dowd.

9 MR. DOWD: Thank you.

10 I have one question I would like to pursue.

11 MR. CAMPBELL: Yes.

12 MR. DOWD: You indicated after you finished the text
13 of your remarks an answer to a question that had been posed to
14 previous witnesses.

15 MR. CAMPBELL: Yes.

16 MR. DOWD: And I believe your answer was to the
17 effect that you believe that the consequences of the first
18 breakdown would be irrevocable.

19 MR. CAMPBELL: Yes.

20 MR. DOWD: I am not certain how that responds to the
21 question, Mr. Campbell.

22 MR. CAMPBELL: What I am saying is this, that like
23 anyone else engaged in any enterprise, no matter what it is, I
24 must anticipate the risks to which you are exposing yourself,
25 either by your own choice or by those choices which are forced

1 upon you by others, and do all in your power to prevent them
2 from coming to pass.

3 What I am saying is that in our case it is our
4 conviction that the intensification of gambling by legalizing
5 it will greatly enhance or escalate the risks of our becoming
6 involved in this, because we are converting the nature of the
7 support from a fan sport to a gambling sport; that for this
8 reason we are, of necessity, exposing or being exposed to a
9 greatly intensified risk. And it is one we are very anxious
10 to avoid.

11 Now, I don't know whether I have responded to your
12 question or not. I hope so.

13 MR. DOWD: Well, it seems to me one could make the
14 argument that there is a great risk involved in massive
15 illegal gambling.

16 MR. CAMPBELL: That I couldn't say.

17 MR. DOWD: In the sense that it is beyond control.
18 I understand that hockey as a sport hasn't had the action, so
19 to speak, that professional football has had.

20 But it seems to me inherent in all that illegal
21 conduct, which appears to be in many respects unsupervised and
22 uncontrolled, is a substantial risk.

23 MR. CAMPBELL: I agree with you completely. I agree
24 completely.

25 MR. DOWD: All right, accepting that you agree with

1 me, isn't it conceivable -- and pose this as a question for
2 the purpose of an answer, not necessarily that I believe it --
3 that the proper correct governmental regulation of the betting
4 society might minimize rather than increase the risks that are
5 now conceivably apparent with this large amount of illegal,
6 unsupervised, unregimented, uncontrolled betting.

7 MR. CAMPBELL: Nobody has indicated to me how this
8 could be done.

9 The situation is this, that at the present time and
10 as far as is predictable, the illegal aspects of gambling are
11 so attractive that no amount of window dressing that can be
12 provided to make it look better than it really is will ever
13 replace the advantages which illegal gambling has for those
14 who take part.

15 What I am concerned about -- and I think what our
16 anxiety is -- is that up to the present time gambling has been
17 looked upon as having an element of stigma attached to it
18 because of the nature of the thing. It is utterly unproductive
19 It does so many damaging things to so many people, for which
20 the community eventually has to pay a very big bill.

21 I have heard nothing from anyone that indicates
22 that they will be able to compete with the gambling, except my
23 hope is that the number of participants will be kept within
24 reasonable limits.

25 Now, if you add, as I said before -- I used another

1 expression -- an aura of respectability about gambling, or
2 social acceptability, then to me you have broken down the
3 biggest barrier you have to the whole risk associated with
4 gambling.

5 That is the problem as I see it.

6 MR. DOWD: Thank you very much.

7 DR. PHILLIPS: Mr. Coleman.

8 MR. COLEMAN: Thank you, Dr. Phillips.

9 Mr. Campbell, just two questions.

10 One, on page 3 of your statement I read, "It is the
11 position of the League that anyone in the National Hockey
12 League who wagers on League games, whether his team is involved
13 in the game or not, projects a poor image for our sport and
14 is subject to severe disciplinary action."

15 Now, you told us about someone you expelled. Is
16 that a firm rule that they are expelled forever?

17 MR. CAMPBELL: They were expelled for ever, for
18 life.

19 MR. COLEMAN: Is it automatic?

20 MR. CAMPBELL: If it is proven against them, yes.
21 That is the rule and there is no appeal.

22 MR. COLEMAN: Okay.

23 And the other question is: Are you aware that there
24 is some sort of gambling to some extent on National Hockey
25 League games?

1 MR. CAMPBELL: Oh, I am sure there is. I don't have
2 the slightest doubt about it, as a matter of fact.

3 I have in my file here a promotional brochure by
4 a citizen who appeared here and testified, Mr. Snyder, in which
5 he offers some advice about the respective capabilities of the
6 National Hockey League teams, along with a lot of other data
7 which he borrowed from our official records. But in retrospect
8 it isn't any more valuable than the ordinary blue sheet you
9 can get outside any racetrack in the country.

10 MR. COLEMAN: In the years you have been President
11 of the League, Mr. Campbell, can you tell us on how many occa-
12 sions information became available that you had to investigate
13 charges of tampering with your players?

14 MR. CAMPBELL: I can truthfully say in the 29 years
15 I have been associated with this office I have only had this
16 one major situation to deal with. And it was a most fortuitous
17 development in one way. It was fortuitous in that the in-
18 fractions were not -- I shouldn't say they weren't serious;
19 they were serious; they were very serious -- but in the context
20 in which they arose, happily for us it didn't create any great
21 scandal at that time, although there was a great deal of
22 anxiety that perhaps it was only the tip of an iceberg some-
23 place and it might lead to something else.

24 What happened was that a son, who was being employed
25 in the City of Detroit as a listening post to protect a

1 syndicate, got bored. He had been in the gambling business
 2 one way or another for some time. He had been in jail many
 3 times. He had some sports interests. And being bored sitting
 4 at this telephone -- all he had to do was just alert the key
 5 people at the right time when he got the right signal; that
 6 was his total job -- he became involved in promoting a little
 7 minor gambling, first in horse racing -- in fact, in all
 8 aspects of the matter. And he engaged the interest of these
 9 two players, first in horse racing and then eventually in
 10 wagering on hockey games.

11 This was monitored over a bugged telephone for --
 12 I would think it would be maybe some five or six months.

13 And then all of a sudden this hockey situation
 14 appeared, and it had been a matter of amusement among the
 15 police reporters at the time, but of course it was not a
 16 matter of amusement to us as soon as we found out about it.
 17 And we were very fortunate that the Governor of the State of
 18 Michigan cooperated enormously, as did the Chief of Police
 19 in Detroit, or otherwise we never in the world could have
 20 prosecuted these people successfully.

21 MR. COLEMAN: And who were they?

22 MR. CAMPBELL: That's the only case which I have
 23 been called upon in any way to investigate the wagering inside
 24 the sport or any effort on anyone's part to influence the
 25

1 result of the game.

2 MR. COLEMAN: Does the League, so to speak, orient
 3 its players on some sort of periodic basis against some sort
 4 of pitfalls?

5 MR. CAMPBELL: Oh, yes, we have a program of in-
 6 doctrination which is continuous in its operation, but
 7 primarily guided by our security department, pointing out all
 8 the weaknesses, the risks associated with receiving favors
 9 from anyone.

10 There have been a number of instances of that
 11 character where people of less than acceptable social stan-
 12 dards have attempted to ingratiate themselves to hockey players
 13 in one way or another by doing them favors and affording them
 14 entertainment, and so on. But fortunately, nothing has come
 15 out of them.

16 There are two reasons for this, or at least there
 17 is one particular reason, certainly, in the current area
 18 anyway, and that is the extraordinarily high salaries and the
 19 affluence of the sport would place even Mr. Snyder or any of
 20 his associates out of any possibilities of influencing them
 21 in this current situation.

22 But that doesn't mean that the players and their
 23 families could not be infiltrated in such a way as to try to
 24 get information. That is a constant risk and we have to warn
 25 against it.

1 Now, there are various ways in which the clubs do
2 this. One of them, which has been quite highly successful --
3 we believe this is the effect of it -- is to have them, the
4 group, live in the same community and have a constant mutual
5 ~~interest in each other, so that there is no possibility or no~~
6 probability of their being influenced by someone who is inter-
7 ested in promoting them or exploiting them.

8 MR. COLEMAN: Thank you very much.

9 DR. PHILLIPS: Mr. Campbell, we appreciate your
10 statement, and we appreciate the information that you have
11 provided the Commission and your efforts to get here. We
12 hope your trip home is much shorter and more enjoyable.

13 MR. CAMPBELL: I will say amen to that.

14 DR. PHILLIPS: We do thank you very much.

15 MR. CAMPBELL: Thank you. I appreciate your
16 hearing.

17 DR. PHILLIPS: Mr. Merchant is with the New York
18 Post and is author of The National Football League Lottery.
19 We welcome you. We have had your statement. If you wish to
20 either read it or to summarize it, whichever you would prefer.

21 STATEMENT OF LARRY MERCHANT, SPORTSWRITER,
22 NEW YORK POST

23 MR. MERCHANT: Mr. Chairman, I would like to read
24 the statement, but I should warn you that I have, like any
25 newspaper man, edited it right down to the last minute before

1 I turned it in, and so there are some changes, and some of
2 them that might be important.

3 I am a sports columnist for the New York Post. I
4 have been a sportswriter for 20 years. I am here because of
5 this book I wrote a couple of years ago, The National Football
6 Lottery. The book examines sports betting in America with an
7 emphasis on football.

8 It was an attempt to determine exactly how book-
9 makers and the national betting apparatus functioned. My
10 remarks here are based primarily on my findings, secondarily
11 as a response to various questions that have been raised since
12 then.

13 I am in favor of the legalization of sports betting,
14 provided that it is structured in such a way that it does not
15 endanger sports. I believe this can be done.

16 I must note first that virtually all of the moral
17 objections to legalized gambling were made to legalized drinking
18 of alcoholic beverages. People wanted to drink and the laws
19 prohibiting them could not be enforced. People wanted to drink
20 and the laws prohibiting them could not be enforced. People
21 want to gamble and the laws prohibiting them cannot be enforced.
22 We are all familiar with the fallouts of these social contra-
23 dictions: Bribed law enforcement agents, with a resulting
24 loss of public confidence; plea-bargaining and miniscule fines
25 that mock and overcrowd courts; enrichment of organized crime --

1 in sum, a waste of the law's time, energy and resources, making
2 no appreciable dent in the betting apparatus.

3 Unless the government is willing to take two crucial
4 steps, however, it cannot compete with that apparatus, and
5 should abandon any attempt to.

6 1. It must abolish the tax on winnings. The tax
7 on winnings is punitive and would be counter-productive to
8 legalized gambling on sports. It is punitive because at the
9 end of the year there are very, very few bettors who are
10 winners. It would be counter-productive because, needing all
11 of their winnings to go on betting, bettors would use illegal
12 bookmakers instead of legal bookmakers. This is exactly what
13 went on in Nevada when I did my research there, before the
14 excise tax on sports betting was reduced from 10 to 2 per cent.
15 All the important betting was done illegally right there in
16 Nevada where gambling is legal, forcing the legal bookmaker to
17 operate illegally in order to compete.

18 A recent development is instructive. When the
19 excise was reduced to 2 per cent, legal bookmakers absorbed
20 the tax in an attempt to take business from illegal bookmakers.
21 According to my informants, they did indeed increase business
22 substantially. But, as it developed, their margin of profit
23 did not permit them to absorb the 2 per cent. So the bettor
24 must now pay the tax, and as a result they are going back to
25 illegal bookmakers. Nobody pays 12 per cent for money if they

1 can get it for 10 per cent, 11-10 being the normal odds a
2 bettor must lay a bookmaker.

