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In the shadows: The vulnerability of casino ancillary services to racketeering

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IN THE SHADOWS: THE VULNERABILITY OF CASINO ANCILLARY SERVICES TO RACKETEERING

by

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A dissertation submitted to the Graduate Faculty in Criminal Justice in partial fulfillment of the requirements for the degree of Doctor of Philosophy, The City University of New York.

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ABSTRACT

IN THE SHADOWS: THE VULNERABILITY OF CASINO ANCILLARY SERVICES TO RACKETEERING

by

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Advisor: Professor Robert Kelly

This study examines an approach to criminological theory that identifies the relationship between an organization of criminals and the processes and means by which illegal activities are conducted. The study also looks at the ineffectiveness of laws that are weak deterrents against racketeering in legitimate businesses, namely, casinos.

The primary research question in this investigation deals with the effectiveness of the law to deter or prevent organized racketeering operators from infiltrating, or illegally exploiting the ancillary services of New Jersey's casino industry. The years of 1979-1988 as a time frame were chosen because they represented a period immediately following the approval of casino gambling in the State of New Jersey where casino gambling is legal. The research is

a case study of legalized gambling that has been restricted to a territory in which the same regulatory laws are applied to all casino-hotels.

The primary sources of data were licensing records kept by the Casino Control Commission. The revocation of employee licenses is also examined, as is the increase and decrease in vendor's contracts. A systematic random sampling procedure was utilized to select 1% of the subjects from a population of 81,788 persons.

Data from the study indicated that persons who applied for licensure generally demonstrated a character above reproach and racketeering involvement. The study found that the relationship between license revocations and casino license requirements was such that revocations were most often recorded for casino-employees. The link between registering vendors and licensing ancillaries is found to be the location at which vulnerability and an opportunity for infiltration occurs. Increases in vendor contracts were directly affected by changes in the number of ancillary services and rejections of ancillary licenses over a period of time.

It appears that vendor contracts showed a steady percentage of increase throughout the years studied and indicated a very sizeable increase when ancillary service applications were down from the preceding year. The study

concludes that the weakest of all controls is now situated where vending registration occurs.

DEDICATION

This study is dedicated to three people who have provided me with the guidance and concern that is necessary in order to complete a project of this magnitude.

My mentor, Robert Kelly, supplied me with inspiration in moments of despair with his moving enthusiasm and scholarly insights. His relentless dedication to the field of academics and his eagerness to work with research neophytes are admirable qualities that I will always hold in high esteem. Without his efforts this project would never have commenced.

My wife, Linda, shared with me endless moments of discussion and optimism concerning the value of what I was attempting to accomplish. There were many moments when I relied upon her comfort and assurance to "get me through the rough times." Without her support I could not have succeeded.

My father, Stanley, who if he had been alive, would have enjoyed this moment of our success. It was his counseling and advise early in my life that gave me the necessary direction that I needed.

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INTRODUCTION

Casino Gambling and Its Contents

In 1978 nearly $5 billion was wagered by people who visited gambling casinos in Nevada and New Jersey (Lynch, 1982). Additional billions of dollars were handled by businesses and persons who were involved in peripheral transactions with the casino industry. Suppliers of food and alcoholic beverages, garbage handlers, vending machine providers, linen suppliers, maintenance services, construction companies and labor union organizers - all engaged in supportive activities that were related to casino gambling (Second Interim Casino Report, 1977).

It is difficult to determine the revenues obtained from supportive services, or as they are better known, the ancillary services. The sheer number of these service suppliers far outweighs the smaller groups of workers who supply casino gaming operations with personnel. In addition, keeping watch over the revenues obtained by ancillary businesses has been difficult (Eadington, 1981).

This study will examine situations in which state legislatures have attempted to enact controls and regulations to deter ancillary service workers from engaging in illegal activities in the casino industry. Examples in which racketeering has entered the casino industry may be found in historical reviews of legislative movements

involving casino gambling in the Bahamas, Nevada, and New Jersey which is the focus of this investigation.

The Nevada model represents a case in which state legislators enacted laws through a reactive process; The Bahamian experience is an instance in which casino-type laws emerged through political entrepreneurship; and the New Jersey model illustrates legislative attempts to be proactive when laws are enacted to control gambling and shield it against criminal influences.

The Reactive Model: Nevada

The Federal government collected over $2.4 billion in income taxes from business operations in Nevada and from Nevada residents in 1981 (The Role of Gaming in the Nevada Economy, 1981). Over $1.5 billion of tax revenues came from companies or from individuals who were directly or indirectly dependent upon gaming and gaming-related tourism. Nevada's economy has become clearly dependent upon the tourist trade and caters to the gaming industry.

