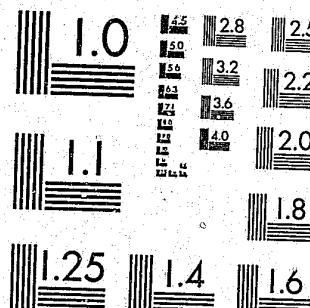


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7/12/83

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# BINGO

## IN ILLINOIS:

A Report to the General Assembly

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SLATIVE INVESTIGATING COMMISSION  
Street, Chicago, Illinois 60606  
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of the State of Illinois

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# BINGO

## IN ILLINOIS:

A Report to the  
General Assembly

U.S. Department of Justice  
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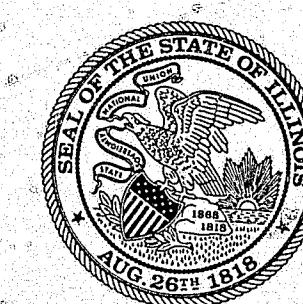


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RESOLUTION 598 ADOPTED BY THE  
ILLINOIS HOUSE OF REPRESENTA-  
TIVES ON OCTOBER 29, 1981.

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HOUSE RESOLUTION 598

This resolution, sponsored by Representative Peter P. Peters, Representative E.J. "Zeke" Giorgi, Representative Jane M. Barnes, and Representative Ted E. Leverenz, was adopted by the Illinois House of Representatives on October 29, 1981, and is quoted below:

"WHEREAS, The game of Bingo has traditionally been recognized as a recreational endeavor and as a source of fund raising for religious and charitable organizations; and

"WHEREAS, The game of Bingo has recently become a potential source of huge revenues and profits for those other than religious and charitable organizations; and

"WHEREAS, Recent revelations have come to light that certain individuals and groups have subverted the legislative intent whereby the Illinois Legislature sought to legalize the game of Bingo solely for the purposes of recreation and fund-raising benefits to religious and charitable organizations; and

"WHEREAS, The licensing requirements for operation of Bingo games may be circumvented for those seeking personal gain and the definitions for those charitable groups who seek licensing may need to be reviewed and clarified; and

"WHEREAS, The investigation of individuals and groups who profit from the operation of Bingo games and parlors and inspection of such operations may be necessary to determine whether Illinois law is being adhered to; and

"WHEREAS, Sufficient enforcement powers may be lacking under current law and responsibility may not be properly delegated for the review, inspection and regulation of the legal operation of Bingo games and parlors; therefore, be it

"RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-SECOND GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that the Illinois Legislative Investigating Commission shall be empowered and hereby is authorized to investigate the operation of Bingo games, in order to ascertain the validity of the above-made allegations, to determine what abuses, if any, exist, and to review current standards, regulations, and enforcement powers concerning the licensing of legal Bingo games and parlors in the State of Illinois, and that the Illinois Legislative Investigating Commission shall report its finding and make specific recommendations to the General Assembly no later than April 15, 1982."

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TO: HONORABLE MEMBERS OF THE GENERAL ASSEMBLY.

House Resolution 598, adopted by the Illinois House of Representatives on October 29, 1981, mandated the Illinois Legislative Investigating Commission to investigate the conduct of bingo in Illinois. The resolution expressed concern that the intent with which bingo was legalized was perhaps being subverted by the licensing of groups which the legislature did not intend to benefit from bingo, and by these groups' practices. It mandated this Commission to inspect locations at which bingo is played in the state, to investigate individuals connected with the conduct of the game, and to determine if law enforcement efforts were sufficient and properly delegated to ensure legal operation of bingo games in Illinois. The resolution also required us to determine if the definitions of organizations eligible for bingo licenses needed clarification or review.

In our four-month investigation, we visited bingo "palaces" in the Chicago and East St. Louis areas, spoke with bingo game operators and workers, and played bingo at several locations. We also reviewed documents from the Department of Revenue (DOR), which administers the Bingo License and Tax Act, the Office of the Auditor General (OAG), responsible for a recent "Management Audit" report on bingo, and several law enforcement agencies. We interviewed representatives of DOR, OAG, the Chicago Crime Commission (CCC), and other enforcement agencies, as well as reporters responsible for recent series on bingo in Illinois, and representatives of many organizations licensed to play bingo. We reviewed the statutes and regulations of other states with regard to bingo, and spoke with representatives of agencies responsible for regulating bingo in several other states.

The Commission discovered that the majority of bingo licensees in the state are legitimate and run their games legally. However, we discovered that a significant number of licensees do not conform to the dictates of the Bingo Act. We found some groups whose eligibility for a license is questionable, some groups which apparently do not use bingo proceeds in acceptable ways, and some groups which have violated the Bingo Act with regard to actual play. We also found one instance in which a group with several affiliates appears to unfairly monopolize the bingo dollar in its area. Most of these groups, we discovered, play bingo at large multi-play sites, or bingo palaces. It was at these large halls that we detected the widest variety of abuses of the Bingo Act.

The large halls have a detrimental effect on the smaller games, which are less often run by spurious groups, we noted. An unfortunate

consequence of this effect is the practice of using illegal gambling devices--a practice engaged in by some licensees in order to compete with the large halls' ability to award higher prizes and to thus attract more players.

The Commission also discovered the presence of organized crime and other criminal involvement in the bingo palaces. We subpoenaed and interviewed several known organized crime figures in an attempt to discover the extent of this involvement.

In addition, we determined that DOR is primarily responsible for Illinois' bingo problems. At times, enforcement efforts have been totally lacking, and a lack of departmental unity with regard to authority, enforcement, organization and policy has plagued DOR's administration of the Act, as have certain factors beyond the department's control. Changes forthcoming in DOR may improve this situation.

The conclusions the Commission has reached and the recommendations we offer are included in detail in Chapter 6. Briefly, we discovered that the bingo situation in Illinois has gone beyond what the legislature intended when it legalized the game in 1971, due mainly to the presence of bingo palaces, questionably qualified bingo licensees, and monopolization of the bingo dollar by certain groups, as well as the presence of criminal involvement and problematic enforcement of the Act.

We recommend that measures be taken to curtail the large palace operations, that stricter licensing and enforcement procedures be adhered to, and that resources be made available to enhance such procedures.

Respectfully submitted,

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Rep. Peter P. Peters

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## INTRODUCTION

Every colored chip placed on a numbered card brings someone closer to "Bingo!" Every number called, from one to 75, brings someone closer to a little quick cash--sudden, unearned "wealth." Under the five letters that spell "BINGO" another number appears on a lighted board, and the tension mounts. In front of each player bingo cards representing a \$10 to \$15 wager are scanned carefully, as players wait for that 200-to-one chance for a return on their investment. One more number is drawn from the box of ricocheting ping-pong balls. "B-8" the caller says calmly. "Bingo!" screeches a woman in the third row of the eight-foot-long tables lining the large, brightly lit room. A "floorwalker" sprints to her side, checks her card against the lighted board. "It's a good bingo," he says. She is awarded \$100. An audible sigh comes up from the other 200 or so players, chips are dumped back into containers, cigarettes are lit, and comments are exchanged. After a moment or so all hands are poised over the cards again, waiting for the next game. Everyone is thinking, "I'll win this time." At the end of the night a few go home richer; most go home poorer. Some have won the cash they'll use for a new appliance or to buy extra bingo cards next time; some have lost \$15 which might have been spent on food for the family. Some charitable concerns may now have enough money to get by; some organized crime projects may continue to thrive. It's a paradoxical situation, like most gambling: made up of wins and losses, payouts and profits, and in the case of bingo, charity and greed. It's a grandmother's game, it's legalized gambling, and it's very big business in Illinois.

More than \$4.2 billion is spent playing bingo every year in the United States. Americans spend almost two-thirds as much annually on movies and records; they spend only one-seventh of that on the four most popular spectator sports put together: baseball, football, basketball and hockey. Wherever it is legal, bingo is usually restricted to religious, charitable and other socially beneficial groups, which net about 20% of the \$4.2 billion--more than the United Way receives annually. Approximately one out of every five Americans has played bingo at one time.

Gambling expert John Scarne has called bingo "the most predatory" form of gambling. That is, it pays back to the players less and makes for its promoters more than any other gambling form. But it is bingo's simplicity which attracts the large crowd, not its odds. Playing bingo takes no feats of mental skill: a player simply buys one or more cards, on which randomly chosen numbers appear, from one to 75. A "caller" randomly selects numbers from one to 75 from a pool of numbers, and players cover these numbers with markers on their cards when they correspond. The first player to cover numbers in a pre-determined configuration yells, "Bingo!" He or she then wins the prize predetermined for that game.

In Illinois, bingo has been legal since 1971. Ever since that year, the amount of money spent on the game has increased annually, to over \$120 million this year. Of that, the state gets to keep approximately \$6 million. And that is only what is reported to the state. Bingo is a cash business, and as such is difficult to keep track of--difficult for the Department of Revenue (DOR), which administers bingo,

and difficult for the bingo licensees themselves. With all this cash at hand it is no wonder that licensees may try to hang onto more of it than they are entitled to, and it is no wonder that the criminal element at times sees fit to try to get into this "easy money."

Before our investigation, allegations abounded that bingo in Illinois was going beyond what the legislature intended. Speculation that the wrong people were benefitting from bingo, that organized crime was involved, and that groups which should not have been licensed were approved by DOR dominated the bingo industry. Since so many apparently ineligible groups were playing bingo, it was suggested that the licensable categories might need to be changed, or more specifically defined. An October, 1981 "Task Force Report" in the Chicago Tribune and a May, 1980 report on Chicago AM radio station WBBM "Newsradio 78" helped bring the bingo problems to public attention. Both alleged that violations of the 1971 Bingo License and Tax Act were occurring at large bingo "palaces," especially at Brown's Hall, 6060 W. Belmont in Chicago.

Our investigation centered on the bingo palace, the bingo licensee, criminal involvement and DOR. We visited several bingo palaces, played bingo at several locations, and interviewed 50 representatives of licensed bingo sponsors. We reviewed documents from law enforcement agencies, as well as from the Office of the Auditor General, which issued a report on DOR's handling of bingo in January, 1981. We also interviewed several reporters whose series on the game helped bring the matter into the public eye.

We found that technical violations of the Act are occurring at the large bingo halls or palaces, but that the real problem lies in the questionably eligible groups which more often play at these large halls than at the smaller facilities. We found "charitable" groups which donate to no charity. We found groups which exist for no other reason than to make money from bingo. We also observed how, in one case, a group with many affiliates can legally monopolize the bingo dollar and conduct 10 games per week for the benefit of the same organization, thus circumventing the law that one organization may play bingo only once weekly.

In our interviews of bingo licensees, we discovered that the larger palaces create competition for the smaller bingo games, which the Commission feels operate in a fashion closer to the legislative intent. These groups often cannot survive if a palace is established nearby, and some may resort to the sale of illegal gambling tickets in order to keep their games open and their causes supported. These tickets--known as "pull jar games," "pull tabs," "Vegas tickets," "Bingo in Rotation," "break-opens," "Instant Bingo," etc.--are small, perforated tickets which are usually purchased for 50¢ to \$1 apiece, then opened to reveal certain printed configurations, some of which are designated "winners." They're like instant lottery tickets, or sweepstakes tickets from fast-food franchise games. These games, although illegal, are extremely popular with bingo players. Operators of smaller games often feel the need to use them to draw players away from the larger halls, which can more consistently afford to give away the maximum \$3,400 in prizes, but which, because they are often under more scrutiny from enforcement agencies and DOR, are often reluctant to sell the gambling tabs. These tabs have been a major

source of difficulty for DOR and result in a gambling atmosphere which was not intended by the legislature when it legalized bingo. This gambling atmosphere is also to be found in the large halls, where hundreds of competing players gather, usually not to help a charitable cause, but to win money and nothing else.

The Commission also determined that the criminal element has infiltrated bingo to a certain extent. We found evidence of organized crime involvement in two large bingo palaces: the now-closed Pinnacle, in Chicago Heights, and Brown's, reportedly involving the same figures as the Chicago Heights palace. And other criminal types have tried to use bingo to make themselves quick cash, as well.

In light of these phenomena, we examined DOR's role in the licensing, tax collecting and enforcement aspects of bingo in Illinois. We found an agency with a confused and inconsistent history of bingo regulation, hindered by a pervasive perception conflict concerning the regulation of the game, a departmental set-up ill-suited for controlling it, and a lack of concentrated effort and authority concerning bingo. DOR, however, argues more or less convincingly that bingo's status as a low revenue-producer, the department's shortage of manpower, and legislative counteraction of DOR's efforts at stricter regulation have all contributed to the department's management of bingo, and justify--or at least explain--its sometimes lacking enforcement efforts.

We also examined the bingo statutes in other states, particularly those which claim to have solved some of the kinds of problems Illinois' bingo situation now experiences. Comparisons of these states with Illinois afforded some interesting observations--observations which figured in the making of some of our recommendations, to be found in Chapter 6.

In sum, this report will examine the current bingo climate in Illinois, its comparison with the intent of the legislature which legalized the game, and enforcement and regulatory efforts aimed at controlling it.

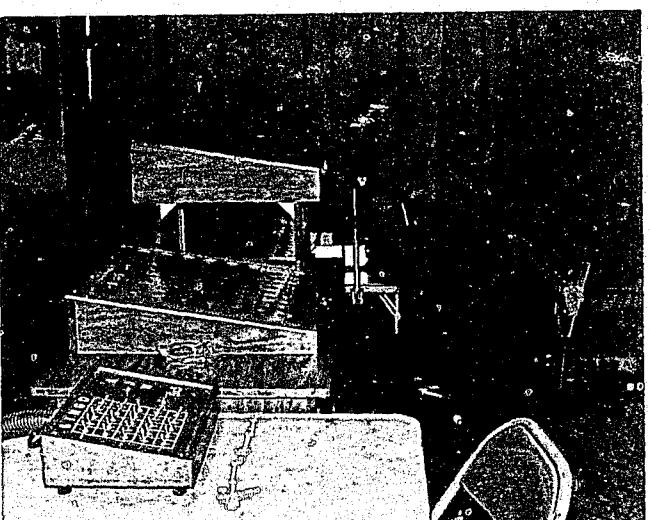
In the course of our investigation, we discovered that bingo is a passion for thousands of Illinois players: a passion which the players hope will convert to winnings, a passion charitable and other concerns hope will convert to help for their projects, and a passion some hope to convert to personal profit.



Under the five letters that spell "BINGO" another number appears on a lighted board and the tension mounts. In front of each player, bingo cards representing a \$10 to \$15 wager are scanned carefully, as players wait for that 200-to-one chance for a return on their investment.



Bingo "calling" equipment, JCCKLI Country Club, Belleville. More than \$4.2 billion is spent playing bingo every year in the United States. Americans spend almost two-thirds as much on movies and records; they spend only one-seventh of that on the four most popular spectator sports put together.



## Chapter 1

### HISTORY AND BACKGROUND: THE BATTLE FOR LEGALIZATION

#### Bingo and Lotteries in America and Illinois

Bingo has been called a "simple" game, a "dull" and "futile" form of gambling, but it has a complex and colorful history. From an innocent children's game to a big-time, big-hall money maker, bingo has been the subject of widely varied public opinion, constantly changing enforcement procedures, and a long, hard battle for legalization. Its history of controversy and confusion has shaped the laws which regulate the game today. An examination of this history will, in turn, help in determining what the Illinois legislature intended when it created the laws legalizing bingo in 1971.

Today, 46 states permit some form of legalized gambling, of which bingo, permitted by 41, is by far the most popular. It is even more popular than horse racing, which comes in second with 32 states. In fact, lottery games, the species to which bingo belongs, are the oldest form of government-sanctioned gambling in America, mainly because of their usefulness as easy-revenue generators. Benjamin Franklin himself endorsed a lottery to help buy cannons for Philadelphia's defense. The United States' first regular Congress met under a roof partially paid for by a lottery. And lotteries funded other civic projects from the 1798 adoption of the Constitution until 1860, when public anger at widespread corruption among public officials and lottery contractors resulted in almost nationwide lottery prohibition. The last lottery was put out of business in 1894, and the nation was lottery-less for nearly 70 years.<sup>1</sup>

Bingo itself, as the story goes, is a hybrid of the children's game Lotto and the carnival game Beano, and spread across the nation from the 19th Century New York City garment district by way of carnivals and county fairs. Bingo was illegal everywhere during this time, but it was also popular everywhere, and enforcement bodies didn't much worry about it.

In Illinois, the history is similar. The state legislature authorized a lottery in 1819 in order to quickly generate some funds for a malaria-prevention program. Although this project never got off the ground, lotteries were technically legal until they were banned by constitutional prohibition in 1848.

Bingo, on the other hand, was never legalized (in fact, the constitutional prohibition against lotteries supposedly included bingo), but it was widely played. From Illinois' 1818 admission into the Union until the decade before bingo's legalization, the game went virtually uncontrolled throughout the state. Law enforcement officials were willing to "look the other way" as long as the games were run by religious, charitable or veterans' organizations. And when some law enforcement bodies began to crack down on the games, it was for the sake of these charitable groups that legislators began pressing for bingo's legalization.

### Bingo Before 1960: Confusion and Controversy

Up until the 1960's, a bingo aficionado could play bingo nightly in Illinois, especially downstate, and never worry about the police--as long as the games were run by the right groups. Raiding a bingo game was not a good way to win community popularity: in 1954 the Chicago Tribune ran a story about a police officer who raided an illegal church bingo game. His superiors, who apparently thought this attempt at enforcing the law imprudent, demoted him. He quit the force in disgust.<sup>2</sup> Even as late as 1958, Chicago Police Department (CPD) Commissioner Timothy J. O'Connor had "outlawed private profit games," but allowed religious and charitable groups to play bingo without interference.<sup>3</sup> An article in Chicago's American, however, indicated that in the state as a whole "sporadic efforts" were being made at "halting bingo games" conducted by "fraternal, charitable, or religious organizations."<sup>4</sup>

It was apparently these "sporadic efforts" which brought the bingo issue to a head. Bingo was already big business in Chicago, with 20 large halls operating, prizes totalling \$1.5 million a year, and citywide sponsors together clearing \$1 million annually.<sup>5</sup> In August of 1958, Chicago Mayor Richard J. Daley announced that legalized bingo "might be a good thing" if it were "limited to charitable purposes" and if the games were conducted by "recognized charities."<sup>6</sup> Several prominent legislators showed support for this idea, as well as the Veterans of Foreign Wars (VFW) and the American Legion. Interestingly enough, the Church Federation of Greater Chicago, among other groups, voiced its opposition to the proposal. The controversy apparently inspired great interest in and awareness of illegal bingo in Illinois, and when Orlando W. Wilson replaced O'Connor as CPD Commissioner in 1960, he was questioned as much about his attitude toward bingo as anything else.

Wilson's attitude was initially non-committal. Bingo buck-passing enjoys a long tradition in Illinois, beginning at this time with the new Commissioner's statement that he was opposed to gambling and would be opposed to bingo if the courts determined it to be gambling. Wilson's indecision signalled trouble to many bingo operations, a number of which discontinued their games.

Indeed, trouble soon appeared in the form of a raid on a charitable bingo game, in which two housewives were actually arrested. One of the women told a Chicago Tribune reporter that the arresting officer described the raid as a "test case" for the city. Furor over this incident may or may not have been the cause for Wilson's subsequent warning, delivered to a group of graduating rookies, "that it would be unwise to crack down too strongly on bingo games."<sup>8</sup> And although the city corporation counsel had declared the games illegal, and Mayor Daley had decided to leave the bingo decisions up to the police, everyone waited for Judge John J. Sullivan's decision about the housewives' "test case."

Unfortunately, Sullivan suppressed the evidence and dismissed the charges against the women because it was determined that the police searched the premises without a warrant. Unfortunately, that is, for

those awaiting an opinion on bingo in Chicago. The two women were delighted. But the confusion concerning what to do about bingo remained.

Partly in an effort to clear up the confusion and partly to protect the charitable groups which needed bingo to survive, various government officials began proposing legislation to legalize bingo. Soon after the Chicago Archdiocese told Chicago Catholic pastors to stop playing the illegal game, and Wilson then decided the games were "to go," bills were introduced in the city council calling for a city resolution that the state legalize bingo by referendum. These bills were buried, but bingo support was nevertheless growing. In August of 1960 the Cook County Council of the American Legion adopted a resolution in favor of legalized bingo, and in a written statement made it known that opposition to bingo would be considered an "unfriendly act."

In 1959, Representative William J. Murphy had introduced to the General Assembly a bill to legalize bingo through constitutional amendment, but killed it himself under pressure created by opposition from various church groups and Governor William T. Stratton. In 1961, Murphy (whose fight for legalized bingo soon earned him the name "Bingo Bill"), Rep. Joseph P. Stremlau, and others, including Rep. John G. Fary, introduced a similar bill, despite Governor Otto Kerner's threat to veto such a bill if it passed. For the next ten years, Murphy's and Fary's bills to legalize bingo achieved various degrees of success in the Illinois General Assembly, accompanied by various kinds of approval and disapproval.

### A Decade of Debate

Debate between proponents and opponents of bingo went on heatedly throughout the period 1961-1971. Both sides seemed to have good arguments, but it wasn't until 1971 that the bingo backers convinced the General Assembly that their arguments were the better. And they most likely would not have succeeded even then, had not the Illinois Constitutional Convention taken place the year before. During the "Con-Con" the constitution was amended to allow lottery games if approved by the state legislature. An examination of these arguments, pro and con, will demonstrate the problems which the legislature had to keep in mind when devising the 1971 Bingo License and Tax Act.

The bingo backers' biggest and best argument throughout this decade was that religious, charitable and veterans' groups needed bingo to keep their beneficial programs alive. Many of Fary's arguments centered around schools: in an article for the Chicago Today he claimed, "There is a desperate need for funds for parochial schools and services, but all attempts to get appropriations have always failed. This would be a way to get those funds."<sup>9</sup> Another argument--a highly emotional and persuasive one--portrayed bingo as a harmless and enjoyable activity for the elderly. "This is Grandma's bill and you'd better vote for it," Rep. Edward A. Nihill told the Illinois Senate.<sup>10</sup> Rep. Lewis V. Morgan, Jr., said, "I see nothing sinful or criminal about an old lady or widow going to play bingo instead of watching John's Other John or something of that kind on television."<sup>11</sup> In fact, Fary, in 1971, even persuaded a busload of elderly female bingo fans to testify for his bingo bill in Springfield.

Popular support for bingo was great, and bingo backers played heavily on this fact. In 1966, Rep. Omer Sanders, of Carterville, summed up the situation, saying, "If you arrested all the bingo players in my home town on a Saturday night, you wouldn't have enough people to pass out song books on Sunday."<sup>12</sup> In 1967, Chicago's American columnist Jack Mabley, in an effort to determine the extent of public support for bingo, printed in his column a "bingo ballot." Readers could cut out this ballot and mail it to the paper, voting yes or no on legalized bingo. When all the ballots were counted, more than 25,000 people had voted for bingo, and less than 500 had voted against.

The promise of extra money was also an effective attention-getter, and Fary and others sought to win over the legislature with prophecies of "big revenue the painless way." "The bill gives the state a chance to make a buck," Nihill said,<sup>13</sup> and the bingo backers estimated that \$6-8 million per year could be added to state coffers from bingo taxes--money which could go to such places as public schools and mental health facilities.

Other arguments included the need to make bingo "prosecutable" and the hypocrisy of the fact that Illinois permitted race-track betting but not bingo. Rep. Rolland F. Tipsword said he wanted bingo legalized so "prosecutors can do their jobs, and we won't have those we usually consider responsible citizens asking that bingo not be prosecuted. This puts police in a difficult position."<sup>14</sup> United States Rep. Paul Fine, of New York, called Illinois "a dream come true for the mobsters,"<sup>15</sup> meaning that with illegal bingo unenforceable because of the courts' reluctance to prosecute, the criminal element in the game was free to operate without fear of punishment. "We permit betting on horse races," Fary said. "If legalized bingo is immoral and dangerous, so is betting on horse races."<sup>16</sup> Many newspaper editorials of the time also expressed bewilderment over the apparent contradiction, Mabley's column included.

The bingo supporters apparently felt the bills they proposed were mob-proof. "I challenge any person connected with organized crime to get into the legalized bingo business here. Our bill contains safeguards against this," said Senator Howard Mohr.<sup>17</sup> Fary asked, "Have the gangsters taken over horse racing? Then why should we expect the gangsters to take over bingo?"<sup>18</sup>

Opponents of the bill had a number of reasons for expecting the gangsters to take over bingo. For one thing, they had New York's example. Around 1961, reports began surfacing that New York's three-year-old legal bingo program was not working--that even with all the safeguards the New York bingo law contained, mob figures had infiltrated the business, serious abuses had been discovered, and corruption was widespread among public officials and charitable groups involved with bingo. (Further discussion of New York's "nightmare" with bingo will be contained in Chapter 5.) Chicago Crime Commission (CCC) Director Virgil W. Peterson, who fought bingo legalization throughout the 1961-1971 period, was especially concerned about New York's trouble because of the similarity between that state's law and Illinois' proposed bills. In an article for the Chicago Today, he wrote that "the New York bingo operations for religious and charitable purposes had barely begun when they were rocked by a scandal that attracted nation-wide

attention. . . . The history of gambling is a history of corruption. Gambling has always served as the principal source of revenue to the organized underworld. It defies control."<sup>19</sup>

In 1963, Fary had said that Commissioner Wilson had cleaned up Chicago so well that it was now ready to safely legalize bingo. Opponents felt it would never be safe. Sen. Richard Newhouse protested that "everybody loves little old ladies . . . but the issue here is gambling. The policemen walking the beat will begin turning their heads, then turning them a little more if we don't draw the line here."<sup>20</sup> Sen. Everett E. Laughlin, co-chairman of the Illinois Crime Investigating Commission (now the Illinois Legislative Investigating Commission [ILIC]), asked, "If you can legalize bingo on the grounds it will help veterans' organizations and charity, what's to stop them from legalizing slot machines for the same lofty purpose?"<sup>21</sup>

"Bingo is no different from its older big brother--illegal gambling," Rep. Lawrence Pusateri said, and much of the opposition to bingo derived from opposition to gambling in general. "The Bible says gambling is wrong," said Rep. Carl T. Hunsicker. "When we reach the point where we must support churches by gambling, we have reached the bottom. Bingo is a sin under the guise of recreation."<sup>22</sup> Also, throughout its history bingo has been attacked for allegedly taking too much money from people with too little. In 1943, the Chicago Tribune printed a letter from a woman concerned about the then-illegal bingo halls in Chicago. She wrote, "Why doesn't some one take steps to close these places? One woman I know spends not less than \$16 a week on bingo (and she owes three months rent)."<sup>23</sup> Mabley received a letter from Chicagoan R. H. Gums, who succinctly summarized this argument: "The worthy end of raising funds to build a church is besmirched, cheapened, frustrated when the money used to play bingo should better buy milk for seven children at home."<sup>24</sup>

A surprising amount of anti-bingo sentiment came from many down-state groups and from many of the churches bingo was supposed to benefit. Even though, according to a Chicago Daily News editorial, the "Catholic Encyclopedia . . . expresses the view that, under proper conditions and apart from excesses, it is no more sinful to stake money on a game of chance than to insure one's house against the risk of fire,"<sup>25</sup> many Catholic churches opposed legalized bingo. Both Mabley and the Illinois VFW Secretary/Treasurer noted this surprising opposition. "Bingo is played downstate about as commonly as bridge," Mabley wrote in 1967. "They are making a great deal of money out of it, and they don't want to split the profit with the state. That accounts for the downstate legislative opposition to legalized bingo."<sup>26</sup> VFW's Helmuth Frank told the ILIC in February of 1962 that he had tried to lobby for bingo in 1963, but gave up when he saw that the American Legion and the Catholic church weren't going to help. One predominantly downstate group, however, the Illinois Organizations United for Charitable Enterprises, Inc. (IOUCE), was apparently influential in lobbying efforts to legalize the widely-played game.

From 1961 to 1969, bingo bills met their fate after reaching various stages in the legislative process. These years of failure eventually led to the passage in 1971 of a bingo bill which the General Assembly apparently felt was foolproof.

From 1961 to 1965, bingo bills made it out of House Committee only once, in 1961. In 1963, a bill to legalize a state lottery also met the bingo bills' fate. In 1967, aided by the widely-publicized bingo poll in Mabley's column, Fary finally got his bill out of committee. However, it again failed to win House approval.

The bingo supporters got very close in 1969. As the bill got past the House Committee, then the House, then the Senate Committee, anticipation grew, and supporters and opponents became increasingly vocal. Finally, the bill made it through the Senate for the first time ever. But the excitement quickly died down when Governor Richard Ogilvie, who had opposed the bill all along, promised to veto it if it were determined to be unconstitutional. Attorney General William Scott issued an opinion that it was unconstitutional, Ogilvie vetoed it, and all was quiet on the bingo front for another two years.

In 1970, the "Con-Con" invalidated the constitutional objections to bingo, and when the bingo backers tried again in 1971, there was little to stand in their way. Newspaper editorials of the time complained that opposition to bingo derived from a "Protestant work ethic" which lawmakers were not to assume was shared by all. The bill was touted as "mafia-proof," and these claims were apparently believed, for the bill made it to Ogilvie's desk, where he signed it into law, allowing legal bingo for charitable purposes beginning October 1, 1971.

#### The Bingo License and Tax Act

The ten years of controversy over charities' needs, Grandma's wants, organized crime's opportunities, and the law's unenforceability produced a 1971 Bingo License and Tax Act which looked like this:

- 1) The Illinois Department of Revenue (DOR) has licensing, enforcement and revenue collection duties under the Act.
- 2) Only non-profit religious, charitable, labor, fraternal, educational or veterans' organizations may be licensed to play bingo.
- 3) An organization must have been in existence for five years before applying for a license, and during that five years must have had a bona fide membership engaged in carrying out its objects. For local groups affiliated with national organizations which meet the five-year requirement, two years of existence is required.
- 4) Each organization may hold only one license, which is good for only one location, one session per week.
- 5) A session of bingo may not consist of more than 25 games, total prizes during which may not exceed \$2,250. The prize awarded for any one game may not exceed \$500. (DOR rules state that the value of any door prizes given away in conjunction with bingo must be included in the maximum prize limit.)
- 6) Licensees must pay a \$200 license fee each year and pay as tax 10% of the gross proceeds received through bingo each quarter.

Licensees must apply each year to have their license renewed. Licenses are good from date of issue through the next June 30.

7) Regular bingo cards may be sold for not more than one dollar and must be good for all regular games played that session. Special game cards, which must be good for all special games, may be sold for not more than 50¢, and not more than five special games may be played in one session.

8) Workers and operators of games must be volunteers and members of the sponsoring organization.

9) No one who is a convicted felon, professional gambler or gambling promoter, or who is "not of good moral character" is allowed to participate in conducting a bingo game, or to be a member or employee of any organization licensed under the Act.

10) The entire net proceeds of any bingo game must be exclusively devoted to the lawful purposes of the licensed organization.

11) A licensed organization may rent a premises on which to conduct bingo only from another organization also licensed under the Act.

12) Any person or organization leasing, selling, or renting equipment used in conducting bingo games must have a supplier's license, available upon approval of application to DOR. The fee for this license is \$200 per year and is good until one year from date of issue.

13) License fees go to the General Revenue Fund; tax proceeds are divided between the Common School Fund and the Mental Health Fund equally.

14) The Act also includes record-keeping, tax return filing and license-posting regulations and provides for penalties for failure to comply with these regulations.

--In 1977, the Act was amended to adopt the Illinois Administrative Procedures Act in regard to all administrative rules and procedures of DOR under the Act.

--In 1979, the Act was amended to add definitions of eligible groups and to clarify the premises-leasing question, allowing the licensing of any person, firm or corporation for the purpose of providing premises to bingo licensees at "reasonable cost." Effective January 1st, 1979, the legislature also reduced the tax from 10% to 5% of gross, and empowered DOR's director to require at his discretion that any licensed bingo organization obtain a financial audit prepared by an Illinois certified public accounting firm. DOR also had added a rule that no one may participate in the management of a bingo game who is not listed as an operator on the application.

--In 1980, the Act was amended to raise the prize limit from \$2,250 to \$3,400. In the same year, DOR issued several emergency rules. The rules require additional information on the application, including,

among other things, "a copy of the exemption certification issued by the Attorney General's office pursuant to the Illinois Solicitation Act," a copy of any premises rental or leasing agreement, a statement of the cost of using any non-owned premises, and detailed organization and membership information. DOR instituted a minimum two-hour waiting period between sessions held at the same location and required that licensees play at the same specified time each week. It also placed restrictions on bingo advertising, adding the requirement that the organization's name and address appear on all advertising or representations "regarding the conduct or future conduct of bingo." The rules also require that all bingo licensees open separate checking accounts for their gross bingo proceeds and that all expenditures of bingo proceeds be made by check.

--The General Assembly, in 1981, again amended the Act to make youth athletic and senior citizens' groups eligible for bingo licenses. It also expanded the definition of fraternal organizations to include ethnic groups. (The entire Act as it stands today, along with DOR's additional regulations, is contained in Appendix A.)

#### Bingo and Legislative Intent

From the history of bingo in Illinois, the struggle for its legalization, and the resulting Bingo License and Tax Act, it seems apparent what the legislature intended when it legalized the game. In recognition of the game's popularity and its importance to charitable groups, the legislature made bingo legal. In recognition of its status as gambling and its potential for abuse, the legislature tried to make the bingo law restrictive.

By virtue of the Act which resulted, it appears the lawmakers envisioned reasonably successful "church basement"-type bingo operations, raising money for the benefit of society as a whole. Through the licensable categories they chose, they indicated that only groups whose works benefitted society in some way should operate bingo games. Even groups which "took care of their own," such as veterans' and educational groups, were supposed to be those providing services which would not then have to be provided by the government, thus freeing government money for projects to benefit the rest of the public.

The provision of the Act which limited groups to leasing or renting premises only from other licensed groups indicates that the 1971 legislature did not want to see big commercial bingo halls, but wanted to keep the bingo atmosphere social and charitable, and to keep as much of the bingo proceeds as possible going for charitable, beneficial purposes. No one was supposed to get rich through bingo.

Requirements that workers be unpaid, volunteer members of the sponsoring organization, and that criminals and gamblers be prohibited from involvement with bingo, were designed to keep the money in the hands of charity--and to keep it from funding the projects of organized crime. Prize and price limitations were set so that games remained moderate in size and so that the amount of cash handled in the games was kept at a reasonable limit. Group history requirements were set so that only legitimate, proven organizations benefitted from the bingo dollar.

The legislature gave DOR powers under the Act--powers to collect taxes and license fees which were to fund state programs, and powers to make sure that bingo in Illinois was conducted according to the Act. DOR was given the authority to approve, renew and revoke licenses and to assess penalties for non-compliance with certain provisions of the Act. If the legislature had not meant for the Act's provisions to be enforced and upheld, it probably would not have spent a decade devising them.

