

**LATE**

LIQUOR COMMISSION

**CITY AND COUNTY OF HONOLULU**

711 KAPIOLANI BOULEVARD, SUITE 600 • HONOLULU, HAWAII 96813-5249  
PHONE: (808) 768-7301 • FAX: (808) 591-2700 • TOLL-FREE PHONE: 1-800-838-9976 (select "4")  
E-mail address: [liquor@honolulu.gov](mailto:liquor@honolulu.gov) • INTERNET: [www.honolulu.gov/liq](http://www.honolulu.gov/liq)

SENATE COMMITTEE ON JUDICIARY AND LABOR

Senator Brian T. Taniguchi, Chair  
Senator Dwight Y. Takamine, Vice Chair

Tuesday, February 10, 2009  
9:00 a.m. Conference Room 016

My name is Dewey H. Kim, Jr., Administrator of the Honolulu Liquor Commission. The Honolulu Liquor Commission takes this opportunity to **strongly support SB 260 "Relating to Gambling,"** which amends the definition of gambling to clarify that purchase of sweepstakes entry that also provides nominal non-gambling value constitutes gambling even if sweepstakes entry can be obtained without payment of consideration.

**Current Problem**

There are currently many so called "Ad-Tab Machines" located throughout bars, lounges and other licensed premises throughout the City and County of Honolulu. Our investigators have also reported these gambling machines in candy stores, fast food places and other retail establishments, other than just bars and lounges. These machines dispense a card for \$1.00 that can win anywhere from \$1.00 to \$1,000.00 and they are attached to a phone card, retail coupon or a horoscope. SB 260 would clearly indicate that the cards and machines fall within the definition of gambling.

We have had uncover investigators witness customers buying a few to hundreds of cards and playing them in the bars and licensed facilities. After they "play" the game, the customers usually throw the cards in the trash without using the coupon, phone card or horoscope. We have received many complaints about persons gambling their paychecks away on the gambling cards, lose mortgage payments and leaving their families without money for food. In one situation, gambling through the cards caused a foreclosure and lead to a divorce, according to the complaint from the gambler's wife. In a second case it almost caused the arrest of a bar customer, who refused to quit

Testimony, page 2

playing the machine while a law enforcement operation with the Liquor Commission and HPD was proceeding.

The money being generated by these machines is substantial. According to an internet sales site, a company with similar pull tabs offers one kit that has 2880 tickets at \$1.00 each with a 79% payout and profits of \$604.00 after expenses.

There have been complaints of children/adolescents playing the machines in stores, such as crack seed stores. Since the machines are defended as not being gambling as a "token" card is given out, there are no regulatory controls. For example, who certifies that the cash prize is actually contained in the roll of cards and are the players informed if the prize has already been won?

**Incidents involving the machines:**

\*Complaint these gambling machines caused a fight in a bar. One of the players said he lost his whole pay check, but then won a couple of hundred dollars.

\*Complaint on one bar from a female who wants us to pick up the machines as lots of her friends are losing their paychecks and rent monies.

\*A caller complained that "the gambling machines (should be taken out of there, because so much of her family and friends have lost so much money, weekly pay checks are gone in 10 minutes, rent money are lost to the machines, people fight with the owners all the time over the pay off of the machines. One of her friends was so depressed she tried to commit suicide, from losing \$800.00 in 26 minutes."

\*One caller said that her husband had lost his paychecks on a number of occasions and her children are not getting fed. She could not stop him from using the machines.

\*It is clear from the complaints we are receiving that the gambling is not just entertainment and the people are not using the machines to get a minutes worth of phone calls or a coupon.

\*Additionally, since the companies that have the machines say that these machines are not gambling there is no one insuring that people are

Testimony, page 3.

actually winning money. Unlike Las Vegas or Atlantic City, there is no gambling commission, so we have no idea if the games are fair.

### **Other Problems Caused by the Gambling Machines**

Because of the large amount of money being made on these cards, the following incidents took place in the last few years. Three different bars in Kalihi had individuals enter their premises and take out gambling machines against the owner's will. In two of the cases, guns were brandished and in one of the three cases the individuals took money from the cash register of the premise. Besides using guns, these robberies occurred in broad daytime. We understand from information received that some of the problems may be arising from territorial disputes over who supplies the cards.

This experience is not isolated to Hawaii. In one report, the Gambling Commission in Minnesota, warned retailers that pull tab machines have been robbed more than 20 times in the last few months.

### **National Gambling Consultant Concludes Ad-Tab Machines are Gambling**

In 2006, the Commission hired National Gambling Consultant, William L. Holmes, formerly of the Federal Bureau of Investigations and currently a gambling expert witness. He examined the Pull-Tab devices and stated: "Based upon the above facts it is my opinion that the Pull-Tab devices in question are gambling devices that were designed and manufactured for the purpose of gambling." In addition to Mr. Holmes' written testimony on July 11, 2006, he also came to the Commission hearing and testified.