3 2. Legal bookmakers must provide at least equal
4 service in order to compete with illegal bookmakers. This
5 means they must provide short-term credit, which is, in effect,
6 just a method of handling money conveniently. They must be
7 able to provide fast service and action on every game or
8 proposition that illegal bookmakers offer.

9 This means they must book college as well as pro-
10 fessional games. I make that explicit because there obviously
11 would be strong opposition to betting on college football and
12 basketball. But there is heavy betting on college games, and
13 if legal bookmakers won't provide the service, bettors will
14 support illegal bookmakers who do.

15 For reasons connected to both points, in my judgment
16 government should not act as the legal bookmakers. Rather, it
17 should license bookmakers.

18 For one reason, big bettors often bet with money
19 that is illegally held -- that is, it has never been taxed --
20 and they would not risk exposure by dealing with a government
21 agency.

22 For another, the government could neither provide
23 short-term credit nor the speedy pre-game service that many
24 bettors require. A good bookmaker can make a very fine living
25 with a dozen to 20 steady well-serviced customers. The

1 government presumably could not operate with such a tidy ratio.
2 In any event, the government is not famous for its customer
3 relations.

4 A most important reason: the danger of fixes would
5 be appreciably increased if government was the bookmaker. The
6 betting apparatus -- by which I mean the loosely connected
7 gambling establishment -- is a sensitive mechanism that detects
8 meaningful fluctuations in odds, and unusually large bets.
9 Such fluctuations in betting may indicate a betting coup,
10 triggering an alarm system.

11 An illustration: The gambling establishment last
12 suspects a fix-coup nine years ago when two players allegedly
13 asked a friend to bet \$1,500 for each of them against their
14 team. The friend also upped his own normal bet, multiplying
15 his normal bet significantly. The bookmaker he bet with became
16 curious, if not suspicious, and either on that occasion or a
17 subsequent one when the stakes were raised he himself bet
18 another bookmaker that much and more for his own profit. Thus,
19 a chain reaction began, until a plunger in another State tried
20 to bet \$200,000 on the game. The system tilted, and the game
21 was taken off the board nationally as a betting proposition.

22 I am concerned that the source of heavy betting
23 would be difficult, if not impossible, to trace in a network
24 of government betting shops. It is often impossible to make
25 unusually large bets with bookmakers, but it probably would be

1 possible to spread tremendous sums around, say, New York City's
2 140 Off-Track Betting shops without being detected.

3 Similar dangers would obtain if government operated
4 sports betting by betting pools, as in horse racing. Theoretically,
5 government would skim a percentage of the pool, and the
6 odds would be determined by the amounts bet on each game.

7 First, that would not be competitive with illegal
8 betting on football and basketball, which have gained popularity
9 since they were handicapped by point spreads.

10 Second, such a system would provide opportunities
11 for illegal bookmakers to maximize profits by "laying off"
12 excess bets when the odds were favorable.

13 Third, when odds are predictably one-sided -- and
14 betting habits of the public fall into a predictable pattern --
15 it would take a smaller investment to pull off a bigger coup.

16 The government would benefit in the following ways
17 by licensing bookmakers:

18 It would generate revenue for municipalities by
19 licensing, taxing, creating jobs and unburdening law enforcement
20 agencies from responsibilities of dealing with petty crimes of
21 consent.

22 It would effectively drive organized crime out of
23 illegal gambling.

24 It would legitimize many businessmen-bookmakers
25 who aren't in league with criminal elements who would like

136 1 nothing better than to operate in the open as first-class
 2 citizens. In fact, that is why so many have gravitated to
 3 Nevada. These men would provide the services that bettors
 4 seek, and the same safeguards against betting coups as they do
 5 now, for they have as much at stake in the integrity of the
 6 product they are selling as the sports themselves. That is why
 7 the National Football League monitors fluctuations in odds in
 8 every NFL city by having daily contact with illegal bookmakers.

9 A source of fairly substantial revenues would be
 10 generated through the distribution of parlay or pool or sports
 11 cards. These provide a much larger margin of profit than
 12 betting in individual games. The way I envision it, they
 13 would be distributed by legal bookmakers for the government,
 14 or where legal bookmakers or betting shops are not established
 15 by selected outlets. In France, for example, "tierce" or
 16 triple bets on horseracing, can be placed with mutuel clerks
 17 at cafes that wish to provide that service.

18 There is a marked difference between parlay cards
 19 and soccer pools in Europe and elsewhere that should be clari-
 20 fied to refute claims that they would encourage betting coups.

21 Soccer pools resemble giant national lotteries in
 22 which the government skims a percentage of the total handle and
 23 the payoff is determined by the number of winners. Whatever
 24 the device used, the payoff is often tens of thousands to one;
 25 a year or so ago in Great Britain a woman won close to a

7 1 million dollars on a bet of a few cents -- tax free, I might
 2 add. With the potential of such enormous odds, it is con-
 3 ceivable that someone would try to fix a game or two and by
 4 covering every mathematical possibility with thousands of
 5 bets pull off a coup. There have been a few such attempts.
 6 There have been a few scandals.

7 I would like to point out, however, that soccer
 8 continues to thrive, that enthusiasm for the game itself --
 9 outside betting -- remains high. I am the American sporting
 10 correspondent for the London Observer. I read it regularly
 11 and other British newspapers from time to time. I recently
 12 spent two weeks in Great Britain and attended several soccer
 13 games and socialized with sportswriters. I found no evidence
 14 of cynicism or diminished interest in soccer due to the
 15 betting on pools. In contrast, as has been pointed out here,
 16 there was heightened interest, if anything.

17 Mathematical fixes based on parlay cards do not
 18 make sense. If you are going to fix a game in order to re-
 19 duce the odds with the percentages in your favor to bet on
 20 parlay cards, you might as well bet on the fixed game itself
 21 if you think you can do it.

22 I hasten to add that the possibility of a fix in
 23 professional sports is minimized today by the stakes to be lost
 24 by high-salaried players. Gambling scandals in professional
 25 sports have always occurred in a climate of high profitability

1 and low wages. This isn't to say that fixes won't occur in
2 isolated instances. That danger exists now and will always
3 exist.

4 I would like now to respond to some of the objec-
5 tions raised to legalized gambling.

6 Is it moral for the government to encourage betting?
7 That horse and dog left the barn, it seems to me, when horse
8 and dog racing were legalized. More than half the States
9 have legal gambling in one form or other.

10 Is legal gambling a regressive tax on the poor?
11 The policy of numbers playing that flourishes in ghettos,
12 to say nothing of church bingo, suggests that the poor get
13 something out of gambling, just as the rich do in their
14 pleasure domes, and who are we to deny that to them? I
15 seriously doubt that that or legal lotteries make them poorer
16 than they are. I am touched by Commissioner Pete Rozelle's
17 sensitivity to this regressive tax on the poor, since I don't
18 know any poor people who can afford to go to National Football
19 League games.

20 But this is beside the point, which is that betting
21 on games is largely a middle-class pastime, as prevalent in
22 suburbs as cities, in country clubs as taverns. I use the
23 word "pastime" deliberately to indicate that betting for the
24 majority of bettors is a social pastime rather than disease
25 as many moralists insist.

1 Would legal gambling create gamblaholics? Probably
2 some. The end of prohibition did not, after all, reduce
3 alcoholism. It was a price the society decided was worth
4 paying for whatever good legalization achieved. In my ex-
5 perience, sportaholics people over-obsessed with sports are
6 far more prevalent and dangerous to the health than gamblaholics.

7 Would legal gambling create large numbers of social
8 gamblers? At the very least, it would bring them out of the
9 closet, although there is little or no stigma attached to
10 gambling today. OTB surveys in New York indicated that the
11 great majority of bettors had before at racetracks. In fact,
12 contrary to the worst fears of OTB opponents, officials ex-
13 pressed disappointment in the numbers of new bettors that
14 were established. A Harris poll taken in 1971, I believe,
15 showed that about one out of every four football fans bet
16 regularly, one out of ten of these with bookmakers. I suspect
17 that the numbers have increased since then and would increase
18 with legalized gambling.

19 In general, the expressed fears on the impact of
20 OTB on society have not materialized to my knowledge.

21 Would the emphasis of fans shift from winning games
22 to winning bets if gambling were legalized? Since those who
23 do bet usually bet on the home team, I doubt that the
24 emphasis would tip noticeably. The ballparks crammed with fans
25 rooting against the home team's best interests, or criticizing

1 mistakes more vehemently than they do now, is absurd in my
 2 experience. The proof is there for the seeing and hearing in
 3 any country where betting is legal. Emotional fans are far
 4 more likely than bettors to vent their spleen on athletes.
 5 The fact of the matter is that bettors add rather than sub-
 6 tract a dimension to games, maintaining excitement when the
 7 outcome on the field is decided while the outcome of the bets
 8 are not. Half the games in the NFL last year were decided by
 9 more than a touchdown. For bettors, those games weren't over
 10 until time ran out.

11 Would legalized gambling cast suspicion on the
 12 integrity of games? It would cast no more and perhaps less
 13 suspicion than currently exists in the shadowy world of
 14 illegal gambling. After a game in which the Redskins scored
 15 a touchdown in the last seconds of play in 1972, affecting the
 16 bet but not the game, Commissioner Rozelle pointed to the
 17 brief flareup that followed in the press as an example of what
 18 could happen under legalized gambling, as he did yesterday.
 19 But the fact of the matter was that it did happen without
 20 legalized gambling. Mr. Rozelle said he had been bombarded
 21 with mail questioning the motives of the Redskins. I asked
 22 to see that bombardment. It turned out to consist of six
 23 letters, five from fans who said they didn't bet. Something
 24 like that happens several times a year. If football has been
 25 hurt by it, I'd like to know how.

141 1 Would legalized gambling increase the likelihood of
 2 fixes? Many billions of dollars are bet illegally on sports
 3 right now. I have no reason to believe the climate would
 4 change dramatically with legal betting, any more than it has
 5 changed under OTB in New York.

6 Would fan-athlete relationships change? No.
 7 Jockeys, who live in a gambling environment, seem to survive
 8 nicely. Ballparks and arenas would not be turned into casinos.

9 Should professional teams, or colleges, be granted
 10 a percentage of the profits on legalized gambling? I don't
 11 know why not. They do get a small percentage in Great Britain.
 12 But if organized sports is so determined not to be a part of
 13 it, it might be best for them not to share in the proceeds.
 14 They do share in other ways directly and indirectly in terms
 15 of attendance and especially in terms of television. There is
 16 a symbiotic relationship between high Monday night football
 17 ratings and the tremendous sums bet on those games, which
 18 bookmakers report are consistently among the biggest betting
 19 propositions they book. No payments are made to teams in
 20 Great Britain where, incidentally, there is substantial betting
 21 on such events as golf and tennis in addition to soccer. In
 22 accordance with Commissioner Bowie Kuhn's statement yesterday
 23 that baseball would fight legalized gambling in New York, I
 24 suggest they bring a case against legal bookmakers in Nevada.