Whether or not the current Illinois bingo situation corresponds to the original legislative intent, or whether it should in light of recent legislative changes, is at issue. The following chapters will examine the current bingo climate, with attention to the large Illinois bingo "palaces" and their effect on small bingo operations. The existence of organized crime in bingo will be explored, as well as the types of groups licensed to play bingo, what kind of money they make and how they use it. Finally, DOR's role in bingo will be examined. Investigation of these issues will be used to determine how the actual Illinois bingo situation compares with the ideal situation envisioned by the 1971 Illinois legislature.

Chapter 2

BINGO LICENSEES: PLAYERS AND PROVIDERS, CHARITY AND PROFIT

Introduction and Approach

If bingo were the game stereotypically envisioned--elderly women in a church fellowship hall, sociably plunking corn kernels on numbered cards; enthusiastic veterans in colored caps yelling "bingo!" in the name of the handicapped--there would be little question that it was a worthwhile and acceptable form of legalized gambling. But bingo in Illinois frequently does not conform to this image. Much of Illinois bingo is a very different animal, and the problems this animal has created have been the basis for our investigation.

The difference between the image and the reality, we found, is due mainly to the existence of large bingo "palaces." The violations, abuses and potential for abuse which we observed occurred mainly at large bingo establishments where the games are run more than three times per week. When Los Angeles was refining its bingo laws in 1977, Los Angeles Police Department Commissioner Stephen Downing said other states found a direct correlation between the number of bingo sessions allowed at one location and the "degree of abuse experience." Illinois seems to be no exception.

Big halls, where organizations can rent space to conduct weekly bingo sessions, offer groups plenty of space, parking, lighting, electrical bingo equipment and concessions facilities. Amenities like these attract lots of people, collectively carrying lots of money. And this is in turn attractive to the hall managers and game operators. Also, the sheer number of people such halls can hold serves to create an atmosphere of gambling. Instead of the social, entertaining bingo occasions where neighborhood residents gather to support community-based charities, games at these halls often consist of players who choose their location by the size of the pot rather than local loyalty, and who play intensely--only to win.

Questionable practices are not the property of the big halls alone--wherever the gambling dollar is to be found the possibility of improprieties always exists. But the small church-basement games and even the larger VFW-type halls--where the bingo licensee which owns the hall allows one or two other groups to play there, also--simply do not generate the volume of business which offers a greater potential for abuse. In addition, large halls seem to attract more groups whose eligibility for a bingo license is questionable. The bingo palaces are perfect for a group which wants to play bingo but isn't interested in doing much else as an organization.

It is also easier for the more profitable large hall to award prizes over the legal limit, and more likely that membership and volunteer requirements will be violated in the interest of running a big game. Also, once a group begins to depend on a bingo game at a large hall, there seems to be almost no limit on the amount of rent a hall operator can charge, thus diverting money from the intended charitable cause into profit for the hall.

Another result of bingo palace operation is heavy competition for the smaller church- and VFW-type game. In addition to visiting several large halls in the Chicago and East St. Louis areas, we interviewed many operators of smaller games. We found abuses in this area, also-- most notably illegal "pull-tab" games--but more often found worthwhile charities badly hurt by the emergence of the bingo palace. More often than not, groups had turned to the illegal "bingo in rotation" and Vegas tickets in order to compete with the large prizes and conveniences of the large bingo palaces.

We also interviewed representatives of groups which ran games at both large and small multi-play sites and found mostly very worthwhile groups using bingo proceeds for important charitable works. The presence of groups such as these makes wholesale condemnation of large halls difficult.

Nevertheless, evidence of questionable practices at many bingo palaces caused our investigation to be focussed on large halls. Gary Schechter, Department of Revenue (DOR) Bingo Administration Manager, told the Commission that the proliferation of large halls was the main cause for many "borderline" organizations entering the bingo industry. DOR official John Baylor likewise told us that the least qualified bingo licensees "notoriously" were "those in the bingo palaces." The concerns expressed in HR 598 regarding excess profits and licensing- requirement circumvention indicate that the Illinois House of Representatives' concern grew out of the emergence of the larger operations. We also learned from Baylor that "any problems north of I-80 are mirrored downstate." He also said that more than half of the bingo licensees are in the northern part of the state. Schechter told us that the bingo palace influence seems to be primarily concentrated in the Chicago area and that this same area contains the largest number of games awarding the maximum prizes allowable--an indication that most of the bingo dollar is changing hands in and around Chicago.

In our investigation of bingo licensees we visited over 20 some locations, speaking with the operators, workers and players--many times first playing the game ourselves. In all we spoke with over 50 representatives of organizations licensed to play bingo. We reviewed documents from DOR and the Office of the Auditor General (OAG) and interviewed newspaper and radio reporters responsible for recent series on bingo, as well as officials from government agencies, law enforcement groups, and religious, charitable, and veterans' organizations.

#### The Bingo Palace

Chicago Tribune reporters Douglas Franz and William Gaines, co-authors of a 1981 three-part "Task Force Report" on bingo, said they learned early in their investigation that the trend in bingo was toward large capacity halls. They claimed that in Chicago the game is dominated by eight large halls which seat around 400 people and sponsor an average of ten games apiece weekly. The OAG report, Management & Program Audit: Licensing & Regulating Bingo Games, issued in January of 1981, states that out of the last 86 new licenses granted in Cook County prior to that date 57 were held by groups that rented premises, of all sizes, at which to play.

The emergence of the multi-play site resulted from successful efforts to circumvent the requirement that organizations rent space at which to play bingo only from other licensed organizations. When organizations first began to play away from their headquarters, DOR allowed this practice only if the premises were "donated." Soon, however, premises owners began charging for custodial services at "donated" premises, then for use of tables, chairs and equipment. When, by 1978, it became apparent that such charges were becoming exorbitant and inarguably profit-oriented, and that the practice of playing at "donated" premises was creating de facto commercial bingo halls, DOR began to regret it had allowed this practice. Its response was to inform organizations that table and chair rental was "leasing" and thus illegal (unless the lessor held a bingo license) and to deny licenses to groups which indicated they intended to play at "donated" premises. In 1979, however, probably to aid DOR in controlling the now well-established bingo palaces, the General Assembly amended the Bingo Act to allow licensees to provide bingo premises, provided they charged "reasonable" rent on a more or less break-even basis. Unfortunately, the amendment instead permitted the large bingo halls to begin to flourish.

We found them flourishing still. The 1980 rule requiring a two-hour waiting period between sessions cut back the really large games in which players could compete for a total of \$4,500 in back-to-back sessions known as "series bingo," but the palaces, especially since the prize limit has been raised from \$2,250 to \$3,400, are still packing in the crowds on a consistent and profitable basis.

#### Brown's Hall

The commercial hall at 6060 West Belmont in Chicago, known as "Brown's Banquet Hall" and "Brown's Bingo Hall," has received perhaps the most "bad press" of any bingo palace in the state. In 1979, an anonymous letter received by the governor and forwarded to DOR and the Attorney General was one of the first indications that alleged violations of the Bingo Act might be commonplace at Brown's. The unsigned letter claimed that Brown's regularly awarded prizes over the legal limit, allowed ineligible groups to play at the hall, ran "house" games (for the hall's benefit alone), underreported proceeds and underpaid taxes, and was connected with organized crime. The letter contained several known inaccuracies, and little if any action was taken by DOR, but Brown's nevertheless remained in the spotlight. In May, 1980, a Chicago AM radio station, WBBM "Newsradio 78," broadcast a report on bingo in Illinois, alleging similar violations at Brown's, as well as the practice of churches being used as "fronts" for the hall operator, at this time a man named Albert Woznicki, also known as Al Brown. The Chicago Crime Commission (CCC), as early as August 1979, had been receiving information about Brown's Hall, including allegations that groups were exceeding the prize limit, running house games, and that hall workers intimidated groups playing there who would not play by Brown's expensive rules. When the OAG interviewed CCC officials in early 1980, then-Executive Director Stephen A. Schiller labeled the relationship between some of the groups playing at Brown's "incestuous"--that is, many games played at the hall benefitted no

charity, unless the definition of charity included Al Brown. CCC officials also said they felt organized crime was involved in bingo to a certain extent. ILIC findings pertaining to organized crime involvement in bingo support this assertion and will be contained in Chapter 3.

In addition, the Chicago Tribune report focussed on the hall's questionably qualified groups and their activities, and on its organized crime ties.

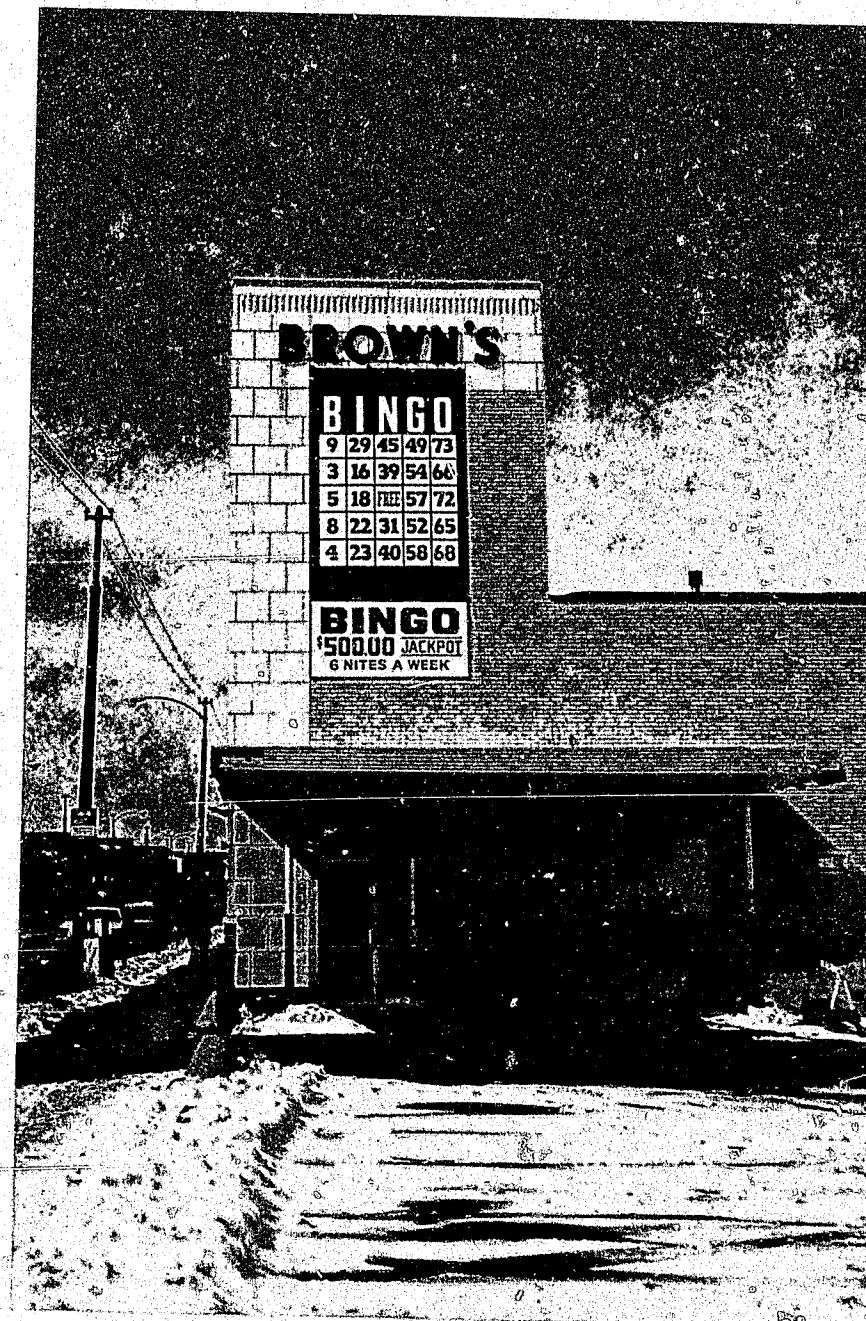
In light of all these alleged violations, Brown's Hall seemed a perfect candidate for some in-depth investigation. Indeed, it was at Brown's that we found the widest range of questionable practices.

However, things at Brown's, and other palaces for that matter, are by every indication not as bad as they were two years ago, thanks mainly to pressure from DOR. The big games do have an effect on the character of the game, though, and it is in this light that we present our observations on the palaces we visited.

Brown's Hall itself is a converted supermarket with a seating capacity of around 500 people. It is equipped with a huge lighted bingo board, television monitors and a concession stand. Nine organizations play bingo there; at least one session is held every day but Tuesday, and both morning and evening games are played Wednesday, Saturday and Sunday. The groups pay \$350 per week in rent, and average attendance at any one session is approximately 400. The hall thus grosses over \$150,000 yearly in rent alone.

Brown's Hall is owned by American Bingo Supply Company, whose president and owner is Donald Skarzynski. Until late 1980, the hall was operated by the man who gave the hall its present name, Al Woznicki/Brown. Woznicki/Brown, it was discovered, has a gambling background and was linked with off-track betting messenger services before the Illinois Supreme Court upheld their ban in July, 1978, following a 1977 ILIC report, Race Track Messenger Services. After this discovery, DOR, acting in accordance with the Bingo Act's stipulation that no one "not of good moral character" be involved with bingo games, refused to issue Brown's a provider's license. The operation of the hall was then transferred to a company known as Euvco, Inc., headed by John J. Seidel, who is Woznicki/Brown's brother-in-law. DOR still refused the license, apparently feeling the transfer of management would be on paper only, but a hearing officer ruled in Seidel's favor, and a premises license was issued to Euvco, which currently operates the hall.

During the course of our investigation, we visited Brown's Hall three times, once with a DOR investigator and twice on our own to obtain information from different bingo sponsors. Most of the information gathered about the groups playing at Brown's deals with their questionable eligibility, but at our first site visit we did observe what appeared to be a technical violation of the Bingo Act. The information we received from other sources indicates that this was not the first violation nor, in all likelihood, the last, and we include it both for its merit as a supposed violation and for the questions it raises pertaining to other areas of our investigation.



The Commercial hall at 6060 West Belmont in Chicago, known as "Brown's Banquet Hall" and "Brown's Bingo Hall," has received perhaps the most "bad press" of any bingo palace in the state. The Commission found evidence of organized crime ties at this hall, as well as questionably qualified groups, and evidence of prize limit violations and "skimming."

Commission agents accompanied a DOR investigator on an unannounced inspection of Brown's Hall in December, 1981. At ten o'clock in the morning, the hall was nearly full. Approximately 350 players, mostly middle-aged women, were in attendance. When the DOR official asked the game operator to explain the day's "format"--a description of the session including the number of games to be played and the amount of prize money to be awarded for each--he determined that the group playing would exceed the prize limit by approximately \$150. When he informed the game operator of this, the operator left to confer with other workers in the hall. The operator returned saying he had been mistaken and presented the investigator with a revised format, which did not exceed the prize limit. Shortly after this, however, the game caller, about to begin a new game, informed the players that although the game had been scheduled to be worth \$150 it was now to be worth only \$100. The crowd of middle-aged women turned into veritable tigers and growled their vehement disapproval at the caller until he was finally forced to raise the prize back to its original amount.

We felt we had seen a graphic demonstration of two phenomena. One--it appeared the game workers had attempted to change the format for our benefit. Had DOR not dropped in on them, it looks as if the legal prize limit would have been exceeded unnoticed. In fact, since the caller was not able to change the format, excess prize money most likely was awarded that day: the DOR investigator and thus the ILIC representatives left before the end of the session. Two--bingo players are not a passive lot. They are sharp, they are in it for the money, and they are very tough customers. If they don't like the way a game is run, they will have no trouble finding another place to play. Small wonder the competition for these discerning and fickle players is so fierce.

Some violations are not as clear-cut as simply exceeding the prize limit, however. Many times during our investigation of bingo licensees the role of the manager of the large hall was unclear. Legally, hall managers are to have nothing to do with the actual running of the games and should only be present in order to ensure security, provide maintenance and collect rent. In reality, however, many hall managers are actively involved in the conducting of bingo games. This raises questions about the independence of the not-for-profit group from the hall, and thus about the amount of bingo proceeds which actually reach the group's supposed beneficiary. A DOR report of a June, 1980, visit notes that James Seidel was observed functioning as the caller in a game. James Seidel is the brother of Euvco president John Seidel, and brother of Al Woznicki/Brown's wife, Mary, who was at that time listed as hall manager. He was not listed as a member of the group playing bingo. Today, he is the hall manager at Brown's. All of this would seem to indicate that the relationship between the hall and the bingo sponsors at Brown's may be, or at least has been, a little too close for comfort--or legality.

Other observations from our visits to Brown's led the Commission to doubt the charitable or non-profit nature of some of the groups playing there and to question their relationship to the hall itself. These observations will be discussed later in this report, as will be certain observations of DOR investigative techniques and their relation to the enforcement of the Bingo Act.

#### Goodwill Industries

Another very large, very profitable bingo hall we visited is at Goodwill Industries, 120 South Ashland, Chicago. Hall manager Herman Kaye, a self-proclaimed "bingo ham," showed us around the huge hall, which contained around \$20,000 worth of bingo equipment. Sony video cameras focus on the bingo machine in which the balls are mixed and automatically selected, a device which Kaye proudly told us came from England (where commercial bingo is a big thing) and "is the only one of its kind in the city." Television monitors everywhere broadcast the magic numbers while as many as 500 people seated at long rows of tables carefully mark their dozens of cards. Free parking is offered. You can get dinner there for under three dollars, so the hall's fliers say. There's even a special room where you can drop off your children, and a couple of volunteer babysitters will show them free movies while you play.

This goes on at Goodwill seven times a week, Thursday through Monday and twice on Saturday and Sunday. The groups playing there each pay Goodwill \$300 a week, and Kaye, Associate Director of Goodwill Industries, says any group should clear at least \$1,200 per session. With hall rent and its own game Sunday evening, Goodwill makes \$175,000 from bingo each year, Kaye estimates. He says he has developed over the years a foolproof system which enables groups to give away the maximum allowed in prizes, guarantee every winner a \$15 minimum prize, and never exceed the limit. To ensure this at every game, Kaye--in his capacity as hall manager, not game operator (except when Goodwill plays)--encourages his groups to follow his plan, and says he trains volunteers from every organization to operate a clean, competitive, quick bingo session. He keeps a close eye on the games run at his hall. Sometimes it looks more like he's running them than anyone else. But since many of the members of the groups playing at Goodwill are employees of Goodwill anyway, the line between non-member hall manager and member operator can get pretty fuzzy. This will be discussed in more detail later in the report.

In the past, DOR has called Goodwill groups on the carpet a couple of times for permitting illegal gambling, awarding prizes over the limit and violating certain "special game" rules. We observed no such violations. As far as the actual conducting of games goes, Herman Kaye and company seem to be running a tight ship--a ship which carries a lot of money home to Goodwill Industries.

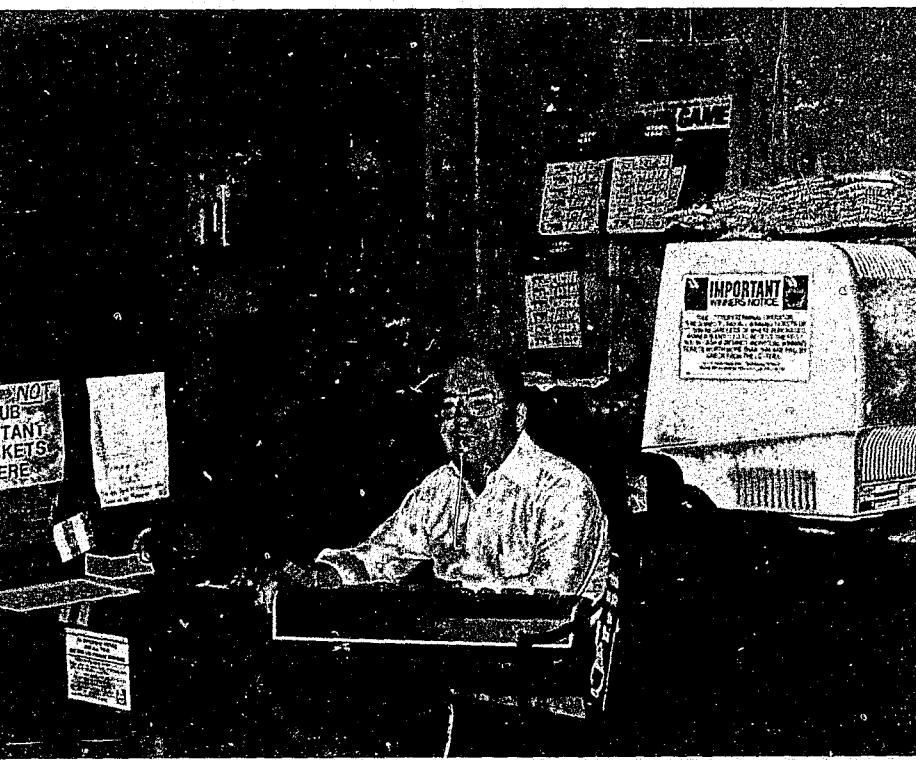
#### Madison County Fireman's Association Hall

In the East St. Louis area, we came across some large halls that made Chicago-area palaces look almost like back rooms. The Madison County Fireman's Association Hall, 9510 Collinsville Road, Collinsville, is one such immense facility.

Owned and operated by approximately 40 volunteer and paid fire departments in the Madison County area, the hall seats up to 1,100 bingo players, although the crowd usually averages 500-850. A concession counter in the hall sells food, beer and wine, proceeds from



The Madison County Fireman's Association Hall, 9510 Collinsville Road, Collinsville, makes Chicago-area palaces look almost like back rooms. This immense converted warehouse seats 1,100, hosts seven games weekly, and even houses an Illinois State Lottery ticket outlet (below).



which go toward maintenance and operation of the hall. The large, lighted bingo board at the front of the hall, on which players keep track of the numbers called, is almost impossible to read from the back of this huge converted furniture warehouse.

Seven groups play weekly at the hall, all but two of which are Association members. The Association members, by virtue of the annual fee they pay, partially "own" the Fireman's Association Hall, according to Gary Fantini, former treasurer of the Hollywood Heights Volunteer Fire Department, a bingo sponsor. It is unclear to the Commission whether or not these groups also pay rent to the Association for bingo sessions, and if so how much. In fact, it is unclear how much rent anyone pays there. All of the groups we spoke with told us a different story.

Nick Leone, president of the Board for Assumption High School in East St. Louis, the group which plays Wednesday evenings at the Fireman's Association Hall, told Commission investigators that his group pays a minimum of \$400 per session plus one-third of all net profits over \$1,200, up to a maximum total of \$800. Fantini said the Caseyville-based Hollywood Heights Volunteer Fire Department pays what "might be called" rent to the Fireman's Association Hall. Gary Fantini said this fee is calculated on a certain percentage of the gross bingo proceeds, but he would not specify exactly what percentage. He said non-affiliated groups are required to pay a minimum of \$400 per session for upkeep of the hall. On the other hand, one of the non-affiliated groups, the Collinsville Jaycees, told the Commission that the rent for a bingo session is \$400 or one third of the total net profit, whichever is greater, with no maximum limit. Jaycees treasurer John Kilbury said the rental agreement is more or less identical for all the groups at the hall, Association members included. However, he said the Madison County Fireman's Association itself, which holds a bingo session every Tuesday evening at the hall it owns, may not pay rent. For the fiscal bingo year 1980-81, the Collinsville Jaycees made rental payments to the Fireman's Association Hall totalling over \$67,000.

The Jaycees nevertheless netted \$135,000 last year through bingo. They see no reason to quarrel with this rental agreement.

The hall is also used for functions other than bingo. A dance is held every Saturday night at the hall, and Association members and approved non-affiliates may also rent the hall for non-bingo-related occasions. Revenue collected from these groups goes toward upkeep of the hall.

Bingo providers are permitted to charge licensees a "reasonable" amount for renting facilities, on a more or less "break-even" basis. It appears the Madison County Fireman's Association may be doing a little more than breaking even. It is hard to see how the practice of charging a percentage of a group's net profit is related to the payment of hall operation expenses. Also, the Association members pay a yearly fee to the Association in order to keep up the hall. If they also pay rent when they play bingo, it is almost like being charged twice for the same expense. The Madison County Fireman's Association obviously makes a great deal of money from providing bingo space. According to James Ray, hall manager, the Fireman's Association bingo proceeds are partially used to provide pensions for area volunteer firemen.

St. Julius Council 21  
Catholic Knights and Ladies of Illinois Country Club

One Commission investigator said he had seen no hall in Chicago to compare with the bingo hall at the St. Julius Council 21 Catholic Knights and Ladies of Illinois (JCCKLI) Country Club, 2800 North Illinois Street, Belleville. This club, maintained by "life insurance policy" dues, is a large, well-maintained facility on a 36-acre piece of land which also contains a lake. To belong to the club, members must be Catholic and have a life insurance policy taken out through the JCCKLI home office in Belleville. This policy costs around \$10 per month, most of which goes toward the maintenance of the Country Club, a recreational facility serving 2,000 members. Remaining proceeds provide masses and flowers for deceased members.

Seven groups, including JCCKLI, play bingo at the hall, one every day but Saturday, and two on Sunday. The hall holds around 650 persons, although average attendance is under 500. According to Vern Wottowa, former president of the Exchange Club of Belleville which plays bingo at the Country Club, the group pays between \$365 and \$400 per session in rent. The JCCKLI's John and Edward Wottowa, brothers of Vern, say groups pay \$300 to rent the hall plus extra charges for use of extra rooms. John Wottowa is former treasurer of the Illinois Organization United for Charitable Enterprises, Inc. (IOUCE), the now-dormant lobbying group involved in the pre-1971 campaign to legalize bingo in Illinois. John and Edward matter-of-factly admit to sponsoring bingo sessions long before they were legal--an apparently commonplace practice downstate prior to 1971.

Our investigators played bingo at the hall one evening after a heavy snowfall. Roads were mostly impassable, but the hall was nearly full. The game this evening was conducted by the Catholic War Veterans.

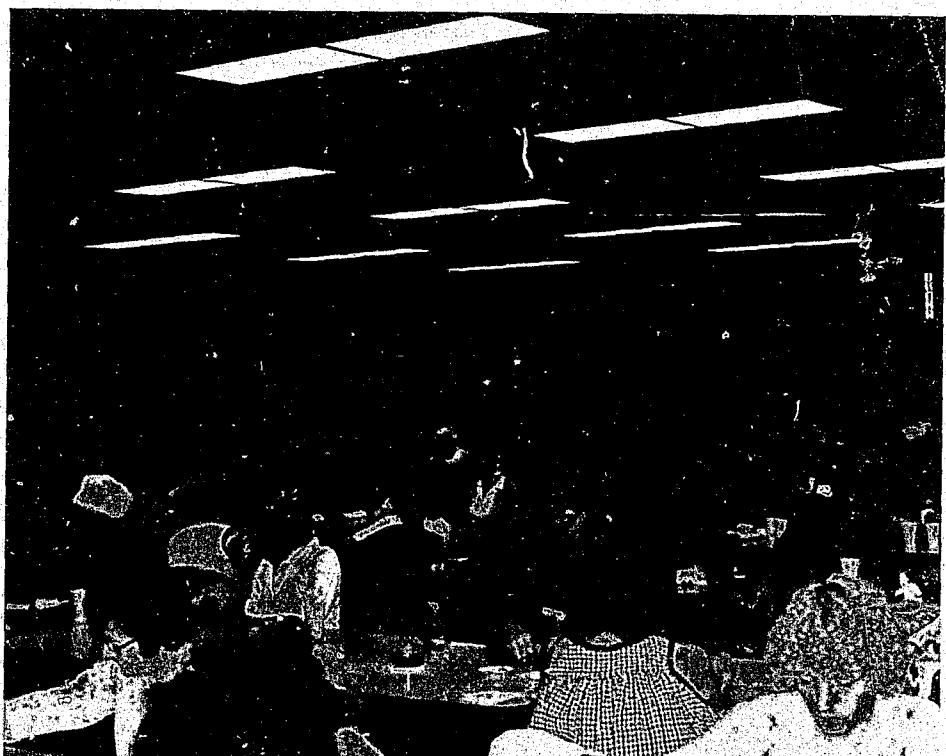
By the following evening the temperature had risen and the roads had been cleared. Our investigators had planned on attending one of two bingo sessions to be held that evening on North Illinois Street, in Belleville, but both games, one at the JCCKLI Country Club, had been cancelled due to "inclement weather."

Leone, president of the Assumption High School Board which conducts bingo games at the Madison County Fireman's Association Hall, told Commission investigators that groups will almost never cancel a game unless the weather is life-threatening. He said halls work hard to build up loyalty among their players and do not want to give them any reasons to find other games which they might like better. Leone said halls will generally stay open, even if the sponsor anticipates a loss due to bad weather, in order to guard that hard-won loyalty.

The JCCKLI hall makes a great deal of money from bingo, and it is run by brothers who have been involved with the game for many years--they are bingo "pros." Games such as these have a definite effect on the character of the bingo industry.



The St. Julius Council 21 Catholic Knights and Ladies of Illinois (JCCKLI) Country Club is maintained by "life insurance policy" dues. This club, located at 2800 North Illinois Street in Belleville, is a large, well-maintained facility on a 36-acre piece of land which also contains a lake. The JCCKLI hall, which holds approximately 650 persons, makes a great deal of money from bingo, and it is run by bingo "pros." Bingo sessions such as those held at the club have a definite effect of the character of the bingo industry.



### 17 Nameoki Village Shopping Center

The hall at 17 Nameoki Village Shopping Center, Granite City, is bingo home for seven area organizations, one playing every night of the week.

Organizations pay a total of \$325 per bingo session--\$185 to the building's owner, James Henderson, for rent. \$140 goes to the Tri-City Disabled Veterans, Inc., which holds the provider's license and also plays bingo at the hall. This charge is for janitorial services, building maintenance, and rental of tables, chairs and equipment belonging to both the Tri-City Vets and another 17 Nameoki bingo licensee, the Mexican Honorary Commission. According to Dorothy Robles, Bingo Treasurer of the Mexican Honorary Commission, each of the seven organizations licensed to play bingo at 17 Nameoki pays this amount, including Tri-City Vets and her group, although these two groups do get an unspecified amount back for providing equipment and maintenance. The Mexican Honorary Commission also runs the concession stand at the hall, which seats around 600 persons.

Many of the East St. Louis area licensees we spoke with were concerned that Missouri's newly-begun legal bingo program will eventually eat a big hole out of their crowd. Over 60% of the players at these area halls are Missouri residents, we were told, and the loss of these players would devastate many of the Illinois games held near the Missouri border. Missouri's statute is similar to Illinois'--the big draw would be the slightly higher legal prize limit of \$3,600. However, since fewer games per week are allowed at any one location in Missouri than are allowed in Illinois, the crowd loss may be not as bad as expected. The operators of the large downstate halls are keeping their fingers crossed that they do not lose their players, Missouri and Illinois residents alike. Downstate bingo operators told the Commission they are not yet sure what they will do to combat Missouri's new bingo program, and it may be interesting to see what kind of tactics these operators may use in order to keep and/or lure back the potentially lost Madison County bingo player.

### Little City, North and South

The two large bingo palaces owned by Little City Foundation, 4801 West Peterson Avenue, Chicago, together host 17 bingo sessions weekly, ten of which are run by affiliates of Little City. Little City North (also known as "Bingo Palace"), 5341 North Lincoln Avenue, Chicago, hosts ten games, three of which are run by groups with no connection with the Foundation, a non-profit organization which owns and operates a residential treatment and training facility for the mentally handicapped, located in Palatine. Little City South ("Bingo Centre"), 2159 East 95th Street, Chicago, hosts seven games, four of which are non-affiliated.

Groups playing at Little City North pay the Little City Foundation \$700 per week, with the exception of the Angels for Little City and the Muriel Zake Foundation for Little City which play on the same night

and each pay \$350. One group, the Little City Parents Group for Retarded Children, plays at Little City free of charge.

At Little City South, non-affiliates Institute of Positive Education and VAUT Corporate School System both pay \$650 per week rent. The rest of the groups, including two non-affiliated groups (one of which contributed over \$15,000 to Little City in 1980-81), pay \$700, with the exception of Little City of Light Foundation. Little City of Light pays no rent.

The organizations which play bingo at Little City's halls grossed more than \$3.7 million from bingo in fiscal year 1981. Little City Foundation received approximately \$1 million of this in donations and rent receipts. About 13.5% of Little City Foundation's annual budget is derived from bingo.

Little City told the OAG that Ken Groepper of DOR had said that it would be necessary for the Foundation to own its own meeting place in order to sponsor bingo. This led to Little City's purchase of two facilities. (Groepper told the Commission that the above account is not true. He did recall meeting with Sherman Abrams of Little City. Abrams had advised Groepper that Little City had many chapters interested in playing bingo but needed a place for them to play. Abrams wanted to know if it would be legal for the Foundation to acquire a hall, according to Groepper, who reportedly then referred Abrams to the hearings division of DOR.)

Little City's facilities purchase involved a substantial investment, which is the main reason behind most of the Foundation's concern about DOR's attempts to curtail large multi-play sites. Little City president Robert Dachman told the OAG he felt DOR's administration of the Bingo Act was biased toward church and veteran's groups and that the rule eliminating "series" bingo was the result of these groups' efforts to cut out charities like Little City which provide them with stiff competition. Little City claims that its huge bingo sessions benefitting the handicapped are run using perfectly fair competitive practices and should be allowed to go on unhindered. Dachman told the Better Business Bureau's Insight publication in June, 1980, that "Little City Foundation likes the money bingo brings in but doesn't like the fact that we're involved in all these controversies."<sup>2</sup> Little City is considered a good facility and the Foundation does raise a great deal of money for this well-respected charity. However, two things cause us to question the operation of Little City's bingo halls. One--the issue of how Little City's numerous affiliate licensees reflect on the legislative intent that many diverse charities benefit from the bingo dollar; and two--the fact that Little City's activities with relation to bingo are not as spotless as the Foundation claims. The first of these will be explored later in the report.

A DOR official told the Commission of one instance in which a Little City South group, Unity Baptist Church, applied for a special permit (a permit which allows a group to conduct a session away from its home location--groups are eligible for two per year) to conduct a session at Little City North. DOR investigators dropped in on the session and discovered it was being run by members of a Little City North group, persons who were not, as is required, members of the group from Little City South. Two members of Unity Baptist were intro-

duced to the DOR agents as the operators, but neither knew any of the other workers, neither knew what would be done with the money from the game, and neither felt she was "in charge" of the game. On another occasion, while reviewing a Little City group's application, DOR officials discovered that falsified group meeting minutes were submitted. The minutes said that a prospective Little City affiliate, the Rose Protus Service Club, made up of white elderly women from Chicago's north side had voted to make arrangements to play bingo at Little City South and elected new officers--black women from the south side. Feeling these events were unlikely, DOR agents phoned members of the north side group, who said it wasn't even aware that new officers had been elected. The meeting never took place. The minutes had not been prepared by this group, but by Little City's Bernard Kaplan at an unidentified person's request. He said he did not know the meeting had not taken place. The Rose Protus Service Club subsequently withdrew the application.