### **Case Law Throughout the Country Supports the Finding that the Ad-Tab Machines Are Illegal Gambling**

*California: The People vs. Pacific Gaming Technologies,  
82 Cal. App. 4<sup>th</sup> 699, 98 Cal Rptr.2d 400 (2000)*

Pacific Gaming Technologies placed phone card vending machines in bus stations, truck stops and other places people are

Testimony, page 4.

likely to buy prepaid phone cards. The vending machines had a sweepstakes attached to it. The appellate court found that the machines constituted illegal gambling saying "In our view, if it looks like a duck, walks like a duck, and sounds like a duck, it is a duck."

In this gambling card, the top part of the ticket shows the result of the sweepstakes and the bottom is a phone card to place a call up to 5 minutes. The court ruled that the vending machine did provide an element of chance with the customer being able to win \$100 for a \$1.00 investment.

California Attorney General's Memorandum

The California Attorney General issued a memorandum to all Police Chiefs and Sheriffs that "It is the view of the Division of Gambling Control that the gambling device known as Tab Force <sup>TM</sup> constitutes an unlawful gambling device..."

**Colorado:** Sniezek and F.A.C.E. Trading, Inc., vs. Colorado Department of Revenue and Colorado Liquor Enforcement, 113 P.3d 1280 (2005).

Ad-Tab machines and the paper tickets in bars constituted illegal gambling devices that were seized by Department of Revenue and Liquor Enforcement Division.

A couple of key points made in this decision; first the primary design of the Ad-tab was to sell the "win cash" feature and not the phone cards. Also, though people could get a free card by sending away from the distributor, in 2000, 20 million cards were sold, but only 40 requests for free entries were received. Also, the California court heard the argument that this product was no different then a McDonald's promotion. The Court stated that the distinction is that while Ad-Tab are not promoting a product, McDonald's promotion is for the increased sales of hamburgers.

**Michigan:** F.A.C.E. vs. Department of Consumer and Industry

Testimony, page 5.

Services, 717 N.W.2d 377 (2005)

Ad-Tab with coupons on the back constituted an illegal promotion of a lottery under Michigan law. Michigan sent out an alert that warned that all Ad-Tab Sales in the state must end in October 2004.

***Indiana:*** F.A.C.E.Trading vs. Carter, 821 N.E.2d 38 (2005) Ad-Tab machines are illegal gambling devices under Indiana statutes. Currently Indiana is considering legislation to approve Ad-Tab games.

***Maryland:*** F.A.C.E. Trading vs. Todd, 2006 WL 2068066. Ad-Tab coupons with cash prizes were illegal gaming devices under Maryland state law. The judge indicated that the alleged product discount was a mere guise to allow gambling transactions.

***Florida:*** In 2002, Sheriffs in Florida seized machines and cards from Piglet's Sports Bar and Grill for operating an illegal lottery with the Ad Tab Machines. The newspaper article indicted that a typical Ad-Tab retailer produces \$6,300 a month in sales and in one case one operator with 25 retailers earned more than \$500,000 a year after expenses. In Florida, the coupons on the back of the card were for products, such as soup or dart games.

It is for the foregoing reasons that the Honolulu Liquor Commission supports SB 260.

LIQUOR COMMISSION OF THE CITY AND COUNTY OF HONOLULU

**COMPLAINT INTAKE FORM**

Date of Complaint \_\_\_\_\_

Complaint No: \_\_\_\_\_

Premise \_\_\_\_\_

Address \_\_\_\_\_

License No: \_\_\_\_\_

Complainant \_\_\_\_\_

Address \_\_\_\_\_

Ph: \_\_\_\_\_

**NATURE OF COMPLAINT:** ILLEGAL GAMBLING ON PREMISE - MS. COTTON WANTS TO REPORT OF ILLEGAL GAMBLING ON PREMISE DURING BUSINESS HOURS - WANTS HLC INVESTIGATORS TO CALL HER - SHE CAN GO INTO MORE DETAILS OF HER COMPLAINT - BUT DOESN'T WANT THE EMPLOYEES TO KNOW THAT SHE CALLED HLC.

SHE WAS INVITED TO ANOTHER GAMBLING PARTY LAST NIGHT, BUT DIDN'T ATTEND, IT SEEMS LIKE ITS AN ON GOING THING, PEOPLE ARE LOSING THEIR MORTGAGE PAYMENTS, THEIR RENT MONEY, FOOD MONEY, THEIR PAYCHECKS.

SHE FEELS LIKE IT'S GOTTEN OUT OF HAND, WANTS HLC TO STOP THE OWNERS AND THEIR EMPLOYEES FROM THESE TYPE OF GAMBLING PARTYS.