Efforts to regulate Nevada's casinos are traceable to the enactment of a 1945 law passed by the Nevada State Legislature which provided for a gaming revenue tax that amounted to a levy on 1% of all gambling winnings in excess of $300,000 that was being reported by gambling casinos. For the first time in the history of Nevada, strict law enforcement authority was granted to a special commission to regulate a gambling-related activity: the Nevada Tax Commission had been given jurisdiction over tax collections. The Commission acquired a small staff of investigators who were assigned the additional responsibility of investigating the backgrounds of individuals who were applying for licenses. The State Tax Commission was given a directive to "obtain information concerning applicants' background, and to deny licenses to applicants if it found, on the basis of such information, that the issuance

of a license would not be in the public interest" (New Jersey Gambling Study, 1973).

It was during this period that Bugsy Siegel, a reputed mobster, with mob support began investing into the construction of the Flamingo Hotel and Casino in Las Vegas (Dombrink, 1981). Siegel's involvement in the casino's operation was short-lived, as he was executed in full gangland style for skimming the mob's money from his own casino (Eadington, 1981).

Nevada's experiences with organized crime began from the time when Siegel constructed the Flamingo Casino. It was no secret then that Siegel was involved in the emergence of Las Vegas casino gambling. Public response to Siegel was far from condemnation or indignation, rather he was accepted by the public as a venturesome businessman (Dunne, 1974). Siegel's role as a criminal with shady connections established a profile for other mobsters, who for many years were associated with the same positive public reaction (Kennedy, 1960).

The practice of skimming monies, which Siegel and his confederates instituted, resulted in millions of dollars of revenue not being reported to the State or federal government. The United States Internal Revenue Services was duly concerned over these revenue losses. Federal revenue agents suspected that racketeers were concealing anywhere

from 50-60% of the "take" from casino floor activities (Kallick-Kaufman, 1976).

Kefauver reported earlier in 1950 that prostitution, drug sales and loansharking were associated with Nevada's gaming industry and generated monies which were being laundered through the casinos (McClellan Hearings, 1963). The Kefauver Congressional Committee also uncovered numerous service industries which were involved in racketeering schemes with organized crime (Kefauver, 1950). Testimony given before the President's Commission on Law Enforcement and Administration of Justice by numerous experts in 1963 elaborated upon the McClellan Committee findings and substantiated previous suspicions that Nevada's gaming industry had been infiltrated by mobsters and racketeers (Task Force: Organized Crime, 1967). In 1960 a Senate Subcommittee uncovered widespread attempts by racketeers to infiltrate organized labor movements throughout the country (Select Committee on Improper Activities in the Labor or Management Field, 1960). The Subcommittee identified Las Vegas, Nevada as supplying a target industry for mob infiltration.

Throughout the 1950's and 1960's casino gambling in Nevada was constantly threatened by organized crime families who were conducting skimming operations. Skimming consisted of devising a means by which wagers that were

made by bettors were not disclosed as acquired revenue (Skolnick, 1978). Skimming could occur as the result of an individual's action, such as in the case when a card dealer would "pocket wagers" instead of placing them in a money box (Dombrink, 1981). Large scale skimming operations occurred in counting rooms by persons who were responsible for inventorying money that was collected at the gaming tables (Kefauver, 1951). Several prominent Chicago mobsters participated in these activities and strived to control many of the service industries associated with the casinos (Dombrink, 1981; Dowd, 1975). In 1955 Antonio Cornero Stralla, a well-known mobster, typlified the prototype of "skimming operatives" who were doing business in Las Vegas.

Stralla had invested sizeable funds into the construction of the Vegas Stardust hotel and casino. Like other racketeers who were divesting illicit monies and laundering their financial holdings in the 1950's, Stralla committed the energies of his crime family to guarantee the successful completion of the casino project. Stralla died before the casino was built and "Jake the Barber" Factor was designated as the crime families' choice to finish the project which he did. However because of his obvious affiliations with organized crime, the State of Nevada denied him a license to operate a casino (Dombrink, 1981).

Meyer Lansky, a noted east coast racketeer and financial investor appeared as the new applicant, and with the aid of the Teamster's C[illegible]al Pension Fund, a loan and considerable amounts of cash were approved. Nevada's Tax Commission and investigators had a difficult time uncovering the true identity of investors and owners. In turn, Lansky managed to retain his association with the casino and hotel throughout the years. In 1969, and again in 1974, the Stardust was sold to different investors. An indepth federal investigation into the 1974 proprietorship of the casino uncovered an on-going skimming operation that was traceable back to the 1950's (Commonwealth of Massachusetts, Legislative Research Bureau, 1983). Federal agents were unable to determine the amount of money that was involved in over 15 years of skimming, nor were they about to identify the service industries into which the funds had been invested.