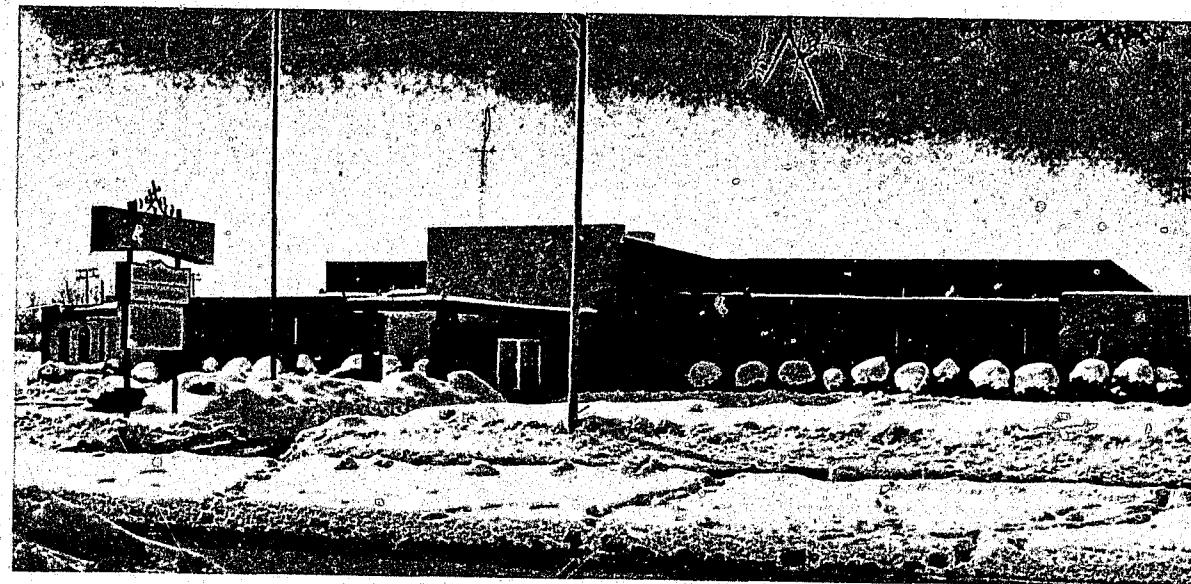
A Commission investigator visited Little City North in March, 1982. A Little City Bingo advertisement had indicated that sessions are held Saturday nights starting at 5:45 p.m. and 10:00 p.m. Suspecting this arrangement might not provide for the legal minimum two-hour waiting period between sessions, the investigator attended the games and found that the arrangement did indeed result in only a one-and-one-quarter-hour waiting period on that date.

The investigator also learned that the workers at Little City that night were being paid. Security guard John Yohanan, an off-duty Chicago police officer, told the investigator that the floor workers were paid for their services. Yohanan also identified as "hall managers" Martin and Shirley Werner, but the investigator observed the Werners selling cards, handling money and generally running the game--both games, actually. The workers also worked both games, sponsored by the Angels of Little City and the Muriel Zake Foundation. By checking membership lists submitted to DOR with the groups' license applications, we determined that Martin Werner is listed as operator for one game, the Muriel Zake Foundation session, but is not named anywhere on the Angels for Little City application.

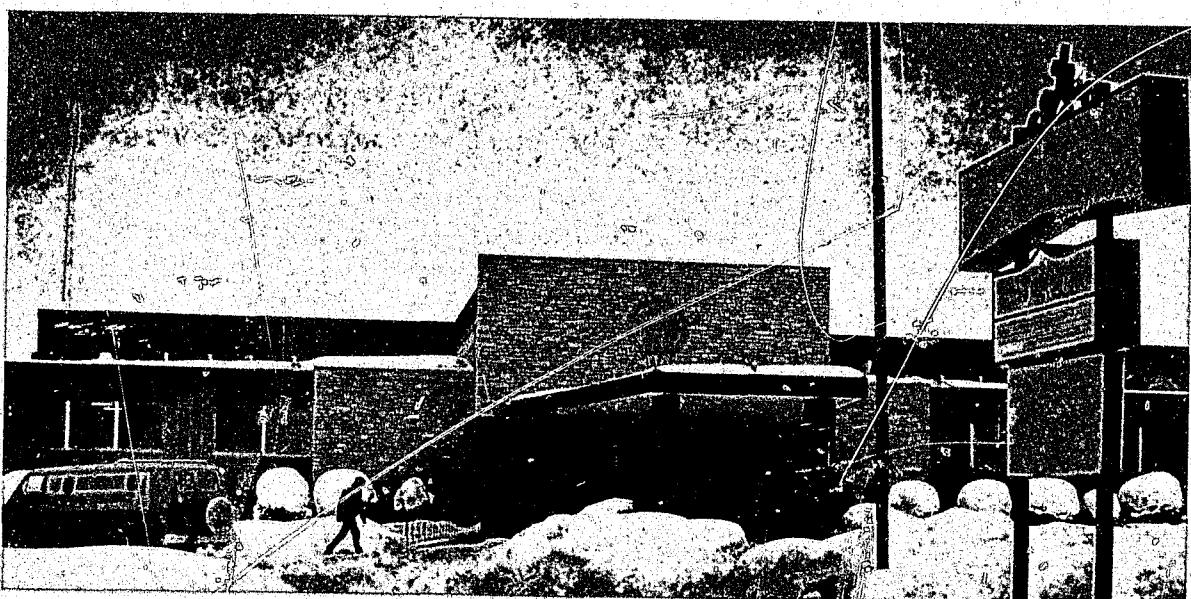
These observations led us to believe that the Little City operation has run what could be described as "series" bingo. (Little City officials say the two-hour waiting period is usually observed, and the shortened waiting period the evening of our investigator's visit was a mistake.) These two groups function almost like one group--sharing rent, sharing workers, playing sessions nearly back-to-back. In effect, one group was able to award \$6,800 in prize money that evening--quite a drawing card. But hardly what could be called a fair competitive practice.

#### The Pinnacle

Famous in Chicago-area bingo lore, the now-closed Pinnacle bingo hall was one of the earliest and most convincing indicators that the bingo rules were being circumvented and the privilege of the bingo license sorely abused. Organized crime influence, non-existent licensees, churches "fronting" for a larger operation--all these abuses occurred at the Chicago Heights palace. A brief history of the operation will



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suffice at this point; the major issues it raised will be discussed later in the report.

In late 1978 and early 1979, a Star Publications newspaper in Chicago Heights conducted an investigation of the Pinnacle, 620 South Halsted, Chicago Heights. The Pinnacle was supposedly the headquarters of the "New Mount Olivette Community Church," which allowed three groups to play bingo there free of charge: the Highway Baptist Church from Chicago, the Jericho Morning Church from Chicago, and the Mazzini Verde Club from Franklin Park. The Star visited all three of these licensees and discovered that the addresses of the two churches corresponded to boarded-up storefronts. A Mazzini Verde spokesman said he knew nothing about his group sponsoring a bingo game. To this day, little is known at all about the Mount Olivette and Jericho Morning churches, or about the Mazzini Verde Club. They apparently played very few games at the Pinnacle and reported rather low gross proceeds on their tax forms. Not much else can be said with any certainty about these groups.

A Reverend Lawrence P. Cooper was listed as the operator for the Highway Baptist Church, a purportedly all-black group. Both the Star and DOR determined that Rev. Cooper in actuality had almost nothing to do with running the games, which were instead apparently run by Nick Pinto, the individual claiming to sell food at the hall's concession counter. DOR investigators and Star reporter Margaret Seltzner also discovered that although the church was reportedly all black, the game workers were mostly white. Hardly any of them were church members, but were instead friends of persons connected with the hall itself. Most of these workers indicated that Rev. Cooper was not in charge of the game. Indeed, Cooper himself was observed one evening on which he functioned as "operator" sitting in the hall foyer the entire time. He did not know the names of the workers and told Star reporters he was not able to gain access to the room where the bingo money was kept.

All of this indicated that the church, if it even existed, was simply being used as a front for the hall operators, whoever they were. DOR revoked the church's license.

Findings such as these sparked several different investigations, and around this time, early 1979, the Pinnacle closed down. But not before Margaret Seltzner was able to learn a thing or two about the operation.

The signature of a former contractor at the hall had been forged and used on the application for the Pinnacle's business license, in an apparent effort to conceal the hall's ownership, according to Seltzner. She suspected organized crime influence in the ownership and determined that a known Chicago mob figure had paid the Pinnacle's water bills. She also connected Nick Pinto with some race track messenger service operations that were supposedly controlled by organized crime. However, Seltzner was unable to prove that known organized crime figures indeed controlled the hall.

The Commission had greater success in this area, as will be reported in Chapter 3.

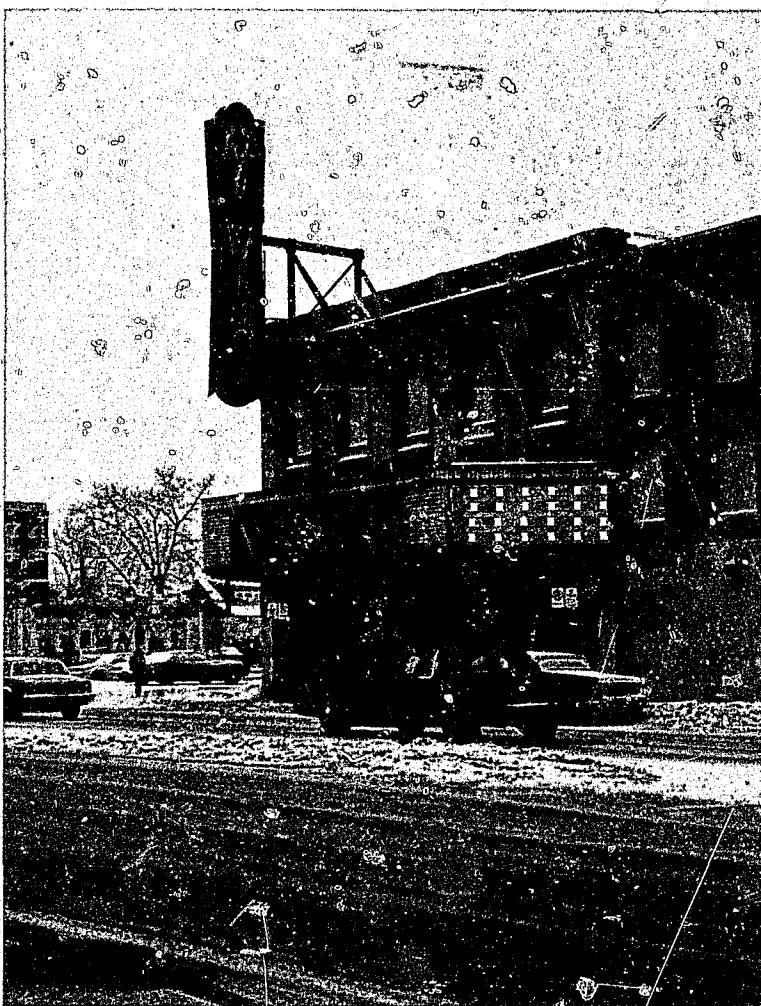
#### Questionably Qualified Licensees

A major focus of our investigation has been on the bingo licensees themselves. The bingo statute states that in order to qualify for a license a group must be a not-for-profit organization of one of seven specific types. It must have been in existence five years and during that time have had a membership continuously active in carrying out the group's goals. For a local organization affiliated with a national group, two years of continuous, active existence is required as long as the national group has been in existence for five years. Each separate group may hold only one license and play only one day per week. Workers must be volunteer members of the sponsoring organization, and operators must be listed as such, or as group officers, on the bingo application.

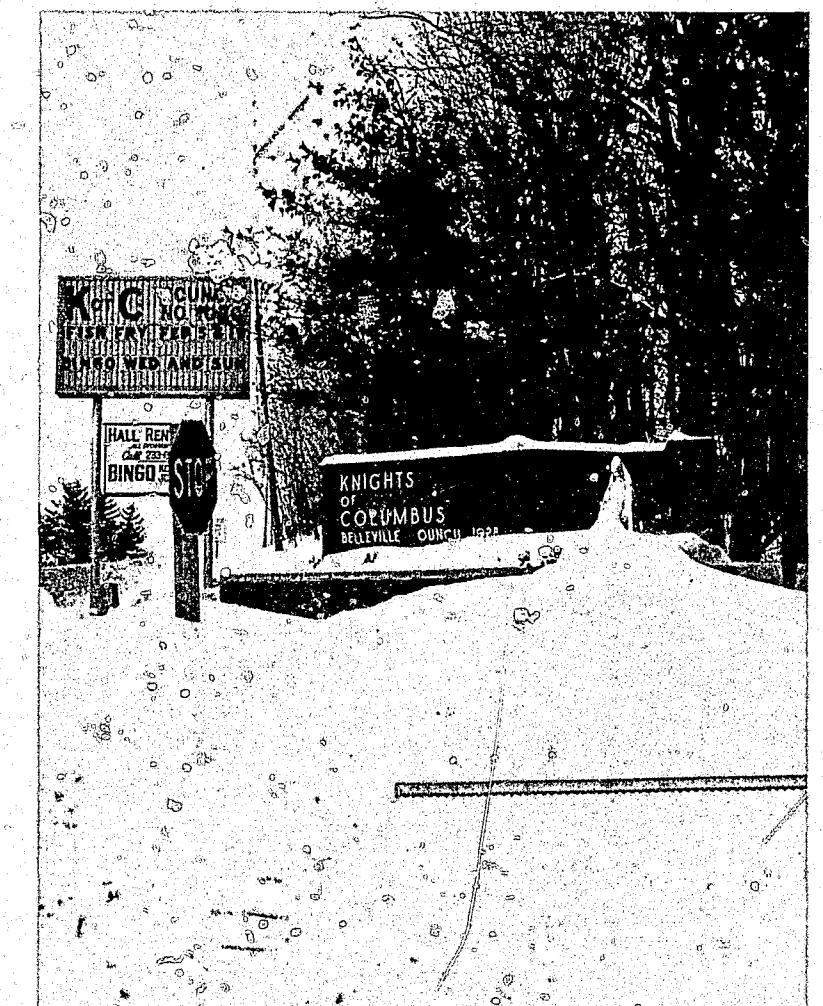
While most of the 1,600 Illinois bingo licensees without a doubt meet these requirements, there are a number which apparently do not. Some groups appear to have been created for the sole purpose of playing bingo--to benefit their members personally and/or the facilities at which they play, rather than their specified cause. Some inactive groups have been raised from the dead by bingo professionals, who people these groups with members or employees of their own organizations and who profit greatly from providing services to the new licensees. Some groups only doubtfully meet the history requirements. Some groups appear to be merely other already-licensed groups with different names, or "affiliates" with no purpose of activity distinct from the parent group. And we have already demonstrated how several groups have violated the membership and volunteer worker requirements.

Such practices allow organizations to circumvent the law that an organization may hold only one license, and thus benefit from holding bingo sessions only once per week, as well as the law that bingo proceeds shall benefit only non-profit groups and charitable causes. They create unfair monopolization of the bingo dollar, and thus thwart the legislative intent. And, as stated earlier, most groups of this kind are to be found in the larger halls. According to DOR's Baylor, bingo palaces attract "more spurious groups who don't have premises of their own" and who see bingo "as a means to produce instant revenue."

The prototype of this kind of group is the now-defunct 12th Street Medical Group. This group used to play at the Chicago bingo palace known as DiVinci Manor, 5609 West North Avenue, a large, plush facility. According to the Tribune, the 12th Street Medical Group "told the state its purpose was to train medical personnel, run an ambulance service and organize medical centers." The president of this group, according to the Tribune, said she was a doctor, had attended Chicago Medical School, and had received a bachelor's degree from Roosevelt University. However, Chicago Medical School had never heard of her, Roosevelt said she had taken an occasional class there but never graduated, and Tribune reporters could find no records indicating she is or was a physician. Goodwill Industries had evicted the group in early 1981 because, Herman Kaye said, it "was not fulfilling its goals." According to the Tribune, Kaye said, "We never saw them do any transporting, though they did park some ambulances on our lots one time.... We found out they never trained anyone that we saw." Richard Jason, co-owner of DiVinci Manor, told the Commission that he evicted the 12th Street Medical Group after it was caught cheating during a bingo



Di Vinci Manor, 5609 West North Avenue, Chicago.  
The 12th Street Medical Group was evicted from  
DiVinci after it was caught cheating during a  
bingo session at the large, plush facility.



Knights of Columbus Hall, 3810 North Illinois,  
Swansea. The church-basement- and VFW-type halls  
simply do not generate the volume of business  
which offers greater potential for abuse.

session. Of course, the question of how such a group could come to be licensed in the first place arises, and DOR's pre-license screening of applicants will be explored in Chapter 4.

Brown's Hall: The McCullough Groups and Others

Some of the most questionably eligible groups playing today hold their session at Brown's Hall. Two groups who played at Brown's in the past received attention: The Westminster Baptist Church and the South Elm Baseball organization. A May 2, 1980 CCC press release indicated that the Westminster Baptist church license application "lists the address of a boarded-up storefront on Ashland Avenue." A source told CCC it thought the Westminster Baptist Church was allowing Brown's to use its license and that this arrangement fit the Pinnacle pattern. The source also said it thought South Elm Baseball and Brown's might be closely connected, and the CCC's Schiller and Associate Director William K. Lambie told the OAG they believed the South Elm Baseball game was run as a "house" game for Al Brown. Neither of these groups plays bingo at Brown's anymore.

One group which does still play at Brown's has received the same kind of attention. The Societa Alleanza Riciglianese (SAR), an Oak Park fraternal group, has also been identified by the CCC source and by a WBBM-radio report as a Brown's Hall "house" game. The chairman of the board of SAR, Charles J. Parilli, has been arrested several times on gambling charges.

Today, the groups receiving the bulk of the scrutiny are known as the "McCullough family" groups. Baylor said in terms of organizational purpose the McCullough family groups were probably the least qualified for licenses. In fact, he said, "The McCullough groups should not have been playing bingo at all."

In the fall of 1980, the DOR attempted to revoke the licenses of the five McCullough groups, so named because each group lists at least one McCullough family member on its roster. DOR's reason for revocation included failing to keep adequate financial records showing expenditure of bingo proceeds and allowing non-members and paid workers to participate in running bingo games. Beside this, DOR said the groups did not meet the statutory definition of eligible organizations. The groups stopped playing bingo for a short while, then applied to renew their licenses for the fiscal license year 1981-82. Before DOR even acted on the applications, the McCullough groups went to court and asked for an injunction against DOR's possible refusal. The McCullough groups argued that they had originally been barred from playing because the premise provider, Euvco, had not yet been licensed at that time, but that since Euvco was now licensed, they were eligible to play. The groups were successful in obtaining a court injunction enabling them to play bingo unlicensed until their case was decided in DOR hearings. Later, an appellate court reversed the trial court's decision because it said the trial court had no jurisdiction to hear the case, since legally the groups' only remedy was under the Administrative Review Act. The groups then filed for leave to appeal to the Illinois Supreme Court, and, at the time of this writing, were awaiting its decision as to whether or not it will hear their new ap-

peal. In the meantime, DOR denied the license applications and administrative hearings were held which upheld DOR's decision. As of this writing, some of the groups have filed in Cook County Circuit Court under the Administrative Review Act to appeal DOR's denial of their license applications. The groups are still playing bingo at Brown's under the original injunction.

The five McCullough groups are known as 1) St. Francis Catholic War Veterans (CWV), Post 1865; 2) St. Francis Catholic War Veterans Ladies Auxiliary, 1865; 3) Helpers of St. Francis (HELP); 4) Supporters of St. Anthony (SOSA); and 5) Americans Committed to the Overlooked Vietnam Veterans, Commanders Commission (ACTOV). They appear to be closely linked by a large percentage of shared membership, calling into question the status of these groups as distinct and separate organizations involved in specific charitable projects. Two completed membership lists we obtained from DOR (three of the groups playing under the court order have not been licensed in the past two years and thus, somewhat ironically, are not required to submit documentation to DOR), those for HELP and ACTOV, indicate that out of HELP's 51 members and ACTOV's 42, 20 persons belong to both groups. DOR investigators also believe these groups are very closely related, and Commission agents noticed a SOSA van in Brown's parking lot while a bingo session was being conducted by ACTOV.

We twice spoke with Edward E. McCullough, treasurer of the St. Francis CWV group. Along with his sons Donald and Roger, Edward is also a member of HELP, and of ACTOV along with Donald. Roger is president of the St. Francis CWV group. On both occasions Edward claimed to have little knowledge of either James or John Seidel, even though they are supposedly the managers of the hall. Also, when James Seidel was observed calling numbers at Brown's, Edward's wife told a DOR investigator that although Seidel was not on the license application for the group playing (SOSA), he was a regular caller on a volunteer basis. Edward was at this time designated as the person responsible for filing SOSA's tax forms.

Edward told the Commission that St. Francis CWV contributes bingo proceeds to national and state offices of the CWV organization, as well as to veterans' hospitals. He said the group had in the past contributed to the Maryville Academy in Des Plaines, but would no longer be able to do so due to a stricter position taken by DOR which he claimed required they only support veteran-related organizations. He said Father John Smyth of the Academy was very upset about losing the group's contributions. The Commission telephoned Father Smyth at Maryville Academy. Father Smyth could not remember ever having received contributions from the St. Francis CWV post or its auxiliary. Father Smyth assured the Commission he was not upset about losing the contributions because he had never received them in the first place.

Roger told the DOR in writing that the group supports "all veterans' organizations with our funds received from bingo funds. We also support the Catholic Church and its charitable programs." Roger also told WBBM-radio reporter John Cody that all bingo proceeds are donated to veterans' hospitals throughout Chicago. Cody found that none of the veterans' hospitals in the city had records of receiving contributions from St. Francis CWV, either.

Commission investigators also interviewed two members of the St. Francis CWV Ladies Auxiliary, a group which, like its parent group,

claims it holds its meetings once a month at the Ford City Shopping Center in Chicago. When asked how they became involved in the Auxiliary, they said they had joined because they heard it was involved in a good cause. They weren't sure what the specific "good cause" was, but they said they had heard the group gave money to "deaf children and things like that."

In further attempts to verify the claims of donations from the St. Francis CWV, the Commission obtained a copy of their annual bingo expenditure report and subpoenaed their books and records.

The annual expenditure report filed with DOR showed no charitable expenditures were made by the post during the license year ending on June 30, 1981. As of this writing we have not received the subpoenaed books and records.

It appears, from this information, that the five McCullough groups may only by a stretch of the imagination be considered eligible groups. Certain claims made by representatives of the groups regarding their charitable donations have proven false. They are often unable to find volunteers from their organizations to man their games, and the ones they do find often have no idea what the organization does. The membership lists of all five groups are peppered with mostly the same names--names of people who supposedly help St. Francis, support St. Anthony, and commit themselves to overlooked veterans. There is no evidence that these groups are involved in any such activities. There is evidence however that these groups may be not only not giving what they should to charity, but may be not giving what they should to the state. The groups' records show possible underreporting of proceeds, and thus underpayment of tax--what is known as "skimming." This possibility will be discussed in Chapter 4.

#### Goodwill Industries: Special Services, et al.

Seven groups play bingo at the bingo hall in the headquarters of Goodwill Industries, an organization whose purpose, according to its incorporation papers, is to "provide for the industrial, educational and spiritual welfare of handicapped persons." According to Herman Kaye, the rent these groups pay Goodwill, plus the revenue from the session Goodwill itself holds, nets the organization \$175,000 per year. The groups themselves can make as much as \$60,000 per year, he said.

Besides Goodwill, the groups playing bingo at the hall are 1) Special Services Center (SSC); 2) Our Lady of Mt. Carmel; 3) Illinois Association of Rehabilitation Facilities (IARF); 4) Robbins Community Action Council (CAC); 5) Medi-Check International Foundation, Inc.; and 6) the Abraham Lincoln Centre. Until recently, the Alpha and Omega Church played a midnight game of bingo at Goodwill. The Alpha and Omega Church was reportedly evicted by Kaye after he became suspicious of them. The documentation Alpha and Omega submitted to the DOR indicates they used bingo funds to support such things as a recreational program for area youngsters and a community pantry supplying food to needy families. However, the documentation required to show five years of existence consists of five one-page reports indicating that annual church meetings have been held. They are identical in format, type, etc., and give the impression of having been prepared all at

once rather than once a year for five years. DOR reportedly allows this practice as long as it accurately reflects the group's past activities. However, since the documentation is almost the only proof required that an organization has existed for the period of time required by law, one of the safeguards against licensing organizations whose only purpose is to play bingo is thus effectively removed.

Several of the members and operators of the groups which play or have played bingo at Goodwill are themselves Goodwill employees. For instance, Goodwill employee Carl Spencer is on the membership lists of SSC, the Alpha and Omega Church and the Abraham Lincoln Centre. Of these, perhaps the highest concentration of Goodwill-connected members belongs to the Special Services Center. This group, according to the statement on its registration with the Attorney General's office as a charitable organization, "is a training program for people in the field of criminal justice." It lists as members Goodwill employees Ernestine Byrd, Carl Spencer and Goodwill Executive Director Harry Woodward, as well as ex-employee Janis Ryales and Kaye's wife, Judith. Herman Kaye is a former member of SSC, also. The Commission has found this organization's activities, contributions to various causes and relationship with Goodwill to be highly questionable.

The registration form states that most of SSC's work "is done on government contracts." Their bingo application documents state that SSC provides "a newsletter to inmates and our contributions are used primarily for this purpose." The Commission's request for copies of past newsletters proved futile. SSC president Lillian Cheevers told the Commission in writing that "Special Services Center provides staff training for agencies who have Title XX contracts with the Illinois Department of Corrections to provide vocational services to Community Correctional Center residents, parolees, probationers, and those on other current court supervision." She provided the Commission with a list of past activities, including helping to coordinate a series of meetings attended by several criminal justice and ex-offender groups in order to determine how Title XX responsibilities should be delegated among the groups. She said the group also participated in a meeting of the Illinois Correctional Association, and operated a flower cart for seven months in 1981 on State Street in Chicago, ostensibly as a retail occupations training program for ex-offenders. Two upcoming projects, according to Cheevers, are a silk-screening training program through Malcolm X College and a "Rehab and Design Fair" to be held at Goodwill in April, 1982.

Woodward also provided the Commission with some information about the group. He said it had been organized in 1967, incorporated in 1976, and "more or less" actually became active in late 1979. Its initial purpose, he said, was to put together, with the aid of Comprehensive Employment and Training Act (CETA) funds, a program to train people in the field of graphic arts. Woodward said the group had been mainly using its bingo proceeds to help save up the \$20,000 necessary to qualify for CETA funds, and to pay the salaries of SSC employees Cheevers, Sandy Olson and other consultants. Apparently, the group has exceeded its \$20,000 goal and the upcoming silk-screen program will be partially funded with these savings, as will be the April "Rehab and Design Fair," which Woodward said cost the group \$10,000 in payment for consultants and which will run at least one day (if successful, it may run additional weekends). Woodward said the

fair will demonstrate do-it-yourself property and furniture repair. It was not immediately clear to us how this fair related to involvement with ex-offenders, until Woodward informed us that ex-offenders can of course be trained to do do-it-yourself repairs.

Woodward also mentioned to Commission investigators that SSC is 3,500 members strong. Since the SSC 1980-81 license application listed only 350 members, we asked how this remarkable membership gain came about. Woodward said people who play bingo when SSC is sponsoring are asked to fill out a card and they thus become members. According to Judith Kaye, Secretary, SSC also considers training-program participants, who are periodically informed of SSC's activities, to be members of the organization.

Another manner in which SSC obtains members, apparently, is recruitment by Goodwill officers. Ernestine Byrd, an employee in Goodwill's accounting department, said she joined SSC because Herman Kaye had asked her to. She said she had been with SSC since it started, between one and one-half and two years. However, she told the Commission she really wasn't able to say what the group's activities were since she works at Goodwill all day and isn't very much involved with SSC. In fact, she said she "doesn't know what it does." She had never heard of Janice Ryales, former SSC president, nor of Judith Kaye, SSC secretary.

Kaye told the Commission he frequently asks employees to join groups which play bingo at Goodwill, and that most comply with the request. He said he expects employees to be active in what Goodwill is involved in, and Goodwill is involved in operating bingo games. Kaye, although he was at one time listed as SSC secretary, said he had no knowledge of SSC's activities beyond some awareness of its proposed silk-screening program, equipment for which is currently being stored at Goodwill.

Kaye must have known a great deal about SSC at one time, for while he was secretary, SSC ran into trouble with DOR. The group's license was suspended for two weeks on charges of permitting illegal gambling and exceeding the legal prize limit. Kaye testified that the violations occurred because he had been copying the practices of another group, St. Callistus, and did not know they were illegal. The hearing officer said this sounded reasonable and merely slapped SSC's wrist for two play dates, rather than revoke the license permanently, although Kaye was barred from operating SSC games in the future. However, DOR is at this time still concerned that Goodwill groups' games may be run by non-members and by persons who work several games per week.

Since Kaye works both as hall manager and game operator on different nights, however, and because many Goodwill employees are "members" of the groups, the line between those connected with the hall and those connected with the groups is often blurred. The desired separation of hall and sponsor, assuring that as much of the bingo dollar as possible goes for works which benefit society as a whole, is questionable in the case of Special Services Center. When Commission investigators observed a game conducted by SSC, Kaye was definitely involved in running the game, although he is no longer listed on the SSC roster. Kaye is in fact involved in all the games: he has



One of the groups playing bingo at Goodwill Industries, 120 South Ashland, Chicago, is dubiously qualified to hold a bingo license; it is called Special Services Center. This group's raison d'etre is apparently to maintain a special fund reserved for "anything that is liable to cause us bad publicity," according to Goodwill Executive Director Harry Woodward. Goodwill received bad publicity in March, 1982, after Special Services Center contributed funds to two political campaigns--funds which were apparently comprised at least partially of bingo proceeds.

devised a format and accounting system for bingo sessions which almost all of the groups use, and he devised the system, he told us, in order to keep the games consistent so the hall itself, and not the group, can attract a steady and loyal crowd. He has advised groups during the bingo licensing process, helping them with the forms and other matters. He holds training sessions, he says, for these groups' volunteers, also to insure consistency. All of this indicates that bingo is a very big and very important business for Goodwill--so big that the hall manager does much more than rent space to charitable groups, charging enough to provide for cleaning and equipping the room, in order to let them conduct fund-raisers for their organization. Goodwill has a much bigger stake in all these games, it seems, than the legislature intended a premise provider to have. Also, SSC appears to use bingo proceeds in less than acceptable ways. The Commission discovered that SSC contributed \$1,000 to the campaign fund of State Comptroller Roland Burris. SSC also contributed \$1,000 to a dinner for Chicago Mayor Jane Byrne, and Goodwill contributed \$500 to State Treasurer candidate W. Robert Blair, one of whose backers, according to a March 5, 1982 Chicago Sun-Times article, is a Goodwill booster.

Woodward told a Sun-Times reporter that the Goodwill contributions came out of a "very restricted" fund that the organization may use for "anything that is liable to cause us bad publicity." He said the fund is so small that Goodwill contributors can be assured their donations fund Goodwill's programs. According to the Sun-Times, it turns out this special fund is none other than Special Services Center. Woodward reportedly said he views these contributions neither as political gestures nor as endorsements, but as rewards for good turns done Goodwill by the candidates. He evidently feels they may be considered charitable contributions since they hopefully insure politicians' future help in realizing Goodwill's goals. After learning of these contributions, United Way, a major contributor to Goodwill, suspended its donations, which amount to nearly \$300,000 annually. At the time of this writing, Burris and Blair had announced their intentions to return the contributions in order to lay the controversy to rest, and Woodward had offered to resign if that would "get Goodwill off the hook," according to a March 10, 1982 article in the Chicago Tribune.

The idea that a charitable organization requires a fund from which to contribute to "anything that is liable to cause us bad publicity" is intriguing enough in itself. It is even more so when it is learned that monies earned through legalized gambling for charitable purposes have been used to establish this fund, and are thus being used for political contributions. The close connection Special Services Center enjoys with Goodwill raises questions of all kinds, especially in light of campaign contributions. It seems likely that the formation of groups such as SSC, staffed by Goodwill employees and associates, may provide Goodwill with a larger slice of the bingo pie than it deserves, and may allow it to share more of that slice with less than charitable causes.

Another group playing at Goodwill is also questionably eligible for a bingo license, not because of the work the group does--which appears most worthwhile--but because of how it went about getting licensed. The Robbins CAC, whose president, Cleophus Young, is a Goodwill Associate, in reality is active under the name Robbins CEDA. Young and Woodward had been working to get the Robbins CEDA licensed,

but DOR informed them the group had not been in existence long enough and allegedly asked if the group could produce an older charter. An expired charter from, according to Young, "the old Anti-Poverty program's Community Action Council" was discovered and reinstated, and the now-eligible group was subsequently licensed. Sandy Olson, an employee of Special Services Center, said she also works part-time for Robbins CAC, and SSC used \$100 of its bingo proceeds to establish a bank account for the Robbins group. The apparently close connection between these two groups raises some of the same kinds of questions as does the connection between SSC and Goodwill itself.

Also, Kaye told the Commission that the Our Lady of Mt. Carmel group playing bingo at Goodwill is the same group formerly known as St. Callistus Church, barred from renting at Goodwill by an Archdiocese of Chicago mandate. Woodward told us the mandate "killed" St. Callistus, and he said he did not know how the Mt. Carmel group was connected with the Catholic Church.

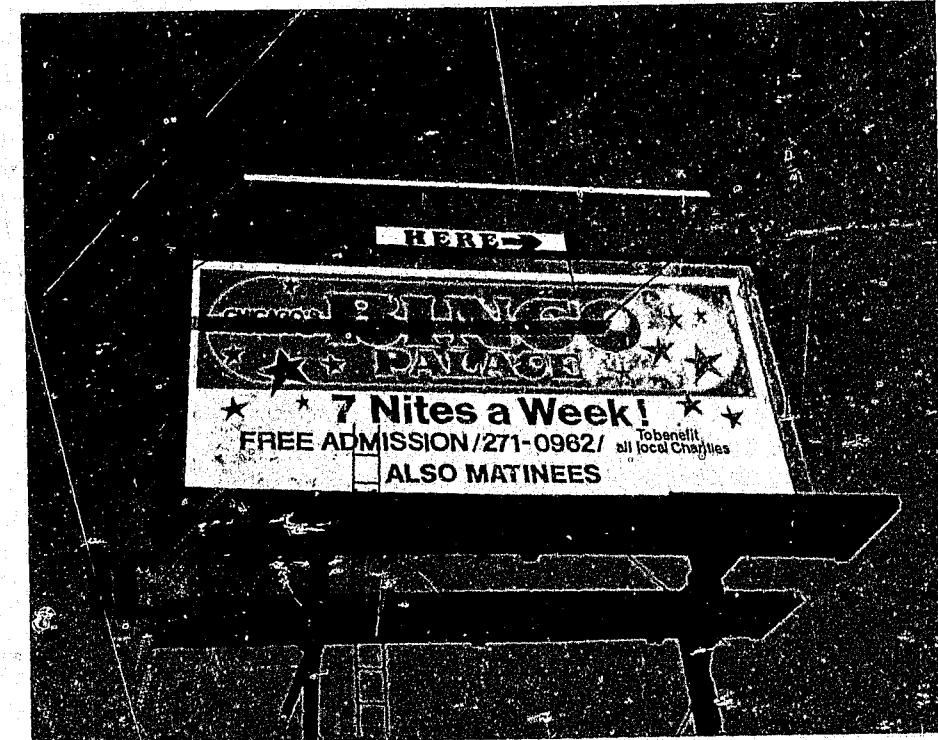
The Robbins group appears not to have had a continuous, active membership involved in carrying out group objectives for five years prior to licensure. Perhaps, in the words of Young, the only crime it may be "guilty" of is "an attempt to provide much needed resources to our community and to our programs." But efforts to circumvent the law in order to use legalized gambling to fund programs reflects poorly on charitable organizations--and on the charitable organizations at whose headquarters they are invited to sponsor bingo.