( CALL CAME IN TODAY THURSDAY 1/15/09 AT 2:00PM )

By: TTT Received:  by Phone Call/24 hr. Hot Line  via FAX  Mail/E-Mail  In Person

Assigned to ENF By \_\_\_\_\_ Date \_\_\_\_\_ Agency Referred to \_\_\_\_\_

Notice of violation issued  Written Warning  No violation

**Investigator** \_\_\_\_\_ Date \_\_\_\_\_  
(INVESTIGATOR, PRINT NAME & SIGN)

Reviewed by **LCI III** \_\_\_\_\_ Date \_\_\_\_\_ **SLCI** \_\_\_\_\_ Date \_\_\_\_\_

**CI** \_\_\_\_\_ Date \_\_\_\_\_ **LCA** \_\_\_\_\_ Date \_\_\_\_\_ OK to file: \_\_\_\_\_ Date \_\_\_\_\_

LIQUOR COMMISSION OF THE CITY AND COUNTY OF HONOLULU

**COMPLAINT INTAKE FORM**

Date of Complaint \_\_\_\_\_

Complaint No: \_\_\_\_\_

Premise: \_\_\_\_\_

Address: \_\_\_\_\_

License No: \_\_\_\_\_

Complainant ANONYMOUS (FEMALE) Address \_\_\_\_\_ Ph \_\_\_\_\_

**NATURE OF COMPLAINT:** ILLEGAL GAMBLING MACHINE - CALLER WANTED HLC TO GO TO AMY'S PLACE AND TAKE ALL THE GAMBLING MACHINES OUT OF THERE, BECAUSE SO MUCH OF HER FAMILY AND FRIENDS HAVE LOST SO MUCH MONEY, WEEKLY PAY CHECKS ARE GONE IN 10 MINUTES, RENT MONEY ARE LOST TO THE MACHINES, PEOPLE FIGHT WITH THE OWNERS ALL THE TIME OVER THE PAY OFF OF THE MACHINES.

ONE OF HER FRIENDS WAS SO DEPRESSED SHE TRIED TO COMMIT SUICIDE, FROM LOSING \$800.00 IN 26 MINUTES.

THESE MACHINES HAVE TO BE TAKEN OUT IMMEDIATELY.

( CALL CAME IN TODAY AT 7:55AM )

By: TTT Received:  by Phone Call/24 hr. Hot Line  via FAX  Mail/E-Mail  In Person

Assigned to ENF By \_\_\_\_\_ Date \_\_\_\_\_ Agency Referred to \_\_\_\_\_

Notice of violation issued  Written Warning  No violation

**Investigator** \_\_\_\_\_ Date \_\_\_\_\_  
(INVESTIGATOR PRINT NAME & SIGN)

Reviewed by **LCI III** \_\_\_\_\_ Date \_\_\_\_\_ **SLCI** \_\_\_\_\_ Date \_\_\_\_\_

**CI** \_\_\_\_\_ Date \_\_\_\_\_ **LCA** \_\_\_\_\_ Date \_\_\_\_\_ OK to file: \_\_\_\_\_ Date \_\_\_\_\_

LIQUOR COMMISSION OF THE CITY AND COUNTY OF HONOLULU

**COMPLAINT INTAKE FORM**

Date of Complaint \_\_\_\_\_

Complaint No: \_\_\_\_\_

Premise \_\_\_\_\_

Address \_\_\_\_\_

License No: \_\_\_\_\_

Complainant FEMALE Address \_\_\_\_\_ Ph \_\_\_\_\_

**NATURE OF COMPLAINT:** FEMALE CALLER IS CALLING AGAIN, DOESN'T LEAVE HER NAME I CAN BARELY UNDERSTAND WHAT SHE IS SAYING, WANTS HLC TO GO AND PICK-UP A GAMBLING MACHINE, SAYS LOTS OF HER FRIENDS ARE LOSING THEIR PAYCHECKS AND RENT MONEY TO THE GAMBLING MACHINE IN DEBBIE'S PLACE.

By: TTT Received:  by Phone Call/24 hr. Hot Line  via FAX  Mail/E-Mail  In Person

Assigned to ENF By \_\_\_\_\_ Date \_\_\_\_\_ Agency Referred to \_\_\_\_\_

Notice of violation issued  Written Warning  No violation

**Investigator** \_\_\_\_\_ Date \_\_\_\_\_  
(INVESTIGATOR PRINT NAME & SIGN)

Reviewed by **LCI III** \_\_\_\_\_ Date \_\_\_\_\_ **SLCI** \_\_\_\_\_ Date \_\_\_\_\_

**CI** \_\_\_\_\_ Date \_\_\_\_\_ **LCA** \_\_\_\_\_ Date \_\_\_\_\_ OK to file: \_\_\_\_\_ Date \_\_\_\_\_



LIQUOR COMMISSION OF THE CITY AND COUNTY OF HONOLULU

**COMPLAINT INTAKE FORM**

Date of Complaint \_\_\_\_\_

Complaint No: \_\_\_\_\_

Premise \_\_\_\_\_

Address \_\_\_\_\_

License No: \_\_\_\_\_

Complainant FEMALE Address \_\_\_\_\_ Ph: \_\_\_\_\_

**NATURE OF COMPLAINT:** ILLEGAL GAMBLING MACHINES ON PREMISE- FEMALE CALLER DID NOT LEAVE A NAME JUST SAYS TO " GO PICK UP MACHINES " AND ALSO TO CALL HER.