25 Until they do, I urge the Commission to review

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1 first-hand evidence of the impact of betting on sports and
2 society in Great Britain. It is opposed in America, in my view
3 because of conflicts of interest and/or social theology rather
4 than social reality.

5 DR. PHILLIPS: Ms. Marshall, on behalf of the staff,
6 has some questions.

7 MS. MARSHALL: Thank you, Mr. Chairman.

8 Mr. Merchant, would you expound on the theory that
9 attendance at games would be affected by gambling?

10 MR. MERCHANT: I am suggesting that betting is both
11 a reflection of and a stimulus to attendance.

12 MS. MARSHALL: Do you feel that the character
13 of the fans attending the games would be different? For
14 example, Commissioner Kuhn yesterday stated that in his opinion
15 the sport of baseball would become less of a family sport and
16 perhaps take on more the character of a gambling participant
17 fan as opposed to a family fan. Do you disagree with that?

18 MR. MERCHANT: I don't know how to project that. I
19 have seen some pretty emotional fans who were not family fans
20 and were just very passionate fans.

21 I will say that in Yankee Stadium for many years
22 right underneath the sign on the bleacher wall that said
23 "Betting Prohibited," there was a section of several hundred
24 people who sat in a group and who bet on virtually every pitch
25 in the game, and they were among the more passionate fans in

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1 the ballpark and contributed to the ambience in the ballpark
2 rather than took away from it.

3 MS. MARSHALL: Would you say the passion was rela-
4 tive to the amount of money bet?

5 MR. MERCHANT: I would say that it would be impos-
6 sible for any person to differentiate between the passions of
7 a bettor in a ballpark and the passions of an ordinary fan.
8 Most of them are the same.

9 MS. MARSHALL: You indicated that there is a certain
10 amount of danger at the present time of fixes, or at least a
11 suspicion of fixes. Do you feel this danger would increase with
12 the advent of legalized gambling?

13 MR. MERCHANT: I do not. I don't know how much the
14 danger is. As I indicated, the last time anyone suspected
15 anything happening was nine years ago. Whatever danger exists
16 now I suspect would exist with legalized gambling.

17 MS. MARSHALL: Why do you feel it would not in-
18 crease?

19 MR. MERCHANT: Because there are so many billions
20 of dollars being bet now there surely is enough to try to fix
21 a game if somebody was so disposed.

22 I don't know the difference if you are betting \$20
23 billion illegally or \$40 billion legally why you couldn't find
24 a sum to fix a game now as with the larger figure.

25 MS. MARSHALL: Both Commissioners Rozelle and Kuhn

144 1 yesterday stated that they felt that with the advent of
2 legalized sports wagering, the fan, even the non-betting fan,
3 might be more prone to be suspicious of a player. They cited
4 us several examples wherein there were boos or something from
5 the stands based on players' moves. They felt this suspicion
6 might increase if there were legalized betting.

7 Would you comment on it?

8 MR. MERCHANT: I just don't know how to project that
9 and I don't know how he can either.

10 According to the Harris Poll, which was taken
11 nationwide, roughly one out of four fans had some kind of a bet
12 on a game. I would extrapolate on those figures that in the
13 cities where the games were actually being played, the figures
14 are probably much higher. My experience in sitting both in
15 stands and in press boxes is that the figure is higher. And I
16 just don't know how to differentiate between the passionate
17 fan and the passionate bettor.

18 MS. MARSHALL: Mr. Snyder yesterday, James Snyder,
19 told us that with the passage of the antiracketeering laws in
20 1961, the big bookmaker, as he defined it, was virtually wiped
21 out and that today none of that exists or very little of it,
22 actually, is what he said.

23 He indicated that with respect to your Harris Poll
24 60 per cent of the people in the stands had a wager placed.

25 Do you draw a distinction, as he does, between

145 1 social betting and the large-scale professional gambling?

2 MR. MERCHANT: I think the distinction has been
3 drawn. I don't know where exactly to make it. I agree with
4 him that there is not as much high-powered betting as there
5 has been in the past; that the laws barring the transference
6 of gambling information between the States have tended to
7 minimize that part of it. And I would agree with him that
8 perhaps half the people in your average NFL ballpark do have
9 a bet of anywhere from a dollar on up.

10 As I suggested in my statement, I think these
11 people frequently add to the excitement.

12 MS. MARSHALL: Thank you.

13 I have no further questions.

14 DR. PHILLIPS: Mr. Coleman.

15 MR. COLEMAN: Mr. Merchant, the subject was covered
16 a bit yesterday, and perhaps you can give us your opinion, using
17 football as an example and basketball also. The newspapers
18 publish the so-called spread, the point differential -- most
19 newspapers do in some way or other, some in regular little
20 boxes and others in an article.

21 What benefit can it have on the betting community?
22 What purpose does it serve?

23 MR. MERCHANT: It has an information benefit to
24 people who are interested in games coming up that night in
25 basketball or games that weekend. People who don't bet are
often just as interested in the point spread as people who do

146 1 bet. As a matter of fact, I don't go back far enough not to
2 remember when the lead of the Saturday morning piece on a
3 college football game didn't say Ohio State was a three-point
4 favorite over Michigan, or whatever. It has always been used
5 as a point of reference for the upcoming games in football.

6 And I might add at this point for Mr. Ritchie's
7 benefit that I was a scrub at the University of Oklahoma, and
8 I made my first bet on a Football game on the campus of the
9 University of Oklahoma, and the point spreads were not pub-
10 lished in any newspapers that I knew of at the University of
11 Oklahoma.

12 MR. COLEMAN: Did you bet even?

13 MR. MERCHANT: No, I bet by the point spread.

14 MR. RITCHIE: Which team did you bet on?

15 MR. MERCHANT: Oklahoma A&M at that time.

16 MR. COLEMAN: You have stated in your paper here
17 that if you legalize sports betting it should be done by
18 licensing bookmakers rather than governmental operation; is
19 that correct?

20 MR. MERCHANT: Yes, sir.

21 MR. COLEMAN: Now, this poses a question in my mind.
22 I assume you mean by that the existing bookmakers -- or don't
23 you mean that?

24 MR. MERCHANT: I mean anybody who is willing to put
25 up his money and risk it.

1 MR. COLEMAN: How would you feel about those persons
2 who had been convicted of illegal bookmaking being licensed by
3 the government?

4 MR. MERCHANT: I think that should be up to the li-
5 censing agency just as licensing agencies today decide who can
6 get a liquor license, whether they are felons or not felons.

7 MR. COLEMAN: You have made a study, and you are a
8 sportswriter for a large New York paper, and you certainly hear
9 certain things, and you give us an example in your paper here
10 of a betting coup, so to speak.

11 Why, under any stretch of the imagination, should
12 you have a convicted bookmaker who has broken the law ever be
13 licensed under a governmental operation?

14 MR. MERCHANT: I don't think he should.

15 MR. COLEMAN: And to further that, the very coup
16 example you give here -- and you have used the word "curious"
17 he wanted a piece of the action.

18 MR. MERCHANT: The bookmaker will take a part in
19 the coup if he can find out. But that leaves all the rest of
20 the thousands of bookmakers out of it, and that is why they
21 want to set games as honest as possible.

22 MR. COLEMAN: I raised the question this morning,
23 who were the fixers. Were they gamblers or bookmakers? You
24 have indicated in your testimony that bookmakers bet as well
25 as gamblers. Do they bet amongst themselves?

1 MR. MERCHANT: They do. I should point out that
2 even in the example I gave of the suspected gambling coup, the
3 people on down the line who bet the game may not have any know-
4 ledge of what actually is taking place in that game. They
5 may not know why the bets have increased, but they may suspect
6 that somebody does, and they are on the inside of it and are
7 going to try to take advantage of it.

8 MR. COLEMAN: One final question. The questions I
9 am raising here would really be a problem no matter who ran it,
10 the dishonest operator, which we probably have with the illegal
11 gambling. Would you have it also with the legal gambling, no
12 matter how you ran it?

13 MR. MERCHANT: There is always a risk with a cash
14 business. I don't know that they are going to declare their
15 income exactly as they get it to the tax authorities, et cetera.
16 All I am saying is these people, and many of them that I have
17 talked to, would prefer to operate in the open, prefer to oper-
18 ate legally. And most of them have never even gotten near
19 anything like a fix.

20 They are making so much money now that they don't
21 need it. They want to see the game honest for that reason.
22 The volume of betting has increased so dramatically in the
23 last ten years that they can make very, very handsome livings
24 without having to resort to that, in the same way that players
25 have to be tempted by fixes because of their high salaries.

1 MR. COLEMAN: Thank you very much.

2 DR. PHILLIPS: Mr. Dowd.

3 MR. DOWD: Mr. Merchant, I want to congratulate you
4 on what I think is a well-put-together presentation, and I'd
5 like to explore with you one of your major points. You have
6 spent some time on it, and that is the idea that the winnings
7 to the bettor would not be taxable.

8 I agree with you, I believe, that any system of
9 legalized gambling without that facet to it would doom the plan.
10 But by the same token, I question whether legislative bodies
11 or, for that matter, a great percentage of our population, are
12 prepared to accept that proposition in the context of their own
13 tax requirements.

14 And I think I follow your reasoning, but I question
15 whether specifically legislatures, and I suppose even more
16 importantly the people, are in any way prepared for that type
17 of proposition.

18 MR. MERCHANT: Well, I don't know that they are
19 either.

20 I would suggest in that case that the bettor would
21 be taxed at the end of the year if he could show a profit. I
22 think in some way, perhaps, the legislation can be framed so
23 that the effect is the exact same.

24 MR. DOWD: Doesn't that inevitably then return --
25 if you go that far and say you are going to tax the bettor

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1 based on his year-end profits, doesn't that, then, have the
2 effect of simply shifting the enforcement effort from the anti-
3 gambling statutes to the taxing arena, and still impose upon
4 enforcement the same burdens that are time-consuming and often
5 unproductive?

6 MR. MERCHANT: I think that if the gambler was
7 assured that he would only be taxed if he won at the end of
8 the year, I don't think he'd be too concerned about it. Be-
9 cause the overwhelming majority of people who go into this
10 don't really expect to make money out of it. It is their way
11 of paying for a pastime.

12 MR. DOWD: Somebody who is betting \$20,000 and
13 \$30,000 a crack doesn't expect to make money at it.

14 MR. MERCHANT: I don't know many of them that do.
15 And what do we do about the people who bet all that money in
16 casinos? We don't tax them, do we?

17 MR. DOWD: No, I agree. I think they escape it,
18 but at least there is no official governmental policy that
19 says that if you make your income or your living by gambling
20 successfully that you will not be taxed on it, but if you
21 work in a shop or in a mill or the newspapers that you will
22 be taxed.

23 It is that disparity in governmental policy that I
24 think would be unacceptable.

25 MR. MERCHANT: What I am suggesting, sir, is that

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1 the man who wins a bet is not taxed as he wins that particular
2 bet. That is the main thing.

3 There are people who bet professionally and declare
4 their earnings on the basis of their winnings. They do that
5 already.

6 Some of those people I know of want to see it
7 legalized. I don't know how is the best way to structure the
8 law so it could be passed without people saying we are allowing
9 people who gamble to get away without paying tax.