#### Little City: The Question of Affiliates

As indicated earlier, the two bingo halls Little City operates grossed over \$3.7 million in bingo receipts in fiscal year 1981. Of the 17 groups these two bingo halls house, ten are Little City affiliates, and one is a significant contributor to Little City Foundation. Eight of the affiliates have the same charter and by-laws. The halls where these groups play, by virtue of their size and the number of games played in them weekly, are able to consistently give away the legal limit in prizes, and attract large crowds. Smaller groups in the area representing a variety of beneficial concerns cannot compete.

The legislature's intention to make the bingo dollar available to a variety of charitable and fraternal concerns is apparently thwarted when one organization, by obtaining licenses for many "affiliate" organizations, is able to virtually eliminate its competition. When groups which do not appear separate and distinct from their parent group play bingo ten times a week, it appears that the law allowing an organization to hold one license only has been circumvented. And other problems arise when a group such as Little City creates too many of these groups--problems which contribute to the less than desirable character of the large hall game.

Minutes submitted for a meeting which never took place, special permits issued to one group used by another, and paid and non-member workers, may all be symptomatic of an organization which, rather than growing too large, has spread itself too thin. In the need to shuffle "affiliates" around in order to fill schedules at bingo halls, an or-



Little City North ("Bingo Palace"), 5341 North Lincoln Avenue, Chicago, hosts ten games per week, seven of which are run by affiliates. The organizations which play bingo at Little City's two halls grossed more than \$3.7 million from bingo in fiscal year 1981. Little City Foundation, owner of the halls, received approximately \$1 million of this in donations and rent receipts.



ganization might be tempted to falsify documents. Ownership of two halls helps keep benefits from special permit use in the family, and the temptation must be great to use workers who are the closest to the hall, whether they are members of the special permit holder or not. And the more affiliates an organization creates from a specified number of already-involved individuals, the less likely it will be that the affiliate will be able to drum up enough volunteer members to run games and the more likely it will be that the same people may end up working or running several different sessions.

Little City, in Palatine, provides quality care for its residents and there is no question that the funds the Foundation raises through bingo are put to good use. Without bingo, Little City would undoubtedly not be able to provide all the services it does now, without finding another type of fund-raiser. It is difficult to find another fund-raiser which produces revenue as quickly and easily as bingo. Yet the fact remains that the legislature intended as many groups as possible to benefit from the bingo dollar, and it intended that the game be conducted according to a set of rules, some of which Little City has broken. It is largely because of its affiliates, many of which appear to have no life separate from the parent group, that problems have arisen in Little City's games and that other area licensees have suffered.

#### Other Bingo Licensees

Up to this point, we have dwelled on the negative side of the Illinois bingo scene. But up until now, we have discussed a small minority of the state's bingo licensees. Most of the groups playing bingo today are legitimate organizations with worthwhile goals, who either use their bingo proceeds to keep their groups operating or contribute the money directly to charitable projects. Even groups which play in the large halls are mostly legitimate; we interviewed several representatives of such groups and found that, in most cases, even after paying high rent, the bingo dollar is keeping many of the state's worthiest groups alive.

Although fraternal and veteran's organizations frequently own meeting places, many rent space at halls in order to draw larger crowds. The Granite City Benevolent and Protective Order of Elks rents space in the 17 Nameoki Center Hall in Granite City. Its headquarters cannot accommodate anywhere near the 500 people 17 Nameoki holds. Bingo proceeds account for around 30% of the group's annual budget, Elk member Edward C. Jenkins said, which provides for contribution to crippled children's funds and a scholarship foundation. Without bingo, these contributions would have to be substantially decreased.

John Kilbury, treasurer of the Collinsville Jaycees group which plays at the Madison County Fireman's Association Hall, said bingo is important to his group, also. Among the charities the Jaycees contribute to are the Heart Fund, Muscular Dystrophy Fund, area little league and soccer teams, and senior citizen groups. Approximately 90% of the Jaycees' budget is based on bingo proceeds, Kilbury said. Without bingo, or if required to play in a smaller facility, the Jaycees' charitable contributions would have to be severely cut.

Bingo chairman for the Catholic War Veterans playing at the JCCCKLI Country Club in Belleville, John Lee, said the primary purpose of the CWV is to help fund veterans' programs, area Catholic high schools, and veteran-related charities, with emphasis on veterans' hospitals. Around 90% of the group's budget is derived from bingo proceeds, which amount to approximately \$50,000 yearly. If the CWV were to lose its bingo revenue, Lee said, contributions to Catholic high schools would be curtailed as would donations to veterans' hospitals. The group would suffer "severe financial problems."

Groups which benefit both the elderly and the young also use bingo to stay afloat. Craig Merriles, Staff Director of the Metro Seniors in Action, a Chicago-based group which aids senior citizens, said the bingo money is needed to support the steadily growing organization. Metro Seniors "couldn't do without bingo," Merriles said. The \$17,000 Metro Seniors made from bingo in 1981 went into the group's operating budget. It pays operating expenses and the salaries of the staff members who coordinate the group's activities. Merriles said the purpose of Metro Seniors, which boasts 5,000 members, is to "educate and advocate for primarily low-income senior citizens." It provides senior citizens with transportation, health care and activities as well as services to help solve problems with taxes, utilities, housing and crime. Metro Seniors plays bingo at Grand Manor, 5436 South Archer, Chicago, attracting around 210 people per session. If Metro Seniors could not rent this large space at which to conduct bingo, its services and activities would be drastically reduced.

Exchange Club of Belleville was created, according to bingo chairman, Vern Wottowa, to "instill Americanism" in high school-aged youth. The organization funds youth programs and scholarships through area high schools. At the JCCCKLI Country Club, the 480 persons the Exchange Club's bingo games attract far exceeds what the group could hold at its headquarters. The more than \$60,000 the club raises yearly through bingo accounts for around 90% of the total budget, and without bingo, the club would be "virtually wiped out."

At the Madison County Fireman's Association Hall, the Board for Assumption High School's bingo games help keep the school from closing. Bingo proceeds go into the operating budget, part of which pays teacher salaries. Assumption High School had a \$140,000 deficit last year, board president Leone said, and bingo proceeds are imperative to keep the school from going under. Leone said the board had at first tried to run bingo at the school gymnasium, but moved to the Fireman's Association Hall because it holds four times as many people and has air-conditioning. The board can thus draw a much larger crowd.

Ethnic groups playing at large halls also keep their groups alive through bingo. The International Association of Volunteers for Human Services and Leadership Training, Inc., an "educational" group which, in the Chicago area, benefits Vietnamese-Americans, plays bingo at the Northlake Hotel, 401 West Lake Street, Northlake, a luxury retirement home converted from a hotel. Part of an international group organized in Viet Nam, the Chicago chapter of this group provides cultural, social and educational services to Vietnamese-Americans. Bingo funds are used to operate these programs.

Another ethnic group, the Granite City Mexican Honorary Commission, plays bingo at 17 Nameoki Center. The group's rental arrange-

ment was discussed previously. According to bingo treasurer Dorothy Robles, the Honorary Commission provides services to Granite City's founding fathers' ethnic groups: Hungarians, Armenians and Mexicans. The group contributes to a boxing team, scholarship fund, Christmas basket fund, Red Cross and the Salvation Army, and has a reserve fund from which it draws to help transients who locate in the area. Before the rent rebate from leasing equipment, the Commission nets around \$35,000 per year on bingo, which accounts for more than 60% of the group's annual budget.

The Organizing Committee for the Northwest Side (OCNS) is a Chicago civic improvement group which plays bingo at a hall called Golden Tiara, 3231 North Cicero Avenue in Chicago. There are other ways of funding their community projects, OCNS officers said, but none so static and predictable as bingo. This predictability allows the group to make advance commitments for their services. The group estimates this year's net proceeds from bingo will amount to \$70,000. Money raised from bingo goes into the operating budget of the group, which provides organizing, educational and clerical services to existing community organizations on Chicago's northwest side.

The VFW-type hall is altogether a different animal from the large multi-play site already discussed. The facilities are usually smaller and so are the games. The group, which is headquartered at the hall, rents space to only one or two other organizations which are usually identifiable within the community. Usually, in these halls no one is making a profit--the rent is strictly "break-even," and all the proceeds are used either to fund the operating budget of the group or to directly fund charitable concerns. As is the case with many groups playing in large halls, bingo keeps many of these organizations alive.

Illinois VFW secretary/treasurer and Adjutant Quarter Master, Helmuth Frank, told the Commission many VFW posts were saved by the 1971 legalization of bingo. Posts that were hardly breaking even on dues and fund raisers were again able to support veterans' organizations and charities after bingo was instituted, although many posts in the northern section of the state suffer severe competition from the large halls. Frank sees bingo as a way of drawing the members of a VFW post closer together, in addition to its effectiveness as a fund-raiser. In concurrence, Richard Wallace, Quarter Master of Smith Spaid VFW Post 1293 in Waukegan, said the post would have to shut down if it did not sponsor bingo, proceeds from which provide maintenance for the post headquarters. Vincent Sanzotta of the Illinois American Legion Headquarters said American Legion posts had problems identical to those experienced by VFW's until bingo came along.

Wilbert Burde of the Bensenville Lions Club, and representatives of the VFW Tioga Post 2149 and the Vaughan Chapter Paralyzed Veterans, of Hines Veterans' Hospital, all said they feel bingo revenues keep their organizations afloat. Without it, they said, they feel they would have serious financial problems. They indicated bingo is not an easy way to make money--it takes time and work--but they enjoy the chance it gives players to socialize, and they like the people. Burde, one of the moving forces in the drive to legalize bingo in 1971, expressed dismay over the licensing of many dubious groups.

Stanley Leiberman, of the Center on Deafness, a charitable group located in Des Plaines, said it is very important that groups like his be able to rent space to play bingo. The Center conducts its games at an American Legion post, and clears around \$20,000 per year. Leiberman said the Center on Deafness would have to close if it lost its bingo revenue.

The Ford City Seratoma Foundation uses bingo proceeds to support programs and centers for physically and mentally handicapped children. The Chicago-based group also aides an auxiliary, Society of Parents and Friends of Special Children, by offering it the use of the Seratoma Foundation headquarters free of charge for holding bingo games.

In order to help the blind and contribute to diabetes prevention and research programs, the Fox Lake Noon Lion's Club holds bingo sessions at the neighboring Fox Lake Lion's Clubs headquarters. The approximately \$50,000 the Fox Lake Noon Lion's Club nets each year from bingo, as well as the proceeds of the Fox Lake Lion's Club receives from the game, is forwarded directly to the state and national branches of the Lion's Club organization, which support, among other things, the Hadley School for the Blind.

An educational group, the DuPage Community School, Inc., uses bingo funds to operate its "alternative high school," a non-traditional learning program for above-average high school students, located in Downer's Grove. According to school spokesperson Doryce Reid, the non-profit organization plays bingo at the Lombard Veterans Memorial Hall and uses the proceeds, which amount to a rather low \$100 to \$250 per week, to pay the salary of one of the school's three paid teachers--the remainder of the school's 32 teachers are volunteer.

Another group which uses bingo proceeds for youth-oriented programs is the Chicago-based Polish Falcons of America. The Falcons, whose members all sell Falcons life insurance, raise approximately \$9,000 yearly through holding bingo games at their headquarters, all of which is used to sponsor a gymnastic club for toddlers through high-school age youths. They maintain the slogan, "sound mind, sound body."

The Southwest Parish and Neighborhood Federation, a Chicago community organizing group serving eight parish affiliates, uses the nearly \$30,000 it makes yearly from bingo to aid community groups and businesses. The Federation staff would have to be cut in half if the group were to lose its bingo revenue, according to President Jean Mayer and Bingo operator John Brill.

A complaint we heard frequently from these groups was that they find it hard in many cases to compete with large halls in their areas. When a large hall goes up, their crowd invariably goes down. Yet, although many groups in the smaller multi-play sites suffer from such competition, none seem to suffer as greatly as those which conduct the really small games--the church basement-type sessions for which bingo was supposedly made legal. The groups created just to play bingo, and the large hall profiteers, apparently take the bingo dollar away from the legitimate group. According to an article by Thomas O. Marsh, in the December 1, 1979 issue of America, "the real victims of this pro-

fessional charity hybrid are the reputable charities trying to go it alone. They just cannot compete." Joseph Meegan, Executive Director of the Chicago Back-of-the Yards Council, told the OAG in 1980 he was "certain that the palaces hurt other licensees." He said churches, schools, etc., are limited by the size of the parish or school hall and cannot compete with the more "attractive" prize structure offered at larger halls, nor with the extras halls can provide: food service, parking, etc. Finally, Margaret Seltzner told the Commission that attendance at local games has picked up ever since the Pinnacle bingo palace closed down.

Since the Archdiocese of Chicago, apparently in response to the bad publicity large halls had been receiving, forbade Catholic Church groups to rent space at which to conduct bingo games, these groups have been having trouble competing in the bingo industry. "The average Catholic parish is not able to get into big business to compete with the halls," Father Kenneth Fischer of the Our Lady Help of Christians Catholic Church in Chicago told the Chicago Tribune.<sup>4</sup> "They are a lot slicker than we could ever be," he said.

Monsignor Francis Brackin, Vicar General of the Archdiocese of Chicago, told the OAG that about three-quarters of the diocese parishes hold bingo sessions. Bingo revenue accounts for around 7% of the total education budget, he said--the money used to operate parochial schools. Msgr. Brackin told the Tribune that over 90% of the money generated from bingo goes directly to the parish-operated schools. "They have to have it," he said. He also told the OAG he feels that bingo palace operations are against the spirit of the original bingo law, which he feels envisioned non-professional games.

Many of the churches and small groups which need the bingo dollar have had to do without it. 42% of the Cook County licensees which have discontinued play and listed a reason for doing so mentioned palace competition as a factor. These groups include churches and temples, YMCA's, and social and educational groups. The Commission interviewed several representatives of organizations which were forced to give up their bingo games, and they all said the same thing: "We could not compete with the bingo palaces."

Father Thomas Murray, formerly of St. Jerome's parish in Chicago, said when the game at St. Jerome's was first established it made \$500 profit per week. By the time the game closed, weekly profit was closer to \$100. Father Murray said the St. Jerome crowd was lost to a new local bingo palace, workers from which had actually stood outside the church's door and passed out hall-advertising fliers to the bingo players as they left. As a result of the loss of bingo revenue, tuition at the parish school has been increased and the parish is having trouble paying its bills.

Father Lawrence McBrady of St. James Roman Catholic Church in Chicago, told us a similar story. The church sponsored bingo for seven years, from 1971 until 1978, when competition from a large commercial hall brought the church's game to a halt. The revenue from the game had helped run the St. James Parochial School until the larger pots and door prizes offered by the nearby hall drew away the local players. During the St. James bingo's peak period, the church was clearing around \$40,000 annually. By the time it was forced to close,

it was often losing money on its bingo games. Since the closing of St. James bingo operation, tuition at the St. James school has risen nearly \$300.

Father Sullivan of St. Mel-Holy Ghost Church in Chicago said his church had nearly identical problems. St. Mel's began playing bingo in 1971 and by 1972 was making nearly \$50,000 yearly. Around 1975 attendance at the games began to drop significantly due to the appearance of the large commercial halls. Workers from a nearby hall solicited his players, as happened at St. Jerome's, and by 1977 bingo revenue had dropped to around \$10,000 a year. "We could not compete with the larger pots and door prizes offered at the big halls," Father Sullivan told us, and the St. Mel's game was discontinued. As a result, the church has had difficulty paying bills, has been forced to discontinue its school's hot lunch program and was required to become a "sharing parish."

The St. Helena's Parish bingo game began in 1975, according to Father Thomas Kominski. By 1980, the Chicago parish was making nearly \$15,000 yearly. However, a sharp drop in attendance coincided with opening of Little City-South, and the game was discontinued in July, 1981, after Little City expanded its operation to run five nights per week. Father Kominski said until he thinks St. Helena's game could generate \$300 per week net profit, it will not be reinstated.

Other churches continue to hang onto their bingo games, in spite of diminishing crowds and decreasing profits. Often barely breaking even, these churches remember better days, before the bingo palaces came along.

Father George Clements of the Holy Angels Church in Chicago told the Commission that bingo revenue has plummetted since the introduction of bingo palaces into the industry. The church itself and one of its affiliated groups began playing bingo in 1971, holding two sessions each week on Friday and Saturday nights. According to Father Clements, the church's bingo revenue reached a plateau around 1975. At this time the groups were each netting around \$1,750 per session. By late 1977, after a large bingo palace was established nearby, the groups were instead often losing close to \$800 apiece weekly. In order to compete with the large halls, he said, the church had to institute expensive promotional offerings such as transportation for players and champagne at the games. In December of 1980, Father Clements said, the Friday night game was discontinued, and the church currently clears around \$150 per session.

"It is very difficult," Father Clements said, "for a parish to go from making \$3,400 a weekend to losing \$1,600."

We also spoke with Father Robert Burns of St. Brendan's Church in Chicago. The bingo game conducted by the church for the past ten years is in danger of elimination, due mainly to competition from the big halls, he said. Revenue from the game is used solely to help operate the St. Brendan's Parochial School and will be sorely missed if the game is discontinued. But the large halls may leave St. Brendan's with no other choice. The \$3,400 prize limit has hurt also, Father Burns said: "Like a giant poker game, they raise the stakes and you can't afford to stay in."

Father Casimir J. Kozien's church, St. Dionysius in Cicero, conducts its bingo game at the Polish Falcons' building in exchange for nominal rent and Falcons' use of the church parking lot. The revenue bingo produces, around \$30,000 per year, helps pay the salaries of teachers at the St. Dionysius school. Father Kozien said competition from Brown's Hall, even though it is situated on the north side of Chicago, has had an adverse effect on the St. Dionysius game.

Pull Jar Tickets, Vegas Tickets, Instant Bingo...

Perhaps the most disheartening aspect of the competition which small game operators face from larger halls is the pressure they sometimes feel to break the law. DOR's Laurence Mulcrone said the smaller groups give DOR the most trouble with illegal gambling tickets. The "pull tabs," "Vegas tickets," "Bingo in Rotation cards," etc., are very often used by the smaller church or fraternal groups in order to somewhat counteract the effects of large hall competition. The illegal tickets are evidently popular with players, and the large halls very often are extremely reluctant to use them because of the more intense scrutiny halls come under by DOR and other enforcement agencies.

Peter J. Tiesi, former president of Des Plaines American Legion Post 36, says he at one time tried to convince the post to sell the "pull tab" games at its bingo sessions in order to counteract competition, including handbill soliciting outside the post, from a large hall. The post voted the tabs down because they are illegal, and Tiesi says he quit the post presidency over this issue. According to Tiesi, if unfair competitive practices are engaged in by the large halls, it is okay for the smaller groups to fight back. "What's right for the goose is right for the gander," he said.

However, many churches and other groups which sell the gambling tabs have not been aware that they are illegal. It is apparently often a case of "monkey see-monkey do": the church down the street will use them, so another church will assume the tickets are permitted. Some organizations see them in bingo suppliers catalogues and figure they are permitted or are persuaded to buy them by suppliers in person. The often trusting church pastor will assume the tabs are legal if they are so openly sold. DOR, realizing this, has in the past frequently chosen not to revoke a license for use of pull tabs resulting from ignorance of the law. However, since it is relatively easy for groups to play dumb and thus escape punishment, DOR recently sent a letter to every Illinois bingo licensee informing them once and for all that these games are illegal. According to Mulcrone, DOR can now feel justified in cracking down on the games, no matter who sells them.

The Commission is not sure, however, how this will affect the sale of these tickets in Madison County. According to Marvin Darling, Madison County States Attorney's Office Administrative Assistant, office policy as of June, 1981, holds that gambling conducted by charitable groups to fund charitable projects should not be prosecuted. Two bingo licensees which play at a large hall, the Disabled American Veterans Club and the Granite City Eagles, had their home headquarters raided in 1981. Gambling devices, including "Vegas tickets," were found at these locations (not at the hall, it should be stressed), and

members of both organizations were charged with keeping a gambling house. After the States Attorney's opinion was issued, the charges were dropped.

In our investigation of bingo licensees we ran across a few organizations that engaged in selling these games. Although definitely in the minority, these groups reflect badly on the charities which do play by the rules, and we present our observations of them to balance our claims heretofore: just as big doesn't always mean bad, small doesn't always mean good.

The St. Attracta Church in Cicero has been holding bingo sessions for the last 12 years, according to Father Anthony R. Spina. That's one year longer than bingo has been legal. Spina said affiliated groups play bingo twice a week, bringing in over \$30,000 for the church in fiscal 1981. But Father Spina emphatically denied that any sort of illegal gambling device is sold at St. Attracta's bingo games. He said Msgr. Brackin of the Chicago Archdiocese is particularly averse to such games since they give groups which use them the appearance of dishonesty, and, as a church in the Archdiocese's jurisdiction, St. Attracta does not sell them.

DOR suspended St. Attracta's license in June of 1981 after the group was found to be selling the pull jar tickets during an October 4, 1980, visit by an agent of DOR. We have also learned that the group has sold the tickets as late as February of 1982.

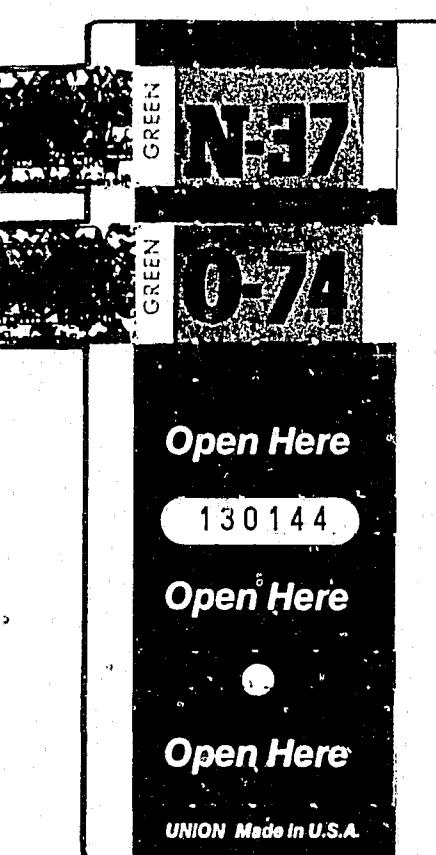
Two other organizations which have sold the tabs, the West Cicero-Berwyn Boys Baseball Association and affiliated West Cicero-Berwyn Babe Ruth Baseball League, said they did so to compete with two churches that play games at the same time their groups do, St. Attracta included. Frank Maltese, spokesman for the baseball groups, said the Babe Ruth League's license had been revoked for 30 days by DOR in 1979 for selling the illegal games in 1977, but the groups obtained a court injunction against the penalty. Maltese, however, freely admits that the tickets were indeed sold, and the illegal tabs were still being sold when our investigators observed bingo sessions run by these groups in January, 1982. Maltese told us in March, however, that since they received DOR's recent letter concerning the tabs, the sale of such tickets has been stopped.

Even more unsettling, perhaps, than church and little league supporters selling illegal gambling games, is the sale of these tabs by a police organization. The Willow Springs Fraternal Order of Police (FOP), a fraternal group for officers of the Willow Springs Police Department, used to operate a bingo game in Willow Springs supposedly to benefit a school for retarded children and to pay off loans the FOP had taken out to pay for bingo equipment, according to Willow Springs patrolman Ralph M. Olive. Olive, who is also former bingo treasurer of the FOP, said DOR had revoked the FOP's bingo license for three months after it discovered the group had been selling illegal "instant bingo" tickets. Olive said the FOP had sold the cards because "everyone was." He also said the FOP had nothing but trouble with its bingo sessions, and does not plan to attempt to operate another session ever again.

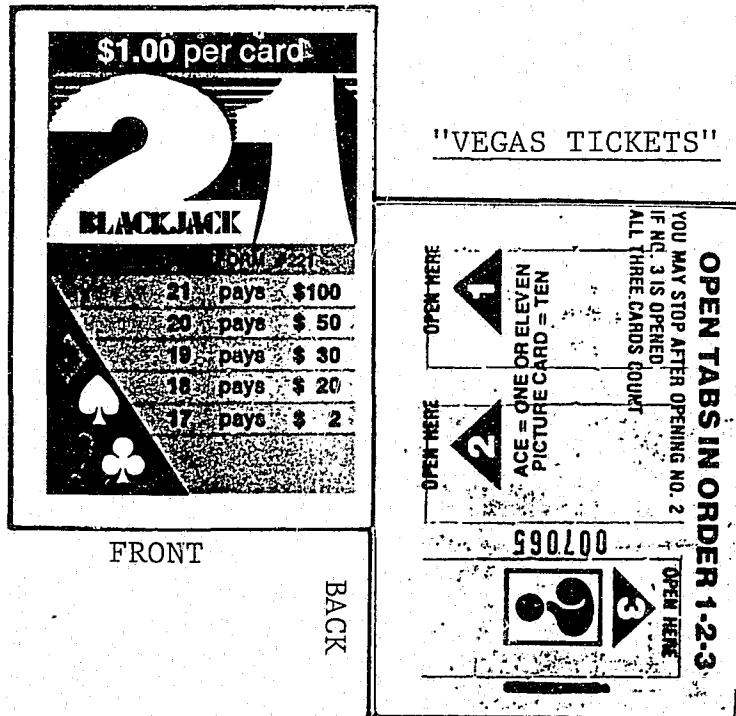
**"BINGO IN ROTATION"**



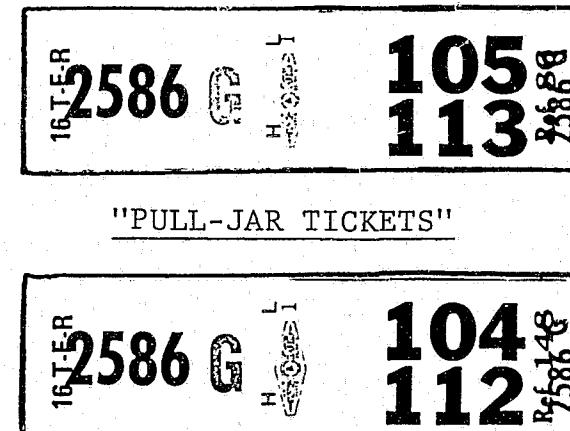
FRONT



BACK



**"VEGAS TICKETS"**



**Illegal Gambling Devices:** The Department of Revenue recently issued a statement vowing to "crack down" on the use of these devices at bingo sessions:



**Illinois Department of Revenue**

1500 South Ninth Street  
Springfield, Illinois 62708

January 29, 1982

Dear Sir:

Since the enactment of the Raffles Act (Public Act 81-1365), in August, 1980, a misconception has developed among Bingo organizations that this law legalizes "jar games". "Jar games" include, but are not limited to, "pull-tabs", "tip boards", "punch boards", "breakopens", and any other illegal gambling devices.

The Raffles Act does not legalize "jar games"; only raffles which have been licensed by the appropriate unit of local government (the Department of Revenue does not issue licenses for raffles).

Bingo organizations, including licensed providers of premises, selling "jar games" are subject to criminal prosecution for gambling, as defined in the Illinois Revised Statutes, Chapter 38, Article 28-1, with a resultant revocation of the Bingo license. In addition, organizations conducting bingo at a location where "jar games" are sold are subject to license revocation.

Your compliance concerning this, and all aspects of the Bingo Act, is anticipated. If you have any questions, please call Gary Schechter, Manager of Bingo Administration, at 217/782-3129.

Sincerely,

J. Thomas Johnson  
Director

JTJ:ceh

The Commission contacted the school to which Willow Springs FOP said it had regularly contributed bingo proceeds. A school spokesperson told us the school records show one contribution of \$50 in 1975 from the Willow Springs FOP, a gift of five cartons of candy at Christmas time in 1980, and a box of apples in 1981. She said she could find no record of any other contributions from the Willow Springs FOP.

Our investigation of bingo licensees and providers showed us that abuses of the bingo act are indeed occurring. Technical violations are not uncommon. Membership and history requirements are often circumvented or ignored. The relationship between groups and the facilities at which they play is often much closer than could be desired, and bingo proceeds may thus be funding beneficial projects less often than the legislature intended. We found hints of underreporting or "skimming" which will be explored in Chapter 4. We also found that competition from the large halls has a definite negative effect on the groups playing smaller games. And, while most bingo licensees are above-board and worthwhile groups, some of these groups abuse their good reputations by engaging in illegal practices to combat this fierce and heavy competition. However, in the next chapter we will discuss the presence of a more ominous influence in the bingo industry, the involvement of organized crime and other criminal elements.

### Chapter 3

#### EASY MONEY: BINGO AND THE CRIMINAL ELEMENT

##### The "Nature of the Business"

A 1977 Illinois Legislative Investigating Commission report entitled Race Track Messenger Services found those short-lived offshoots of legalized gambling to be connected in many cases to persons with links to the criminal sector of society. Gambling is and always has been the territory of the underworld: the ILIC report noted that "the very nature of the business engaged in by messenger services attracts many persons which few respectable businesses would want on their payrolls. Many of these people have long records of criminal arrests and convictions. Some of them have direct links with organized crime or are known associates of underworld types." The report says "it is precisely the underworld element in messenger services" which resulted in the problems and abuses the Commission's investigation of the services uncovered.

It is likewise the "underworld element" which is involved in the most notorious of the Illinois bingo palaces. The Commission discovered evidence which links known organized crime figures with the Pinnacle and Brown's Hall. Not surprisingly, the Commission is familiar with several of these figures through their previous connections with race track messenger services.

The June 26, 1978 issue of Business Week enumerates the reasons why ventures such as race track messenger services and bingo attract the criminal element:

The underworld has so much more expertise at gambling than any government functionary, and so much more at stake in controlling it, that most law enforcement specialists regard infiltration as inevitable. Control is crucial to the mob because gambling constitutes its major revenue source . . . and because legal gambling additionally serves as a handy means of "washing" illegal profits.

Both Department of Revenue (DOR) and law enforcement officials say the potential for organized crime involvement in bingo was present right from the start. Because it is a cash business with great potential for skimming, because of the example set by other states such as New York, and just because of bingo's status as gambling, investigative and enforcement agents kept one eye peeled for criminal involvement from the first. This is perhaps one reason why organized crime is involved only to the extent it is. As DOR Investigations Supervisor Michael J. Berry said, they tested the water and found it wasn't warm enough. The mob-linked Pinnacle was forced to close and Brown's has received enough "heat" to keep the place warm for years. Berry said he believes the criminal element thought bingo would not be closely watched. It was watched, however, for all but a few of its nearly 11 legal years. But it was during those few relaxed years that organized crime made inroads to the bingo business.

### The Pinnacle and Brown's Hall

When Chicago police and federal agents raided the Finish Line Messenger Service at 506 W. Van Buren St. in April of 1977, they found a copy of the Illinois Bingo Licensing and Tax Act. Attached to the Act was a note which read, "To D and B, read this stuff and see how we can circumvent it. Signed, the hard-working Pollock." Albert Woznicki, who, according to the Chicago Crime Commission (CCC) and Chicago police, operated several Finish Line Express race track messenger service stores, is believed to be the note's author. It was apparently meant for two known crime syndicate figures, Dominic Cortina and William (Bill) McGuire, both of whom were indicted, along with 12 Finish Line employees, on federal gambling charges as a result of the above-mentioned raid.

Margaret Seltzner had mentioned she thought Cortina, in addition to Donald Angelini, was connected with the Pinnacle, but was unable to prove Cortina's connection. Angelini, she said, had paid the water bills, but Seltzner was not able to obtain a copy of the land trust which would indicate ownership of the Pinnacle.

The Commission subpoenaed this land trust document and was thus able to substantiate Seltzner's suspicions. Land Trust 33621, created February 23, 1978, with the Exchange National Bank of Chicago as trustee, lists the following beneficiaries: Pauline C. Angelini, wife of Donald Angelini; Vicki Cortina, wife of Dominic Cortina; Karen and Nancy Colucci, daughters of George Colucci; and Jennie and Maureen McGuire, William McGuire's daughters. The original trust also lists Maryanne Kuntze, who had the same address as well-known gambler and mob figure Richard Piekarski. Kuntze assigned her interest in early 1980 to the other beneficiaries.

Cortina, Angelini, Colucci, McGuire and Piekarski all, according to Chicago Police Department (CPD) Intelligence, answer to Chicago mob gambling boss Joe Ferriola. Cortina and McGuire reportedly controlled the Finish Line messenger services, several of which Woznicki operated, and a source told the DOR in late 1978 that he had heard Al Brown was planning to open up "a place" in Chicago Heights which a "Nick and Tony" were going to run. Nick Pinto, who according to the CCC is believed to have at one time been a runner for a Chicago syndicate loan shark and gambling organizer, did indeed run the Pinnacle, and Woznicki has been linked with the Pinnacle owners in other ways, as well. In the November, 1980 issue of the CCC's Searchlight publication, it is indicated that Bill McGuire "has been close to Nick Pinto and Albert Woznicki (Al Brown) who ran bingo operations," and CCC files indicate that Woznicki was active in setting up the Pinnacle operation. According to a reliable Commission informant, on the night Brown's opened Cortina helped Woznicki and his wife Mary count the money. A CCC press release noted that Cortina and McGuire had been seen at Brown's "from time to time," and another ILIC source alleged that McGuire had been observed there in the summer of 1979. This same source also said that a member of the FBI's Organized Crime Unit had also connected McGuire with the bingo hall on West Belmont. Also, an informant evidently affirmed for the CCC that McGuire was involved in the Chicago mob and said McGuire had actually set up the Finish Line operations and also had a definite interest in Brown's.

Brown's Hall apparently has connections with other types of criminal involvement, as well. A group still playing at Brown's, the Societa Alleanza Riciglianese (SAR), lists as its business address the location of West Suburban Loan Company, site of a 1974 police gambling raid. SAR officers Louis and Charles Parilli (sometimes spelled Parelli) were both arrested during this raid, through which police discovered a good supply of sports betting paraphernalia, and were charged with gambling. Louis was charged with syndicate gambling, and both brothers had prior gambling arrest records.

From this information it seems evident to the Commission that prominent Chicago syndicate figures were involved in both the Pinnacle and Brown's halls. Several reliable sources have linked Al Woznicki to the Pinnacle operation--which we know was controlled by several well-known mobsters--and vice versa. We also know that Woznicki was connected with the Finish Line messenger services which were reportedly run by many of these same syndicate figures. The transfer of Brown's hall management to Euvco, Inc., does not do much to change the Commission's opinion that the troubled hall's bingo operation may yet be funding other organized crime projects.