Throughout the early years of casino gambling the Nevada Tax Commission was ill-prepared to conduct law enforcement investigations in connection with licenses. As Vegas was being infiltrated by mobsters in the 1950's, politicians quickly responded to casino owners demands but moved slowly to establish more rigid controls to separate casino ownership from racketeers. As tourism and gaming combined so as to become indistinguishable, a more

sophisticated tax structure was developed and implemented Martinez, 1977). Any concerns over racketeering were stalemated by a legislature that was committed to producing revenue from legalized gambling. Siegel had left state legislators haunted with the idea of organized crime figures infiltrating Nevada's gaming industry. In 1950 the federal government's Department of Justice proceeded to apprise legislators of organized crime's involvement in casino gambling operations (U.S. Department of Justice, 1976). Federal agents aggressively pursued inquiries into hidden casino ownerships and money laundering of money schemes.

At the same time, the Special Senate Committee to Investigate Organized Crime in Interstate Commerce, better known as the Kefauver Committee, began a nationwide campaign to look into organized crime in America. The Committee held hearings in Las Vegas and reported sufficient evidence supporting a number of beliefs relating to the operations of crime syndicates throughout the United States (U.S. Department of Justice: LEAA, 1977). The Kefauver Committee discovered that ex-bootleggers from Boston, Chicago, Cleveland, Florida, New Jersey, and New York were all responsible for funneling money into Las Vegas casinos (Johnson, 1977).

The final report from the Kefauver Committee indicated

that Nevada's casinos were attracting organized crime members. State laws did not effectively prevent racketeering opportunities within the casino industry (Kennedy, 1960). The Committee stated that "the licensing system which is in effect in the State has not resulted in excluding the undesirables from the State, but has merely served to give their activities a seeming cloak of respectability" (Kefauver, 1951). The Committee's findings were bolder and addressed the impact which mob infiltrated casino behavior had upon the State of Nevada and its citizens. The Committee stated: "the availability of huge sums of cash and the incentive to control political action resulted in gamblers and racketeers too often taking part in government....where gambling receives a cloak of respectability through legislation there is no weapon which can be used to keep gamblers out of Politics (Kefauver, 1951). The U.S. Department of Justice was determined to rid Las Vegas of organized crime activities and began to work hand-in-hand with the State Tax Commission.

In 1955 the Nevada legislative session Governor Russell signed into law a provision that reorganized the existing casino structure and created a gambling Control Division within the Tax Commission (Skolnick, 1978). The change allowed for the creation of a three-member Gaming Control Board which acted in the capacity of a law enforcement

investigative unit. So strong were the Board's revisions that Estes Kefauver backed away from attacking the Nevada gaming industry In 1956 Kefauver stated that "Nevada has established stronger safeguards through state and local governments to prohibit criminal activities in the gaming industry . . . I am delighted at this progress and I have no fault to find with it." (Skolnick, 1978).

The revised 1955 gaming structure was attacked in 1959 by Governor Grant Sawyer who requested that the legislature review the existing system and recommended changes. The legislature responded by proposing that a State Gaming Commission be created and that authority for granting licenses be removed from the Tax Commission. The new Commission was composed of five members who would be appointed for a four year term by the Governor. To avoid purely political appointments, a provision was included which stated that no more than three members of the same political party could be appointed. The Gaming Commission could issue, deny, revoke, restrict or suspend any type of gaming license (State of Nevada, Gaming Control Board, 1979). Meanwhile, the Gaming Control Board was assigned the responsibility of conducting investigations into the suitability of each casino applicant and determining if a license should be issued (State of Nevada, Gaming Control Board, 1979). The most frequently used criterion for

disqualification would deal with the character of each applicant. The Board established strict guidelines that applied to "suitability" and would not approve licenses if applicant's could be shown to have proven ties with organized crime activities. This departure from previous Tax Commission licensing standards directly affected who might apply for licenses as casino owners and key casino operators. The Board still lagged in establishing similarly rigid requirements for applicants seeking ancillary service licenses.

The Gaming Commission and Gaming Control Board combined to perform two vital functions: (1) inspections of all gambling establishments would be conducted on a regular basis, with equipment carefully examined; and (2) inspectors could demand access to all financial records that were maintained by the casino and require verification of income. Board and Commission members were granted supoena powers and could charge persons testifying before their agency with perjury whenever evidence warranted such actions (State of Nevada, Regulations of the Gaming Commission and State Gaming Control Board, 1986).

The 1955 and 1959 revised casino control laws had direct impact on the operations of racketeers in the areas of skimming and the infiltration of casinos through ownerships. Legislators had previously been caught up with

the gaming whirlwind that was associated with casino gambling. In the past, legislation was often enacted in response to existing problems, rather than in anticipation of controlling the gaming industry.

In 1967 Nevada attempted to move away from a reactive status in legislating casino controls. Legislators enacted a Corporate Gaming Act which overturned weaker state attempts to control corporate casino ventures. The new Act specified that "it is the policy of the State of Nevada to broaden the opportunity for investment in gaming through the pooling of capital in corporate form . . . to maintain effective control over the conduct of gaming by corporate licenses" (Nevada Corporate Gaming Act, 1967).