By: TTT Received:  by Phone Call/24 hr. Hot Line  via FAX  Mail/ E-Mail  In Person

Assigned to ENF By \_\_\_\_\_ Date \_\_\_\_\_ Agency Referred to \_\_\_\_\_

Notice of violation issued  Written Warning  No violation

**Investigator** \_\_\_\_\_ Date \_\_\_\_\_  
(INVESTIGATOR PRINT NAME & SIGN)

Reviewed by **LCI III** \_\_\_\_\_ Date \_\_\_\_\_ **SLCI** \_\_\_\_\_ Date \_\_\_\_\_

**CI** \_\_\_\_\_ Date \_\_\_\_\_ **LCA** \_\_\_\_\_ Date \_\_\_\_\_ OK to file: \_\_\_\_\_ Date \_\_\_\_\_

LIQUOR COMMISSION OF THE CITY AND COUNTY OF HONOLULU  
**COMPLAINT INTAKE FORM**

Date of Complaint August 4, 2008

Complaint No: [REDACTED]

Premise [REDACTED]

Address [REDACTED]

License No: [REDACTED]

Complainant ANONYMOUS (MALE) Address \_\_\_\_\_ Ph \_\_\_\_\_

**NATURE OF COMPLAINT:** ILLEGAL GAMBLING MACHINE- MALE CALLER WANTED TO REPORT AN ILLEGAL GAMBLING MACHINE (2) OF THEM THAT PEOPLE ARE FIGHTING TO USE THEM, IT'S A FRUIT SLOT MACHINE THAT PLAYS 15 LINES, AND THEY PAY THE WINNERS IN A HUSH, HUSH WAY. HIS FRIEND WAS BRAGGING HOW HE LOST HIS WHOLE PAY CHECK THERE ONE NIGHT, AND THEN WON A COUPLE OF HUNDREDS IN 3 DAYS.  
( CALL CAME IN AT 3:36PM )

By: TTT Received:  by Phone Call/24 hr. Hot Line  via FAX  Mail/E-Mail  In Person

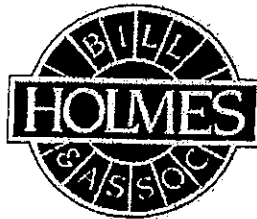
Assigned to ENF By \_\_\_\_\_ Date \_\_\_\_\_ Agency Referred to \_\_\_\_\_  
 Notice of violation issued  Written Warning  No violation

**Investigator** \_\_\_\_\_ Date \_\_\_\_\_  
(INVESTIGATOR PRINT NAME & SIGN)

Reviewed by **LCI III** \_\_\_\_\_ Date \_\_\_\_\_ **SLCI** \_\_\_\_\_ Date \_\_\_\_\_

**CI** \_\_\_\_\_ Date \_\_\_\_\_ **LCA** \_\_\_\_\_ Date \_\_\_\_\_ OK to file: \_\_\_\_\_ Date \_\_\_\_\_

Expert Witness  
Training  
Research  
Forensic Analysis  
billholmesasoc@aol.com



2006 JUL 11 PM 5:11  
8403 Stone Gate Drive  
Annandale, VA 22003  
Phone: (703) 978-4527  
E-Mail:

July 11, 2006

RE: Pull-Tab Phone Cards

The sample card entitled "Sea Calling," 3 minute calling card. Each card displays the number of winning combinations (submitted examples bear 7 or 8 winning combinations) on the front of the card. The back of the card bears 4 breakaway chances to win. Each of the four breakaway tabs bears three symbols. Instructions to use the phone card are printed on the back of the card, call 1-800-420-4704. The lot number for this sample is 2726119.

A player would insert a consideration into the device and a card would be dispensed. If a combination on the breakaway tab agrees with one of the winning combinations displayed on the front of the card the player wins the amount designated next to the winning combination.

The generally accepted definition of gambling is consideration to activate the device depicting a game based predominantly on chance for a reward or prize. A player inserts U.S. Currency into the device (consideration) to receive a "chance" to win from \$1.00 to \$1,000.00 (reward). The winning combinations are selected randomly for each set of cards. In reality this device was designed and manufactured for the purpose of gambling.