In an attempt to answer many of the questions raised by the Pinnacle land trust and the Brown's bingo operation, the Commission subpoenaed five of the beneficiaries of the Pinnacle land trust, as well as the beneficiary's family member who, in our opinion, had actually been responsible for setting up the Pinnacle land trust. Pursuant to the subpoena and a subsequent court order upholding the subpoena, the Commission interviewed these beneficiaries and Donald Angelini, George Colucci and William McGuire. Each was asked questions about how the Pinnacle was set up, if they received any proceeds from the bingo games played there, if Joseph Ferriola had received any of the proceeds, if they had ever entered the premises of Brown's Bingo Hall, and if they had any other involvement together with Dominic Cortina and/or Richard Piekarski in enterprises other than bingo. To each and every question, the witnesses invoked their constitutional rights under the Fifth Amendment and refused to answer. We also attempted to speak with Woznicki, but he did not respond to our requests for an interview.

### Other Criminal Involvement

Another criminal figure who comes to bingo courtesy of messenger services is Eugene Poirier. CPD Gambling Unit officers told the OAG that Poirier, a former runner for the Pick-A-Winner service, had been associated with massage parlors and messenger services. The Commission first came across Poirier's name in our 1977 investigation of these services. It was not surprising to see it surface again in relation to bingo.

Poirier was reportedly associated with four bingo licensees which applied to conduct bingo games at 2837 N. Clybourne in Chicago. Two of these groups, Education and Training Associates, Inc., and Crusaders to Help the People, were granted licenses by DOR in 1978. Both applications listed a number of the same people. However, a hearing took place almost immediately afterwards, and the licenses were revoked. Poirier's colorful criminal history was a major reason for the revocation of these licenses. His arrest record includes charges of gambling, petty

larceny, and keeping a house of prostitution. He formerly operated a not-for-profit corporation called Backstage II. However, the Cook County Circuit Court decided that Backstage II--an establishment which advertised completely nude dancers, sold memberships and soft drinks at high costs, and solicited patrons for sexual acts to be committed on the premises--was not a non-profit organization, and enjoined Poirier and everyone else involved with Backstage II from ever forming a non-profit group again. Poirier's involvement with the non-profit bingo groups eventually led to their licenses' revocation.

After the two above-mentioned licenses were revoked, the same people applied again the next year, but were informed that their licenses had been revoked forever. A short time later two other groups applied to play at the 2837 N. Clybourne address, the Chicago Venture Opportunity Council and The People's Movement. Licenses were issued, but the groups played for only a short time, and late tax returns plagued their bingo history. Neither group, both of which were referred to by DOR as "bad groups," is playing today.

Recently, the Commission learned from the Cleveland, Ohio Police Department that Poirier was present during a July 23, 1981 raid on a Cleveland messenger service.

Still another figure bingo inherited from messenger services is Daniel W. McCollum. The Commission learned in 1976 that McCollum was a runner for a race track messenger service. In 1980, McCollum and four others, Mary A. Rudek, Kenneth Hankins (another messenger service cross-over), Joyce A. Abrahamson and Roberta R. Henderson, were arrested on charges growing out of their alleged scheme to use a legitimate group's name in obtaining a bingo license and then operating the game for their own profit.

The legitimate group was allegedly approached by Henderson, who has an extensive arrest record and who told the groups she would secure the hall, run the games, and select and pay the workers. The group would have to supply names and addresses of actual members for purposes of getting the application past DOR, and would receive 25% of the net bingo proceeds.

Unfortunately for McCollum, Henderson and company, they were actually dealing with a DOR undercover agent when they approached the charitable group. This agent noted that McCollum and Henderson were well-versed in DOR bingo procedure, and coached group members on responding to investigators' questions which would arise during the screening process. The DOR undercover investigation eventually led to the arrest of the five suspects. Henderson was convicted and the charges against the others were dropped.

Thus, although criminal elements have managed to infiltrate bingo to a certain extent, the extent is not as great as it could perhaps have been. While at least two large palaces have been connected with well-known syndicate gambling figures, and a number of persons with extensive arrest records have managed to become involved with bingo licensees, DOR and other agencies have had a certain amount of success in eventually weeding out these people, and applying pressure to their organizations.

Bingo has been seen in a number of different lights by DOR: as a low priority because of its status as a small revenue-producer, as a high priority because of public pressure, as a tax problem, as an enforcement problem, and often as a headache. It was during the time when bingo was a low priority that the criminal element seeped in. More careful screening processes and investigative procedures recently have been influential in dissipating the effect of criminal involvement in bingo. How DOR's perception and enforcement of the Bingo Act, currently and in the past, have influenced the present bingo situation will be explored in the next chapter.

Chapter 4

BINGO AND THE DEPARTMENT OF REVENUE:  
TAXATION, REGULATION, ENFORCEMENT

Introduction and Approach

When the legislature opened bingo up for the business of helping charitable groups, it gave the Illinois Department of Revenue (DOR) the responsibility of minding the store. To make this job possible, the legislature gave DOR a number of powers, including the power to promulgate rules and regulations, to refuse to issue licenses to ineligible groups, to require information from applicants and licensees, to inspect their books and records, and to revoke licenses if the licensee violates any provision of the Bingo License and Tax Act. The Act also specifically directs DOR to determine the eligibility of a license applicant, and to revoke licenses for late or omitted tax payment. "Thus," according to the 1981 Office of the Auditor General report entitled Management and Program Audit, Licensing and Regulating Bingo Games, "the Department of Revenue has regulatory responsibilities in three broad areas: licensing, tax collection, and oversight (compliance and enforcement)."

That is rather a large job for an agency whose main emphasis and responsibility has always been simply tax collection. No other tax the department administers involves doing background checks on licensees, making sure prize limits are not exceeded, determining whether or not the licensee is really a charitable group. And little help has come from other agencies. This, however, may or may not be as the department wishes.

DOR Investigative Services Bureau Administrative Assistant John Baylor said his agency only requested help from local law enforcement officials when arrests had to be made for illegal gambling offenses and such. Other DOR officials have said tax confidentiality laws make it difficult for other law enforcement agencies to help police bingo. The Commander of the Chicago Police Department (CPD) Gambling Unit told the OAG in 1980 that "the CPD would probably not be too unhappy" if it had "a larger role in bingo" but that the CPD policy was "hands off" a bingo group if DOR had licensed it. Baylor, however, told the Commission, "We didn't enjoy too much success with sister law enforcement agencies because they weren't interested in bingo. Neither were we, but we had to do it," Baylor added.

More than just a tax which failed to "interest" DOR, bingo has been a rather significant problem for the agency: as Baylor said, "It has been only a source of misery to the department." It is really little wonder DOR wasn't interested in bingo: it brings in comparatively little revenue. But bingo very much interests the public. It interests anti-gambling groups. It interests bingo players. It interests those concerned about organized crime and those just interested in gambling on the whole. The mass media know this and are quick to pick up on anything to do with the game. When the Senate passed the bingo bill for the first time in 1969, the Chicago Tribune's front page headline (in inch-high type) read "SENATE PASSES BINGO BILL." As DOR's Investigative Services Bureau Deputy Director Laurence P.

Mulcrone said, "Bingo sells newspapers." And over the years DOR has received its share of "bad press" concerning its bingo licensing and enforcement efforts. The agency has had to make a decision about whether this extensive public interest in bingo outweighs the fact that, in relation to other taxes, bingo is not very profitable for the state.

The history of DOR's decision on this issue indicates that both periodic relaxation of enforcement efforts and a more pervasive set of attitudes and procedures within the department have influenced the past and present bingo situation. Temporary stoppage of applicant screening and a severe lack of investigative manpower may be responsible for some of today's bingo problems. Other problems come from such factors as a conflict, still largely unresolved, over perception of the Bingo Act as mainly regulatory or as mainly tax-oriented. Another problem is the lack of a unified effort concerning bingo, which has kept DOR from maintaining a perspective on the whole bingo picture and which has thus prevented the agency from anticipating problems and recognizing trends. Other deficiencies in the department's handling of bingo have occurred in the Investigations Division, and DOR's administrative program as far as bingo is concerned has some problems, as well.

On the other hand, DOR is not completely at fault for many of these problems and deficiencies. As a tax collection agency, DOR may be justified in giving low priority to such a small revenue producer as bingo. Since it is a tax collection agency, it may also be justified in viewing the Act more as a tax act than a regulatory act, especially in light of the relationship between DOR's efforts at promulgating restrictive regulations and the legislature's subsequent amendments. And many of the procedural problems and deficiencies may be soon remedied by changes forthcoming in the department.

DOR's cooperation throughout our investigation was invaluable. Officials were open and willing to provide us with information essential to our inquiry. It is apparent to us that the department wants to do a good job administering bingo, is aware of its deficiencies, and is eager to contribute to efforts which may aid DOR in effecting desired change.

The OAG report presents general DOR procedure concerning bingo in large detail, and we advise that this report be consulted for specific information regarding record-keeping, detailed licensing procedure, and information exchange. For the purpose of this report, a brief examination of the relevant department divisions and their functions will suffice. The department is "administratively organized by function, with responsibilities divided between the Chicago Metropolitan area (Cook County and the five collar counties) and the rest of the state," according to the OAG report. It has two major offices in Springfield and Chicago, and the Chicago office has recently been put in charge of bingo in 18 other northern counties with Interstate-80 as the approximate cut-off. Under Director J. Thomas Johnson and Executive Deputy Director Michael Kerr, newly appointed Bingo Administrator Gary Schechter has authority over DOR efforts related to bingo. The Investigative Services Bureau, headed by Mulcrone, takes care of screening applicants, investigating complaints and visiting play sites to ensure compliance

and auditing bingo licensees. It has offices in both Springfield and Chicago. The Miscellaneous Taxes Division office in Springfield takes care of issuing licenses and maintaining records on all licensees. That is, all information on any licensee is kept in Springfield. If the Chicago office needs certain information on a license which is not kept in Chicago, it must request it from the Springfield office. The Audit and Collection Bureau, headquartered in Springfield, has had little to do with bingo since the responsibility for bingo audits was assigned to Investigations in 1979. The Bureau does review the audits which are done, develops standards and procedures relating to all audits, and will sometimes become involved with bingo if there is a tax collection problem. Legal Services, which has offices in both cities, of course oversees legal matters for all taxes including bingo. The Regulations and Hearings Division of Legal Services is responsible for conducting hearings on bingo cases, and the Chicago office has, according to the OAG, become more or less the unofficial authority on bingo policy, a situation which is changing now that DOR has reinstated a bingo manager.

#### A Regulatory Vacuum

When bingo was first legalized in 1971, it was done so with much fanfare, a great deal of talk about strict regulation and enforcement, and the appointment of a bingo coordinator. This coordinator turned out to be really more of a public relations person than an actual manager of DOR tax collecting, regulatory and oversight efforts. After the initial coordination efforts were completed, initial interest concerning bingo's progress as legalized gambling subsided, and DOR divisions' bingo duties became routine, this position was eliminated in 1972.

DOR initially required that officers and operators of applicant organizations be photographed and fingerprinted. These requirements grew out of pre-legalization fears that entrepreneurs, professional gamblers and crime syndicate figures would take over the volunteers' responsibilities. In 1972, DOR discontinued the issuance of ID cards and stopped the fingerprinting requirement in 1975.

Up until this time, the bingo situation in Illinois looked fairly promising. Tax revenue increased each year: from \$1,173,796 in 1972 to \$6,487,186 in 1975. The scandals bingo opponents had warned of did not materialize, and the licensees were making a good profit off the games to support their causes. Apparently because things were going along so well, the department relaxed and turned its attention to other taxes. However, during the 3-year period of relaxation when DOR apparently considered its responsibilities under the Act almost wholly tax-oriented, a virtual regulatory vacuum developed. Incredibly, DOR totally stopped screening applicants; it also stopped photographing and fingerprinting officers and operators, and somewhat relaxed its stance on organizations playing bingo away from their home premises. By 1976, the Chicago Metropolitan area had one DOR investigator working bingo. A DOR spokesman told the Chicago Tribune in 1977 that, "right now, the Bingo tax is probably the simplest of all to administer."<sup>1</sup>

Within the regulatory vacuum, however, bingo problems began to develop. Once the screening of applicants stopped and photo and finger-

print requirements were discarded, "more questionable organizations came to obtain licenses," a DOR investigator told the OAG. It was during this time that such groups as the McCullough family's became licensed to play bingo. And along with this problem came the problem of the big halls. Once DOR began permitting licensees who rented their headquarters from non-licensees to sub-lease this space to other licensees for the purpose of conducting bingo, and began permitting licensees to play at "donated" premises, large multi-play sites began to spring up, bringing with them the problems discussed in previous chapters of this report. In mid-1978 Baylor, then Investigative Services Manager in Chicago, advised the Regulations and Hearings Division that the department's policy on "donated premises" was responsible for the growth of the bingo palaces. He told the Commission the palaces began cropping up in early 1978, and that based on the problems the palaces began to cause, he volunteered the Chicago Investigations Section to again start screening applicants in late 1978. DOR thus eventually realized its mistake, and in 1979 proposed a statutory change limiting the frequency of play at any one location. It realized its mistake too late, however, because in the same year the legislature allowed licensed providers to lease premises. The bingo palaces were thus in effect given a legislative go-ahead.

Along with the dubious groups and criminal element which surfaced concurrently with the bingo palaces came other assorted problems such as late tax filing and evidence of skimming. Around the beginning of 1979, DOR apparently decided things had gone too far and began to step up its regulatory and enforcement efforts. As we have demonstrated already, the department attempted to crack down on groups such as the McCullough's and palaces such as the Pinnacle and Brown's. The agency has been somewhat successful in these instances, but many other problems with Illinois' bingo situation remain, due in the most part to certain more pervasive problems in the department's handling of the bingo program.

#### A Conflict of Perception

Perhaps the greatest difficulty DOR has had to overcome concerning bingo is a rather understandable conflict of perception about its relationship to the Bingo Act. According to the OAG report, the intent of the original Act "was to control and regulate bingo. . . . The revenue-raising aspects of the Act were of secondary importance. This point was reinforced when taxes were lowered from ten percent to five percent, effective January 1, 1979." DOR's response to the OAG's interpretation reads:

The Department of Revenue has one major responsibility: collecting taxes. Its organization and procedures are directed toward that process, and it has therefore necessarily viewed the Bingo License and Tax Act as a licensing and taxing statute. While the different directors who have managed the Department in the decade since bingo was legalized have held different opinions on the nature of the Act, it has never been viewed as exclusively regulatory. The Department, therefore, does not agree with the basic premise of the Auditor General's report that the Act is a policing statute rather than a licensing statute.

According to the Tribune report, Johnson, DOR Director, "acknowledges that bingo is not strictly regulated here and he believes that

that is what the legislature intended when it passed the act legalizing the game. 'Under the existing act, the legislature suggested that (bingo) not be a highly policed activity,' Johnson said. 'Policing is not what our basic function is. We are a tax-collecting agency.'"<sup>2</sup>

The perception conflict occurs not just between the department and other entities, but between different sectors of DOR itself, as well. Schechter told the Commission that the Bingo License and Tax Act is like "no other tax that DOR has to regulate." He said he feels that since the Act is "not designed to make money, it logically doesn't belong in DOR." Schechter said he felt the Secretary of State's office would be "not an illogical place for the bingo function." Michael J. Berry, Investigations Supervisor in Chicago, however, said he feels DOR is the logical place for bingo. Wayne Golomb, former Deputy Director of DOR's Legal and Investigative Services Bureau, told the OAG in 1980 that he felt bingo is principally a regulatory program, not a revenue-raising program, and produces less revenue for the state than any other tax except COAD (Coin-operated amusement devices). And a 1979 memo to the director of DOR following a meeting of six Investigative Services staff members indicates that one member felt tax collection should be DOR's major bingo concern, and the others felt DOR's "major concern in bingo should be enforcement (since bingo is legalized gambling), rather than tax collection." Today, since the Deputy Director of Investigative Services, Mulcrone, has been detailed to DOR from the Illinois Department of Law Enforcement (IDLE), the departmental emphasis is swinging more toward enforcement. But this conflict both within the department and between it and other agencies has contributed to the lack of a unified effort toward policing bingo.

#### A Lack of Unified Effort

This lack of unified effort has been manifest in other ways, as well. Perhaps most importantly, the lack of a bingo administrator is both a symptom and a cause of this departmental disjunction. For nearly ten years, no one person has been responsible for bingo, no one has been answerable for DOR's actions concerning bingo. There has been no one to help coordinate the activities of the different DOR departments with respect to bingo, no one who could spend time analyzing bingo data from this and other states in order to be able to see trends and anticipate events. In short, no one in DOR has, until very recently, had a clear view of the bingo picture as a whole. The department's perception of the bingo situation has been fragmented, and often the left hand has not known what the right hand is doing.

Berry told the OAG in 1980 that there is little unified direction in the area of bingo enforcement--that he was simply given a copy of the law and regulations and told to "go to it." Here is another symptom of DOR's lack of a coherent bingo program: the lack of an authoritative written policy statement. The OAG report says that DOR "has not developed any comprehensive guidelines or mission statements nor has a usable policy manual been developed. It is not clear, therefore, by whom, how, or at what level policy is made and applied." The above-mentioned memorandum to former DOR Director James B. Zagel indicates that as late as March, 1979, the department was still struggling to resolve its internal perception conflict long enough to come up with a definitive statement of department policy. As the conflict has not yet been resolved, neither has a definitive policy resulted. This

however, may be less of a problem now that the position of bingo administrator has been reinstated.

Perhaps the most pervasive factor influencing DOR's lack of coherence with respect to bingo is the very organization of the department itself. As Baylor told us, DOR is organized functionally rather than compartmentally. That is, rather than having a "Bingo Division" the different Bureaus in the department take care of the different facets of bingo: licensing, investigating, tax collection, hearings, and legal matters. The OAG report regards this functional organization, as well as the division of records between the Chicago and Springfield offices, "significantly" related to the "several problems and management weaknesses" the OAG found in DOR's bingo program. This system of organization may work for most of DOR's other tax responsibilities, but it presents problems for a tax like bingo--a tax that carries with it regulatory responsibility.

Such organization makes it difficult to obtain an overview of the history of a single bingo licensee. It also makes it difficult for divisions to share relevant information with each other. There exists, for example, no mechanism which allows for reporting to Investigations any suspicion Miscellaneous Taxes might have that a group is underreporting gross proceeds. Since the tax processors have no idea where a group plays, how many persons that location seats, or the average per capita expenditure, they have no way of guessing when a group might be skimming. They only report to Investigations if no tax is filed or if tax is filed for an organization which does not have an active bingo license. According to Gary Ey, Deputy Director of the Tax Processing Bureau, the processing of tax returns involves no qualitative judgments regarding the appropriateness of the tax amount, or the correct reporting of gross receipts, as this is the function of the Audit and Collection Bureau. Here, it seems, this functional organization leads to a more fragmented and thus less efficient view of bingo licensees, and a potentially effective means of identifying skimming is ignored.

#### Skimming

The time has come to discuss skimming a little more in depth. The term "skimming" refers to the underreporting of gross bingo receipts in order to pay less tax and/or to show less money available for the group's stated purpose. That is, a questionably qualified group might under-report proceeds in order to keep non-reported profit instead of using it for its stated purpose. Since bingo is a cash business which by virtue of that characteristic most often leaves an audit trail which is difficult to follow, and since DOR most often relies on the integrity of the bingo licensee to report honestly, skimming is very hard to detect without a site visit..

For instance, when the Commission visited Brown's hall with DOR in December, 1981, the operator of the game being run that morning told us that there were 339 "door cards" sold that day. Since everyone must buy a door card to gain admittance to the game, this number is an accurate reflection of the day's attendance. When this group, ACTOV, submitted its quarterly tax return, however, it indicated the day's attendance amounted to only 295 persons.

The group also indicated that the gross proceeds for the day amounted to \$4,000. If this is true, the day was not very profitable for ACTOV. Subtract \$3,400 in prizes plus \$350 in rent plus \$200 in tax payment, and ACTOV made \$50 net before purchasing supplies.

It seems rather futile for a group to spend the time and energy it takes to run a bingo game for \$50 profit. Thus, one might reasonably suppose that the figure of 339 persons was closer to the truth. Using the figures of 295 persons and \$4,000 gross as basis, the reported per capita expenditure for the day would be around \$13. If we were to assume that there were actually 44 more people present, each spending \$13, the gross receipts for the day would be closer to \$4,600 and the net profit closer to \$600. If we were to assume that the amount of gross proceeds were reported correctly and the attendance reported incorrectly--44 persons low--the per capita expenditure would be around \$11.75. However, the Chicago-area average per capita expenditure is, as we learned from several sources, around \$15 (down-state the figure is approximately \$11). Thus, if we assume that 339 persons is the correct total, and \$15 each closer to the actual per capita expenditure, we arrive at a figure of \$5,085 in gross proceeds for the day. This would result in a net profit of closer to \$1,000 than \$50--clearly a much more profitable day, an amount which makes pouring time and trouble into a bingo game much easier to justify.

(It should also be noted that ACTOV's apparent reporting discrepancy gives us further reason to believe the group intended to exceed the prize limit the day we visited Brown's hall, as mentioned previously. For if the group was actually playing with a profit margin of \$50 there seems to be little chance that it would mistakenly exceed the prize limit by \$150.)

It is, of course, entirely possible that ACTOV's crowd that day was spending closer to \$13. But an analysis of tax returns with attention to norms and averages might turn up cases for possible further scrutiny. It seems apparent, at any rate, that ACTOV underreported attendance even if it did report gross proceeds accurately. This could not have been noticed without a site visit. But the low per capita expenditure might have signalled to someone in DOR that skimming was a possibility in this case. Unfortunately, there is no mechanism in the DOR organization to allow for such signalling. It is also interesting to note that another group at Brown's, the SAR, reported gross proceeds of just over \$4,100 for each game played the first quarter of 1982: recalling our previous figures based on ACTOV's \$4,000 day, that leaves SAR with a little less than \$100 per week profit for 13 weeks straight, assuming the group paid out the maximum \$3,400 in prizes. Also, reported attendance versus reported gross leads to a per capita of \$10. The unlikelihood that a group would expend so much effort for so little profit might lead one to consider the possibility of skimming, as would the low per capita figure. Again, DOR set-up does not provide for such consideration.

This does not mean, however, that DOR and other agencies do not believe skimming occurs. On the contrary, they are aware it may be a large and expensive problem. Representatives of the Chicago Crime Commission (CCC) told the OAG in early 1980 that they believe skimming to be substantial. Officers from the CPD Gambling Unit told the OAG they suspect that there is a substantial amount of underreporting of

gross receipts, but admit that it is difficult to get a handle on it without head and card counts. In the aforementioned memo from six investigative staff members to DOR Director Zagel, the staff members "estimated that a large portion of bingo receipts (and consequently, bingo tax), is being underreported." Also, Baylor told the OAG in 1979 that during an Investigations raid on a bingo game run by the notoriously troublesome "Senior Citizens" bingo group, \$10,000 in cash was confiscated. DOR estimated that if \$10,000 was the group's normal handle, as the department believed it was, then the group was reporting and paying taxes on only a fraction of its proceeds. Baylor said incidents like this led Investigations to conclude that there is a lot of skimming in bingo. Several figures have been bandied about, from \$25 million to \$150 million in gross proceeds underreported, and \$1.25 million to \$6 million in resultant tax loss. These figures have been based on all sorts of data--other states' bingo revenue, projection from selected DOR audits, etc.--but are mostly guesswork. No one really knows how much the state may be being cheated out of in bingo tax receipts--but most DOR and law enforcement officials say it is probably a significant amount.

However, DOR Deputy Director of the Audit and Collection Bureau, William J. Smith, told the Commission that the amount of underreporting discovered in the bingo audits which have been performed is small, and this may be Schechter's reason for telling the Commission he feels skimming is a "minor problem." Smith, however, also said he feels one of the reasons little underreporting is detected and little money is recovered from detection is the lack of manpower devoted to bingo. With few DOR resources devoted to bingo, he said, detection of under-reporting is very remote. Finally, Berry told the OAG in 1980 that he felt "there are not enough investigators to get any handle on possible skimming."

#### Investigations

Lack of manpower certainly contributes to the problems DOR has had effectively policing bingo, especially in the Investigations Division. Certain deficiencies in Investigations' efforts have apparently led to various problems currently plaguing the bingo industry. These deficiencies seem to be the result of a combination of this apparent lack of manpower and of an attitude toward bingo which is not particularly enforcement-oriented. In many instances, lax efforts in the Investigations Division has made licenses too easy to obtain and too difficult to revoke. CCC Associate Director William K. Lambie told the Commission it is "extremely easy to obtain a bingo license in Illinois." And as we have seen, it is a number of groups which probably should have found it more difficult to obtain licenses which have created many of Illinois' current bingo problems.

The kind of applicant screening done by Investigations is mainly responsible for this ease in getting licensed. According to the OAG, DOR "has been unable to conceive a coherent strategy or to marshall sufficient resources to effectively control" the influx of dubiously qualified groups into the bingo industry. Representatives of the OAG told the Commission in late 1981 that during the audit which resulted in the 1981 report, they found that unless a group was very obviously ineligible it would have to work hard not to get licensed by Revenue. Al-

though better screening techniques have been developing since October, 1978, the strategy DOR uses, or is forced to use, concerning applicant screening is ineffective in that it heavily relies on the integrity of the applicant itself. The department relied on the integrity of the Poirier groups, although there was apparently little integrity there to be relied upon: applicants must affirm that no one connected with their group's bingo is a professional gambler, and the Poirier groups affirmed this. A quick check of computerized police information would have shown that these groups should have been immediately disqualified. But, as an OAG auditor noticed, 90% of the information required by DOR to verify a new application is acquired over the telephone--from a representative of the organization under review. James F. McCaffery, then Springfield Manager of DOR's Investigative Services, told the OAG in late 1979 that preliminary screening of applicants involves mostly phone calls to listed operators and the organization's officers. Other checks the division usually makes involve checking to see if the organization has been registered with the Secretary of State for at least five years and determining if the group has submitted proof of its non-profit status from the Attorney General's Office, he said. The Secretary of State check, however, is only valid if the organization is incorporated. Mainly, a DOR investigator told the OAG, the determination of an applicant's eligibility is based on the subjective opinion of the investigator as to whether the group appears to qualify for a license. This, he said, is a necessity because Investigations wants to limit the time spent on screenings so that it can devote its resources to higher-priority taxes and to investigating bingo complaints. It is thus necessary to rely on the applicants' honesty in order to get the job done.

But DOR also relies on the efforts of another agency to help do the screening job--the Attorney General's Office (AG). In an early 1979 meeting, DOR staff members brought up the idea of requiring organizations to submit proof of registration with the Attorney General's Office under the Charitable Solicitations Act. This, they apparently felt, would eliminate for DOR the problem of determining if a group met the licensing category requirements--it would "take care of one of the definition problems," they said. Thus, DOR began requiring proof of this registration or exemption from it. The AG was suddenly besieged with inquiries and visits from people who wanted letters immediately. DOR had to return hundreds of applications for new and renewal licenses because of the lack of this documentation. And the proof did not happen to be in this particular pudding. According to the AG, Charitable Trust Division, several of the licensable bingo categories are exempt from registration with the division, as are all organizations which do not expect to receive more than \$4,000 in a year from solicitations. (According to the AG, if a charitable group uses its name and publicizes the fact that profits from its fund-raising efforts are used for charitable purposes, it is soliciting. If a group merely publicizes that it is holding a bingo game but does not specify where the proceeds will go, it is not soliciting.) Most bingo licensees do not receive \$4,000 yearly in "solicitations." Also, the AG does minimal checking into a group's bona fide status--it is not a licensing agency. Thus, it routinely grants letters of registration and exemption based, like DOR, on information received from the organization. DOR's requirement of a letter of registration or exemption from AG under the Charitable Solicitations Act, then, did virtually nothing to weed out ineligible applicants. Rather, it simply created administrative havoc and is yet another example of how DOR has tried

to rely on factors outside its control during the bingo license application screening process.

Another symptom of DOR's relaxed attitude toward the screening process is the sometimes questionable and incomplete information Investigations often allows as proof of eligibility. Already mentioned as an example are the minutes from five consecutive annual meetings of the Alpha and Omega Church--minutes which appeared to have been produced concurrently instead of at one-year intervals. DOR apparently feels most bingo licensees are rather unsophisticated and do not keep complete records, and thus allows such practices as long as they accurately reflect the applicant's past activities. According to documents DOR released to the Commission, the department has accepted an alphabetical membership list running only half way through the alphabet as proof of bona fide membership. In two cases it appears DOR took an organization's word for it that the group really had been in existence five years even though the group name on the documents "substantiating" five years' existence was different. In another instance, a group which had to apply twice for a license but listed a different year of incorporation on each application was apparently never questioned by DOR about the discrepancy. All of this would seem to indicate that DOR does not systematically use the documentation groups provide when making eligibility and renewal decisions.

Investigations also does not systematically investigate actual bingo games. While the constant threat that DOR might pop in at any moment would seem to be a deterrent to bingo operators from running their games in defiance of the law, DOR does not randomly inspect licensees without notice. Again, at least partially because of manpower constraints, Investigations will usually only visit a site if it receives a complaint. According to the OAG report, almost half of the complaints received "deal with special game violations and prizes exceeding the limit." Berry told the OAG that most of the investigators' bingo work consists of responding to the several complaints that are received daily. "We didn't enjoy the leisure to inspect licensees at random," Baylor told the Commission. "We had more than enough complaints to investigate." He also said a sudden onslaught of media coverage of bingo could instigate a rash of random inspections by DOR, but that Investigations' time was mainly taken up with the various written or telephoned complaints the division received.

McCaffery said the procedure followed when a complaint is received is first to decide if the complaint sounds legitimate. If it does, the assigned investigator, "when he feels he has time," pulls the subject group's records to note when and where the games are played and to make sure all the organization's documentation is present and complete. Then he goes and plays bingo at the site. He counts players, talks to operators and callers, sometimes asking "trick questions" such as, "How much do you pay your workers?" The investigator also looks for other gambling. McCaffery said some violations are always found.

The OAG report said the Chicago office's approach had been somewhat different (since Mulcrone has recently been put in charge of both offices, procedures are becoming more uniform):

Chicago investigators generally focus their attention on the specific complaint. If the complaint is about special games,

for instance, they go to the game to determine if that complaint is justified. Usually, they do not count people or estimate gross receipts, but they would note any other obvious violations such as gambling.

A problem arising from the infrequency with which a licensee is visited by DOR has to do with enforcement procedures when violations are found. In most instances if a minor violation is found, according to the OAG, an investigator is more often willing to work with the operator to correct it than to prepare a report for use in a revocation proceeding. In many cases, a licensee found in minor violation of the Act is merely sent a warning letter. More serious violations will usually result in a case being opened and revocation procedure initiated. But for DOR to simply slap the wrists of groups it finds in violation may indicate to many groups that DOR's enforcement efforts aren't much to worry about--licensees are infrequently visited and less frequently punished. Even when more serious violations occur, such as exceeding the prize limit, the chances are a group will get away with it. Take, for example, our visit to Brown's with a DOR investigator. While we were there, the group apparently attempted to comply with the law because of our presence. Even if the crowd had let it do so, the act of trying to bring about compliance during a half-hour-long, infrequent site visit is insignificant. Two and a half months went by and no report of the DOR visit could be found.

This instance may be symptomatic of yet another problem in the Investigations Division: erratic reporting of investigative efforts. When Commission agents accompanied a DOR investigator on the visit to Brown's, they also stopped to check on a game being conducted at Di-Vinci Manor. No irregularities were found at this game. The DOR agent said he would not report that he had visited the game, since he found nothing wrong. He apparently did not write up a report about Brown's, either, until we began asking for a copy two and a half months later. This failure to report is significant in a number of ways. First, as we have demonstrated, it helps prevent DOR from detecting discrepancies in reporting of gross proceeds. It also puts any follow-up investigation at a disadvantage. Suppose DOR were to have received a complaint, around the same time of the Brown's inspection, that ACTOV, the sponsor, was using non-members as workers. Without a report, DOR would have no way of comparing the investigator's account of who was working bingo the day of the site visit with the group's membership list. It turns out that the men working the day we visited Brown's do not show up on ACTOV's most recently submitted membership list. A decision not to report a visit because no violations were found would also put DOR at a disadvantage if inquiries concerning that visit were subsequently made. Non-reporting of the lack of meaningful information is widespread at DOR. In fact, Baylor told us it is Investigations policy. This policy, however, apparently often results in difficulty identifying such potentially meaningful data as the date a group stopped playing bingo, or its failure to submit certain important documentation. Another type of information DOR does not document, apparently, is complaints which are considered less than legitimate. When a phone complaint is received which DOR does not feel is worth attention, according to the OAG, no record is made of it. This would seem to put possible subsequent investigative efforts at a disadvantage: if other, more "legitimate" sounding complaints about the same group or game were received, the unrecorded complaint could make the dif-

AUDITS. VS. AUDIT HOURS VS. TAX DOLLARS RECOVERED: BINGO VS. OTHER TAXES

TAX TYPE	LIABILITY		AUDITS				
	Additional tax established by audit	% of Total	Total # audits	# resulting in liability	%	Total # audit hours	Avg. \$/hr.
R.O.T.	\$65,466,923	75.00%	3700	2908	78.6	274,786	\$238
Income	16,953,602	19.41	2374	1237	52.1	56,464	300
Utilities	4,205,214	4.81	15	10	66.7	1,043	403
Motor Fuel	356,474	0.40	101	52	51.5	3,645	98
Hotel/Motel	178,294	0.20	25	14	56.0	637	28
Cigarette	79,858	0.09	15	9	60.0	674	118
Liquor	69,604	0.08	14	3	21.4	516	135
Bingo	7,394	0.01	34	8	23.5	922	8
TOTAL AVG.	\$87,317,363	100.00%	6278	4241	67.6%	338,687	\$258

"All bingo audits are good for visibility": William J. Smith, Deputy Director Audit and Collection Bureau, Department of Revenue. Bingo audits recovered the lowest number of tax dollars compared to other taxes, although they accounted for the 4th greatest number of audits performed. And, although they took up the 4th greatest number of audit hours, they resulted in the lowest dollar per hour tax recovery. Thus, DOR concentrates its audit efforts on more profitable taxes.

ference between whether a licensee is investigated or not when allocating limited investigative resources. Last, the Commission found one instance in which the delayed reporting of violations found during a site visit may have been detrimental to the outcome of a license revocation procedure. Because the report was not written until seven months later, the information was not available for use in the proceeding. Thus, Investigations' reporting procedures, and the lack thereof, have a detrimental effect on the department's policing of bingo in that they place follow-up, investigative and revocation or hearing efforts at a disadvantage.