10 But the fact of the matter is that the end result
11 is that those people -- there's less than a handful who really
12 make a living out of betting. And it seems to me that there
13 must be some way to structure it so that it is possible.

14 MR. DOWD: What you are saying is that inevitably
15 only the bookmaker makes money on sports betting.

16 MR. MERCHANT: Very close to only the bookmaker,
17 that's true. I have spoken to any number of bookmakers, and
18 I haven't been able to find a single one to say that there is
19 a bettor who beats him consistently over a long period of time.
20 There are a handful of professionals I know in Las Vegas,
21 professional bettors, who do make some money by various very
22 sophisticated financial devices.

23 MR. DOWD: Do you think it is conceivable to put
24 together a system, given the make-up of bookmakers as you know
25 them -- do you think it is possible to put together any kind

152 1 of taxing system where they would really pay their fair share
2 of the earnings?

3 MR. MERCHANT: I would have to suggest that the
4 Commission should study how it is done in Great Britain.
5 Possibly someone who works for the government closely monitor-
6 ing them would be the way to do it.

7 But I have asked a number of people in Great
8 Britain who have told me they operate just the way any business
9 does.

10 MR. DOWD: Thank you very much.

11 DR. PHILLIPS: Mr. Merchant, thank you for your
12 statement and for your time.

13 We will stand adjourned for five minutes, and then
14 we will hear from the AAU.

15 MR. MERCHANT: Thank you.

16 (Whereupon, a short recess was taken.)

17 DR. PHILLIPS: The hearing will be back in order,
18 please.

19 We are pleased to have with us next two represen-
20 tatives of the Amateur Athletic Union of the United States,
21 its President, Mr. Joseph Scelzo, and its Executive Director,
22 Mr. Cassell.

23 I have discussed with Mr. Scelzo his statement. He
24 would like to have it filed as it has been received, but both
25 he and Mr. Cassell would like to make some remarks before

3 1 questions.

2 We are pleased to have both of you here and welcome
3 you.

4 STATEMENT OF JOSEPH SCELZO, PRESIDENT, AAU,
5 ACCOMPANIED BY OLLAN CASSELL, EXECUTIVE DIRECTOR,
6 AAU

7 MR. SCELZO: Thank you very much, Dr. Phillips.

8 Yesterday, before I left for Washington, I got a
9 call from the Toledo Blade and they wanted a statement. So
10 rather than read them 20 pages that we have filed, or there-
11 abouts, I succinctly gave them this, and I'd like to read it
12 to you:

13 "I don't think it comes as any shock but I am un-
14 alterably opposed to gambling of any kind that depends on
15 human performance, particularly and especially if it involves
16 amateur sports or sportsmen.

17 "In my opinion, any sport that depends in any part
18 on gambling for all of its popularity or assistance, directly
19 or indirectly, is not a sport. It is rather a contrived
20 activity not worthy of idealism of human participation or
21 sport.

22 "The obvious adverse implications for the athletes
23 involved make it imperative that gambling in such cases not
24 be tolerated in any form, least of all legalized and
25 encouraged by government initiative, approval or involvement,

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1 unless to stop it."

2 Now, as President of the Amateur Athletic Union,
3 which is the largest and the oldest amateur sports governing
4 body in the world, I think it comes as nothing new to you that
5 I probably would be less of an expert on gambling than any of
6 the speakers that you may have had before you. Because in
7 searching my 30 years of experience with the Athletic Union,
8 the Amateur Athletic Union, and its 87-year-old history, I
9 was unable to uncover a single instance of any scandal arising
10 out of an AAU sport involving gambling.

11 But that doesn't mean that we don't have some very
12 strong opinions and feelings which I think I'd like to share
13 with you.

14 Now, if you take the world and take the Olympic
15 movement and the international scene -- and this is a small
16 world today -- you find that legalized gambling would violate
17 not only the principles of amateur athletics but also the
18 principles of our international and Olympic movement.

19 So I could start off by telling you that what would
20 be involved here, if it were to spread to amateur sports, is
21 that it would just naturally evolve that the United States
22 would eventually have no team in world championships or Olympic
23 games. It is that simple.

24 I think another point that you should familiarize
25 yourself with, particularly if you are concentrating on amateur

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1 sport -- although in a way I think philosophically it should go
2 to all sport that has human endeavor as its major function.
3 But when you deal with amateur sport -- and in the United
4 States the Amateur Athletic Union does have a tremendous re-
5 sponsibility, because the majority of amateur sport is con-
6 trolled and is regulated by it. And you have in that amateur
7 sport a group of 300,000 volunteers. It is a large service
8 organization, perhaps the largest service organization of its
9 kind known, with everybody contributing, everybody doing un-
10 selfishly what they consider to be God's work. As a base
11 over 700 clubs, democratic, open to all, young or old, athlete
12 or coach, parent or athlete -- the only such organization I
13 know.

14 And you know that so many of them are service or-
15 ganizations, churches. And it doesn't take much to surmise
16 that gambling associated with it would change it to the core,
17 in fact eliminate it. Because all of this work is free. And
18 we have just conservatively estimated that with the volunteer
19 effort that we have now, the value that we return now at no
20 money cost to anyone is over a half-billion dollars a year
21 that nobody is paying for. And that is the contribution.

22 It is okay if it is God's work. I don't know of
23 any gambling -- although gambling may be voluntary, I don't
24 know of any volunteer gamblers, and I just don't think we
25 could keep that organization going. And it would be impossible

1 for us to try to assimilate that kind of activity and that kind
 2 of money. It would involve some changes in the whole structure.
 3 If you have the gambling influence, it changes the athlete.
 4 It changes him, as Ollan Cassell tells me, in the head. It
 5 changes the relationship between the coach and athlete, which
 6 is so necessary and privileged, and the officiator.

7 And those of you that know of the vast numbers of
 8 officials that are necessary in track and field and swimming
 9 alone, which require more than maybe all the other sports put
 10 together, it would be just a fantastic thing to try to organize
 11 train, and patrol this, and then scheduling would make it just
 12 impossible for us to control this kind of activity.

13 But in the end, I think the fact that through 87
 14 years of history with no scandal or problem, it would speak
 15 well that this is the kind of thing that must be good, must be
 16 run well, and it is the kind of thing that we should keep.

17 So I would not only not personally support and
 18 espouse but violently oppose any type of government legaliza-
 19 tion of gambling, particularly in amateur sport.

20 We have, as your chairman mentioned, Ollan Cassell
 21 who is Executive Director of the Amateur Athletic Union, a
 22 Gold Medal winner, a man who probably better than any other
 23 man in the country today has the grassroot feel for the athlete
 24 and the amateur in the United States.

25 I wonder, Ollan Cassell, if you'd be kind enough

1 to fill in and give anything that you feel I might have missed.

2 MR. CASSELL: Thank you, Mr. Scelzo.

3 Mr. Chairman, I will add a few remarks to what our
 4 President just indicated, and of course my experience goes to
 5 being an athlete for 13 years, taking part in Olympic games,
 6 in Pan-American competitions, and in practically all types of
 7 invitational international competitions, as well as dual com-
 8 petitions between our United States and other countries.

9 During all of these years that I have been associated
 10 as an athlete, and then for ten years now as an administrator
 11 within the Amateur Athletic Union, I have not come into contact
 12 with any type of gambling activity on track and field events
 13 or amateur events, amateur sporting events, over which AAU has
 14 control.

15 And just to lean a bit heavier on one particular
 16 area that Mr. Scelzo touched on, and that is within the inter-
 17 national competitive area, one of the really great things, and
 18 one of the things that amateurs in this United States can look
 19 forward to, is to go into international competition and
 20 traveling, and visiting other countries, and visiting other
 21 athletes, and making friends with people that they have never
 22 seen before, whose language they don't speak -- helping the
 23 country, the United States, in the way of creating an under-
 24 standing of our country, so that a Russian can see that the
 25 Americans don't have two heads.

1 professional sports and amateur sports. You have presented a
2 very strong case, and I can almost see, with Mr. Cassell's
3 background and your own dedication, Mr. Scelzo, the American
4 flag in the foreground. We are not arguing that. What we are
5 saying is that we are trying to base this on some facts. You
6 control a litany of events, and I am aware of possibly some
7 betting that would occur on basketball, very limited on boxing,
8 but on other events how could legalization affect it?

9 You mention the sport of baton twirling. For your
10 information, our Assistant Executive Director was a Golden
11 Girl at the University of Miami when she was in college, and
12 she informs me that baton twirling is not a sport, it is an
13 art; it is really more of a dance form than a sport.

14 The point is the Commission must base its recommen-
15 dations upon fact. You are opposed to all forms of legaliza-
16 tion because you fear, as I understand your testimony, that it
17 might -- might -- adversely affect the events that you are
18 responsible for the integrity of presently.

19 My question is: Do you have any evidence to offer,
20 cross-cultural experiences of other countries, hopefully
21 somewhat similar to your own, that would give us some basis
22 of saying we agree or disagree on that particular issue?

23 MR. SCELZO: No.

24 MR. RITCHIE: Now, when American teams compete in
25 Europe in these sports -- I suppose, Mr. Cassell, you are the

61 1 person with the greatest experience in this -- where gambling
2 is legal, has there been any effect upon their performance or
3 upon their play that you are aware of, or any undesirable con-
4 sequences?

5 MR. CASSELL: Well, I can't remember ever competing
6 in Europe in an event that they had gambling at. And I am
7 really not that familiar with which countries have legalized
8 gambling as a country.

9 MR. RITCHIE: Well, virtually all of them is a
10 pretty good guess.

11 MR. CASSELL: Legalized gambling?

12 MR. RITCHIE: Yes.

13 MR. CASSELL: But the events that I have been in
14 in track and field -- and I have competed in most of the
15 countries in the world, especially in Europe -- I can't
16 remember -- or if there was betting on the events it was done
17 someplace other than the stadium or behind doors or someplace
18 where you didn't know what was going on.

19 MR. RITCHIE: Gentlemen, let me emphasize that the
20 staff is often placed in the position of being a devil's advo-
21 cate. I am not indicating any bias one way or another as to
22 your position.

23 Zone 49, which is the State of Nevada in your
24 group -- can you tell us whether or not legalized gambling
25 exists on sporting events there although precluded on NCAA

1 And if gambling was legalized on amateur sports or
2 on human performance, I think you'd take that away from the
3 American amateur athletes, from the boys and girls, men and
4 women, that participate in amateur sports, to one day get to
5 see a foreign country or get to wear the colors of the United
6 States and represent the country in the Olympic Games.

7 This is my feeling, that one day, if this does
8 happen, we might be faced with that situation on the inter-
9 national scene, mainly because of the type of regulations that
10 probably would be required to have legalized gambling in the
11 United States -- the way that officials must be registered, the
12 way that coaches are regulated, the way athletes are regulated,
13 the way events are regulated, and the way the actual sport as
14 we know it today would probably be changed so greatly in that
15 there would be so much control by State legislatures or
16 Federal Government that the thousands of athletes from this
17 country would not be eligible for any of these international
18 competitions.

19 DR. PHILLIPS: Thank you, sir.

20 I must confess, gentlemen, that I have wondered for
21 some time whether there was any issue on which the AAU and the
22 NCAA could agree, and I think we have now found one with 100
23 per cent agreement between the two.