There is no question that the player expends consideration to receive a card. The resulting series of symbol combinations are a result of chance. The player cannot affect the final outcome of play nor has prior knowledge of what or where the winning combination will occur. If the initial consideration is \$1.00, the reward is equal to or greater than the initial consideration.

The winning combinations are determined via a pseudo number generator during the printing process. This is why each set of cards has a definitive number of cards in each set. The profit potential is calculated on the number of winning combinations relative to the total number of cards in the set. This is commonly known as the "Retention Ratio" or "House Percentage." Only gambling devices contain a Retention Ratio or House Percentage.

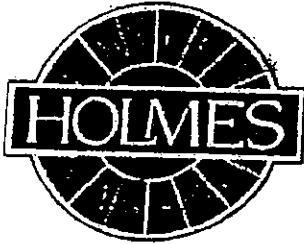
The manufacturer of these devices/cards attempts to disguise the true nature of the device by claiming a player purchases the card for the "3 minute calling card" feature. A manufacturer alleges that if a player can receive a Free card it takes the activity out of the realm of a gambling device. They make a comparison of this activity to Mc Donald's Sweepstakes game where the player can receive a free chance. The Mc Donald's game is exempt from the gambling laws.

There are several factors which illustrate the differences that exist between the Pull-tab device and McDonalds Sweepstake games. McDonalds game offers a chance to all players from the same game pool. If a free chance is offered by the Pull-tab device, it is given from a different set of device/cards. Each set of cards is independent from all other set of cards. McDonalds offers a chance to a large population of players. Each Pull-tab device offers a chance to a limited population of players. When the free chance is offered from a different game set, it takes the device out of the category of a vending device.

A similar device is identified as the Ad-Tabs, this concept offers merchandise for sale at a discount. On the reverse side of the Ad-Tabs card is a coupon which the player can use to purchase the merchandise offered. A player can request a free coupon which is not taken from the same game set.

Based upon the above factors it is my opinion that the Pull-Tab devices in question are gambling devices that were designed and manufactured for the purpose of gambling.

William L. Holmes



## VITA

WILLIAM L. HOLMES

### EMPLOYMENT:

**Bill Holmes & Associates**  
8403 Stone Gate Drive  
Annandale, Virginia 22003  
(703) 978-4527  
Fax (703) 978-5734  
E-mail - billholmesasoc@aol.com

924 East Baltimore Street  
Baltimore, Maryland 21202  
(410) 332-1111  
Fax (410) 685-2307

**PREVIOUS EMPLOYMENT:** Federal Bureau of Investigation  
Laboratory Division  
Supervisory Special Agent  
RETIRED (20 years of service)

### EDUCATION:

BA Degree Economics  
North Park College  
Chicago, Illinois

Master of Forensic Science  
George Washington University  
Washington, D.C.

### FIELD OF EXPERTISE:

**Gambling Consultant.** Forensic evaluation of clandestine business records, carnival frauds, altered cards and dice, electronic video display devices, slot machines, casino type games, and pyramid schemes.

**Training.** Provide in-depth instruction in the technical and investigative aspects of the aforementioned clandestine activities.

**Research.** Conduct research to enhance state of the art technical and investigative techniques and author informative articles to be used as training aids.

**Expert Testimony.** Provide expert testimony relative to forensic examinations conducted and before Legislative bodies

EXPERIENCE: For approximately 6 years, as a Special Agent with the F.B.I., investigated violations of Federal Gambling Statutes.  
For approximately 14 years assigned to the F.B.I. Laboratory, Gambling Unit, as an examiner conducting analysis of evidence submitted by local, state, and federal law enforcement agencies.  
Conducted numerous schools, seminars, and conferences on gambling matters for local, state, and federal law enforcement agencies and judicial systems.

**LECTURES/SEMINARS PRESENTED:**

- "Gambling Technology - Bookmaking," North East Police Academy, Jacksonville University, Anasin, Alabama (2/26/79).
- "Gambling Technology," Montana University, Bozeman, Montana (11/26/79).
- "Carnival Frauds Seminar," sponsored by Chapman College, Anaheim, California (4/17-20/84).
- "Electronic Video-Display Devices," sponsored by the Pennsylvania State's Attorney General at Harrisburg, Pittsburgh, and Philadelphia (Aug., Sept., and Oct. 1984).
- "Electronic Video-Display Device Technology Seminar," F.B.I. National Academy, Quantico, Virginia (6/17/84).
- "Electronic Video-Display Devices," Western States Vice Investigator Association Conference, Anaheim, California (9/24/84).
- "Video Gambling Devices," F.B.I. National Academy Retraining Session, Gulfport, Mississippi (8/8-10/84).
- "Altered Cards & Dice Seminar," New Jersey Casino Control Commission, Atlantic City, New Jersey.
- "Video Gambling Devices Seminar," Division of Gaming Enforcement, New Jersey Casino Control Commission, Atlantic City, New Jersey (12/28-30/84).
- "Video Gambling Devices Seminar," Western Oregon State College, Police Academy, Monmouth, Oregon (3/19/85).
- "Video Gambling Devices Seminar," sponsored by the Office of the Oregon State Attorney General, Organized Crime Conference, Bend, Oregon (3/21/85).