The bingo audit program of Investigations suffers from this same lack of thoroughness and efficiency, for a couple of the same reasons. First, like site inspections, audits of bingo licensees are rarely performed except when initiated by complaints. "Of the 30 audits performed in the last 3½ years," according to the OAG report, "only 10 appear to have been randomly selected. . . . This is important because, as one official asserted, Revenue performs these random audits to maintain its visibility and encourage voluntary compliance with the Act." Helen Adorjan of DOR's public relations office, in an April 11, 1981 article in The Daily Calumet, explained that what she terms "loose policing of bingo" is due to a feeling in the department that "the groups to which the licensees are issued are less prone to be tax cheaters than the general populace." Thus, she said, "some audits are conducted" but the state generally does "take the word of most of the groups when they fill out their tax returns. Again, an apparent conflict of perception seems to result in a certain amount of inaction as far as bingo audits go: although random audits are supposed to be done in order to maintain high visibility and discourage cheating, at least part of the department apparently feels cheating is not a problem to begin with. And, indeed, the amount of money recovered from these audits is small compared to the amount of time spent performing them. As both DOR Executive Deputy Director Michael E. Kerr and Deputy Director of Audit and Collection William J. Smith noted, the recordkeeping of most bingo licensees is fairly unsophisticated. Attempting to reconstruct the transactions which take place through these "shoe box operations" is often time-consuming and frustrating, but rarely profitable. For the fiscal year 1980-81, each hour of audit time spent on bingo generated only \$8 in additional taxes, or .01% of the total additional tax recovered through audits. As Smith said, "All bingo audits are good for visibility." However, Kerr said he feels that bingo audits should be more oriented toward license revocation than tax collection, since the tax recovered through bingo audits has been almost negligible. As with Investigations' site visits, then, the effectiveness of its audits is impaired by the lack of resources which would allow it to conduct random audits, as well as a conflict of perception as to what the purpose of these audits should actually be.

#### Administrative Problems: Records and Hearings

Problems in the administrative areas of DOR have contributed to the lack of meaningful enforcement and unified effort concerning bingo, as well. One of the most pervasive of these is the significant fragmentation of bingo records. The separation of records between Springfield and Chicago and among the several DOR divisions involved in bingo made retrieving information for our investigation difficult, and it be-

came apparent to the Commission that the recordkeeping system did not provide for access to an overview on any specific licensee, nor for an overview of any regional problems. The fragmentation is in part simply a reflection of the department set-up, and in part a reflection of the many recent changes in DOR authority. As McCaffery told the OAG, the Springfield Investigations division has had considerable turnover in management. "This has resulted in continual change and lack of continuity," he said. "Files are set up about four different ways since every new manager tried to reorganize." Baylor said, however, that he saw no reason to change the Chicago filing system. Although information is cross-filed for very few areas, it is cross-indexed, making documents thus eventually retrievable. One DOR investigator indicated that report filing, following a site visit, can often be delayed several days if a Chicago investigator has to send to Springfield for certain licensing information. This investigator said he felt license application copies of Chicago and northern Illinois bingo licensees should be kept in Chicago as well in order to avoid reporting delays.

Once a report is written and a group is sent to hearings, however, the penalty imposed is occasionally not very significant. DOR at times will even ask for revocation of a play date on which it knows the group was not going to play, anyway. Davis said this is a way of warning groups which violate the law often more out of ignorance than defiance not to continue with their illegal activities. In the tax collection area, DOR also often fails to impose a significant penalty. While the Bingo License and Tax Act provides for automatic revocation for late or omitted tax filing, DOR between 1971 and 1978 did not revoke a single license for late filing or failure to pay the tax, according to the OAG report, which also indicated that late filing penalties are sometimes not assessed or collected.

Another problem for DOR, part of which it has control over and part of which it does not, is the potential length and slowness of the hearing and appeal process. A group which violates the bingo law is permitted to go on playing--and getting a share of the bingo dollar--until a hearing can be arranged and a final decision rendered. After that, a group may in some cases be able to play until all avenues of appeal are exhausted. Baylor told us that "one thing that hurt the department" was the amount of time it took for revocation proceedings to be resolved. "If you took a group up for revocation hearings, the avenues for appeal are so lengthy that a group could go on and play for a year or two before the matter was resolved," he said. In at least one case, however, DOR has been responsible for the delay. In this extreme case, that of West Cicero-Berwyn Boys Baseball, a request for a hearing was made in August of 1977. The case was not heard until August, 1978. Steven Davis, Assistant Manager of Excise and Sales Tax Legal Division, Chicago, said this was highly unusual. However, he said, even if a hearing is quickly arranged and a decision quickly rendered, a group may appeal to the courts and is usually successful in delaying revocation.

According to Davis, judges are usually willing to issue stay orders to prevent revocation or non-renewal of a group's license until the court's final decision can be rendered. He said the judges apparently don't think anyone is hurt by allowing the group to play,

while the group would unfairly lose the bingo revenue if it were stopped from playing and DOR's decision were later overturned, as it almost never is. Thus, a group can be found guilty of a violation and still play bingo for many months afterward. For instance, the McCullough groups first filed their complaint in June, 1981. They are still playing, and if the Illinois Supreme Court decides to hear their appeal, may play for as much as a year longer until a decision is reached. Admittedly, this problem is out of DOR's hands.

However, if a group is detected in violation of the Act, it can expect its punishment to be neither swift nor sure. It does not appear, then, in some cases, that hearings and revocation procedures pose a significant threat to the bingo licensee, which may decide that the competitive edge illegal bingo practices gives the organization outweighs the punishment it may possibly receive and the chance it will even be detected. It appears that in this area, DOR may still be walking a little too softly and carrying a rather small stick.

#### DOR's Defense

While the department may not be doing the best possible job policing bingo, it argues that it has several justifications for this deficiency. Its best argument, perhaps, is that all the concern generated over bingo does not change the fact that it is a low-revenue producer. As a tax-collection agency, DOR feels it is justified in giving this non-profitable tax low priority. Baylor said the already disproportionate amount of time spent on bingo is a result of the "relatively disproportionate place bingo occupies in the minds of taxpayers. When you consider the amount of revenue it produces," he said, "all the concern is ridiculous." And Baylor's comments seem accurate: on September 25, 1978, the Chicago Tribune reported that Governor James R. Thompson had said that, based on the mail he had received, the bill reducing the bingo tax from 10% to 5% was the most important one to be acted on by the legislature that year. Mulcrone also said he felt media coverage of bingo is a problem for DOR in that it creates pressure to investigate an area which is not really the "most volatile" DOR has to contend with. And Golomb complained in a 1978 memo to a legal staff member that "Bingo seems to be the most pressing problem confronting the Department of Revenue. No matter what we do, we seem to offend somebody."

Yet the \$6 million a year bingo produces for the state, Mulcrone said, is very little compared with most of the other 26 tax areas DOR has to take care of. In 1981, bingo accounted for .088% of the state's total tax receipts, and was the third-smallest revenue-producing tax, ahead of COAD and real estate transfer. It is thus hard to justify allocating much of the limited departmental resources to bingo. Bingo audits are performed relatively infrequently, Kerr said, for a number of reasons. From a purely tax-oriented point of view, he said, bingo audits are not very productive. Since they recover very little revenue, it seems worthless to expend resources that could be used to generate greater revenue by auditing taxpayers reporting under different tax acts. For instance, the department has estimated that for fiscal 1982 an audit of 10% of the bingo licensees would require 5,655 hours and recover \$31,000. It would cost, however, \$141,270 in auditor's salaries alone. The same 5,655 hours and \$141,270 in salaries could be used to recover around \$1.3 million in Retailer's Occupation Taxes,

or \$1.6 million in Income Tax. Smith noted that out of the eight tax types on which DOR performed audits in fiscal 1981, bingo used up the fifth greatest number of man hours, but resulted in the lowest dollar per hour tax recovery. He also said that auditors do not regard bingo audits as desirable since they pride themselves on the amount of revenue they bring in through audits. Thus, they view bingo as "something that has to be done," but concentrate the greater part of their efforts on other taxes.

DOR also argues that they have not been given sufficient direction in deciding how to approach the bingo act. The department claims that its permissiveness regarding the statute is attacked, but then when DOR has attempted to make tougher rules, the legislature has responded by promulgating less restrictive statutes. Johnson told the Commission that everytime DOR began "hard nosed" application of the act, the legislature would pass amendments loosening DOR's control. For instance, in an effort to conform with the letter of the law, DOR stopped issuing licenses to ethnic organizations. The act was subsequently amended to include these groups. Brenda Richey, Supervisor of Hearings in Chicago, said she would like to see the legislative intent made clearer, and that she felt the legislature's recent amendment to the law, which permitted youth athletic, senior citizens and ethnic groups to qualify for licenses under the act, was in response to DOR's efforts to take a stronger stand against licensing such organizations. It should be noted, however, that Schechter feels it is up to DOR to control licensing qualifications through consistent application of DOR rules rather than legislation. DOR apparently also feels its efforts at controlling bingo palaces were shot down when the legislature, in 1979, rejected its proposed rule change limiting the number of bingo occasions to three per week at any one location. The OAG report agrees with this contention.

Another reason DOR has given for not strictly policing bingo is its severe lack of manpower. While it is up to DOR administration to determine how to use its allocated funds, we have already demonstrated how DOR is probably justified in devoting its resources to more profitable tax areas. Nevertheless, most DOR officials involved with bingo apparently feel they could do a better job if they only had more personnel. Mulcrone said DOR is "typical of state agencies" in that it has too few people to get its work done. He said Investigations could probably use 15 additional investigators on bingo, but wasn't sure the expense of hiring them would be worth the additional tax that might be generated. When the OAG issued its report, it noted that only one DOR employee had been assigned to bingo full time, but Baylor noted that "without boosting Revenue's manpower, I would feel they are justified in not putting much emphasis on bingo, because it doesn't raise much revenue." (However, with only one person assigned full time to bingo, and, as we learned, only two working bingo to any extent in the Chicago metropolitan area, the ability for an investigator to visit a play site undercover is probably severely impaired. This alone might seem to justify the addition of more investigators.) Finally, Donald R. Brown, a DOR Audit Supervisor, told the Commission he would very much like to audit and enforce compliance of more bingo licensees, but with its low priority and DOR's insufficient manpower, this would not be feasible.

DOR officials also defend their bingo program by saying that the very placement of the Act in their hands makes it a tax-oriented act.

DOR is not a regulatory agency by function and so they perhaps naturally tailored the bingo program to fit already existing procedures and organization: these were geared toward tax collection. As Steven Davis told the Commission, bingo is the "odd man out" in that it is the only tax DOR administers which includes licensing approval and revocation proceedings. It has taken the department from the game's legalization until now to become more or less adjusted to this "odd" tax.

The problem has been compounded, DOR Investigations officials add, by the lack of cooperation with which the courts, judges and hearings have met their efforts. Golomb told the OAG in 1980 that, as a regulatory program, bingo tends to get little help from the judges hearing cases. Golomb said many judges seem to feel DOR is harassing "good guys" when it brings them in for hearings and tends to side with the licensees when they appeal. Mulcrone said the nature of the bingo licensee--often a priest, an American Legion officer, etc.--influences the decisions hearing officers and judges make. A potential problem with the law, Golomb, Schechter, and Davis noted, is that it only provides for issuance and revocation of licensees, not suspension. DOR has tried to get around this by "revoking" licenses for short periods of time and has been successful. But the possibility is always there that a judge can decide short-term "revocation" is not provided for in the law, also decide that a licensee does not deserve to have its license permanently revoked, and thus not penalize an offending licensee at all. If DOR's only choice were revocation, the chances of a court upholding it for a routine violation would be "nil," Davis said. As it is, he added, DOR has trouble getting judges to take bingo seriously.

#### Forthcoming Changes

In addition to defending itself on the above-mentioned grounds, however, DOR has taken some recent steps to effect a positive change in its handling of the Bingo License and Tax Act. For instance, in order to combat some of the record-keeping and information fragmentation problems resulting from the disjunct department set-up, Schechter said that all excise taxes, bingo included, are in the process of being computerized, which should provide assistance in developing bingo audit selection criteria. Gary Fy said a characteristic will be built into the bingo program to identify returns for possible audit. Schechter said it should also make identification of game operators easier and insure that persons do not work more than two games per week unnoticed.

The recent addition of the bingo administrator should provide the department with a degree of coherence it heretofore has been lacking with regard to bingo. The department now has one person whose time is fully devoted to bingo, who has authority and responsibility over the administration of the Act, and who will have the time to analyze bingo information with an eye toward recognizing patterns and anticipating problems and trends. Since the arrival of Schechter, it has been much easier--for us, at least--to acquire coherent and complete information about DOR's bingo program.

A new program has also been instituted which will provide for a site visit to each bingo licensee at least once every two years. A team of twelve investigators dividing its time between bingo and six

other tax areas will be responsible for a certain number of bingo site visits each quarter and will perform these visits in an overt capacity as opposed to an undercover capacity. Mulcrone said he feels this is the best way to spread out Investigations' limited manpower. Smith said DOR is also planning to hire an additional 30-40 auditors this year to support a greater number of audits. He said many of these additional auditors may be used for auditing bingo.

The previously mentioned letter informing licensees of DOR's final policy concerning gambling tickets is evidence of a growing enforcement attitude in the department, as well as a much-needed step toward uniform, written DOR policy concerning bingo as a whole. Evidence gleaned from memoranda and other documents given the Commission by DOR points to a greater amount of thought being given to uniform department policy and screening techniques. Schechter also said that license applications and tax forms are being amended to combat the problem of organizations providing incomplete information, and Berry indicated that investigators are now required to file a report whenever they visit a site, regardless of the findings.

#### Conclusion

DOR has done a reasonably good job with bingo, given its status as a tax collection agency, although its period of enforcement relaxation proved damaging to Illinois' bingo. The department has put forth a fairly good effort at incorporating the "odd," unprofitable tax into its other responsibilities. And the reasons DOR gives for failure to police bingo are valid to a certain extent.

However, bingo is not just another tax, regardless of its placement under DOR's administration. Bingo is legalized gambling and as such has special needs. It needs to be closely watched, and, until recently, DOR has not been able to make a decision to meet that need. Thus, DOR is substantially at fault for many of Illinois' bingo problems. The department is willing to take the blame for some of these problems and appears now to be working to alleviate them. It has been reasonably successful of late in cracking down on unqualified groups. It has taken steps to improve on departmental unity with regard to bingo, to develop uniform policy, screening techniques, and enforcement procedures, as well as a more efficient information exchange system. In order to carry out its goals, however, DOR needs encouragement, help and direction from the legislature. Provided such help materializes and provided public concern about bingo enforcement remains, the state should be able to look forward to the resolution of some of its bingo problems and to the establishment of bingo in DOR as something more than an "unprofitable headache" of lowest priority.

#### Chapter 5

#### BINGO IN OTHER STATES: A VARIETY OF ATTITUDES

##### Introduction

Of the 50 states, all but nine have legalized bingo. Most of these states, like Illinois, limit the games to religious, charitable, fraternal and educational organizations and require that volunteers run the games. Only Nevada and four counties in Maryland permit commercial bingo. Thus, the intention of most of the states in legalizing bingo appears similar: to permit a form of gambling, for limited socially beneficial purposes, under certain limitations. But the actual bingo climate in each of the 39 states that permit bingo for charitable purposes, is widely different, mainly as a result of the different methods used to regulate the games.

Throughout our investigation we have received reports that other states have better bingo systems than Illinois, make more money off of bingo, have found better ways to administer bingo acts. Massachusetts has been mentioned often, along with Wisconsin. The Chicago Tribune series, the WBBM "Newsradio 78" broadcasts, and representatives of the Chicago Crime Commission (CCC) all recommended that Illinois take a look at these states' regulatory programs with an eye toward improving the Illinois system. We were also interested in New York's regulatory system in light of the horror stories which apparently surrounded that state's early bingo program.

##### New York

Since it had been noted that New York suffered many of the problems which Illinois faces today, the Commission examined that state's bingo history in order to determine how its bingo laws related to its bingo problems, and how the whole situation compared with Illinois.

First, it appeared that New York's pre-legalization climate was similar to Illinois' in many ways. Before bingo's legalization in 1958, the game was played statewide without benefit of legal sanction. Law enforcement efforts were erratic and hesitant. Churches and veterans' groups were routinely fronting for professional gamblers.

New York then legalized bingo by referendum on a local-option basis, giving powers both to a State Lottery Commission and to local municipalities. It later appeared that much of the successful lobbying to legalize bingo was done by the very racketeers who had been using the legitimate groups as fronts. The most notorious of these bingo professionals was one William Buckner, who in one year charged the seventeen groups he controlled at four separate locations over \$200,000 in illegal charges, according to a 1961 report by the New York State Commission of Investigation, An Investigation of Bingo. It also appeared that at least one high-ranking Lottery Commission official was involved with Buckner's operation.

Other problems New York encountered during this time were the charging of exorbitant rents by commercial halls and routine "rubber stamp" license approvals by local municipal agencies, which were un-

trained and unequipped to do the job of screening applicants. Substantial skimming was reportedly taking place, as well as rampant misappropriation of funds, mostly by groups playing at large halls.

New York amended its bingo statute to address these problems. The original and current New York laws make an interesting comparison with Illinois in light of the similarity between New York's bingo situation in the late 1950s and early 1960s and Illinois' today.

This chapter will examine other states' laws and procedures with regard to bingo mainly in terms of the more pressing issues discovered in our investigation.

New York's bingo act is administered on both a state and local level. The State Racing and Wagering Board has certain oversight and registration functions, while the local municipalities are responsible for the greater part of licensing and investigating of the non-profit organizations. The original 1958 Act was similar in many ways to Illinois law. Only bona fide religious, charitable, educational, civic, service, veterans', and volunteer firemen's groups were eligible for bingo licenses, and the entire net proceeds of the games played were to be entirely devoted to the lawful purposes of the organization. Only bona fide, unpaid volunteer members of the licensed group were allowed to work the games, and organizations were required to submit to proper authorities financial statements which described all receipts, expenses and profits for each bingo session. Thus, New York, like Illinois, sought to keep the professional gambler out of bingo and to devote the bingo dollar exclusively to charitable and other non-profit projects. After the early problems with bingo surfaced, however, the Act was amended in an attempt to combat some of these abuses.

The New York statute now regulates the amount of rent that can be charged a bingo licensee playing away from its home headquarters. This rate is the sum of reasonable expenses plus 10%. The formula also takes into account any other profits the premise derives from renting the building for purposes other than bingo. No rent may be charged that is based on a percentage of receipts. The statute also now requires that before a commercial hall is licensed for the purpose of renting space to bingo licensees in a city of more than one million people, a public hearing must be held to determine if there is a public need for such a hall or if it will be advantageous to the public in any way.

The local emphasis in New York's regulation of the game is strong. A municipality which votes to permit bingo must hire and train a municipal investigator who monitors and audits the games. New York players must each buy a hard cardboard "door card" which must be returned at the end of the session. The investigator ordinarily monitors a certain bingo session two or three weeks in a row, and after each session counts the returned door cards in order to determine the day's attendance. The investigator will also make complete card and head counts if skimming or underreporting is suspected. When licensees file their required reports, attendance at the monitored games will be compared with reported attendance at the games which were not monitored. Thomas Gallo, of the New York State Racing and Wagering Board, said that generally the reports for the games that are attended by the investigators show a higher attendance figure than those not monitored. He

said this consistent discrepancy is an indicator that skimming and underreporting are occurring.

New York statute requires licensees to submit weekly reports to local municipalities, stating receipts, card counts, and expenditures. Licensees may play no more than six sessions per month, and bingo sessions at any one location are limited to 13 per week. Only \$1,000 may be given away in any one bingo session. However, bingo licensees may combine sessions, which has the net effect of increasing prize money. Also, if a license applicant intends to play at the premises of a licensed commercial lessor instead of its own facility, and the governing body of the municipality determines that the premises presently owned or occupied by the applicant is in every respect adequate and suitable for bingo, the license application will be denied.

New York thus has chosen to direct its bingo legislation toward prevention of the growth of large bingo palaces. Weekly reporting and frequent local monitoring may also contribute to an enforcement atmosphere conducive to keeping skimming at a minimum, and the criminal element at bay. In addition, local emphasis provides for adequate manpower to inspect bingo games, and thus may better ensure consistent compliance with the law.

#### Wisconsin

Wisconsin also provides for greater manpower than does Illinois. A state with less than half the population of Illinois, Wisconsin devotes six full-time employees and 22 part-time employees to bingo regulation. Two state agencies regulate the game: the Bingo Control Board and the Department of Regulation and Licensing (DRL). The Bingo Control Board is basically in charge of conducting hearings and promulgating regulations. The DRL is basically in charge of applying these regulations, although it is also given the duty of "making a continuous study of bingo."

Groups which are licensable include non-profit religious, charitable, fraternal, veterans' and service organizations, other than the state or a political subdivision. Contributions to any of the groups must be tax-deductible, and the groups must have at least 15 members in good standing and conduct activities in the state in addition to bingo. Bingo workers must be volunteer members.

Licensees in Wisconsin are permitted to conduct only 24 bingo sessions per year, and not more than two per month. The number of games a group's affiliates conducts is included in this total. Groups are required to pay a \$10 license fee for each proposed bingo session plus \$5 annually for each designated supervisory member and \$5 annually for each designated member responsible for properly expending gross receipts. Also, licensees are required to file reports within 15 days after each bingo session and to pay an occupational tax of 2% of the gross bingo receipts. Kathleen Collard, DRL Administrative Assistant, told the Commission there were 1,050 bingo licensees in Wisconsin in 1980, from which the state received \$182,000 in license fees that year.

Wisconsin addresses the bingo palace problem by requiring that a bingo licensee play bingo at premises that are adequate and suitable

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for bingo and are either owned by the licensee, another organization licensed to play bingo, or the public. A licensee may play at a privately owned facility provided it is used by the group on a regular basis for purposes other than bingo. No group may pay rent to any group or person for the privilege of conducting bingo sessions, and no more than 54 bingo sessions may be played at any one location in a calendar year.

Wisconsin groups are allowed to award approximately one-third as much in prize money as are Illinois licensees. While 35 games may be played in a session, and games may be worth up to \$250, the aggregate value of prizes at an occasion may not exceed \$1,000, except by the amount resulting from the option of awarding a minimum prize of \$5 in any game with multiple winners.

The Wisconsin law prohibits groups from advertising games except by means of one sign no bigger than 12 square feet on or adjacent to the premises where the game will be conducted, and by one announcement in the group's regular bulletin or publication. This state also specifically prohibits a group from using bingo proceeds to attempt to influence legislation or to participate in any political campaign of any elected official or any person who is or has been a candidate for public office. Violators of the bingo statute may be fined up to \$10,000 or imprisoned for up to nine months or both.

All in all, Wisconsin, whose bingo program generates less revenue, devotes more manpower to fewer games than does Illinois. The 22 part-time investigators' only job in DRL is to spot-check games, educate licensees and enforce Wisconsin's bingo statute. Thus, more consistent compliance may be ensured. Laws limiting use of and sessions at premises at which bingo games are conducted, the number of permitted sessions in a year and the amount of prize money awarded indicate that Wisconsin wants to keep its games small, and wants to prevent anyone from personally profiting from them. The law counting affiliates' games as part of the total allowed for the parent group indicates a desire to prohibit the bingo dollar from being monopolized. Wisconsin's attitude toward bingo is reflected in Collard's recommendations that any proposed bingo legislation include elements that discourage commercialization, that continuous random enforcement is important in bingo, and that thorough criminal background checks be made on officers of groups applying for bingo licenses.

#### Massachusetts

Most of the criticism of Illinois' bingo in comparison with other states focussed on Massachusetts' apparently greatly successful bingo program. A May, 1980 WBBM "Newsradio 78" report on bingo featured an interview with Charles L. Tyler, Jr., Deputy Director of the Massachusetts State Lottery Commission, who said the state's strict regulations allowed it to minimize underreporting.

Massachusetts' population, according to the 1980 census, is 5,737,037, and Illinois has 11,418,416 residents. However, Massachusetts' "beano," according to the Lottery Commission's 1980 beano report, grossed \$151 million, while Illinois' bingo, in fiscal year 1981, grossed only around \$123.5 million, according to reports from bingo licensees. These facts, along with the observation that Massachusetts

has only 905 beano licensees, seem to point to the conclusion that Massachusetts appears to be making more money from fewer people and fewer games. Although the Massachusetts average per capita expenditure is somewhat higher than Illinois, \$15 to \$20, the difference in reported gross proceeds might indicate skimming in Illinois.

Massachusetts seems to think it has conquered its skimming problem. Tyler told WBBM that when Massachusetts first legalized beano it experienced many of the same problems as Illinois has. He said the game was at first "wide open" because the state provided only one investigator to enforce the beano statute. "Many games were being conducted with the name of a sponsoring organization--a legitimate sponsoring organization. . . . but yet the proceeds were being absconded by undesirable people," Tyler told WBBM. At this time, representatives of the Lottery Commission told us, the state has a beano enforcement staff, including clerical staff and managers, of 44. Of this number, 21 are "field auditors" and four are regional managers. At least once during each quarter, every licensee is subjected to a field audit. During these inspections a field auditor will spend an entire evening at a beano game, and will independently develop a gross receipts figure based on card and head counts. The sponsoring group will develop its own figure and at the session's end the two figures will be compared and any discrepancies noted. The Lottery Commission retains the field auditor's figure and uses it to look for any unusual trends at that particular beano site.

The maximum prize limit is less rigidly fixed than in Illinois. Thirty-five games per session are allowed, with a prize limit of \$50 each. However, either two \$200 games or four \$100 games are allowed within the total, plus the first and last games may be designated "winner-take-all," for which special cards are sold. Ninety-five percent of the proceeds from the sale of these cards goes back in prizes during these extra games. This has apparently become very popular in Massachusetts and has helped the state to counteract beano competition from surrounding states.

The Lottery Commission has total control over beano, although municipalities must vote to approve the game's conduct locally. The categories which can be licensed are much more specific than in Illinois. Groups must have been in existence for at least five years before applying for a beano license, and eligible groups include the following: a fraternal organization having chapters or branches in at least one other New England state, religious organizations connected with an established church of the commonwealth, volunteer fire companies, voluntary associations for helping retarded children, the Boston Firemen's Relief Fund, volunteer and non-profit public ambulance services, and non-profit athletic associations. Only evening games are allowed, with the exception of Sunday, on which afternoon games may also be held. Licensees may conduct only one session per week, and game operators must have been members of the local branch for at least two years. A report must be filed within ten days after a session is conducted, including payment of 5% of gross receipts. The license fee is \$50.

Representatives of the Lottery Commission told us they discourage multi-play sites, although they "inherited" from a previous administration one commercial hall at which three charitable groups play.

And although one licensee is allowed to lease from another, only eight such locations where two games per week are played exist. This, they said, is because groups feel more games at their location would cut into their own beano. Rent may not be more than \$200 per week for space at which to conduct beano.

It would thus appear that Massachusetts is somehow miraculously making millions more on beano with millions fewer people than Illinois. The de-emphasis of multi-play sites, the frequent random field audits, specific licensable categories and weekly reporting requirements may cause the state's games to be more above-board and to diminish under-reporting; these factors may thus account for the seeming discrepancy between the two states' revenue-to-population ratio. However, other factors influence Massachusetts' program--factors which make the states more difficult to compare.

For one thing, we learned from the Lottery Commission that Massachusetts' beano relies heavily on out-of-state players. The per capita expenditure in Illinois is somewhat lower, and Massachusetts' winner-take-all games may increase the prize limit over what is legal in Illinois. And the Lottery Commission, interestingly enough, also sells "charity game tickets" at beano games, tickets which are actually the pull jar games that are illegal in Illinois. While the \$19.8 million Massachusetts netted from these games in 1980 is not included in the above-mentioned gross beano revenue figure, it indicates that these games are very popular and may make beano a generally more attractive pastime in Massachusetts than it is in Illinois. That is, while Massachusetts may have half the population, significantly more of them may be beano players.

#### Other States

The rest of the states with legalized bingo regulate the game in a variety of ways. The most variable factor is the agency under which the control of the game is placed. The Department of Revenue is delegated this authority by the greatest number of states, followed by the Secretary of State, and the Attorney General's Office. It is also placed under Bingo Control Commissions, Tax Commissions, Lottery and Games of Chance Bureaus, a Bureau of Investigation, a Gambling Commission, a District County Court Clerk, a Department of Alcoholic Beverage Control, and, interestingly, a Public Safety Commission. Local involvement is required in at least 13 states, ranging from local approval of bingo itself, to local approval of a specific licensee, to local enforcement and licensing efforts. Several states prohibit a percentage of gross receipts from being calculated in a rental agreement, and some require that leased premises be used by the licensee for purposes other than bingo. Many states set a limit on the number of games permitted weekly at any location, from one per week if the lessor is not eligible for a bingo license and three if it is eligible in Missouri, to seven per week in Michigan, although most of these set a limit of from two to four. Prize limits also widely vary, from \$300 per session in Michigan to \$3,600 in Missouri. Ohio's limit is \$3,500 and in Georgia licensees are allowed to award up to \$2,200 in prizes weekly, with no limit on the weekly number of sessions. Some states require groups to be IRS tax-exempt, and some consider a group and all its affiliates eligible for only one license. Several states have specific requirements concerning active membership for game workers,

and a couple severely limit advertising. Georgia and Minnesota allow game workers to be paid up to \$20 per session. Reporting frequency requirements range from within five days of a bingo session to quarterly reporting and tax filing. And several states permit bingo games by certain kinds of groups but have no licensing requirements.

Attitudes toward bingo regulation, then, vary greatly nationwide. Most states appear to be somewhat concerned about commercialization of bingo, and all but two allow only certain non-profit charitable- or fraternal-type groups to profit from the game. The national consensus concerning bingo appears to be that this form of legalized gambling is beneficial and acceptable to a certain extent. It is the extent to which bingo is allowed to go unsupervised which makes the difference in the states' regulation. And it is to the extent that Illinois wishes to regulate and supervise bingo which may determine the extent of the revenue it produces and the abuses it suffers.

Chapter 6

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Bingo is not the children's game it grew out of. Nor is it simply a way to provide both social time for the elderly and dollars for charity. But it is not the mob-ridden den of thieves it is often described to be either--at least not in Illinois.

Problems exist, however. The Commission believes that in many instances the bingo climate today is removed from the climate originally envisioned by the legislature. This is mainly as a result of the fairly recent proliferation of large multi-play sites, we discovered. Violations of the Bingo License and Tax Act do occur, but they are not the property of the large halls alone. What does seem to be the bingo palaces' special province is the presence of licensed organizations whose purpose in conducting bingo is very different from what the legislature intended. The 1971 Bingo Act legalized bingo after years of legislative reluctance in order to aid charitable, religious and other socially beneficial groups in funding worthwhile projects. We believe, however, that the Act envisioned smaller, less commercialized games than those which exist in the bingo palaces--the requirement that volunteers man the games and the original requirement that organizations rent bingo facilities only from other bingo licensees support this belief. The bingo palaces, especially Brown's Hall and the now-closed Pinnacle, clearly do not fit this view, as clearly as the McCullough groups and Special Services Center do not fit the definition of eligible groups.

In the case of Little City Foundation, we see another distortion of the legislative intent--the intent that bingo's legalization benefit a wide variety of groups. Little City's ability to legally benefit from bingo sessions 10 times per week doubtless helps out a fine charity, but in doing so Little City appears to unfairly monopolize the bingo dollar in the area.

The stiff competition the halls create because of their ability to consistently award higher prizes is as important as the spurious groups the halls often attract. Both factors contribute to diminishing the bingo dollar available for the smaller groups and the legitimate charities. We spoke with representatives of many groups whose efforts to support a school or a charitable cause were hindered by the large halls--halls at which, as we determined, some groups which do no charitable work are thriving.

It is understandable, although in no way excusable, that these legitimate groups sometimes turn to the illegal pull jar games. Until recently, some groups had not known these games are illegal, but many groups had known all along and sold them anyway. Churches, little league supporters, a police organization and others have used these gambling devices. It is disappointing, perhaps, but not incredible. The tabs often help games stay open: there is no limit on the number one person can play, as there is in bingo cards--a limit determined by one's ability to scan a number of cards in a given amount of time. The thrill of winning is instant; the hope of winning springs eternal. Players spend as much as \$50 a night on these tabs, we were told--

three times as much as is on the average spent playing bingo. A group could stand to make a lot of money on these games. The temptation is easy to recognize and easy to surrender to. Massachusetts has legalized the games, and the state supplies them. The Commission does not recommend that Illinois follow suit with Massachusetts: bingo already preys sufficiently upon those who can least afford it. While the social aspects of bingo may be minimal, the social aspects of pull jar tickets are nil. The gambling atmosphere bingo has taken on is already distressing--an unpleasant but perhaps necessary evil.

An unnecessary "evil," however, is the practice of skimming--of under-reporting proceeds to the state, either for the purpose of avoiding tax payment or the purpose of keeping as personal profit money over and above what is reported as charitable contributions. DOR and law enforcement officials agree that the only ways to ensure under-reporting of taxable proceeds does not occur is to conduct frequent, random site visits and later check card sales and attendance figures for discrepancies, or to somehow have the state control card sales. This could be done either by having the state itself manufacture and distribute the cards, or by taxing cards produced by printing companies "up front" through a tax stamp system or some similar procedure. This possibility will be addressed in the following section.

We subpoenaed and questioned beneficiaries of the Pinnacle land trust and their relatives, in an effort to obtain the subjects' side of the Pinnacle/Brown's story. Since each subject invoked his or her Fifth Amendment rights, we must base our conclusions on the evidence we obtained. We conclude that both the Pinnacle and Brown's were set up by organized crime figures, apparently for their personal benefit. The Pinnacle was forced to close but Brown's still operates. As stated earlier, the transfer of management from Albert Woznicki, to Euvco, Inc., headed by his brother-in-law, does not alter the Commission's opinion that Brown's Hall maintains ties with Woznicki. Also, the number of figures bingo has inherited from race track messenger services indicates to us the potential for abuse--it is apparently inherent in the nature of the gambling business. This cross-over also indicates to us the great need for strict enforcement of the bingo laws.

DOR's role in the creation of Illinois' bingo situation, we found, is complex and, although blameworthy, not wholly indictable. The department's high degree of voluntary cooperation with our investigation indicates to us that DOR is aware of its imperfections and is interested in improving its performance.

Nevertheless, the eleven years of DOR's hesitancy to enforce bingo, its total relaxation of abuse-prevention efforts for three years, the pervasive taxation/regulation perception conflict, and the lack of departmental unity with regard to bingo have enhanced the growth of many of the current problems with Illinois' bingo situation. For instance, the Commission believes the licensing of some questionable groups is not a function of the definitions of licensable groups as written, but rather a function of DOR's insufficient screening of applicants. DOR's reasons for these deficiencies are understandable: given the almost negligible amount of revenue bingo produces compared with other taxes, the low dollar-recovered per audit-hour ratio, the department's limited manpower, and its ill-preparedness to take on a tax with such an em-

phasis on regulatory duties, DOR has had to make priorities, and bingo falls low on the list. Also, given the recent, more permissive amendments to the Bingo Act, coming concurrently with DOR's attempts to apply stricter rules, it is little wonder that DOR has felt it is not expected to "get tough" with the bingo licensees. And change is on the way within the department. The new bingo administrator should provide the authority and unity needed to coordinate DOR's bingo program. Personnel detailed to DOR from the Illinois Department of Law Enforcement (IDLE) are evidently emphasizing enforcement in DOR's Investigations division. A schedule for random site visits has been implemented, and computerization and new reporting requirements should enhance information flow and retrievability. We make our recommendations with the realization that such changes are forthcoming in DOR, and we look forward to observing the results of such apparent improvements.