24 Mr. Ritchie would like to ask some questions on
25 behalf of the staff.

1 MR. RITCHIE: This is directed to either of you who
2 care to answer.

3 Could you give us your opinion about the legaliza-
4 tion of betting on professional team sports and how that might
5 affect the AAU sanctioned events, if at all?

6 MR. SCELZO: Well, as I told you, I am not an expert
7 in this field, but I do have some strong opinions.

8 I would be, objectively, personally, against it.

9 But to answer your question specifically, I would
10 say that what would happen is that you would spill over and
11 eventually, at least with the top echelon of amateur athletes
12 that are in that area that could be thinking in terms of pro-
13 fessionals, I think it would be just one step away before you
14 involve them.

15 MR. RITCHIE: But let's not use the octopus of the
16 unknown. Can you give me some examples of how that has occurred
17 in Britain or other countries where betting is allowed on pro-
18 fessional events but amateur events are affected adversely by
19 it one way or another?

20 MR. SCELZO: I have no comment. I have no knowledge
21 in this area.

22 MR. CASSELL: This is a matter that I don't think
23 we have an experience factor to judge by.

24 MR. RITCHIE: Well, gentlemen, the point of it is
25 that the Commission must make a judgment regarding both

1 professional sports and amateur sports. You have presented a
 2 very strong case, and I can almost see, with Mr. Cassell's
 3 background and your own dedication, Mr. Scelzo, the American
 4 flag in the foreground. We are not arguing that. What we are
 5 saying is that we are trying to base this on some facts. You
 6 control a litany of events, and I am aware of possibly some
 7 betting that would occur on basketball, very limited on boxing,
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 10 information, our Assistant Executive Director was a Golden
 11 Girl at the University of Miami when she was in college, and
 12 she informs me that baton twirling is not a sport, it is an
 13 art; it is really more of a dance form than a sport.

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 15 dations upon fact. You are opposed to all forms of legaliza-
 16 tion because you fear, as I understand your testimony, that it
 17 might -- might -- adversely affect the events that you are
 18 responsible for the integrity of presently.

19 My question is: Do you have any evidence to offer,
 20 cross-cultural experiences of other countries, hopefully
 21 somewhat similar to your own, that would give us some basis
 22 of saying we agree or disagree on that particular issue?

23 MR. SCELZO: No.

24 MR. RITCHIE: Now, when American teams compete in
 25 Europe in these sports -- I suppose, Mr. Cassell, you are the

1 person with the greatest experience in this -- where gambling
 2 is legal, has there been any effect upon their performance or
 3 upon their play that you are aware of, or any undesirable con-
 4 sequences?

5 MR. CASSELL: Well, I can't remember ever competing
 6 in Europe in an event that they had gambling at. And I am
 7 really not that familiar with which countries have legalized
 8 gambling as a country.

9 MR. RITCHIE: Well, virtually all of them is a
 10 pretty good guess.

11 MR. CASSELL: Legalized gambling?

12 MR. RITCHIE: Yes.

13 MR. CASSELL: But the events that I have been in
 14 in track and field -- and I have competed in most of the
 15 countries in the world, especially in Europe -- I can't
 16 remember -- or if there was betting on the events it was done
 17 someplace other than the stadium or behind doors or someplace
 18 where you didn't know what was going on.

19 MR. RITCHIE: Gentlemen, let me emphasize that the
 20 staff is often placed in the position of being a devil's advo-
 21 cate. I am not indicating any bias one way or another as to
 22 your position.

23 Zone 49, which is the State of Nevada in your
 24 group -- can you tell us whether or not legalized gambling
 25 exists on sporting events there although precluded on NCAA

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1 events that occur within the boundaries of the State of
2 Nevada -- could you point to any difficulty the AAU has ex-
3 perience within your Zone 49 based on gambling as it exists
4 in the State of Nevada?

5 MR. CASSELL: To the best of our knowledge, it has
6 never been brought to our attention there was any difficulty
7 there with betting on an AAU event, swimming event, boxing
8 event -- and we have had some large international boxing
9 events in Las Vegas. We had the Russian-American boxing
10 event there. And it has never been brought to our attention
11 that there have been any problems as a result of our being
12 there where there is legalized gambling.

13 MR. RITCHIE: Your basic posture offered, Mr.
14 Scelzo, that legalization will force the United States out
15 of competition, such as the Olympics.

16 Sir, again I have to ask you what is your basis
17 for saying that? If Britain involves itself in the Olympics
18 and virtually every other country that has gambling on pro-
19 fessional sports and some amateur sports can compete --

20 MR. SCELZO: In the Olympic Games, we are talking
21 about Olympic sports -- specifically those amateur Olympic
22 sports -- if legalized gambling were permitted on that --

23 MR. RITCHIE: Not on the Olympics but if gambling
24 were legal --

25 MR. SCELZO: The Olympic sports find their

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1 culmination in the Olympic Games.

2 MR. RITCHIE: But the athletes didn't involve them-
3 selves in it, and there was no question about their integrity.
4 It just happens to be that the government, as with movie
5 theaters and your income and my income, chose to raise revenue
6 through that activity. Why would that keep the American teams
7 out of the Olympic Games?

8 MR. SCELZO: Two reasons. One, you'd have to con-
9 trol the gambling if it is legalized.

10 MR. RITCHIE: Assume it is controlled. You are con-
11 trolling it now.

12 MR. SCELZO: Then you'd have to control the offi-
13 cials. Then the government would have to be controlling the
14 sport, and that in itself is per se out of bounds for Olympic
15 Games.

16 MR. RITCHIE: I sense from you, from the positions
17 of both of you, that you have a real concern that some other
18 organization such as the government might step in and regulate
19 this because of their interest in revenue or whatever --
20 assuming that you can't be fighting crime because you are not
21 aware of any crime, be it illegal gambling or otherwise,
22 connected with any AAU-sanctioned event.

23 Do you believe that is a fair appraisal of your
24 testimony?

25 MR. SCELZO: Oh, no, no. I'd say I led you wrong,

1 for which I apologize.

2 Frankly, my biggest and more basic concern is a
3 lot more idealistic than that. It goes to its effect on the
4 athlete.

5 I am sure you have had the testimony day in and day
6 out from better people than myself that will tell you the real
7 source of fear is that when this evolves and revolves around
8 a sport, how it permeates and changes that athlete. It
9 changes from the love of the sport to the materialistic, and
10 all of the influences that go with it -- none of which are good.

11 MR. RITCHIE: I couldn't agree more.

12 MR. SCELZO: That is my basic concern.

13 The others are practical things which so many times
14 the practical people wish to have concrete things. And I am
15 saying that this can even evolve into not being permitted in
16 the Olympic Games which, to me, wouldn't be as bad as the
17 effect on the amateur athlete, all the things that we stand
18 for in that area.

19 MR. RITCHIE: Well, we so appreciate your being
20 here, I am going to give you a one-sentence appraisal of all
21 the arguments that have been presented.

22 All of the gentlemen who have represented their
23 particular special interest groups have come before us and
24 said, "Legalization will ruin our sport, but we have absolutely
25 no evidence to offer you. It is our opinion."

1 And what we are seeking, gentlemen, is something
2 more than someone's opinion.

3 If the illegal gambling that exists in this country,
4 be it \$40 million or \$100 billion, whatever the figures are,
5 is having no appreciable effect upon the athletes, the offi-
6 cials, the universities, at this time, then why do we fear
7 legalization? I mean why do you feel that there is going to
8 be that overwhelming change in the attitudes of the receptive-
9 ness of the athletes that is not being controlled right now
10 with the illegal gambling that goes on?

11 MR. SCELZO: I understand your dilemma, and I'd
12 like you to appreciate mine. But I'd like to take a shot, at
13 least, at part of your question.

14 No, we don't have the concrete facts because you'd
15 have to get them by saying, "Let us legalize gambling for awhile
16 and see what effect it has."

17 We do know there is a lot of illegal gambling; okay?
18 And we can tell you for 87 years so far we have not had any
19 surfaced problem -- none that I have been able to find. Okay?

20 On that, we at least must say that illegal gambling,
21 for whatever reason -- and let's not say that is the same as
22 legal gambling, because now you are getting into a psychologi-
23 cal area of the difference between right and wrong, at least
24 knowing the difference between right and wrong, which I think
25 is important to people and I think has an influence; that if

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1 you confuse right and wrong and say legal gambling is the same
2 as legalized gambling, pretty soon legalized gambling becomes
3 good. As soon as you use the word "good" connected with it,
4 I don't know what will happen to it, and I am afraid to take
5 the chance.

6 MR. RITCHIE: The Commission cannot propose that
7 there will be some model program which we will monitor. The
8 Commission is engaging to spend a great deal of money creating
9 the data on which it can make a judgment. And the purpose of
10 having hearings, particularly public hearings such as this,
11 is to seek your expert experience and advice, and for that we
12 appreciate your attendance.

13 I have no further questions, Mr. Chairman.

14 DR. PHILLIPS: Mr. Dowd.

15 MR. DOWD: Thank you, Mr. Chairman. I have no
16 questions. I think the witnesses have quite well laid out
17 their position, at least for my benefit.

18 DR. PHILLIPS: Mr. Coleman.

19 MR. COLEMAN: Thank you, Mr. Chairman.

20 Just one thing I do want to acknowledge on the part
21 of Mr. Ollan Cassell. I want to say it is a pleasure to have
22 you here. I had the pleasure of seeing you perform a number
23 of times. He not only represented the United States in the
24 1600-meter relay, but was also one of our 300 and 400 meter
25 performers and represented the United States in that event.

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1 I would say in sports, Mr. Scelzo, as Mr. Ritchie said, basket-
2 ball would be the only practical problem.

3 I might say, Mr. Chairman, I spoke to Mr. Cassell
4 during the recess, and we agreed that should there be legali-
5 zation of gambling in track and field, and should there be a
6 fixed race, there would be a problem, particularly if no one
7 finished the race.

8 (Laughter.)

9 But I appreciate both of you coming.

10 MR. SCELZO: I'd like to thank you for the courteous
11 treatment and for the opportunity to permit us to be here,
12 because even though we are not experts in the field of gambling,
13 we do think that our opinion and voice at least should be
14 heard on this important question. And whether we did it
15 adequately or not, you can believe that both of us at least
16 were very sincere.

17 Thank you.

18 DR. PHILLIPS: We thank you both for your effort
19 and your time.

20 (The statement of the Amateur Athletic Union is
21 as follows:)

1 DR. PHILLIPS: Mr. Mainella.

2 Let me say while Mr. Mainella is coming forward
3 that he is from WBZ in Boston, host of a radio program,
4 "Calling All Sports," which has been on the air since 1969.
5 He is also a sports commentator, and formerly a sports writer
6 for the Boston Globe.

7 Mr. Mainella, you may do what you wish. The Com-
8 mission has had your statement, and I believe that those of us
9 left have read it, so that you may either summarize it, which
10 I would like to recommend hopefully to you, or you may read it
11 if you'd rather. It will go in the record as you submitted
12 it in its entirety either way you wish to handle it, sir.

13 STATEMENT OF GUY MAINELLA, "TALK SHOW" HOST,
14 "CALLING ALL SPORTS," WBZ RADIO, BOSTON

15 MR. MAINELLA: Does the Commission have a specific
16 pleasure on this? If so, I will abide by it. I can summarize
17 it for you or read it. It will take about eight to ten minutes.