- "Carnival Frauds Seminar," sponsored by Chapman College, Orange County, California (5/6-9/85).
- "Video Gambling Devices," Eastern States Vice Investigators Association Conference, Scranton, Pennsylvania (5/19-24/85).
- "Regulatory Problems Experienced by Law Enforcement Agencies Regarding Video Gambling Devices," sponsored by the National Association of Gambling Regulatory Agencies (NAGRA), Department of the Attorney General, Boston, Massachusetts at Denver, Colorado (6/18/86).
- "Current Trends in Illegal Gambling Activities," Seminar entitled Social and Legal Effects of Gambling on Law Enforcement, sponsored by Delaware County Police Academy, Delaware Community College, Media, Pennsylvania (9/25/86).
- "Electronic Video-Display Devices Seminar," sponsored by the Laboratory Division of the Federal Bureau of Investigation, Washington, D.C. (9/27-29/88).
- "Electronic Video-Display Device Seminar," sponsored by the Royal Canadian Mounted Police, Canadian Police College, Ottawa, Ontario, Canada, (8/29/89 thru 9/1/89).
- "Gambling Investigations Seminar," Sponsored by the Honolulu Police Department, Honolulu, Hawaii (5/20-24/91).
- "Electronic Video-Display Devices Seminar," sponsored by the Atlantic Lottery Corporation, Moncton, New Brunswick, and Department of Consumer Affairs, Halifax, Nova Scotia, Canada (9/5-10/91).
- "Video Gambling Device Seminar," sponsored by Bill Holmes & Associates, Gaming Consultants, Baltimore, Maryland (9/16/92).
- "Gambling in America: Is it Getting Out of Hand?" Speaker at this conference by The Washington Journalism Center, Washington, D.C.
- "Sports Bookmaking Seminar," sponsored by the Maui Police Department, Maui, Hawaii (10/4-9/93).
- "Video Display Devices and Sports Bookmaking" seminar sponsored by the Ontario Illegal Gaming Enforcement Unit, Orillia, Ontario, Canada (5/26-29/98)

## SPECIAL PRESENTATIONS:

- Testimony before the Montana State Legislature, Judicial Ad Hoc Committee, "Video Gambling Devices," Helena, Montana (2/9/81).
- Testimony before the U.S. Senate Subcommittee on Investigations, "Video Gambling Devices," Washington, D.C. (10/1/84).
- "Video Gambling Devices," Presentation at the National Conference of States Attorney's General, Orlando, Florida (12/4/84).
- "Video Games: Concepts & Latent Influences." Paper presented at the 6th International Conference On Gambling and Risk Taking, Atlantic City, New Jersey (12/19/84).
- "Video Gambling Devices," Presentation before the National Association of Attorney Generals (NAAG), Criminal Justice Committee, Scottsdale, Arizona (2/19-21/85).
- "Effect of Video Gambling Device Laws: Foreign vs. United States." Paper presented at the 7th International Conference On Gambling and Risk Taking, Reno, Nevada (8/23-26/87).
- Testimony before the North Dakota State Legislature, Senate Political Subdivision Committee, "Legalization of Video Gambling Devices."
- "Law Enforcement and Security: How to Protect From Skimming, Cheating, Scams and Other Crimes." Presentation at the 3rd Annual National Indian Gaming Symposium sponsored by the National Indian Gaming Association (5/31/89 thru 6/1/89, Alexandria, Virginia).
- Presentation before the National Association of Gaming Regulatory Agencies (6/6-9/89, Atlantic City, New Jersey).
- "Records Don't Lie." Paper presented at the 8th International Conference On Gambling and Risk Taking, London, England (8/14-16/90).
- Consultant for the Honorable Donald Cameron, Premier, Nova Scotia, Canada re effects of VLT's on law enforcement and compulsive gambling (1/14/93).
- Panel discussion on "Crime and Gambling" sponsored by National Press Foundation (1/15/97).



- Television interview for "Fair Game," Fox 5 News, 8/31/98, re Carnival game fraud.
- "Electronic Video Devices: Historical Development and Significance of Accounting Features." Paper presented at the 11<sup>th</sup>. International Conference on Gambling and Risk Taking, Las Vegas, Nevada (6/12-15/00).