Other states have apparently found ways to combat some of these problems. Limitations on frequency of play at any one location, on renting of privately owned premises, and on the number of licensable affiliates directly addresses aspects of the bingo industry with which Illinois is concerned. Provisions for enough manpower to adequately police the industry, more frequent reporting requirements, and more specific licensable categories may all contribute to cleaner, more lawful conduct of bingo.

We found the Illinois bingo picture to be colorful and intriguing, as well as problematic: just as the abuses of the law and the legislative intent are often not clear-cut, neither are the possible solutions. Bingo is a very lucrative industry in the state--an industry which can provide much-needed funds for the state and for the worthwhile projects of resident groups. The problem lies in how to prevent the growth of undesirable elements in bingo without stifling the intended beneficiaries of the game's legalization--how to stamp out the abuses without placing undue burdens upon the legitimate, lawful bingo licensees. We will attempt to address this dilemma in the following section.

#### Recommendations

1. The Commission strongly recommends that the \$3,400 maximum prize limit be reduced, in order to enable smaller games to compete with the bingo palaces. We recommend that the legislature fix a prize limit which should be no less than \$1,500 and no more than \$2,500. It should be noted that the current maximum prize limit is consistently awarded by less than 5% of the licensed bingo organizations in the state (see Appendix C).

2. The Commission recommends that a limit be placed on the number of bingo sessions permitted at any one location. We recommend a limit of four sessions per week. The Commission feels this limit would address both the problem of palace competition with smaller games and the problem of monopolization of the bingo dollar through affiliated groups. This change would effect only 50 organizations playing at 15 locations (see Appendix D).

3. The Commission recommends that DOR continue in its efforts to improve its enforcement of the Bingo License and Tax Act. We specifi-

cally recommend that DOR conduct thorough and complete screening and investigation of all license applicants.

4. The Commission also recommends that DOR strictly enforce the state's bingo laws and gambling laws as they apply to bingo licensees. The opportunity to benefit from bingo, a form of legalized gambling, is a privilege, and any group abusing that privilege, no matter how reputable the organization or how noble its cause, should be penalized according to the letter of the law. Every organization should be put on notice that no violations will be tolerated.

5. The Commission encourages DOR to implement a program of frequent, random, unannounced site visits to bingo licensees, and to develop an on-site procedure to determine gross proceeds. We recommend that gross proceeds figures determined at site visits be retained and used to monitor trends in specific bingo licensees' reporting of proceeds, especially after anticipated computerization of bingo records is completed.

6. The Commission recommends that DOR explore ways to more efficiently collect bingo taxes so that the bulk of the agency's efforts with respect to bingo can be devoted to screening applicants, enforcing regulations of play, and monitoring the conduct of the games. One such method which should be explored is the sale of tax stamps to bingo licensees. These tax stamps could be affixed to dated bingo cards by the licensee at the time of sale. A quick walk-through by a bingo inspector during the course of a game would immediately reveal whether or not the tax requirements of the bingo statute were being met, leaving more time for the inspector to concentrate on other provisions of the law. It should be noted that such an inspection would also determine whether the licensee was paying tax on each card sold, thus eliminating the inefficiency of relying on the licensees' honesty in reporting gross proceeds when assessing tax responsibility.

7. The Commission recommends that Subsection 7 of Section 1 of the Bingo License and Tax Act be amended by deleting the reference to what items should be included in the definition of "reasonable expenses," and instead grant authority to DOR to promulgate regulations for the determination of what constitutes "reasonable expenses." We recommend that in promulgating these regulations DOR prohibit any lessor of bingo premises from charging a rate based on a percentage of gross or net bingo proceeds. We also recommend that DOR, when determining a lessor's expenses, base its calculations on actual expenses in previous years, rather than on lessor-provided estimates of anticipated expenses.

8. The Commission encourages the General Assembly to consider making additional appropriations to DOR, and to require that these appropriations be specifically devoted to the administration and enforcement of the Bingo License and Tax Act.

9. The Commission recommends that the General Assembly amend Section 1 of the Bingo License and Tax Act to allow DOR to stagger license renewal dates, in order that DOR may more thoroughly screen applicants for renewed licenses. The Commission also recommends that Section 4 of the Bingo License and Tax Act be amended to allow DOR to suspend, as well as revoke, licenses.

10. The Commission recommends that the reference to Section 11 of the "Retailers' Occupation Tax Act" found in Section 3 of the bingo License and Tax Act which deals with confidentiality be deleted. The Commission feels that documents required to be submitted to DOR pursuant to the Bingo License and Tax Act do not contain information of a personal or sensitive nature justifying their confidentiality. In fact, some bingo licensees are required to file federal tax returns even though they are exempt organizations under the Internal Revenue Code, and those returns are available upon request to anyone. Also, in order to more fully utilize the resources of law enforcement agencies in enforcing the Bingo Act, it is essential that DOR be able to freely share information with those agencies. However, a provision should be included that would require DOR to notify the licensee when bingo records are shared with an outside agency, and those licensees shall be allowed due process prior to the release of such records. Furthermore, the deletion of this section should not be interpreted to mean that the outside agency also should be allowed access to the books and records of the licensee itself, and shared information shall be limited to only those records that pertain to the bingo operation itself.

11. The Commission recommends that DOR revise its system of filing information relating to bingo licensees in such a way as to make such information more readily retrievable by personnel in both Springfield and Chicago offices. We understand that plans for such revision are currently being devised.

12. The Commission recommends that DOR amend Rule 5 of the Bingo License and Tax Act regulations requiring of each bingo licensee that a complete record, which will provide for full disclosure of transactions related to the conduct of bingo, shall be prepared on a monthly basis and should include but not be limited to a) a Cash Receipts Journal--providing for a detailed accounting by bingo play date indicating the number of players, bingo receipts, sales of supplies, other receipts, bingo funds used for a cash bank, prizes awarded, and resulting net deposit to be tendered to the bingo checking account; b) a Cash Disbursements Journal--providing for a detailed accounting of amount of check, check number, date paid, payee, and purpose of payment; c) a General Ledger--providing for an accounting of journal entries indicating the activities occurring in real and nominal accounts related to the conduct of bingo; and d) Documentary Evidence--providing for check registers, cancelled checks, bank statements, bank reconciliations, purchase invoice files, and any or all documents or vouchers to substantiate transactions recorded in the books of account. The Commission also recommends that the requirement that a bingo licensee deposit all funds earned through bingo in a checking account separate from all other funds be strictly enforced, and that no checks drawn on this account be permitted to be made out to "Cash."

13. The Commission also recommends that DOR further amend Rule 5 so that premise providers also be required to maintain the above-mentioned records, that the Cash Receipts Journal include a complete record of all revenue-producing activities. This record should be prepared monthly and should include lease date, lessee's name and bingo license number, amount of rent, sales of concessions, and other income.

NOTES

Chapter 1

- <sup>1</sup>Judy Heffner, "Legalized Gambling in the States: Who Really Wins?" State Legislatures Magazine, September, 1981, pp. 7-16.
- <sup>2</sup>Chicago Tribune, September 10, 1954.
- <sup>3</sup>Chicago's American, March 20, 1967.
- <sup>4</sup>Chicago's American, August 5, 1958.
- <sup>5</sup>Chicago Tribune, August 9, 1958.
- <sup>6</sup>Chicago Tribune, August 5, 1958.
- <sup>7</sup>Chicago Tribune, April 10, 1960.
- <sup>8</sup>Chicago's American, April 2, 1960.
- <sup>9</sup>Chicago Today, May 27, 1969.
- <sup>10</sup>Chicago Tribune, June 25, 1969.
- <sup>11</sup>Chicago Sun-Times, April 10, 1969.
- <sup>12</sup>Chicago's American, March 20, 1967.
- <sup>13</sup>Chicago Today, June 29, 1967.
- <sup>14</sup>Chicago Sun-Times, April 10, 1969.
- <sup>15</sup>Chicago's American, March 22, 1967.
- <sup>16</sup>Chicago Daily News, May 12, 1967.
- <sup>17</sup>Chicago Today, June 29, 1967.
- <sup>18</sup>Chicago's American, May 12, 1967.
- <sup>19</sup>Chicago Today, May 27, 1969.
- <sup>20</sup>Chicago Tribune, June 25, 1969.
- <sup>21</sup>Chicago Daily News, June 18, 1969.
- <sup>22</sup>Chicago Daily News, May 12, 1967.
- <sup>23</sup>Chicago Tribune, July 28, 1943.
- <sup>24</sup>Chicago's American, February 3, 1967.
- <sup>25</sup>Chicago Daily News, August 6, 1958.
- <sup>26</sup>Chicago's American, February 3, 1967.

Chapter 2

<sup>1</sup> Los Angeles Times, August 16, 1977.

<sup>2</sup> Karen Hainer, "Benevolent Bingo--Are the Numbers Called Against Charity?" Insight, June, 1980, p.3.

<sup>3</sup> Chicago Tribune, October 20, 1981.

<sup>4</sup> Chicago Tribune, October 18, 1981.

Chapter 4

<sup>1</sup> Chicago Tribune, September 29, 1977.

<sup>2</sup> Chicago Tribune, October 18, 1981.

Appendix A

A. BINGO LICENSE AND TAX ACT (Ill. Rev. Stat. 1979, ch. 120, par. 1101 et seq., as amended)

AN ACT making lawful the conducting of bingo by certain non-profit organizations, requiring licensing and prescribing regulations therefor. P.A. 77-332, approved July 22, 1971, eff. Oct. 1, 1971.

1101. License--Definitions--Restrictions--Premises--Eligibility

S 1. The Department of Revenue shall, upon application therefor on forms prescribed by such Department, and upon the payment of an annual fee of \$200, and upon a determination by the Department that the applicant meets all of the qualifications specified in this Section issue a license for the conducting of bingo to any bona fide religious, charitable, labor, fraternal, youth athletic, senior citizen, educational or veterans' organization which operates without profit to its members, which has been in existence continuously for a period of 5 years immediately before making application for a license and which has had during that entire 5 year period a bona fide membership engaged in carrying out its objects. However, the 5 year requirement shall be reduced to 2 years as applied to a local organization which is affiliated with and chartered by a national organization which meets the 5 year requirement. Each license expires at midnight, June 30 following its date of issuance. A licensee may hold only one license and that license is valid for only one location.

For purposes of this Act, the following definitions apply: Non-profit: An organization or institution organized and conducted on a not-for-profit basis with no personal profit inuring to anyone as a result of the operation. Charitable: An organization or institution organized and operated to benefit an indefinite number of the public. The service rendered to those eligible for benefits must also confer some benefit on the public. Educational: An organization or institution organized and operated to provide systematic instruction in useful branches of learning by methods common to schools and institutions of learning which compare favorably in their scope and intensity with the course of study presented in tax-supported schools. Religious: Any church, congregation, society, or organization founded for the purpose of religious worship. Fraternal: An organization of persons, including but not limited to ethnic organizations, having a common interest, organized and operated exclusively to promote the welfare of its members and to benefit the general public on a continuing and consistent basis in such a way as to lessen the burdens of government by caring for those that otherwise would be cared for by the government. Veterans: An organization or association comprised of members of which substantially all are individuals who are veterans or spouses, widows, or widowers of veterans, the primary purpose of which is to promote the welfare of its members and to provide assistance to the general public in such a way as to confer a public benefit. Labor: An organization composed of workers organized with the objective of betterment of the conditions of those engaged in such pursuit and the development of a higher degree of efficiency in their respective occupations.

Youth Athletic Organizations: An organization having as its exclusive purpose the promotion and provision of athletic activities for youth aged 18 and under. Senior Citizens: An organization or association comprised of members of which substantially all are individuals who are senior citizens, as defined in Section 3.05 of the Illinois Act on the Aging, the primary purpose of which is to promote the welfare of its members.

Licensing for the conducting of bingo is subject to the following restrictions:

(1) The license application, when submitted to the Department of Revenue, must contain a sworn statement attesting to the not-for-profit character of the prospective licensee organization, signed by the presiding officer and the secretary of that organization.

(2) The application for license shall be prepared in accordance with the rules of the Department of Revenue.

(3) Each license shall state which day of the week and at what location the licensee is permitted to conduct bingo. The Department may, on special application made by any organization having a bingo license, issue a special permit for conducting bingo at other premises and on other days not exceeding 7 consecutive days. No more than 2 such special permits may be issued in one year to any one organization. Any organization, qualified for a license but not holding one, upon application and payment of a \$50 fee may receive a permit to conduct bingo at no more than 2 indoor or outdoor festivals in a year for a maximum of 5 days on each occasion. Such permit shall be prominently displayed at the site of the bingo games.

(4) The licensee shall display the license in a prominent place in the vicinity of the area where it is to conduct bingo.

(5) The proceeds from the license fee imposed by this Act shall be paid into the General Revenue Fund of the State Treasury.

(6) A license authorizes the licensee to conduct the game commonly known as bingo, in which prizes are awarded on the basis of designated numbers or symbols on a card conforming to numbers or symbols selected at random.

(7) The Director has the power to issue or, after hearing, to refuse to issue a license permitting a person, firm or corporation to provide premises for the conduct of bingo or to sell, lease or distribute to any organization duly licensed to conduct bingo games or to any duly licensed bingo supplier all cards, boards, sheets, markers, pads and all other supplies, devices and equipment designed for use in the play of bingo. Each such license is valid for one year.

No person, firm or corporation shall sell, lease or distribute bingo supplies or equipment or provide premises for the conduct of bingo without having first obtained a license therefor upon written application made, verified and filed with the Department in the form prescribed by the rules and regulations of the Department. The fee for such license is \$200. A person, firm or corporation holding such license may receive reasonable expenses for providing premises for the conducting of bingo. Reasonable expenses shall include amounts reflecting the cost of purchasing or leasing the premises, cost of capital, utilities, janitorial services, furniture and other equipment and other items necessary or convenient to the use of premises for bingo.

The following are ineligible for any license under this Act:

- (a) any person who has been convicted of a felony;
- (b) any person who is or has been a professional gambler or gambling promoter;
- (c) any person who is not of good moral character;

(d) any firm or corporation in which a person defined in (a), (b) or (c) has a proprietary, equitable or credit interest, or in which such a person is active or employed;

(e) any organization in which a person defined in (a), (b) or (c) is an officer, director, or employee, whether compensated or not;

(f) any organization in which a person defined in (a), (b) or (c) is to participate in the management or operation of a bingo game.

#### 1102. Conduct of bingo--Restrictions

§ 2. The conducting of bingo is subject to the following restrictions:

(1) The entire net proceeds of any game must be exclusively devoted to the lawful purposes of the organization permitted to conduct that game.

(2) No person except a bona fide member of the sponsoring organization may participate in the management or operation of the game.

(3) No person may receive any remuneration or profit for participating in the management or operation of the game.

(4) The aggregate retail value of all prizes or merchandise awarded in any single day of bingo may not exceed \$3,400. The prize awarded for any one game may not exceed \$500 cash or its equivalent.

(5) The number of games may not exceed 25 in any one day including regular and special games.

(6) The price paid for a single card under the license may not exceed \$1 and such card is valid for all regular games on that day of bingo. A maximum of 5 special games may be held on each bingo day. The price for a single special game card may not exceed 50 cents and such card is valid for all special games on that day of bingo.

(7) The number of bingo days conducted by a licensee under this Act is limited to one per week, except as provided by special permit issued pursuant to paragraph (3) of Section I of this Act.<sup>1</sup>

(8) A licensee may rent a premises on which to conduct bingo only from an organization which is also licensed under this Act.

(9) No person under the age of 18 years may play or participate in the conducting of bingo. Any person under the age of 18 years may be within the area where bingo is being played only when accompanied by his parent or guardian.

(10) The promoter of bingo games must have a proprietary interest in the game promoted.

#### 1103. Payment--Bond or security--Deposit

§ 3. There shall be paid to the Department of Revenue, 5% of the gross proceeds of any game of bingo conducted under the provision of this Act. Such payments shall be made 4 times per year, between the first and 20th day of April, July, October and

January. Payment must be by money order or certified check. Accompanying each payment shall be a report, on forms provided by the Department of Revenue, listing the number of games conducted, the gross income derived and such other information as the Department of Revenue may require. Failure to submit either the payment or the report within the specified time shall result in automatic revocation of the license.

The provisions of Section 2a of the "Retailers' Occupation Tax Act"<sup>2</sup> pertaining to the furnishing of a bond or other security are incorporated by reference into this Act and are applicable to licensees under this Act as a precondition of obtaining a license under this Act. The Department shall establish by rule the standards and criteria it will use in determining whether to require the furnishing of a bond or other security, the amount of such bond or other security, whether to require the furnishing of an additional bond or other security by a licensee, and the amount of such additional bond or other security. Such standards and criteria may include payment history, general financial condition or other factors which may pose risks to insuring the payment to the Department of Revenue, of applicable taxes. Such rulemaking is subject to the provisions of the Illinois Administrative Procedure Act.<sup>3</sup> The provisions of Sections 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 6, 6a, 6b, 6c, 8, 9, 10, 11, 12, and 13<sup>4</sup> of the "Retailers' Occupation Tax Act"<sup>4</sup> which are not inconsistent with this Act shall apply, as far as practicable, to the subject matter of this Act to the same extent as if such provisions were included in this Act. For the purposes of this Act, references in such incorporated Sections of the "Retailers' Occupation Tax Act" to retailers, sellers or persons engaged in the business of selling tangible personal property means persons engaged in conducting bingo games, and references in such incorporated Sections of the "Retailers' Occupation Tax Act"<sup>5</sup> to sales of tangible personal property mean the conducting of bingo games and the making of charges for playing such games.

One-half of all of the sums collected under this Section shall be deposited into the Mental Health Fund and  $\frac{1}{2}$  of all of the sums collected under this Section shall be deposited in the Common School Fund.

#### 1104. Records--Financial statements--Revocation of license--Persons prohibited

§ 4. Each licensee must keep a complete record of bingo games conducted within the previous 3 years. Such record shall be open to inspection by any employee of the Department of Revenue during reasonable business hours.

The Director may require that any licensed bingo organization, at the expense of said organization, obtain from an Illinois certified public accounting firm a certified and unqualified financial statement and verification of records of said organization. Failure of a bingo licensee to comply with this requirement within thirty (30) days of receiving notice from the Director will result in automatic revocation of the bingo license of said licensee.

The Department of Revenue may, at its discretion, revoke any license where it finds that the licensee or any person connected therewith has violated or is violating the provisions of this Act. No licensee under this Act, while a bingo game is being conducted, shall knowingly permit entry to any part of the licensed premises to any person of notorious or unsavory reputation or who has an extensive police record or who has been convicted of a felony.

#### 1105. Violations of provisions--Misdemeanor--Penalties

§ 5. Any person who violates any provision of this Act, or any person who files a fraudulent return under this Act, or any person who wilfully violates any rule or

regulation of the Department for the administration and enforcement of this Act, or any officer or agent of a corporation licensed under this Act who signs a fraudulent return filed on behalf of such corporation, is guilty of a misdemeanor and shall for each such offense be fined not to exceed \$500, or be imprisoned in a penal institution other than the penitentiary not to exceed one year, or both.

#### 1105.1 Administrative Procedure Act--Application

§ 5.1. The Illinois Administrative Procedure Act<sup>6</sup> is hereby expressly adopted and shall apply to all administrative rules and procedures of the Department of Revenue under this Act, except that (1) paragraph (b) of Section 4 of the Administrative Procedure Act<sup>7</sup> does not apply to final orders, decisions and opinions of the Department, (2) subparagraph (a)2 of Section 4 of the Administrative Procedure Act does not apply to forms established by the Department for use under this Act, and (3) the provisions of Section 13 of the Administrative Procedure Act<sup>8</sup> regarding proposals for decision are excluded and not applicable to the Department under this Act.

#### 1106. Severability of unconstitutional parts

§ 6. If any clause, sentence, section, provision or part of this Act, or the application thereof to any person or circumstance, shall be adjudged to be unconstitutional, the remainder of this Act or its application to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

#### 1107. Short title

§ 7. This Act shall be known and may be cited as the "Bingo License and Tax Act".

1 Paragraph 1101 of this chapter.

2 Paragraph 441a of this chapter.

3 Chapter 127, ¶ 1001 et seq.

4 Paragraphs 443 to 444j, 445 to 445c and 447 to 452<sup>1</sup> of this chapter.

5 Paragraph 440 et seq. of this chapter.

6 Chapter 127, ¶ 1001 et seq.

7 Chapter 127, ¶ 1004.

8 Chapter 127, ¶ 1013.

### B. BINGO LICENSE AND TAX ACT REGULATIONS AS PROMULGATED BY THE ILLINOIS DEPARTMENT OF REVENUE

#### Illinois--Bingo License and Tax Act--Regulations

##### RULE NO. 1

##### LICENSING FOR BINGO

###### A. Eligibility For a License

To be eligible for a bingo license, the organization must be a bona fide, non-profit religious, charitable, labor, fraternal, educational or veterans' organization. It must operate without profit to its members. It must have been in existence con-

tinuously for a period of five years immediately before making application for a license. It must have had during that entire five-year period, a bona fide membership engaged in carrying out its objects. However, the five-year requirement shall be reduced to two years as applied to a local organization which is affiliated with and chartered by a national organization which meets the five-year requirement.

For purposes of this Act, the following definitions apply: Nonprofit: An organization or institution organized and conducted on a not-for-profit basis with no personal profit inuring to any one as a result of the operation. Charitable: An organization or institution organized and operated to benefit an indefinite number of the public. The service rendered to those eligible for benefits must also confer some benefit on the public. Educational: An organization or institution organized and operated to provide systematic instruction in useful branches of learning by methods common to schools and institutions of learning which compare favorably in their scope and intensity with the course of study presented in tax-supported schools. Religious: Any church, congregation, society or organization founded for the purpose of religious worship. Fraternal: An organization of persons having a common interest, the primary interest of which is to both promote the welfare of its members and to provide assistance to the general public in such a way as to lessen the burdens of government by caring for those that otherwise would be cared for by the government. Veterans: An organization or association comprised of members of which substantially all are individuals who are veterans or spouses, widows or widowers of veterans, the primary purpose of which is to promote the welfare of its members and to provide assistance to the general public in such a way as to confer a public benefit. Labor: An organization composed of workers organized with the objective of betterment of the conditions of those engaged in such pursuit and the development of a higher degree of efficiency in their respective occupations.

#### B. Applying for a License

The application for a license must be made on a form prescribed by the Department. The Chicago office of the Department of Revenue will handle applications for Cook County. The Springfield office of the Department of Revenue will handle applications for all other counties of Illinois. Among other things, the application must contain a statement attesting to the not-for-profit character of the prospective licensee organization. The application for license must list all persons who will act as "Operator", as defined in Section D, point 15 14 of this Rule. Any change in personnel listed in the application must be shown in an amended statement filed with the Department within five days after the change occurs. The application and each amended statement must be signed by the presiding officer of the organization, the secretary and the Operator or Operators.

Any organization applying for a license to conduct Bingo shall submit in support of its application, the following information:

- 1) The license number of the provider of the premises;
- 2) A copy of any rental or lease agreement which may exist;
- 3) Amount to be paid in the form of money or any other form of consideration, to provider for the use of the premises;
- 4) Description of any and all services, products, food, beverages, materials, use of equipment, etc., to be supplied by provider and the amount of additional consideration to be given for same;

- 5) Documentary evidence (articles of incorporation, charter, by-laws, etc.) verifying the claimed status of the applicant as a bona fide nonprofit, religious, charitable, labor, fraternal, educational or veterans' organization;
- 6) Criteria for membership in the organization;
- 7) A description of activities and programs which qualify for support from Bingo proceeds;
- 8) A copy of the exemption certification issued by the Attorney General's office pursuant to the Illinois Solicitation Act;
- 9) A license fee of \$200 in the form of a certified check or money order only, payable to the Illinois Department of Revenue, and
- 10) A copy of its membership list current as of the day of application.

The application must be accompanied by a bond equal to the applicant's anticipated, average quarterly tax liability, as described in Rule No. 4 of these rules and regulations. The bond may be a bond from a surety company or may be a bank certificate of deposit made payable to the Director of Revenue. The bond may also be a personal surety bond signed by two personal sureties who have filed, with the Department, sworn statements disclosing net assets equal to at least three times the amount of the bond to be required of such applicant. The Department may require an additional bond whenever the bond already posted does not cover the licensee's average quarterly tax liability, or if the Department's opinion in the amount of bond or other security is not sufficient to protect the State of Illinois against failure to pay the amount which may become due from the licensee. In determining whether to require the furnishing of additional bond or other security by a licensee, the Department will consider payment history, general financial condition or other factors which may pose risks to insuring the payment to the Department of Revenue of applicable taxes.

#### C. Issuance of The License--Special Permits

Upon the filing of the application with the Department in proper form and payment of the required license fee and the filing of the required bond, and upon a determination by the Department that the applicant meets all of the qualifications specified in the Act, the Department will issue a license to the applicant for the conducting of bingo.

The license will expire at midnight on June 30 following its date of issuance.

The licensee shall display the license in a prominent place in the area where the licensee is to conduct bingo.

Each license will state which day of the week, hours of the day, and at what location the licensee is permitted to conduct bingo. No license will be issued at any location for a time period which begins less than two hours from the conclusion of a prior game.

A licensee may hold only one license and that license is valid for only one location and only one specified time period. However, the Department will, on special application made by any organization having a bingo license, issue a special permit for conducting bingo at other premises and on other days not exceeding seven consecutive days to organizations who meet the specific requirements for obtaining a bingo license as stated in the Bingo License and Tax Act and these rules. Such special application

must be filed with the Department at least thirty days prior to the first day of the period which the special permit would cover: Any organization applying for a special permit must submit its application no later than thirty days prior to requested play dates, each application must be accompanied by a copy of the lease agreement, if one exists, and the terms under which the premises designated are to be used including:

- 1) The license number of the provider of the premises;
- 2) Amount to be paid in the form of money or any other form of consideration, to provider for the use of the premises, and
- 3) Description of any and all services, products, food, beverages, material, use of equipment, etc., to be supplied by provider and the amount of additional consideration to be given for same.

No more than two special permits will be issued in one license year to any one licensee.

Each permit shall state which day of the week, hours of the day, and at what location the licensee is permitted to conduct bingo. No permit will be issued at any location for a time period which begins less than two hours from the conclusion of a prior game.

In addition, any organization which meets all the requirements for a bingo license as stated in the Bingo License and Tax Act and these rules, but does not hold one, upon application and payment to the Department of a fee of \$50, may receive a permit--hereinafter referred to as a Limited License--to conduct bingo at no more than two indoor or outdoor festivals in a year ending June 30, and for a maximum of five days on each occasion. Such special application must be filed with the Department of Revenue at least thirty days prior to the first day of the period which the Limited License would cover. Such Limited License shall be prominently displayed at the site of the bingo games. The Department may require a bond in such an amount as, in its opinion, will protect the State of Illinois against failure to pay the amount which may become due from the applicant, but the amount of the bond required by the Department shall not exceed \$50 per day for each day of bingo.

#### D. Other Limitations

1. The entire net proceeds of any game must be exclusively devoted to the lawful purposes of the organization permitted to conduct that game.
2. No person except a bona fide member of the sponsoring organization may participate in the management or operation of the game.
3. No person may receive any remuneration or profit for participating in the management or operation of the game.
4. The aggregate retail value of all prizes or merchandise awarded in any single day of bingo may not exceed \$3,400. The prize awarded for any one game may not exceed \$500 cash or its equivalent. No organization licensed under the Bingo License and Tax Act or anyone on behalf of a licensee may advertise, or represent, or join in the advertising or representation of, a bingo event which suggests that prizes will be given which in aggregate exceed the maximum value of prizes which are permitted to be given by statute by a single licensee on a single day of bingo.

5. The number of games may not exceed 25 in any one day, including regular and special games.

6. The price paid for a single card under the license may not exceed \$1, and such card is valid for all regular games on that day of bingo. A maximum of five special games may be held on each bingo day. The price for a single special game card may not exceed 50 cents, and such card is valid for all special games on that day of bingo.

7. The number of bingo days conducted by a licensee under the Act is limited to one per week, except as provided by special permit and Limited License issued pursuant to Section C of this Rule.

8. A licensee may rent a premises on which to conduct bingo only from an organization which is also licensed under the Act as a provider of premises for the conduct of bingo.

9. No person under the age of 18 years may play or participate in the conducting of bingo. No person under the age of 18 years may be within the immediate area where bingo is played unless accompanied by his parent or guardian.

10. No licensee under the Act, while a bingo game is being conducted, shall knowingly permit entry to any part of the licensed premises to any person of notorious or unsavory reputation or who has an extensive police record or who has been convicted of a felony.

11. No organization shall purchase or lease any bingo supplies or equipment other than from a licensed supplier.

12. No admission fee may be charged for entrance to premises on which bingo is to be conducted; nor may any minimum requirement be imposed as to the purchase of bingo cards.

13. No person may participate in the management or operation of a bingo game who is not listed as an Operator on the application or an amended statement of a licensed organization or is a worker as hereinbelow defined.

14. The "Operator" is the person directly responsible for properly managing and operating the game, filing returns and paying the tax, and who has signed the application for license or amended statement thereto. In addition, he must be and have been a bona fide member of the licensed organization for at least an entire year immediately [sic] preceding the date upon which he/she first seeks to be named as an operator on the application for license or amended statement thereto.

A "Worker" is any person participating in the management and operation of a bingo game. In addition, he must be a bona fide member of the organization and be listed on the organization's membership list initially filed with the Department or an amended membership list filed with the Department at least 30 days prior to his participation as a Worker. Workers are prohibited from playing bingo during any bingo day in which they participate in the management and operation of a bingo game.

15. No bingo game may be conducted unless the presiding officer, secretary or Operator listed on the application or amended statement is present.

16. All advertising and representations made by an organization licensed under the Bingo License and Tax Act, or on behalf of a licensee, regarding the conduct or future conduct of bingo shall identify the name, bingo license number, and the address from

which licensee regularly conducts its qualified activities.

17. No person may participate in the management or operation of more than two Bingo games.

#### E. Revocation of License

Failure to submit either the payment of the gross proceeds tax or the return described in Rule No. 4 of these rules and regulations will result in automatic revocation of the licensee's license.

The Department of Revenue may, at its discretion, revoke any license where the Department finds that the licensee or any person connected with the licensee has violated or is violating the provisions of the Act. In making this determination the Department will consider such factors as past violations, seriousness of the violation, and any evidence or information offered by the parties in aggravation and mitigation.

#### RULE NO. 2

##### LICENSING OF PERSONS DEALING IN BINGO EQUIPMENT OR PROVIDING PREMISES

The Department will issue to any person, firm or corporation qualified under the specific requirements of the Bingo License and Tax Act and these rules a license to provide premises for the conduct of bingo or to sell, lease or distribute to any organization duly licensed to conduct bingo games or to any duly licensed bingo supplier all cards, boards, sheets, markers, pads and all other supplies, devices and equipment designed for use in the play of bingo. Each such license is valid for one year.

No person, firm or corporation shall sell, lease or distribute bingo supplies or equipment or provide premises for the conduct of bingo without having first obtained a license therefor upon written application made, verified and filed with the Department. The fee for such license is \$200. A person, firm or corporation holding such license may receive reasonable expenses for providing premises for the conducting of bingo. Reasonable expenses shall include amounts reflecting the cost of purchasing or leasing the premises, cost of capital, utilities, janitorial services, furniture and other equipment and other items necessary or convenient to the use of premises for bingo.

A separate license shall be required for a person, firm or corporation wishing to provide premises for the conduct of bingo. The fee for such license is \$200 and each such license is valid for one year. No person, firm or corporation may hold both a supplier's license and a license to provide premises for the conduct of bingo at the same time.

License applications for bingo suppliers or persons providing premises for the conduct of bingo shall include: Identification of the licensee and persons associated therewith; description of the type of business to be conducted; identification of associated bingo suppliers; identification of all persons to whom premises are provided and terms of agreements therewith; explanation of monthly expenses, and such other information prescribed by the Department.

Each contract for providing premises shall relate only to a single licensed organization. Joint contracts between licensed providers of premises and other than a

single licensed organization are expressly prohibited.

#### RULE NO. 3

##### INELIGIBILITY FOR LICENSE

The following are ineligible for any license to conduct bingo, any license to provide premises, or any license to sell, lease or distribute bingo supplies under the Act:

- a. Any person who has been convicted of a felony;
- b. Any person who is or has been a professional gambler or gambling promoter;
- c. Any person who is not of good moral character;
- d. Any firm or corporation in which a person defined in a, b, or c has a proprietary, equitable or credit interest, or in which such a person is active or employed;
- e. Any organization in which a person defined in a, b, or c is an officer, director, or employee, whether compensated or not;
- f. Any organization in which a person defined in a, b, or c is to participate in the management or operation of a bingo game.

#### RULE NO. 4

##### IMPOSITION OF TAX--RETURNS

The term "gross proceeds" includes the price charged for bingo cards, or "donations" therefor, or whatever form the charge for playing bingo takes.

There shall be paid to the Department of Revenue 5% of the gross proceeds of any game of bingo conducted under the provisions of the Bingo License and Tax Act.

Each payment of tax shall be made by money order or certified check and shall be accompanied by a return.

Returns shall be made on forms provided by the Department of Revenue, listing the number of games conducted, the gross income derived and such other information as the Department may require. The return for January, February and March of a given year shall be filed by April 20 of such year. The return for April, May and June of a given year shall be filed by July 20 of such year. The return for July, August and September of a given year shall be filed by October 20 of such year. The return for October, November and December of a given year shall be filed by January 20 of the following year.

In the case of a Limited Licensee, such licensee shall file its return with, and pay the gross proceeds tax due to the Department, within 20 days after the expiration of each occasion covered by the Limited License.

RULE NO. 5

BOOKS AND RECORDS

Each licensee must keep a complete record of bingo games conducted within the previous 3 years. Such record shall be open to inspection by any employee of the Department of Revenue during reasonable business hours.

The Director may require that any licensed bingo organization, at the expense of said organization, obtain from an Illinois certified public accountant firm a certified and unqualified financial statement and verification of records of said organization. Failure of a bingo licensee to comply with this requirement within thirty (30) days of receiving notice from the Director will result in automatic revocation of the bingo license of said licensee.

Each person, firm or corporation licensed to provide premises for the conduct of bingo must keep a complete record of expenses, including but not limited to, monthly expenses for rent or mortgage, utilities, equipment, janitorial and maintenance, and the like, and all other expenses associated with the providing of premises for the conduct of bingo.

Each licensed Bingo organization must establish a separate checking account for bingo proceeds deposits. All gross proceeds less cash prizes awarded must be deposited in said account. All expenditures (other than cash prizes) shall be by check, having consecutive numbers and made payable to a specific person or specific organization for costs or expenses permissible in connection with the conduct of Bingo under the Bingo License and Tax Act, or for qualified purposes under the Act.