18 DR. PHILLIPS: I think in all honesty we'd prefer
19 a summary. Two of us have planes at 5:00 o'clock and should
20 leave by 3:45 in order to make it. So it would be helpful if
21 that would be convenient.

22 MR. MAINELLA: Let me attempt to do that, Mr.
23 Chairman.

24 Briefly, I am opposed to legalizing gambling on
25 sporting events. I am convinced that the risks involved in

1 the legalization of gambling significantly outweigh the
2 dubious and far from certain economic gains promised by pro-
3 ponents. Moreover, I am impressed by critics who question
4 whether organized crime will suffer if the States sanction
5 gambling on sporting events.

6 Among the specific reasons that I oppose gambling:

7 First of all, the capacity of the sport to enter-
8 tain has already been stretched to the limit. These are par-
9 ticularly difficult times in American, and I think, quite
10 frankly, sport cannot satisfy the demands placed on it.

11 And if this view has any credence, then I believe
12 that it follows that opening the door to gambling to millions
13 of citizens who do not now gamble will compound the problem.
14 If millions of citizens can wager on the outcome of sporting
15 events, a new and potentially devastating demand is placed on
16 sport: It has now become a possible vehicle to instant
17 wealth -- or, at least, some economic gain. The fan who has
18 wagered money on a sporting event not only demands victory for
19 the psychological and esthetic reasons I have stated, but for
20 an even more potent reason -- money. If his team wins, the
21 betting fan stands to gain financially. Even if his team loses
22 and he has wagered that way, the fan gains financially, but at
23 what cost to the traditional and wholesome perception of sports
24 held by most fans?

25 Naturally, the fan who loses money is peeved at the

1 team -- a negative feeling which may well be displayed in
2 additional acts of misconduct which already concern sports
3 team owners and arena and stadia operators. Without doubt,
4 losing athletes will also be subjected to sharply increased
5 abuse from gambling fans.

6 One rationale consistently offered for legalizing
7 sports betting is that police officers cannot enforce the
8 existing laws and, further, that police have been corrupted by
9 pay-offs from the hoodlums who control gambling. Obviously,
10 both statements are true, but their veracity does not confirm
11 the rationale as either logical or persuasive.

12 I would support those opponents of legalized
13 gambling who argue, rather persuasively, that enforcement of
14 gambling laws has never really been attempted with maximum
15 vigor, and therefore it is ill-advised and quite inaccurate to
16 say that police are incapable of coping with the violations of
17 the gambling statutes already on the books.

18 Another area of concern I have noted in recent years
19 is the increasingly high cost of tickets for sporting events.
20 It seems to me that more and more only affluent Americans can
21 afford to view sporting events in person. The typical family
22 outing of several years ago is now beyond the range of millions
23 of Americans. I wonder whether those lower and middle-income
24 families who still manage to save money to buy sporting events
25 tickets would forgo those tickets in order to risk their money

1 on gambling, inasmuch as the purpose of this wagering is
2 obviously to make someone rich. If this happens, will atten-
3 dance at sporting events decline, or will the affluent take
4 up the slack and create a totally foreign and wholly unde-
5 sirable "elitist atmosphere" in sports?

6 However, I am not opposed to legalized gambling out
7 of concern for whether sports teams continue to enjoy sell-out
8 crowds. Further, I am not impressed by the pedestrian logic
9 of the league commissioners who oppose legalized gambling on
10 grounds the "integrity" of their game would be jeopardized. I
11 subscribe to the view that their sports have already been
12 threatened by the mob-controlled illegal gambling which is
13 taking place. And, as far as attendance is concerned, the
14 sports teams are already courting a more affluent audience
15 because of the increasingly inflated price of tickets. The
16 teams do not seem concerned by this trend.

17 It is the responsibility of the sports leagues to
18 guarantee the integrity of their game. And, in my opinion,
19 they have. The public, which pays the freight, should be
20 certain that every reasonable effort, consistent with the law,
21 is being made to keep gamblers and athletes, coaches and
22 owners at the most distant extremes. In candor, it must be
23 said that this diligent effort is not always evident.

24 Regardless of lapses in security, I have no indepen-
25 dent knowledge that any professional or college sporting events

1 have been influenced by point spread considerations. Aside from
 2 occasional, unsupported rumors and gossip, I am unaware of any
 3 proven instance, outside the college basketball scandals of
 4 25 years ago, that sporting events have been fixed, or their
 5 outcome controlled in deference to the point spread.

6 Skipping over some of the prepared testimony to go
 7 to page 7, I can't understand why the sports leagues should
 8 have to contend with the extraordinary burdens which I believe
 9 legalized gambling would place on their games. Fundamental to
 10 sport is the concept that the game is of paramount importance.
 11 To the purist, this transcends winning and losing; to the
 12 multitude, winning coupled with some thrills provides satisfac-
 13 tion. To the gambler, winning some money, even at the expense
 14 of betting against the home team, is paramount. When he loses
 15 his bet, will the unhappy gambler-fan scream "fix," abuse
 16 athletes and officials, degrading a valuable entertainment
 17 vehicle in the process?

18 I have spent some time talking to sports fans about
 19 gambling. The majority seem to support the concept, although
 20 less than a majority favor legalized gambling on college sport.
 21 The fans who support wagering seem well-intentioned, if misled.
 22 They have heard reports that \$50 billion a year is bet illegally
 23 on sport and appreciate the compassion of legislative proponents
 24 who promise to hold the line on taxes by collecting revenue
 25 painlessly from sports bettors.

1 The proposition is a myth and I think the public
 2 will change its mind as soon as it realizes that the gimmick
 3 taxation which threatens sport is neither painless nor
 4 praiseworthy.

5 Those who favor gambling doubt that sports fans
 6 will become more concerned with winning money than enjoying
 7 the sporting event. They dismiss concerns about the integrity
 8 of sport by arguing that fixes and point shaving do not seem
 9 to be a problem with the mob in control of gambling. And, they
 10 don't see why it should be a problem if the States legalize
 11 betting. Many also subscribe to the notion, not proven, that
 12 legalized gambling will reduce illegal gambling. This conten-
 13 tion, incidentally, is widely employed by proponents of
 14 legalized gambling, but is never buttressed by firm evidence.
 15 In fact, recent experience in New York seems to suggest the
 16 opposite is true.

17 Those who oppose gambling cite several factors. One
 18 woman told me she doesn't trust herself and feels she might be
 19 enticed to spend a couple of dollars a week on betting cards,
 20 even though she doesn't gamble now and can't really afford to
 21 do it.

22 A school teacher told me he became a firm opponent
 23 of legal betting when he heard two grade school youngsters
 24 talking about a Patriots' football game last fall. One kid
 25 lamented the Patriots had lost by two points, but the other kid

1 wasn't impressed. He said, "Well, at least they beat the point
2 spread."

3 It is difficult to say how many people have ex-
4 pressed their opinions to me on this subject over the last 18
5 months, but I would say that more than 60 per cent favor
6 legalized gambling on professional sports, and a higher per-
7 centage, perhaps 75 per cent, oppose betting on college sports.

8 Regarding a specific question raised by this Commis-
9 sion, I am unable to answer the question posed in your inquiry
10 to me regarding what class of Americans bets heaviest on pro-
11 fessional sport. Consistent with my opposition to legalized
12 gambling on any sport, professional football not excepted, it
13 would be folly to even consider whether athletes should be
14 allowed to bet. This is precisely another pitfall in this
15 whole question which ought to strengthen the resolve of those
16 who oppose legalization. If athletes are allowed to gamble
17 on their own games -- or even those of other teams -- the
18 public's confidence in sport is shattered. This is the one
19 area where I am moved by the sports commissioners who fret
20 about the integrity of their game.

21 Another question posed by the Commission wonders
22 whether sports teams should get a percentage of the profits
23 from legal gambling activities. The question asks, perhaps
24 out of guilt, if such sharing would be a case of "selling your
25 soul" for a few dollars. No doubt some businessmen who own

1 sports teams would sell their souls for fewer dollars than
2 others while others wouldn't sell at any price.

3 The question, however, is frivolous. I cannot
4 stress enough that the revenue potential of legalized gambling
5 does not impress me. There are still some pursuits in our
6 society which neither demand nor require a price tag.

7 Consistent with this thesis, I raise another ques-
8 tion. What is to be said in response to citizens who note
9 that the U. S. Government, historically, with few, mostly
10 unpleasant exceptions, has viewed gambling as unwholesome?

11 If gambling is legalized because, in part, government gives
12 up its attempt to eradicate it, should citizens assume that
13 other conduct now regarded as unlawful will ultimately be
14 stamped with the government's imprimatur -- because, for
15 example, the State cannot control prostitution or drug abuse?

16 Can State governments legalize sports betting,
17 despite the great risks, without promising its citizens
18 austerity and responsibility in administering current revenues?

19 I would like also to offer the opinion, regarding
20 the question on publishing the betting line and point spread
21 in newspapers, that such conduct is indefensible. I should
22 think that publishers, like other citizens, are bound to re-
23 spect the law, and the current law in the United States, until
24 changed, holds gambling on sports to be illegal. Therefore,
25 point spread and betting line information is of use only to

1 those citizens who break the law. Regardless of how many
2 citizens break the law, or what publishers think of gambling
3 laws, it is nevertheless inconsistent with their responsi-
4 bilities to society to flaunt the law and provide information
5 of use only to lawbreakers.

6 I digress for a moment here to include in this con-
7 demnation those broadcasters who report odds in the betting
8 line and would suggest some action be taken on a voluntary
9 basis, or failing that, from the FCC to make sure this does
10 not occur.

11 Finally, in closing, I would make these general
12 observations about sport. There are some people, particularly
13 those in television, who perceive today's sporting events as
14 incomplete in themselves. The networks try to dress up TV'd
15 games with over-crowded, over-modulated announcing booths,
16 excessive replays and sideline announcers who report on hang-
17 nails and interview girlfriends. This overkill is an attempt
18 to disguise both guilt for saturation and fear that having
19 been saturated, the sports fan will no longer view the mind-
20 boggling number of games unless a corps of vaudevillians is
21 on hand to allegedly spice the game.

22 It has been argued by some proponents of legalized
23 gambling that wagering will do the same thing for the buffs --
24 allegedly make the games more exciting, since the fan will have
25 a few bucks riding on the outcome.

1 If sport requires such artificial stimulus -- and I
2 don't believe it does -- and if government is so devoid of the
3 progressive -- not regressive -- means to generate additional
4 revenue that it must sanction gambling on sport to raise
5 money, then I would predict a calamitous and precipitous
6 decline of sport in America, not to mention whatever public
7 trust remains for a badly sullied government.

8 It is true, sport no longer retains the virgin
9 purity which we, as youth, found so enthralling and comforting.
10 Yet, to this day, for millions of anxious Americans, sport is
11 pure enough and our need for its stimulation and satisfaction
12 may not have been exceeded in our history. I would regard it
13 as tragic to tamper with this union between fan and his games
14 for so little economic gain which, I hope I have demonstrated,
15 is conclusively and irrevocably outweighed by so many obvious
16 debits and so many perplexing and unanswered questions.