The Corporate Gaming Act created the Economic Research Division of the Gaming Control Board. This agency established a standard financial reporting form that could be used throughout the gaming industry to share information. By 1972 several large corporations were operating casinos in Nevada and had reported yearly earnings which sparked interest in casino investments (Skolnick, 1978). With the entrance of recognized corporations into the casino industry, the Federal Securities Exchange Commission became directly involved in investigating license holders.

In 1970 Congress established the Commission On The Review of National Policy Toward Gambling. After con-

ducting five years of hearings, the Commission reached a number of conclusions and recommendations that were published in their 1976 report. The Commission concluded that: (1) although organized crime had appeared at one time to be present within the operations of Nevada casinos, current evidence indicated that for the past ten years there had been a steady decline in racketeering activities. Comparing organized crime's presence to 15 years ago it was clear that presently the threat of organized crime had declined. (2) Presently, casino owners had a more difficult time in skimming profits from more casinos because of greater internal control mechanisms and rigid account regulations that were placed into operations by the revised Gaming Commission and Control Board. (3) That enforcement and control over the gaming industry in Nevada was strong and state regulations were sufficient. Regulations had been refined over a period of time and demonstrated the type of sophistication necessary in order for casino gambling to emerge as a sound crime-free business. (4) The changeover from casino-hotel ownership once aligned with mob control to current corporate ownership removed many of the "undesirables" from the gaming industry (U.S. Commission On the Review of National Policy Toward Gambling, 1976)

Despite Nevada's progress in controlling the casino

industry through more regulative standards, mob influence is still present in the casino industry (Dowd, 1975). In the 1970's the gaming industry reacted to a well documented history of mob involvement in casino operations by taking a proactive rather then reactive posture to gaming control. Without federal pressures it is doubtful that Nevada legislators and law enforcement officials would have reached current control procedures.

The licensure standards of the 1980's are an attempt to disqualify undesirable persons from doing business in any aspects of the casino industry. However it is beyond the resource of the Control Commission to examine the records of over 250 licensed casinos tracing back organized crime affiliates, or racketeering influences over the past 30 years. The Commission's approach has been to closely monitor new applicants and to thoroughly investigate allegations of wrongdoing that have surfaced.

The Grand Bahamas

The emergence of casino gambling in the Bahamas predates the Bahama Parliament's formal decree which legalized gambling on the islands of Freeport and Paradise Island in 1964. Although the majority of the island's revenue is derived from import and export duties, gaming taxes and peripheral services associated with the gaming industry were responsible for promoting the emergence of the Bahama Islands as an investor's paradise. Efforts to bring gambling to the islands can be traced back to 1939 and reveal a history that is rich in political machinations and entrepreneurship. Without the approval of Bahama's Parliament gaming could not have emerged on the islands (Albury, 1975). Various political groups were responsible for endorsing and introducing the notion of casino gambling to the people of the Bahamas.

The final approval of casino gambling did not reflect a consensus of values in support of the measure amongst the island's population, but instead appeared as a political maneuver by a very shrewd and powerful collection of influential politicians ("Life", 1967). Casino gambling became just another leisure activity in the Bahamas. The road to establish gaming however, was filled with corruption, political and commercial manipulations, and misfeasance by officials and unscrupulous businessmen.

The Bahamas capitalized upon the notion that "heaven awaited any vacationer who is willing to find Paradise in the Carribean" (Bahama Department of Tourism, 1979). Exposure of viable investment markets awaited entrepeneurs who visited the islands in search of relaxation. Through the 1950's land development was concentrated in the hands of only a few "speculative investors" however, with the start of the 1960's a new era of financial wizards appeared on the scene (Albury, 1975; Miller, 1945).

The banking industry and financial investments have always prospered on the islands. Banks and trust companies provide $100 million yearly into the Bahamian economy (Department of the Central Bank, 1984). There are 340 banks and trust companies registered in the Bahamas, of which only 80 have a physical presence. Banking has become popular because there are no income, corporate gains, or death levies or gift taxes. In addition to banks there are also 25,000 companies registered in the Bahamas (Department of Public Finance, 1984). Trade and finance have become a benchmark of the Bahamian economy. Although the Government has enacted legislation to regulate the formation and licensure of financial institutions doing business on the islands, unscrupulous business investors have conducted numerous money-making schemes for within the Bahama Islands (President's Commission on Organized Crime, "Money

Laundering", 1983).

The enactment of laws to permit company formations was soon a popular topic of discussion in Bahama's Parliament and quickly led Government to enact regulations and restrictions concerning these commercial activities. Legislation was established that permitted a Bahamian Company to be formed in a few days by a practicing Bahamian lawyer (Bahama Islands, Statute Law, 1964). According to Bahamian law: the identity of the owners of foreign companies which were incorporated need not be exposed to the Exchange Control; except by specific request of the Bahamas bank (Bahama Islands, Statute Law, 1965). Further Government provisions established a practice whereby, if a company did not staff an office in the Bahamas, usually their registered office would be located on the premise of a Bahamian lawyer who himself processed the company's incorporation.