RULE NO. 6

PENALTIES AND INTEREST

A. Civil Penalties

1. Filing an Incorrect Return

If the tax computed upon the basis of the gross receipts as fixed by the Department is greater than the amount of tax due under the quarterly return as filed, the Department shall (or if the tax or any part thereof that is admitted to be due by a return, whether filed on time or not, is not paid, the Department may) issue the taxpayer a Notice of Tax Liability for the amount of tax claimed by the Department to be due, together with a penalty of 5% thereof. Provided, that if the incorrectness of any return as determined by the Department is due to fraud, such penalty shall be 20% of the tax due. (Section 4 of the Retailers' Occupation Tax Act incorporated by reference into the Bingo License and Tax Act.)

2. Failure to File Return When Required, But Payment Prior To Notice of Tax Liability

In case any licensee shall fail to file a return when and as herein required, but shall thereafter, prior to the Department's issuance of a Notice of Tax Liability, file a return and pay the tax, it shall also pay a penalty of 5% of the amount of the tax.

3. Filing Return at Required Time But Failure to Pay Tax

In case any licensee shall file the return at the time required by the Act but shall fail to pay the tax, or any part thereof, when due, a penalty of 5% of the amount of the tax unpaid when due shall be added thereto.

4. Filing Late Return Without Payment of Entire Tax

In case any licensee shall fail to file a return when and as herein required, but shall thereafter, prior to the Department's issuance of a Notice of Tax Liability, file a return but fail to pay the entire tax, a penalty of 5% of the full amount of tax shown by such return shall be added thereto.

5. Failure to File Return When Required, and Failure to Pay Prior to Notice by Department

In case any licensee shall fail to file a return, the Department shall determine the amount of tax due from it according to its best judgment and information, which amount so fixed by the Department shall be *prima facie* correct and shall be *prima facie* evidence of the correctness of the amount of tax due, as shown in such determination. The Department shall issue the taxpayer a Notice of Tax Liability for the amount of tax claimed by the Department to be due, together with a penalty of 20% thereof. (Paragraphs 2 through 5 above are taken from Section 5 of the Retailers' Occupation Tax Act which is incorporated by reference into the Bingo License and Tax Act.)

B. Interest

In addition to any penalty provided for in the Act, any amount of tax which is not paid when due shall bear interest at the rate of 1% per month or fraction thereof from the date when such tax become past due until such tax is paid or a judgment therefor is obtained by the Department. Provided, however, that if the time for making or completing an audit of a taxpayer's books and records is extended with the taxpayer's consent, at the request of and for the convenience of the Department, beyond the date on which the statute of limitations upon the issuance of a Notice of Tax Liability by the Department otherwise would run, no interest shall accrue during the period of such extension. (Taken from Section 5 of the Retailers' Occupation Tax Act which is incorporated by reference into the Bingo License and Tax Act.)

C. Criminal Penalty

Any person who violates any provision of the Bingo License and Tax Act, or any person who files a fraudulent return under the Act, or any person who wilfully violates any rule or regulation of the Department for the administration and enforcement of the Act, or any officer or agent of a corporation licensed under the Act who signs a fraudulent return filed on behalf of such corporation, is guilty of a misdemeanor and shall for each such offense be fined not to exceed \$500, or be imprisoned in a penal institution other than the penitentiary not to exceed one year, or both.

Appendix B

BREAKDOWN OF ILLINOIS BINGO LICENSEES ACCORDING TO CATEGORY

The following is a Department of Revenue estimate of the current number of bingo licensees which fit each licensable category in the Bingo License and Tax Act:

Religious and Educational\*: 500

Fraternal: 580

Veterans': 445

Labor: 20

Youth Athletic: 10

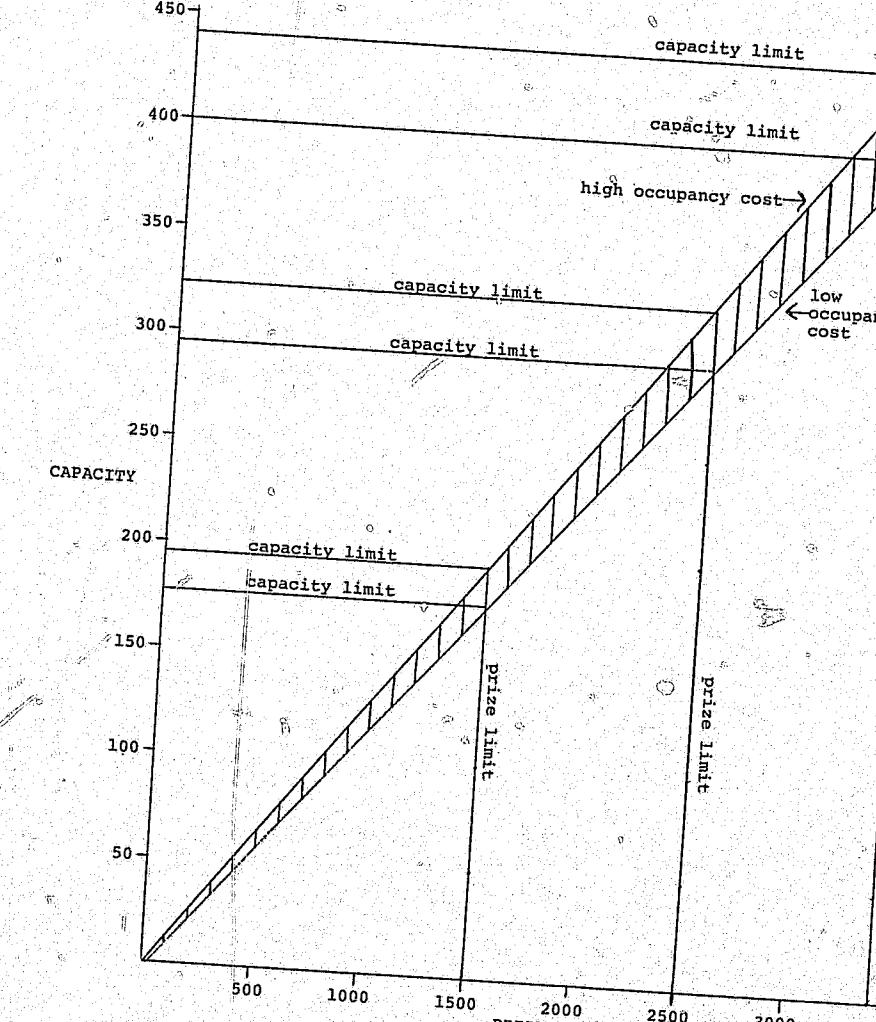
Senior Citizens': 5

\*These two categories were combined by DOR in preparing this estimate, since they are used interchangeably by religious schools on license applications.

Appendix C

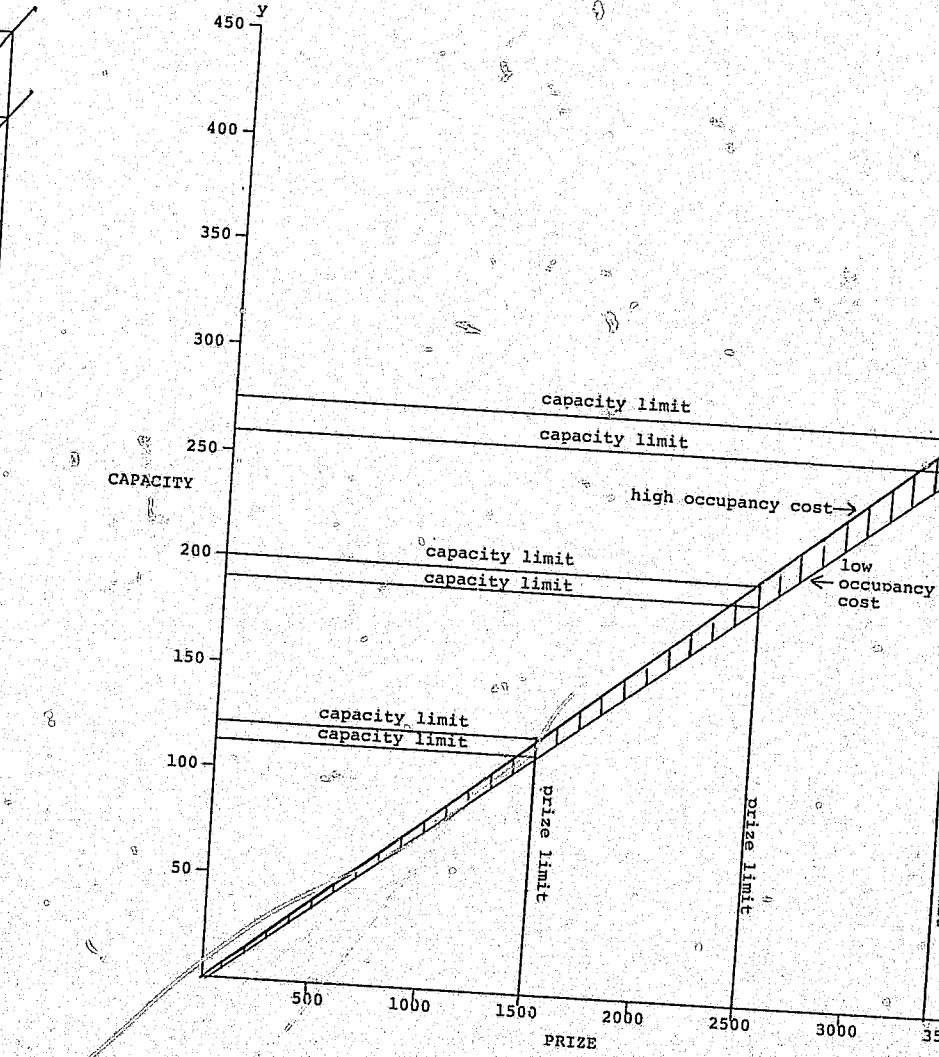
PRIZE LIMIT AND HALL CAPACITY:  
WHO CAN AFFORD TO AWARD THE MAXIMUM PRIZE?

Figure 1  
\$10 PER PERSON AVERAGE RECEIPTS



- 110 -

Figure 2  
\$15 PER PERSON AVERAGE RECEIPTS



Figures 1 and 2 show the amount of money a hall, filled to capacity can give away in prizes and still break even.

The y-axis of both graphs displays the capacity of a hall. The x-axis shows the prize limit.

Included in the calculation of the break-even point are the following costs.

- a. Bingo Tax--5% of gross receipts.
- b. Bingo Supplies--2.5% of gross bingo receipts, based on estimated average costs computed from bingo tax returns for FY 1981.
- c. Occupancy Costs--For licensees operating in leased facilities, we have defined occupancy costs as amount of rent paid. For licensees operating in non-leased facilities, we have defined occupancy costs as the ownership costs associated with facility and equipment maintenance, utilities, security and depreciation. After reviewing records available to us, we estimate occupancy costs to range from 75¢ to \$1.50 per person of capacity. The shaded area of both graphs represents the effect this variation has on the maximum prize a licensee can award and still break even.

#### Figure 1: Analysis

According to downstate Illinois bingo operators, each downstate bingo player spends an average of \$10 per bingo session. Figure 1 shows the maximum prize a licensee playing in a hall of any given size can award during a bingo session, assuming the hall is filled to capacity. For example, a licensee whose hall can hold 400 people can award \$3,400 in prizes (the current maximum) and break even--i.e. no profit and no loss--assuming that the hall is filled to capacity and the occupancy costs fall at the low end of the range (75¢ per person of capacity, or approximately \$300). On the other hand, if the occupancy costs are at the high end of the range (\$1.50 per person of capacity, or about \$600), the licensee playing at a hall with a capacity of 400 could not award the maximum prize without suffering a loss. The most it could award and still break even would be approximately \$3,100. A hall with high occupancy costs would have to have a seating capacity of 440 in order to award the current maximum prize and still break even, again assuming the hall was filled.

#### Figure 2: Analysis

Figure 2 shows the break-even point for halls filled to capacity in the Chicago Metropolitan area, where players reportedly spend an average of \$15 each per bingo session. In the Chicago area, a hall that holds approximately 260 can award the current maximum prize of \$3,400 and still break even, assuming low occupancy costs (approximately \$195) and assuming the hall is filled. If the occupancy costs were in the high range (approximately \$390), this same hall could give

out a maximum of slightly more than \$3,200 and break even. Again assuming high occupancy costs (approximately \$415), a hall would have to have a seating capacity of 275 in order to award the maximum prize.

Since the purpose of holding bingo games is to make money, it is clear from these figures that, in the Chicago area, an organization with high occupancy costs would have to be able to seat, and consistently attract, more than 275 people in order to make a profit after awarding the maximum prize. Downstate, this figure is greater than 440. Few groups play at locations which can seat this many people.

#### The Commission Recommendation

The Commission recommends that the legislature consider lowering the prize limit so that a greater number of organizations may offer the maximum prize and still make a profit--or at least so that a greater number can award a prize much closer to the maximum allowable and run a competitive, profitable bingo session.

Figures 1 and 2 both show the effect of lowering the prize limit to \$1,500 and \$2,500. Figure 1 shows that a downstate hall with a capacity and capacity attendance greater than approximately 195 could award the maximum prize of \$1,500 and still make a profit, assuming high occupancy costs. In the Chicago area, given the same prize limit and assuming high occupancy costs, the figure would be approximately 120. Assuming the same conditions for the \$2,500 limit, a downstate facility would have to be able to seat and attract more than 325 people, and the Chicago area facility would have to be able to seat and attract more than 200 in order to make money after awarding the maximum prize.

#### Effects

Lowering the prize limit might have a detrimental effect on some of the larger halls, since these halls would lose the competitive advantage they now enjoy. Other factors being equal, a shrewd player, given the choice between playing bingo at a large hall where the prize is \$2,000 and the number of players is 400, or his local church offering the same prize and where the number of players is 200, would choose the smaller hall, since the probability of winning would be greater in the smaller crowd.

Thus, the lower prize limit would tend to reduce the crowds that play at the large halls. But the loss to the few bingo palaces as a result of lowering the prize limit would be the gain to the many organizations which do not have such large facilities. Lowering the prize limit would allow the bingo dollar to be spread more equitably among a wider range of groups.

#### Appendix D

##### MULTI-PLAY SITES HOSTING THREE OR MORE SESSIONS PER WEEK

The following is a listing of bingo multi-play sites in Illinois as reported by the Department of Revenue in February of 1982. This listing should prove useful when evaluating the Commission's recommendation calling for limiting the number of sessions at one site to four per week. It should be noted that this limit would affect only 50 groups playing at 15 locations. Further, the number of groups affected is dramatically decreased if an organization and all its affiliates are regarded as constituting one group.

HALL NAME: Bingo Palace (Little City North)  
LICENSEE: Little City Foundation  
LOCATION: 5341 North Lincoln Avenue, Chicago, IL  
ORGANIZATIONS USING FACILITY: 10 Cook County

Angels For Little City  
9339 North Ozanam Avenue, Morton Grove

Big Sisters of Little City  
4619 North Lawndale Avenue, Chicago

Al Abrams Memorial Foundation Inc.  
7033 North Kedzie Avenue, Chicago

Gerald Rubin Memorial Chapter of Little City  
7324 East Prairie Road, Lincolnwood

Little City Parents Group For Retarded Children  
496 Charles Drive, Elk Grove Village

Muriel Zake Foundation For Little City  
8650 Long Avenue, Skokie

Steve Wynn's Friends For Little City  
3349 West Columbia Avenue, Lincolnwood

Hillel Torah North Suburban Day School  
7120 North Laramie Avenue, Skokie

National Asthma Center Chicago Council  
127 North Dearborn Street, Chicago

Variety Club of Illinois  
190 North State Street, Room 504, Chicago

HALL NAME: Golden Tiara  
LICENSEE: Golden Tiara Ltd.  
LOCATION: 3231 North Cicero Avenue, Chicago IL  
ORGANIZATIONS USING FACILITY: 10 Cook County

Council of the Mojave Inc.  
P.O. Box 25368, Chicago

Cragin Community Association  
5053 West Altgeld Street, Chicago

Illinois Public Action Council  
59 East Van Buren Street, Chicago

Logan Concerned Citizens  
2909 North Kedzie Avenue, Chicago

(con't)

GOLDEN TIARA LTD. (con't)

Northeast Austin Organization  
5057 West North Avenue, Chicago

Orchard Association For the Retarded  
7670 Marmora Avenue, Skokie

Organizing Committee For The Northwest Side  
4957½ West Diversey Avenue, Chicago

Parents and Friends of Orchard Village  
7670 Marmora Avenue, Skokie

Senior Citizens of Albany Park Inc.  
3530 West Peterson Avenue, Chicago

Thresholds Inc.  
2700 North Lakeview Avenue, Chicago

HALL NAME: Brown's Bingo-  
LICENSEE: Brown's Banquet Hall  
LOCATION: 6060 West Belmont Avenue, Chicago, IL  
ORGANIZATIONS USING FACILITY: 9 Cook County

St. Francis Catholic War Veterans Auxiliary, Post 1865  
6060 West Belmont Avenue, Chicago

St. Francis Catholic War Veterans, Post 1865  
7600 South Cicero Avenue, Chicago

Helpers of Saint Francis (H.E.L.P.)  
7600 South Cicero Avenue, Chicago

Supporters of St. Anthony (S.O.S.A.)  
6060 West Belmont Avenue, Chicago

Societa Alleanza Riciglianese  
507 South Oak Park Avenue, Oak Park

Americans Committed to the Overlooked Vietnam Veterans  
7600 South Cicero Avenue, Chicago

Chicago Latvian Association Inc.  
4146 North Elston Avenue, Chicago

Captive Nations Friends Committee  
4146 North Elston Avenue, Chicago

St. Paul's Latvian Evangelical Lutheran Church  
18 West 641 Forest Preserve Drive, Wood Dale

HALL NAME: Bingo City  
LICENSEE: City of Hope  
LOCATION: 6800 North Western, Chicago, IL  
ORGANIZATIONS USING FACILITY: 9 Cook County

Bobby Blechman - City of Hope  
820 North Greenwood Avenue, Park Ridge

Chicago Regional Council - City of Hope  
4747 West Peterson Avenue, Chicago

Childrens Leukemia Chapter - City of Hope  
4747 West Peterson Avenue, Chicago

Howard S. Golden Chapter - City of Hope  
9122B Skokie Boulevard, Skokie

Leukemia Research Foundation  
333 North Michigan Avenue, Chicago

Open Hearts For Retarded Children  
P.O. Box 251, Chicago

Parents Association For Cerebral Palsy Children  
5343 West Fletcher Street, Chicago

Uprave, Inc.  
1700 West Wilson Avenue, Chicago

Youth Action of the Midwest  
59 East Van Buren Street, Chicago

HALL NAME: Knights of Columbus Hall  
LICENSEE: Knights of Columbus Post 4596  
LOCATION: 100 East 5th Street, Cahokia, IL  
ORGANIZATIONS USING FACILITY: 9 St. Clair County

Knights of Columbus 4596  
100 East 5th Street, Cahokia

Knights of Columbus 4th Degree  
100 East 5th Street, Cahokia

Cahokia Quarterback Club  
16 Delano Drive, Cahokia

St. Catherine La Boure Parish  
1820 Jerome Lane, Cahokia

St. Catherine Men's Athletic Club  
913 Rome Avenue, Cahokia

Cahokia Khouri League  
8011 Rome Avenue, Cahokia

(con't)

Knights of Columbus Hall (con't)

Ladies Auxiliary of the Cahokia Volunteer Fire Department  
1205 Julie Street, Cahokia

St. Joseph Athletic League  
P.O. Box 1679, Cahokia

Immaculate Conception Church  
6215 Church Road, Cahokia

HALL NAME: Bingo Centre (Little City South)

LICENSEE: Little City Foundation  
LOCATION: 2159 East 95th Street, Chicago, IL  
ORGANIZATIONS USING FACILITY: 7 Cook County

Little City of Light Foundation  
1130 South Michigan Avenue, Apt. 609, Chicago

Suburban Service League of Little City  
1401 East 55th Street, Chicago

United For Little City  
500 East 33rd Street, Chicago

Unity Baptist Church  
1254 South Ashland Avenue, Chicago

Midwest Association For Sickle Cell Anemia  
185 North Wabash Avenue, Suite 1600, Chicago

Institute of Positive Education  
7524 South Cottage Grove Avenue, Chicago

Vaut Corporate School System (Aquinas Dominican High School)  
2100 East 72nd Street, Chicago

HALL NAME: C.K.L.I. Country Club  
LICENSEE: St. Julius Council 21, Catholic Knights & Ladies of Illinois Building Club  
LOCATION: 2800 North Illinois Street, Swansea, IL  
ORGANIZATIONS USING FACILITY: 7 St. Clair County

St. Julius Council 21, Catholic Knights & Ladies of Illinois  
2800 North Illinois Street, Swansea

Fathers & Friends of Althoff High School  
5401 West Main Street, Belleville

Catholic War Veterans  
P.O. Box 43, Rt. 159, Belleville

Polish War Veterans  
2180 North 81st Street, Caseyville

(con't)

C.K.L.I. Country Club (con't)

St. Henry Parish Activities  
5315 West Main Street, Belleville

Exchange Club of Belleville  
9 Willow Brook Drive, Belleville

Catholic War Veterans Auxiliary  
P.O. Box 43, Rt. 159, Belleville

HALL NAME: Fireman's Hall  
LICENSEE: Madison County Fireman's Association  
LOCATION: 9510 Collinsville Road, Collinsville, IL  
ORGANIZATIONS USING FACILITY: 7      Madison County

Edwardsville Fire Company 1  
410 North Main Street, Edwardsville

Hollywood Heights Volunteer Fire Department  
1214 Hollywood Heights Road, Caseyville

Madison County Fireman's Association  
9510 Collinsville Road, Collinsville

Granite City Firefighters, Local 253  
2300 Madison Avenue, Granite City

Collinsville Volunteer Fire Department  
724 LaSalle Street, Collinsville

Assumption High School  
950 Kings Highway, East St. Louis

Collinsville Jaycees  
2016 North Keebler Avenue, P.O. Box 268, Collinsville

HALL NAME: Goodwill Bingo Hall  
LICENSEE: Goodwill Industries of Chicago & Cook County  
LOCATION: 120 South Ashland Avenue, Chicago, IL  
ORGANIZATIONS USING FACILITY: 7      Cook County

Goodwill Industries of Chicago & Cook County  
120 South Ashland Avenue, Chicago

Special Services Center  
809 West Madison Street, Suite 621, Chicago

Robbins Community Action Council  
3518 West 139th Street, Robbins

Illinois Association of Rehabilitation Facilities  
206 South Sixth Street, Springfield

(con't)

Goodwill Bingo Hall (con't)

Abraham Lincoln Centre  
3858 South Cottage Grove Avenue, Chicago

Our Lady of Mt. Carmel  
10801 South Harlem Avenue, Worth

Medi-Check International Foundation  
600 Waukegan Road, Glenview

HALL NAME: Lions Club  
LICENSEE: Rock Island Lions Home Association  
LOCATION: 44st & 8th Avenue, Rock Island, IL  
ORGANIZATIONS USING FACILITY: 7      Rock Island County

Rock Island Evening Lions Club  
4329 8th Avenue, Rock Island

Greater Rock Island Lions Club  
4216 23rd Avenue, Rock Island

Gustaf C. Lannoo, Post 1303, Veterans of Foreign Wars  
113 18th Street, Rock Island

Loyal Order of Moose Lodge 190  
4410 9th Street, Rock Island

Fraternal Order of Eagles Aerie 956  
2827 5th Street, Rock Island

Rock Island Fire Department and Welfare Association  
1313 5th Avenue, Rock Island

Rock Island Police Benevolent Association  
316 16th Street, Rock Island

HALL NAME: Nameoki Bingo Center  
LICENSEE: 17 Nameoki Village  
LOCATION: 17 Nameoki Village Shopping Center  
ORGANIZATIONS USING FACILITY: 7      Madison County

Granite City Jaycees  
1855 Poplar Street, Granite City

Fraternal Order of Eagles Aerie 1126  
2558 Madison Avenue, Granite City

Mexican Honorary Commission of Granite City  
1801 Spruce Street, Granite City

Lions Club of Pontoon Council 1098  
3901 Lake Drive, Pontoon Beach

(con't)

Nameoki Bingo Center (con't)

Knights of Columbus Council 1098  
2052 Edison Avenue, Granite City

Disabled Veterans of Granite City  
1417 19th Street, Granite City

Granite City Benevolent and Protective Order of Elks 1063  
1329 Niedringhouse Avenue, Granite City

HALL NAME: DiVinci Manor  
LICENSEE: Nick Jason & Associates, Ltd.  
LOCATION: 5609 West North Avenue, Chicago, IL  
ORGANIZATIONS USING FACILITY: 5 Cook County

Elmwood Park Boys Major League Inc.  
7842 West Schubert Avenue, Elmwood Park

Order of the Alhambra, Santiago Caravan 169  
10025 West Manor Drive, Franklin Park

Confederation of Spanish American Workers  
2167 West Bowler Street, Chicago

Alumni Association of St. Callistus School  
2145 West Bowler Street, Chicago

Order of Alhambra, Majorca Caravan  
10412 South Laverne Avenue, Oak Lawn

HALL NAME: Lions Club  
LICENSEE: Fox Lake Lions Club  
LOCATION: South & Marvin Street, Fox Lake, IL  
ORGANIZATIONS USING FACILITY: 5 Lake County

Fox Lake Lions Club  
South & Marvin Street, Fox Lake

Fox Lake Noon Lions Club  
South & Marvin Street, Fox Lake

Lioness Club of Fox Lake  
South & Marvin Street, Fox Lake

Grant Township Area Little League  
P.O. Box 103, Fox Lake

Lakeland Cardinals Booster Club  
74 East Grand Avenue, Fox Lake

HALL NAME: Teamster's Hall  
LICENSEE: Rockford Area Teamster's Association  
LOCATION: 5533 11th Street, Rockford, IL  
ORGANIZATIONS USING FACILITY: 5 Winnebago County

Rockford Area Teamster's Association  
5533 11th Street, Rockford

Rockford Area Jaycees  
318 North 1st Street, Rockford

Phantom Regiment, Drum & Bugle Corps. Inc.  
P.O. Box 939, Rockford

Foxland Club #1  
Ruth Ditzler Davis

United Auto Workers Local 592  
112 North 2nd Street, Rockford

HALL NAME: Tioga VFW Hall  
LICENSEE: Tioga Home Inc.  
LOCATION: 25 North York Road, Bensenville, IL  
ORGANIZATIONS USING FACILITY: 5 DuPage County

Tioga Home Inc.  
25 North York Road, Bensenville

Veterans of Foreign Wars, Tioga Post 2149  
25 North York Road, Bensenville

Independent Order of Foresters, Illinois Court 878  
7316 West Irving Park Road, Chicago

Northwestern Illinois Branch No 825 - National Association of Letter Carriers  
110 North Park Avenue, Elmhurst

Vaughan Chapter, Paralyzed Veterans of America  
P.O. Box 1337, Hines

HALL NAME: Falcon Hall  
LICENSEE: Polish Falcons of America, Nest 907  
LOCATION: 106 South 49th Avenue, Cicero, IL  
ORGANIZATIONS USING FACILITY: 4 Cook County

Cicero Society, Polish National Alliance, Group 825  
3100 South Laramie Avenue, Cicero

St. Dionysius School - Church  
4860 West 29th Street, Cicero

Polish Falcons of America Nest 907  
2906 South 49th Avenue, Cicero

(con't)

Falcon Hall (con't)

South Cicero Boys Baseball Association  
5501 West 32nd Street, Cicero

HALL NAME: Northlake Motel  
LICENSEE: Naslund Management Co. Ltd.  
LOCATION: 401 West Lake Street, Northlake, IL  
ORGANIZATIONS USING FACILITY: 4 Cook County

Christ Memorial Women's Guild  
10659 South Lavergne Avenue, Oak Lawn

Chicago Childrens Youth & Senior Citizens Committee  
4345 North Moody Avenue, Chicago

International Association of Volunteers for  
Human Services and Leadership Training Inc.  
1337 West Ohio Street, Chicago

Melrose Park Kiwanis Club  
549 Andy Drive, Melrose Park

HALL NAME: VFW Hall  
LICENSEE: Chicago Heights Veterans of Foreign Wars Post 2825  
LOCATION: 86 Illinois Street, Chicago Heights, IL  
ORGANIZATIONS USING FACILITY: 4 Cook County

Chicago Heights Veterans of Foreign Wars Post 2825  
86 Illinois Street, Chicago Heights

Ladies Auxiliary to the Chicago Heights Veterans of Foreign Wars Post 2825  
86 Illinois Street, Chicago Heights

Past Post Commander Club of Chicago Heights, Veterans  
of Foreign Wars Post 2825  
86 Illinois Street, Chicago Heights

Congregation Beth Shalom  
1 Dogwood Street, Park Forest

HALL NAME: VFW Hall  
LICENSEE: Veterans Club Inc.  
LOCATION: 3002 West Route 120, McHenry, IL  
ORGANIZATIONS USING FACILITY: 4 McHenry County

Fox River Veterans of Foreign Wars Club  
3002 West Route 120, McHenry

Fox River Ladies Auxiliary, Veterans of Foreign Wars Post 4600  
3002 West Route 120, McHenry

(con't)

VFW Hall (con't)

McCullom Lake Conservation Club  
P.O. Box 523, McHenry

Montini Parents Association  
1405 North Richmond Road, McHenry

HALL NAME: American Legion Hall  
LICENSEE: Holtz Hirst Post 288, American Legion  
LOCATION: R.R. 1 Dorr Road, P.O. Box 97, South Beloit, IL  
ORGANIZATIONS USING FACILITY: 3 Winnebago County

Holtz Hirst Post No. 288 American Legion  
P.O. Box 97 Legion Park Road, South Beloit

South Beloit Business Men's Association  
525 Washington Street, South Beloit

South Beloit Lions Club  
1810 Oak Leaf Drive, South Beloit

HALL NAME: Angelo's Bingo Hall  
LICENSEE: Angelo J. Zavaglia - David A. Roth  
LOCATION: Keebler & Belt Line Road (U.S. 40) Collinsville, IL  
ORGANIZATIONS USING FACILITY: 3 Madison County

Collinsville Khouri League  
210 Crestwood, Collinsville

Collinsville Soccer Association  
P.O. Box 64, Collinsville

Hollywood Heights Community Improvement Association  
1028 Hollywood Heights Road, Caseyville

HALL NAME: Beverly Terrace Club  
LICENSEE: Beverly Terrace Club Inc.  
LOCATION: 2233 West 79th Street, Chicago, IL  
ORGANIZATIONS USING FACILITY: 3 Cook County

Chicago Intra Religious Research Fund  
6821 South Halsted Avenue, Chicago

Ebony Talent Creative Arts Foundation  
7558 South Chicago Avenue, Chicago

Parents Association, Chicago Urban Day School  
1248 West 69th Street, Chicago

HALL NAME: Bingo Hall  
LICENSEE: Evangelist James Baker Evangelistic Association  
LOCATION: 5030 South King Drive, Chicago, IL  
ORGANIZATIONS USING FACILITY: 3 Cook County

Alpha & Omega Missionary Baptist Church  
4201 West Jackson Street, Chicago

F.O.R.U.M.  
105 West Madison Street, Room 1708, Chicago

Urban Renovators Association  
1121 East 76th Street, Chicago

HALL NAME: Caritas Hall  
LICENSEE: Caritas Hall Association  
LOCATION: 605 West Jefferson Street, Springfield, IL  
ORGANIZATIONS USING FACILITY: 3 Sangamon County

Holy Family Church Men's Society  
P.O. Box 106, Athens

St. John Vianney Church  
902 St. John's Drive, Sherman

Villa Vianney Retirement Center Inc..  
Stardust Drive, Sherman

HALL NAME: CWV Hall  
LICENSEE: Chicago Heights Memorial Post 1060 (Catholic War  
Veterans of the United States of America)  
LOCATION: 2525 Halsted Street, Chicago Heights, IL  
ORGANIZATIONS USING FACILITY: 3 Cook County

Chicago Heights Memorial Post 1960, Catholic War Veterans  
2525 Halsted Street, Chicago Heights

Italian-American War Veterans, Thomas J. DeGiulio Post 12  
2525 Halsted Street, Chicago Heights

Mt. Carmel Club of Chicago Heights  
351 East 21st Street, Chicago Heights

HALL NAME: Eagle's Fraternal Hall  
LICENSEE: Fraternal Order of Eagles Aerie 1112  
LOCATION: 1404½ 6th Avenue, Moline, IL  
ORGANIZATIONS USING FACILITY: 3 Rock Island County

Fraternal Order of Eagles Aerie 1112  
1404½ 6th Avenue, Moline

Fraternal Order of Eagles Auxiliary 1112  
1404½ 6th Avenue, Moline

(con't)

Eagle's Fraternal Hall (con't)

Knights of Columbus Leo Council 716  
3534 3rd Street, East Moline

HALL NAME: Legion Hall  
LICENSEE: American Legion Post 342 Building Association  
LOCATION: 8 North 2nd Avenue, St Charles, IL  
ORGANIZATIONS USING FACILITY: 3 Kane County

St. Charles American Legion, Post 342  
8 North 2nd Avenue, St. Charles

St. Charles American Legion Auxiliary, Unit 342  
8 North 2nd Avenue, St. Charles

Danish Brotherhood In America, Lodge 92  
8 North 2nd Avenue, St. Charles

HALL NAME: Mont Clare Banquet Hall  
LICENSEE: Mont Clare Lanes Inc.  
LOCATION: 2957 North Harlem Avenue, Chicago IL  
ORGANIZATIONS USING FACILITY: 3 Cook County

Imperial Drum and Bugle Corps Inc.  
P.O. Box 474, Skokie

Manhem Vanguard Association Inc.  
P.O. Box 1726, Des Plaines

Richard F. Mell Youth Council  
2810 West Fullerton Avenue, Chicago

HALL NAME: VFW Hall  
LICENSEE: Des Plaines Veterans Memorial Corporation  
LOCATION: 2067 Miner Street, Des Plaines, IL  
ORGANIZATIONS USING FACILITY: 3 Cook County

Veterans of Foreign Wars, Des Plaines Post 2992  
2067 Miner Street, Des Plaines

Schaumburg Post 2202 Veterans of Foreign Wars  
27 South Waban Court, Schaumburg

Northwest Suburban Detachment Marine Corps League  
2067 Miner Street, Des Plaines

HALL NAME: VFW Hall  
LICENSEE: Lombard Veterans Memorial Hall  
LOCATION: 635 North Parker Drive, Lombard, IL  
ORGANIZATIONS USING FACILITY 3 DuPage County

(con't)

VFW Hall (con't)

Lilac Post 5815, Veterans of Foreign Wars  
635 North Parker Drive, Lombard

Lombard American Legion Post 391  
635 North Parker Drive, Lombard

DuPage Community School  
1047 Curtiss Street, Downers Grove

HALL NAME: Walsh's Hall

LICENSEE: Joint Union Committee

LOCATION: 1012 North Noble, Chicago, IL

ORGANIZATIONS USING FACILITY: 3 Cook County

Fur, Leather, Luggage Labor Organization  
1405 West Cortez Street, Chicago

Joint Union Committee - Local 43, 45 & 415,  
United Food & Commercial Workers, AFL-CIO  
1405 West Cortez, Chicago

Polish Roman Catholic Union of America  
984 Milwaukee Avenue, Chicago

**END**