17 DR. PHILLIPS: Thank you, sir.

18 MR. MAINELLA: You are welcome.

19 DR. PHILLIPS: Miss Marshall on behalf of the staff.

20 MS. MARSHALL: Thank you, Mr. Chairman.

21 On page 9 of your prepared statement, sir, you
22 stated that the recent experience in New York indicated that
23 legalized gambling had raised the level of illegal gambling; is
24 that correct?

25 MR. MAINELLA: Yes, I did. And I might cite for the

1 Commission an editorial which appeared in the Christian Science
2 Monitor, I believe on February 3, raising that possibility.

3 MS. MARSHALL: Do you know what the experience be-
4 hind that statement is or the studies behind it?

5 MR. MAINELLA: No, but I understand that some inde-
6 pendent research has been done, again somewhat tenuous, and
7 because of the lack about illegal gambling as a whole one
8 would have to raise some question as to its credibility, but
9 in fact the bookmakers in New York City indicate their business
10 has picked up because more people are attuned to gambling than
11 before it became legal.

12 MS. MARSHALL: Was there a specific reference as to
13 what type of legal gambling was in question?

14 MR. MAINELLA: No, there was not.

15 MS. MARSHALL: There was no distinction between the
16 State lottery or off-track betting?

17 MR. MAINELLA: No, there was not.

18 MS. MARSHALL: Mr. Mainella, you stated -- this is
19 a quote from your statement -- "Enforcement of gambling laws
20 has never really been attempted with maximum vigor."

21 When we had testimony from the FBI, we heard of a
22 program they called their intensification program, during which
23 they beefed up their law enforcement efforts against gambling.
24 In spite of these efforts, they were able to reach what they
25 considered to be only 2 per cent of the illegal gambling.

1 What is your feeling as to the need for maximum
2 efforts in the field of gambling enforcement?

3 MR. MAINELLA: There seems to be a serious question
4 about whether or not the enforcement officials at the local
5 level have done all they ought to do in order to root out
6 bookies. In my experience as a reporter, I am well aware of
7 the occasional highly publicized raids in gambling parlors.
8 After the cases are brought into court, the suspected bettors
9 or guilty gamblers are given light sentences and sent back to
10 work again. And that is what I am alluding to.

11 I think there is obvious evidence that the courts
12 have not stood behind the gambling laws and made enough
13 penalties available under the law to curb this. Even the
14 people arrested by the FBI and brought to court have not been
15 permanently put out of business, nor have the penalties given
16 out to these individuals been severe enough to cause other
17 people to go out of the gambling business.

18 MS. MARSHALL: Your feeling, then, is that the area
19 really lies in the area of judicious administration as opposed
20 to law enforcement?

21 MR. MAINELLA: I believe that is part of it. I
22 believe one of the specific questions raised by the Commission
23 in the correspondence directed to me was whether or not there
24 shouldn't be a greater effort at enforcement. I believe one
25 of the specific questions related to that. And I would

1 certainly favor that before I would go into the unknown, as
2 previous testimony indicates. I think the risks are too
3 great.

4 I think Mr. Ritchie raised a question of the last
5 witness demanding some factual support for the opinions ex-
6 pressed here, and there is no factual support. And I am sure
7 the Commission has tried to find that factual support, and
8 hopefully is doing whatever it can to instigate the study for
9 the raw data that will convince the Commission or at least
10 give solid evidence one way or another that legalized gambling
11 will not have the effect that I and other people feel it will
12 have.

13 MS. MARSHALL: Do you feel perhaps the attitude of
14 the judiciary in meting out what you consider to be light
15 sentences is responsive to the public attitude?

16 MR. MAINELLA: Perhaps it might very well be. But
17 then, again, the law of the country says that gambling is
18 illegal. And I think, and I have always felt, that the
19 statistics offered on illegal gambling are way out of propor-
20 tion to what they actually are. People consistently call me
21 who obviously gamble, as one did last night and said, "I can
22 find a bookie any time. I can pick up the telephone." However,
23 I operate in a fairly wide circle of friends and acquaintances
24 and daresay it would be a proposition for them to get hold of
25 a bookmaker. I don't say they couldn't do it, and they probably

1 could. But I don't suppose the large number of people who
2 gamble do.

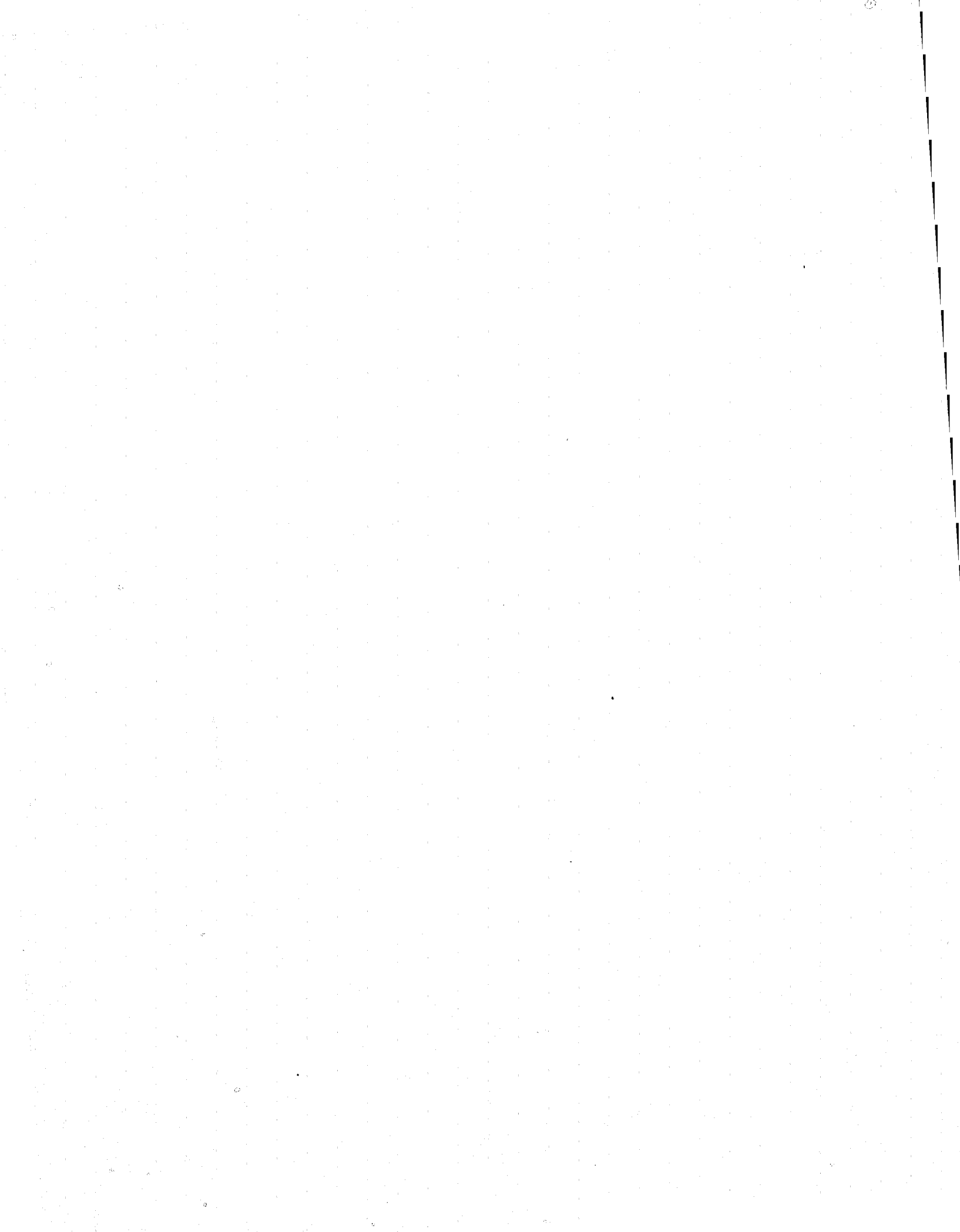
3 I think Andy Russell told the Commission that he
4 thought 10,000 or 15,000 in an arena of 70,000 might actually
5 be betting with a bookmaker. If you legalize it, that number
6 will obviously go up.

7 MS. MARSHALL: Do you feel the projected volume of
8 gambling in the United States is overstated?

9 MR. MAINELLA: I don't know what you are using as
10 a figure for projected volume. The Twentieth Century Fund
11 Study speculated the net return to States five years from now
12 might amount to \$5 billion, and I believe that was based on
13 around \$50 billion on all forms of betting, half of which
14 would be on sports betting. And I don't know what the basis
15 is for that projection or its accuracy.

16 Nevertheless, as I pointed out in my prepared
17 testimony which I did not read, even if that projection is
18 accurate, you are talking in terms of about \$5 billion, or
19 according to the Fund Study, about 2.5 per cent of the
20 revenues necessary to operate the States. That amount of
21 money, \$5 billion, is currently provided by the Federal
22 Government in revenue sharing which in no way whatsoever
23 jeopardizes the current character of sports, either profes-
24 sional or amateur.

25 MS. MARSHALL: Thank you, Mr. Mainella.



CONTINUED

4 OF 5

1 You also stated that 60 per cent of your callers
2 are in favor of betting on professional events. Is that your
3 comment?

4 MR. MAINELLA: Yes. In an earlier conversation with
5 Mr. Ritchie in Boston, he indicated to me he'd appreciate some
6 comment from the constituency I have about the situation, and
7 my best estimate would be 60 per cent, and if you pin me to
8 the wall I'd say 65.

9 MS. MARSHALL: Out of that 60 to 65 per cent, sir,
10 can you tell us what proportion of that percentage are bettors
11 themselves?

12 MR. MAINELLA: No, I couldn't, other than those
13 who have identified themselves as people who actually bet with
14 a bookmaker as opposed to that large volume of sports fans who
15 bet socially.

16 MS. MARSHALL: Thank you, Mr. Mainella. I have
17 nothing further.

18 DR. PHILLIPS: Mr. Coleman.

19 MR. COLEMAN: Thank you, Mr. Chairman.

20 Sir, may I ask you, if you care to answer, are
21 you opposed to such forms of gambling as lotteries, as it is
22 legal in Massachusetts, and parimutuel betting on horses?

23 MR. MAINELLA: No, horses and dogs, as I understand
24 your question, sir, I agree with those people who accept
25 betting on horses and dogs because you are not betting on

1 human beings, as was pointed out yesterday. The lottery area
2 is, frankly, outside my area of expertise. I am concerned
3 with sport. But on broad and general grounds, I oppose that
4 for the reason I oppose gambling on sports. It is regressive
5 taxation.

6 MR. COLEMAN: If there were put out a referendum
7 on some sports betting proposal -- you propose in your paper
8 that athletes make the statement very strongly that in no way
9 should they be permitted to place bets on their own sport. Is
10 that true?

11 MR. MAINELLA: Absolutely not.

12 MR. COLEMAN: How do you justify that with horse
13 racing which permits jockeys to place bets on themselves? Do
14 you feel there is a connection between the two?

15 MR. MAINELLA: Yes, I think there is, and I think
16 there is ample evidence in horse racing to support the fact
17 that it is a totally unhealthy situation. Horse racing has
18 had a difficult time policing its game, and particularly with
19 the advent in recent years of the so-called gimmick forms of
20 betting on horse racing they have had a terrible time with
21 betting on horse racing.