Parliament was sympathetic to a financier's commitment to attract foreign businesses to the Bahamas, and consequently Government encouraged flexible business laws that favored trade. Legislative enactment did however encourage "quick scheming" individuals who established "paper companies" in the Bahamas, and who conducted their business affairs through rather clandestine and reclusive officers ("Saturday Evening Post", 1967). Throughout the

1960's and 1970's businesses were established overnight, and customers were being supplied with mail order services such as medical and insurance coverages. Although it was not the stated intention of the Bahamian Government to encourage such practices, early legislation allowed mail order fraud to occur. Organized crime families were suspected of being involved in these schemes, as well as being involved in the laundering of drug money through disguised investments in legitimate businesses (Commissions Hearings, 1967).

The Bahamas historically were ruled for nearly 300 years by the English who controlled the government as a white minority. In 1967, Black rule came to the islands when Lynden O. Pindling was elected Prime Minister (Albury, 1975). In 1973 Bahamians gained independence from England. Today, the islands still remain within the British Commonwealth and recognize Queen Elizabeth II as Queen of the Bahamas. A British-style parliamentary rule and democracy now prevails and is based upon precedent and English law. Gone however is the rule and powerful control once associated with the United Bahamian Party, and in its place has emerged the power and influence of the Progressive Liberal Party (Bahamian Register, 1973).

The first, and one of two eventual gambling casinos that operated in the Bahamas, was licensed by the Bahamian

government under a temporary provision which allowed gambling on Cat Cay Island. In 1939, a Mr. Wasey constructed a casino and began gambling operations at Cat Cay on a seasonal basis by payment of a small fee to the government for the right to operate a casino (Bahamian Government-Clerk's Record, 1939; Albury, 1975). Cat Cay island was located 50 miles off of Miami and attracted a wagering clientele from nearby Florida that proved lucrative to Wasey.

Due to its close proximity to the United States, there were many attempts made by American businessmen to buy out interests in the Cat Cay casino. Notorious organized crime leaders such as Max Edder, Sam Giancana, Joseph Adonis, Frank Costello, Thomas Luchese, and Ben Novack showed interest in acquiring the Cat Cay gambling site along with it's gambling license (Commission Hearings, 1967). Each time a purchase agreement was put together, it fell apart, mainly because the Bahamian Government often publically announced to the press that the Government was not interested in allowing suspected organized crime activists the opportunity of infiltrating the islands and establishing themselves as "honest businessmen" (Commission Hearings, 1967). Through public pressure the British Parliament established an investigatory Tribunal to inquire into the presence of organized crime and racketeering

operations in the Grand Bahamas (Commission Hearings, 1967). Authorized under the Commissions of Inquiry Act, in 1967, the Commission's Hearings were conducted in Nassau, and looked into the issue of organized crimes' involvement in early attempts to acquire casino licenses in the Grand Bahamas.

Testimony and documentation were presented by the Government during these Hearings in support of the belief that the Bahamian government was fully aware of the involvement of organized crime families in illegal business operations in the United States and Cuba. It was revealed that though there were numerous attempts by business groups in the Bahamas to acquire casino licenses, for many years the Cat Cay operation along with one other casino venture were the only casinos in the Bahamas (Albury, 1984). Casinos operated on a seasonal basis and their success strengthened those parties who were interested in promoting legalized casino gambling. Cat Cay was a distance from the Capital of Nassau, G. B., but still the threat of legalized casino gambling in the Capital City constantly appeared before the government' ruling body ("Life", 1967).

History shows that because of external pressures by casino investors during the 1939-40 session, Parliament voted to amend the Penal Law to allow the Government in Council to exempt certain persons and bodies from the

general prohibition contained in the law (Commission Hearings, 1967). No sooner was the law enacted when the provision was quickly tested by interested parties. A companion casino named the "Bahamian Club" was quickly approved by Government and opened for business in Nassau. Given a temporary license to conduct casino operations the Club conducted its business, as did the Cat Cay Casino, on a limited seasonal basis. The 1939-40 amendment to the Grand Bahamas Penal Code opened the gateways and initiated a flurry of interest by investors who were anxious to establish legalized gambling throughout the Bahamas (Commission Hearings, 1967).

Government officials assumed the role of deciders, for they determined who would, and who would not, be considered "good candidates" for casino licenses. There is no evidence that standards for disqualification were uniformly applied to prospective license holders (Commission Hearings, 1967). Although there were a few politicians who had intended that government officials should be preoccupied with assuming this responsibility, under the new law there was indeed a strong minority of political figures who welcomed the opportunity with greedy hands ("Saturday Evening Post", 1967). Many of the country's political leaders were also involved in business enterprises and found their way into the United Bahamian Party (Craton,

1968). The Party was led from the 1940's and throughout the 1970's by a group of Englishmen, such as Sir Roland Symonette, who was Prime Minister and Sir Stafford Sands, who at one time was a leader of the Party and became the Minister of of Government Finance and Tourism ("Life". 1967).