#### ARTICLES PUBLISHED:

- "Baseball Wagering," F.B.I. Law Enforcement Bulletin, June 1979.
- "Video Games: Concept & Latent Influences," F.B.I. Law Enforcement Bulletin, March and April, 1985.
- "Video Gambling," Training Key #369, International Association of Chiefs of Police, Gaithersburg, Maryland (1987).
- "Effect of Gambling Device Laws: Foreign vs. United States," presented at the Seventh International Conference on Gambling and Risk Taking, Reno, Nevada (8/23 - 26/87).
- "Penny Falls: Friend or Foe?," F.B.I. Law Enforcement Bulletin, Feb. 1988.
- "Records Don't Lie or The Use of Interpretative Analysis of Illegal Gambling Operations." Presented at the Eighth International Conference on Gambling and Risk Taking, London, England (8/14 - 16/90).
- "When is a Pay-off?" Presented at the Ninth International Conference on Gambling and Risk Taking, Las Vegas, Nevada (June 1994).

#### TESTIMONIES; Cited in state and federal appellate courts.

- U.S. vs. Rotchford, 575 F 2nd 166 (C.A. 8th 1978).  
Recorded conversations of sports bookmaking operations (Federal Violation - Illegal Gambling Business; IGB).
- U.S. vs. Denton, 556 F 2nd 811 (C.A. 6th 1977).  
Recorded conversations of sports bookmaking operations and layoff wagering. (Illegal Gambling Business - IGB).
- U.S. vs. Scavo, 539 F 2nd 837 (C.A. 8th, 1979).  
Recorded conversations of sports bookmaking operation (Illegal Gambling Business - IGB).

- U.S. vs. Grezo, 566 F 2nd 854 (C.A. 2nd 1977).  
Sports bookmaking operation (IGB).
- U.S. vs. Gresko, 632 F 2nd 1128 (C.A. 4th 1980).  
Sports bookmaking operation (IGB).
- U.S. vs. James Robert Hawthorne, 626 F 2nd 1987 (C.A. 9th 1880)  
Sports bookmaking operation (IGB).
- U.S. vs. Mario Riccobene, 709 F 2nd 214 (1983).  
Physical evidence and recorded conversations of numbers and sports book-  
making, loan sharking, and Illegal Enterprise (RICO - IGB).
- U.S. vs. Balistreri, 577 4. SUPP. 1532 (1984).  
Physical evidence and recorded conversations of sports bookmaking operation  
(Illegal Gambling Business - IGB).
- U.S. vs. Martin Mosko, Case No. 87-2582, July 5, 1989, Appeal, U.S. Court  
of Appeals for the Tenth Circuit. Physical evidence, recorded conversations,  
and expert testimony were challenged. **AFFIRMED.**

#### MISSOURI

- Swalley, W & S Novelty, Inc. and American Cigarette Vending Company vs.  
George R. Westfall (Prosecuting Attorney, St. Louis County) 628 S.W.  
Electronic Video-Display Devices.

#### MARYLAND

- State of Maryland vs. Marlin Dean (Charles County Circuit Court - 1984).  
Electronic Video-Display Devices.
- State of Maryland vs. Donald Robert Owens (Charles County District Court -  
9/18/84). Electronic Video-Display Devices.
- Erik E. Schrader vs. State of Maryland, Court of Special Appeals (No. 240  
September term, 1986 - 12/4/86). Pyramid Promotional Scheme involving six  
companies.

#### CANADA

- Queen vs. Laniel of Canada (Municiple Court of Montreal, Canada, Doc. #  
15-13022; 1/21-24/86). Forty-seven electronic video-display devices.

- Queen vs. James J. Thompson (Municiple Court of Stellarton, Nova Scotia, Canada - 1980). Gambling Devices.

#### HAWAII

- U.S. vs. Sixteen Electronic Video Gambling Devices (603 F. SUPP. 32, October 3, 1984). Electronic Video-Display Devices declared gambling devices and forfeited.

#### OHIO

- U.S. vs. One Hundred Thirty-Seven (137) Draw Poker-Type Machines and Six (6) Slot Machines (765 F. 2nd 147, May 1985) AFFIRMED. Unpublished opinion. (Gambling Devices Act of 1962, 15)
- State of Ohio vs. Wac (Ohio, 428 N.E. 2nd 428) State Supreme Court of Ohio AFFIRMED lower court ruling of guilty of bookmaking and operating a gambling house.

#### PENNSYLVANIA

- U.S. vs. 294 Various Gambling Devices (United States District Court, Western District of Pennsylvania - July 20, 1989). Declared gambling devices per se and ordered forfeited. (718 F. SUPP. 1236 - W.D. Pa. 1989)
- U.S. vs. 294 Various Gambling Devices and \$24,674.00 in United States Coins,, Civil Action No. 85-297 Eric, March 5, 1990. Balance of earlier decision ruled upon.
- U.S. vs. Mario Eufrazio, aka Murph. U.S. Court of Appeals (No. 90-1267) re RICO violations, attempted extortion, and illegal gambling, affirmed. (5/15/91)
- US vs. John F. "Duffy" Connley, ET AL U.S. District Court, Western District of Pennsylvania (Case #91-178 and 94-182) 9/95. Guilty verdict, 10 years in jail and \$1,000,000 fine for operating illegal video poker machines.