22 The ideas of jockeys betting on their own races
23 seems to me to be unbelievable anyway. I could never under-
24 stand why that was permitted.

25 MR. COLEMAN: Thank you.

1 MR. DOWD: Thank you, Mr. Chairman.

2 Sir, regarding this issue of enforcement and the
3 suggestion an increased enforcement effort would be preferable
4 to legalization, in your contact with your constituency, do you
5 sense any broad consensus for a greater effort for enforcement
6 in the context of anti-gambling statutes? Do you see any com-
7 munity pressure brought to bear or any evidence of community
8 pressure being brought to bear on enforcement to make a greater
9 effort?

10 And I ask the question, if I might, so you might per-
11 ceive what I am interested in. I constantly hear enforcement
12 personnel speak about an effort against gambling in terms of
13 priorities, especially in the mind of the public. Enforcement
14 personnel are constantly bombarded with demands that Enforce-
15 ment could make even a stronger effort to put down street crime,
16 robberies, burglaries, assaults. And it seems to me the public
17 perceives this as a much greater danger than they do gambling
18 violations.

19 And in that context, I ask you to respond as to what
20 you sense is the attitude of your constituency, especially as
21 I understand you have made this study and you have engaged in
22 talk shows where this is a subject of discussion.

23 MR. MAINELLA: I observe no interest on the part of
24 the people who call my program to have police officers make a
25 more diligent effort to police gambling, no doubt about it.

1 And they are interested in the areas you mention.

2 I think this begs a number of questions. For
3 example, what proportion of the street crimes -- burglary,
4 armed robbery, and that kind of thing -- can be related to those
5 people who need the money to gamble? I don't think we have any
6 evidence to support that this is a basic cause of this, and I
7 don't mean to propose that it is, but without doubt there are
8 some people who need the money for that purpose.

9 But you are right, it is a low level of priority,
10 and I would add in passing that this whole question of legalized
11 gambling in sports is a relatively low priority item among
12 sports fans. There has been some interest in recent weeks, due
13 in part to editorial campaigns in the Boston media, particularly
14 the broadcasting media, my own station, my own comments, and
15 another television station within the past couple of weeks, but
16 by and large no appreciable interest in it.

17 And, quite frankly, that is one of the reasons I
18 directed some of my testimony to these questions, because I
19 think there are a number of questions. And the great danger,
20 in my opinion, because people have a low level of priority for
21 this item, is that it is likely to become fact without a lot
22 of people knowing exactly what the dangers are.

23 MR. DOWD: Thank you, sir.

24 DR. PHILLIPS: I believe Mr. Ritchie has a couple
25 of questions.

MR. MAINELLA: I was afraid of that.

1 MR. RITCHIE: Mr. Mainella, I think it is helpful
2 for the record to reflect a fact that you and I are aware of
3 but I think the rest of the persons here, as well as our
4 record, should be clear on the matter.

5 The policy which you have espoused in opposition to
6 legalization, which I might say, sir, as a compliment, is very
7 well prepared, very well-thought-out, and I am confident will
8 be very helpful to us since you are in the opinion business, if
9 you will, regarding your own professional endeavors -- but
10 your policy in opposition to legalization, does your station
11 agree with that?

12 MR. MAINELLA: No, the station has mounted an
13 editorial campaign both on radio and television in support of
14 legalized gambling.

15 MR. RITCHIE: How extensive is that campaign? Is
16 this one editorial or more than one editorial?

17 MR. MAINELLA: No. The company has already pre-
18 sented, to the best of my knowledge, two, and possibly three,
19 editorials in favor of legalized gambling on sport, which I
20 have taken the occasion to match.

21 MR. RITCHIE: The items of information that you
22 have raised here that should be considered -- we will call
23 them for ease of description criteria of change or possible
24 adverse consequences not intended, whichever -- those items
25 of information, are they discussed by your station?

1 MR. MAINELLA: No, not by the station in its
2 editorial campaigns but by me in my response and my comments
3 on legalized gambling. And I have had some rather prolonged
4 and quite interesting discussions with people who call the
5 program on most of the issues that I have raised here this
6 afternoon.

7 MR. RITCHIE: Well, sir, we are told, and we are
8 going to determine when we conduct hearings in Boston, that
9 there is a great fervor and movement in favor of legalization
10 in Massachusetts and generally in the New England area. Would
11 you agree with that?

12 MR. MAINELLA: On the part of whom?

13 MR. RITCHIE: On the part of at least those people
14 who are legislatively responsible for representing the people.
15 We are told this by legislators and public officials, and in
16 some instances we are told this at least preliminarily by law
17 enforcement.

18 MR. MAINELLA: I don't think that is particularly
19 surprising, quite frankly. I think that lawmakers right
20 through the country right now are financially strapped and
21 they are looking all over for revenue. They are at their
22 wits' end to find the revenue rate in proposal which is com-
23 patible with the public interest. They will save their skin
24 at election time and they will look at this regressive form
25 of taxation, which gambling is, the lottery is, and by quietly,

1 painlessly, as they say, taking it from the taxpayer they
2 won't notice it, and it won't be particularly difficult for
3 them to bear.

4 So I am not the least bit surprised that there are
5 lawmakers in Massachusetts and some adjoining New England
6 States, Rhode Island and Connecticut to name some, who are
7 looking at some and legalized casinos to raise revenue.

8 As far as the citizenry, I think at the present
9 time the citizens are not aware of the ramifications of legal-
10 ized gambling. And I hope that your hearings to be conducted
11 in Boston in April will at least elevate the public con-
12 sciousness so the public can make a decision as to whether or
13 not this is what they want their lawmakers to do with their
14 money.

15 MR. RITCHIE: Sir, do you find the lawmakers are
16 willing to discuss the issues that you have raised here?

17 MR. MAINELLA: Oh, sure. You mean with myself and
18 other journalists?

19 MR. RITCHIE: Yes.

20 MR. MAINELLA: Oh, sure.

21 MR. RITCHIE: Then a fair debate will occur ulti-
22 mately before any policy decision is made in Massachusetts?

23 MR. MAINELLA: Within the media? I would certainly
24 hope so. I mean despite my personal position regarding
25 legalized gambling --

1 MR. RITCHIE: Let's limit it to the Statehouse
2 and exclude the media. Will there be a fair debate there, do
3 you think?

4 MR. MAINELLA: Oh, I think so, sure. Of course, I
5 cannot vouch for the integrity or wisdom of Massachusetts
6 politicians. That is somewhat outside my area of expertise.

7 MR. RITCHIE: I would again like to compliment
8 Mr. Mainella on his presentation, both his prepared remarks
9 and his summary.

10 MR. MAINELLA: Thank you.

11 DR. PHILLIPS: Mr. Mainella, your thoughtful
12 statement is greatly appreciated by the Commission.

13 Since others today have talked about former ex-
14 periences, I might simply state that your radio station
15 offered an often weary Harvard graduate student much enjoyment
16 for three years and continues to down in Virginia on very clear
17 nights at the present time.

18 MR. MAINELLA: Mr. Chairman, if things go bad here
19 with the Commission, why don't you call us?

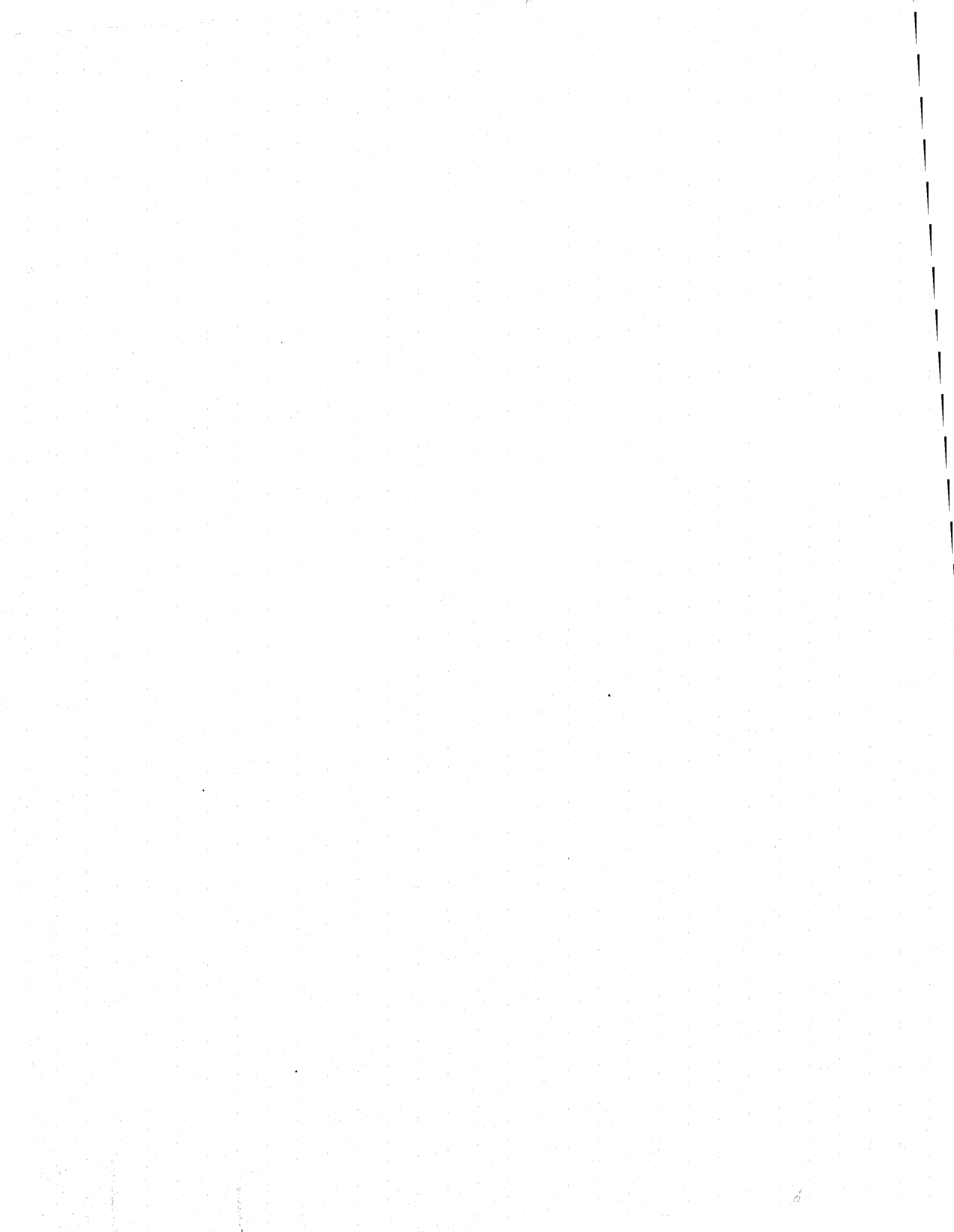
20 DR. PHILLIPS: It is not a bad idea. I might take
21 you up on that.

22 (Laughter.)

23 (The complete statement of Mr. Guy Mainella is
24 as follows:)

1 DR. PHILLIPS: This series of public hearings by
2 the Commission on the Review of the National Policy Toward
3 Gambling on sports betting is adjourned.

4 (Whereupon, at 3:40 p.m., the hearing was adjourned.)
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