It was not until Sir Sands assumed the role of Minister that the issue of casino gambling fully emerged. His prestigeous position in Government circles enabled Sir Sands to become a pivotal advocate of casino gambling. Records indicate that in 1946 Sir Sands was a member of the Bahamian Parliament, and that he held membership in a syndicate which made application for a Certificate of Exemption to operate a casino on the island (Minutes of Government Council, August 9, 1946). The venture eventually collapsed only after Sir Sands presented an application for a 25 year exemption to the Code to conduct casino gambling. It was rejected by the Government. The membership of Sir Sands' syndicate consisted of unsavory persons who were operating gaming houses in the United States and Canada (Commission Hearings, 1967). Upon public disclosure of the syndicate's membership, Sir Sands removed himself from any affiliations with the group and vowed never again to openly represent such people.

In the 1960's Sir Sands' government office soon became

a checkpoint for island investors who were interested in obtaining licenses, permits, and government approval to provide services on the islands. Sir Sands found himself with autonomous power and decision making capacities. This was apparently the result of an Executive Council of Government decision which exercised little supervision over his office (Bahamas Amusement Ltd, Operating Agreement, 1963).

Sir Sands continued to serve as a prominent government official, while at the same time maintaining a select private practice. He was not admonished by the Bahamian Government nor was he required to cease this dubious practice (New Jersey, "Resorts International, License Application", 1978). From the 1950's through the 1970's, Sir Sands' political party provided him with the assurance of knowing that his private interests wouldn't be questioned. This became, in effect, a license to act as he chose. Without laws to regulate acceptable or violative practices, instances occurred in which officials abused their positions and victimized innocent parties.

In the 1960's the casino issue became closely aligned with tourism and recreation. The Cat Cay and Bahamian Club casino ventures were previously created through the issuance of a temporary provision and weren't associated with the movement towards enhancing tourism on the

islands. The approach which previously had been used to establish casino gambling in the Bahamas had been defended by government as being experimental, and was not an outcome of properly structured regulatory laws (Albury, 1984). Casinos were operating under a Certificate of Exemption, a phrase which denoted "a temporary status" (Bahama Islands: Statue Law, 1965). There was no evidence to substantiate the belief that either of the two operating casinos was being run by racketeers or organized crime families (Commission on Review of Gambling in America, 1976).

Casinos were not regulated or controlled by any specific government body, as was the case in Nevada (Commission Hearings, 1967). Organized crime families who were involved in Havana's casinos quickly exited and looked to the Bahamas for refuge and future expansion (Gambling in America, 1976). Bahama wasn't suited for an immediate influx of gambling investors and government was unwilling to consider sweeping legislative reforms which would in turn welcome Cuba's casino refugees.

In 1959 an American entrepreneur entered the Bahamas and became involved in operating a casino. Huntington Hartford, who was heir to the Great Atlantic and Pacific Tea Company wanted to purchase Paradise Island and establish a hotel-casino. He succeeded in fullfilling his dream and the island was purchased for $13 million, but

Hartford was unable to acquire the necessary political support for a temporary operator's license. After four years of struggling with Sir Sands and the Bahamian Government, Hartford was forced to accept a multimillion dollar loss and sell off his properties to suitable clients who would be approved as casino operators (Johnston, 1982). The new owners turned out to be the Mary Carter Paint Company, that eventually became incorporated as Resorts International and became New Jersey's first operating hotel-casino in 1977. Myer Lansky and his partners in organized crime had been mentioned as having business interests in the Mary Carter Paint Company venture, but were never proven to have had direct ties to casino ownership (State of New Jersey, "Resort International Licensure Application, 1976).

At the same time, Sir Sands shrewdly represented Louis Chesler, a Canadian businessman and Wallace Groves, an investor, and managed to submit an application on behalf of the Chesler-Groves interests for an Exemption Certificate to operate a casino in Freeport (Executive Council Minutes, April 1963). Unbeknown to the Council, Sir Sands received a legal fee of $576,000.00 for the influence he exerted (Commission Hearings, 1967). A casino operating license was granted for the next ten years.

With the approval of Freeport's license several

investors from Nevada contacted Sir Sands and sought to apply for casino licensing. Meyer Lansky, an organized crime figure, failed to obtain Sir Sand's support and withdrew from any further negotiations. With the introduction of the Mary Carter Paint Company, Bahama's Parliament insisted upon creating laws which would remove casino gambling from a status of "exemption certificates."