#### TENNESSEE

- Bill Clark vs. Jim W. Horner, Assistant District Attorney General for the 31st Judicial District (Ct. of App. of Tenn., West. Sect. - C.A. No. 6, 8/9/84). Trial Court case reversed in part and dismissed. This case established what a per se gambling device is.

## TEXAS

- State of Texas vs. Gambling Device, Court of Appeals for the First District of Texas - July 8, 1993. Forfeiture Statute found to be Constitutional. (No. 590,324)

## FLORIDA

- Richard F. Mancuso vs. City of Jacksonville, McMillan - U.S. District Court, Middle District of Florida - denied alleged Civil Rights violations by plaintiff. (11/2/89) (7/29/92)
- State of Florida vs. James B. Melton - Circuit Court for the Sixth Judicial Circuit of the State of Florida in and for Pinellas County (Case #CRC95-14540CFANO). Bingo game called "Quarters Up." (7/30/96)
- State of Florida vs. Laurencio Lira (SPN 01948343) - Circuit Court for the Sixth Judicial Circuit of Florida, Clearwater, Florida (Case CTC9823361MMANO). Sweepstakes devices dispensing phone-cards ruled gambling devices. (2/20/99)

## AUSTRALIA

- International Game Technology vs. Licensing Division New South Wales Police Department, Sidney, Australia (4/15/88).

## CITED IN ARTICLES/PUBLICATIONS:

- "Illegal Use of Video Gambling Machines," Senate, 98th Congress, 2nd Session, 10/1/84.
- "Video Gambling," The Criminal Law Reporter, 34 CRL 2367, 2/12/85.
- "Keeping Amusement Card Games From Being Outlawed," Mike Shaw, Replay Magazine, Feb. 1985, pp 96.
- "Senate Holds Hearing on Grey Area Machines," Playmeter Magazine, Dec. 1984, pp 64-67.
- "How the F.B.I. Determines Certain Types of Video Games are Gambling Devices," Ed. Howard Schwartz, Casino & Sports, Gambling Book Club, Las Vegas, Nevada, Vol. 20.
- "Gambling and the Law," I. Nelson Rose. Published by Gambling Times, Inc, Hollywood, California (1986).
- "Carnival Secrets," Mathew Gryczan, Zenith Press, Royal Oak, Mich. (1988).

**PROFESSIONAL ORGANIZATIONS:**

- American Academy of Forensic Sciences.
- International Association of Chiefs of Police.
- Compulsive Gambling Center, Inc.  
(Member of the Board of Directors.)
- Association of Former Intelligence Officers

**COURT QUALIFIED:**

**Qualified in Gambling Matters in excess of 260 times in local, state, and federal courts in 33 states as well as Canada and Australia.**

**LATE**

Conference room: 016  
Testifier position: support  
Testifier will be present: No  
Submitted by: Arvid T. Youngquist  
Organization: The Mestizo Association  
Address:  
Phone:  
E-mail: [thirr33@gmail.com](mailto:thirr33@gmail.com)  
Submitted on: 2/9/2009

Comments:  
Chair Brian T. Taniguchi  
Vice Chair Dwight Y. Takamine  
Honorable Members of the Senate  
Judiciary and Government Operations Committee

I provide testimony in support of SB 260 Relating to Gambling, submitted by the Chair of the Senate Tourism Committee (a member of the Senate JGO Committee).

The subject matter of this bill is sweepstakes vending machines found commonly in bars, restaurants and candy stores.

Most, if not all other gambling/gaming bills this Session have been referred to Committees but not scheduled to be heard as of this time. The HB 924 in the other Chamber is the lone exception, and it deals with regulation of Bingo Games.

Personally, of the casino, video poker, and slot machines proposed for introduction to selected venues, I think the Senate should take another look at a State of Hawaii run Lottery and Lotto, if not for a trial period ending no later than 2013.

The sunset date can be amended provided a State run Lottery and the Lotto don't end up as a Regressive Tax and the community doesn't experience the Universal negative social aspects of what gambling brings to a State.

Since Utah and Hawaii have so far been able to minimize the proliferation of major forms of legalized gambling, a possible last resort to a State of Hawaii Lottery and Lotto, would be another budget crisis remedy amongst other tentative economic fixes.

As this SB 260 will affect bars, restaurants, and candy stores who like so many small businesses which are failing all over the Islands, recommend that the effective date of enactment of SB 260 be tentatively defectively fixed at June 1, 2011, rather than effective upon approval.

Thank you for bringing this socially responsible measure before the Senate for serious consideration.

(1 of 16,588 local voices)