Casino law were enacted in the 1970's and legislation came after the fact that casinos were already operating on the islands. With the emergence of the United Bahamian Party, and a change of political leaders, Sir Sands no longer was in control. Casino gambling is now regulated under stricter laws established by Parliament. Violation of the laws may lead to the revocation of a casino license, as well as criminal charges being brought against the violator. Casino owners are required to disclose information to the Government upon request and report their "status" to State officials when they are operating casinos in the United States. Although the Bahama government has retained legalized gambling, it no longer grants licenses on a temporary basis. Beginning with 1980 the Parliament even moved further away from its original position on casino licenses. A new law was approved requiring hotel-casino ownership to do business under a license that would be held by the Bahamian Government (Penal Law, Bahamas,

1982). Thus, ended the practice of political malingering on behalf of criminally influenced opportunities.

Atlantic City, New Jersey

Forms of legalized gambling have not been uncommon on the east coast. Easterners are familiar with reputable horse racing, at race tracks, such as Aqueduct and Belmont. State lotteries were introduced throughout New England, jai a-lai in Connecticut and Rhode Island, and dog racing in Massachusetts and Connecticut. In 1973, a movement began in the State of New Jersey which brought interested businessmen together in hopes of introducing casino gambling to easterners.

In March of 1973 the New Jersey Tourism and Development Association conducted a poll throughout the State of New Jersey which showed that 56.6% of the residents were in favor of casino gambling (N.J. Tourism and Development Association, 1973). The Association proceeded to solicit both public and private investors' support to place the question of casino gambling on a 1974 statewide referendum. Supporters of legalized casino gambling pointed to the issue of gaming as being a "painless tax" which would generate revenues, similar to the $57,000,000 grossed by the state lottery in 1973 (New Jersey Lottery Commission, 1973). Opponents to legalized gambling immediately emerged in the form of "No Dice", an interest group which was headed by State Senator Casey, along with supporters from the local clergy (Sternlieb and Hughes, 1983). New Jersey

State Police Superintendent David B. Kelly issued statements to the public in which he expressed a concern over organized crime's involvement in the casino industry (Stagg, 1976). Kelly went on to state that members of the New York crime family of Carlo Gambino and Philadephia-based Angelo Bruno had met to discuss the division of territories that might arise should casino gambling become legalized in New Jersey (Mallowe, 1981).

The casino question was placed on the ballot during a statewide 1974 referendum. A "yes" vote meant: (1) legislative authorization to enact laws that would permit the establishment and operation of casinos under the authority and control of the state, located in specific municipalities; (2) all the proceeds from the casinos would go into the state treasury; and (3) the location of casinos would be first approved by the voters of the county and then by the municipality concerned (Sternlieb and Hughes, 1983). The referendum for statewide casino gambling was defeated despite $600,000 spent by pro-supporters (Center for Analysis of Public Issues, 1983).

Determined to try again, The Council of Tourism conducted another poll in 1975. Results indicated that 50% of New Jersey supported legalized gambling while another 38% opposed it (New Jersey Council of Tourism, 1975). Atlantic County Assemblymen Steven Perskie sponsored a bill

which called for another casino gaming referendum in 1976. This bill restricted casino gambling to the boundaries of Atlantic City; required that the State operate the casinos; that revenues would be used to assist the elderly and handicapped; and that Atlantic City would be rebuilt with gambling tax revenues (Douglas, 1977).

Atlantic City was far from being the bustling tourist community that it once was in the 1950's and early 1960's (Sternlieb and Hughes, 1983). The beaches were rundown, other resort areas became more appealing, and very little was done to revitalize the community. Many local hotel owners claimed bankruptcy or were looking for a buyer to take properties off of their hands (Pollack, 1982). The time was right for revitalization: the theme was becoming very apparent - everyone must unite together to save a dying legend, a city that was once and could again be the capital of tourism (Atlantic County Division of Economic Development, 984). By 1975, the city's population was 27% below the 1960 census figure: this meant a decline of 15,000 persons since 1960, to a 1976 level of just 44,000 people (Atlantic City Division of Gaming Economic Development, 1984). Demolition of aging or dilapidated buildings without corresponding replacement of new commercial, hotel or resident housing became a familiar sight.

Opposition to the Perskie bill was voiced by Atlantic County Senator Joseph McGahn who introduced his own bill which required casino ownership to rest with private investors, and that revenues from gambling be placed in the State's general fund (Sternlieb and Hughes, 1983). Both the Perskie and McGahn measures were combined into a referendum bill which called for private ownership of casinos, revenues to be placed into a fund to assist the elderly and handicapped, and casino gambling to be restricted only to Atlantic City.

Soon pro-casino groups began to emerge and combine their efforts to convince New Jersey voters to approve the November 1976 referendum on legalized gambling. In June of 1976, the Economic Research Associates prepared a study entitled "Impact of Casino Gambling on the Redevelopment Potential of Atlantic City" for the Housing Authority and Urban Redevelopment Agency of Atlantic City. The Report concluded that casino gambling would mean a minimum of 1.4 million additional people would visit Atlantic City annually; each new visitor was estimated to spend approximately 3.8 days; new and renovated hotels would receive revenues around $800 million annually; a total of $22 million would be spent outside of the casino hotels; an additional demand for hotel rooms would require 9,700 new rooms constructed at a cost of between $436 million and

$698 million (1977-1985); during construction, between $131 and $209 million in construction payrolls would be created and would introduce 1,500 new construction jobs (Economic Research Associates Report, 1976).

The same report provided commentary concerning issues relating to crime in Atlantic City. It found that: (1) casino gambling wouldn't adversely affect public safety operations or requirements; (2) some increases in public safety expenditures could be expected; (3) there could be some rising incidences in the total rate of personal crime; and (4) other municipal costs in the area of finance would be minimal (Economic Research Associates Report, 1976). Overall, there was very little documentation to infer possible outcomes of casino gambling, as it would affect the city's crime problems, living conditions, transportation woes, or cost of living standards.

The Report called for a non-political gaming agency with powers to license, supervise and investigate ongoing operations of private licensees. It was carefully resolved that every precaution should be undertaken to assure that each licensee was of high moral character and background and had appropriate business experience, along with financial resources The licensing of casino operators would be considered a "privilege" rather than a "right". The ERA Report built a strong case, and became the primary

reason for establishing casino gambling in New Jersey.

In the 1976 campaign, a newly formed committee ("A Committee to Rebuild Atlantic City") was established with California lobbyist Sanford Weiner assuming the Executive Directorship (Rubenstein, 1982). Weiner had the benefit of contributions totaling $1.25 million, with Resorts International being the biggest contributor with a donation of $253,865 (Gambling Referendum Expenditures, 1976).

Weiner used a variety of tactics in getting a message across the state and especially to people who resided in Atlantic City. A brochure was produced and distributed containing pro-casino information which disclosed that: a special fund estimated at $17.7 million annually, until 1980, and $20.3 million annually by 1985 would be created to reduce the cost of property taxes for senior citizens and disabled residents (Committee To Rebuild Atlantic City Report, 1976). At the same time additional benefits were explained in detail, and it appeared that the greatest area of improvement brought about by casinos would be in economic advancements. Political supporters, such as Steven Perskie, Joseph McGahn, and Governor Byrne, wielded influence in their constituencies and endorsed the findings. The promise of a healthy economic package for New Jersey loomed and was influential in convincing voters to endorse the upcoming gambling proposal (Skolnick, 1978).

Jobs, not morality, were the overriding issue helping to legalize casino gambling, according to Sanford Weiner. Furthermore, proponents interpreted law enforcement reports on casino gambling as indicating that the crime problems would be minimized if legalized gambling operations were limited to a specific area that wasn't contiguous with a large population area (Commission on the Review of the National Policy Toward Gambling, 1976).

Opponents of the gambling measure quickly recognized that there was much more support for casino gambling than expected. Unlike the previous campaign, the present casino proposal had gone to the streets and was more widely discussed. Not everyone agreed on the issue. Church groups began to unify and take a stand against pro-casino forces. The Newark-Essex Committee of Churchmen (containing 10 ministers) found the proposal morally indefensible, economically unsound, and an unfortunate ill-devised scheme to provide the state with tainted financing for projects that ought to be otherwise financed (Tantillo, 1983). New Jersey State Police Superintendent Pagano made an appeal to the public that in his own judgment at least two Atlantic City hotels were linked to organized crime individuals (Abrams Report, 1981).

On election day 1976, approximately 2.6 million voters went to the polls. The final vote was 1.46 million voting

"yes", and 1.14 million voting "no" (Atlantic City Registrar of Voters, 1976). The influence of the Committee to Rebuild Atlantic City was seen in the 61,719 votes cast in favor of gambling, compared to 13,930 opposed. The compromised referendum between Perskie and McGahn was supported by a militant political action group which went to the streets to collect voters' support for the measure.

Immediately following the referendum vote, Governor Byrne appointed a committee which became known as the Governor's Staff Policy Group on Casino Gambling. The Committee drafted the "Second Interim Report" (Lynch, 1979) and was responsible for making recommendations on casino gambling and related topics.

The Second Interim Report addressed the following areas: I. Legislative Goals - The State Interest; II. Licensing: III. Games and Players; IV. Credit and Complimentaries; V. Internal Controls; and VI. Enforcement Agencies (refer to Appendix 1). The policy group relied heavily upon interviews with representatives of the Nevada Gaming Commission and with staff member of the National Gambling Commission (Second Interim Report, 1977). It is apparent that the Committee's membership was impressed with the language found in Nevada's 1976 casino legislation and incorporated these regulations into the proposed New Jersey law (Second Interim Report, 1977). The Committee clearly

established a division between the interests of the State of New Jersey to regulate the casino industry, and the interests of entrepreneurs to generate profits. It became the goal of the Committee to present a model for regulating the licensing of casino-related employees that was proactive in its nature (Second Interim Report, 1977).

The policy group's report was forwarded to the Governor and immediately to the legislature. On April 18, 1977 the State of New Jersey's legislature approved Bill No. 2365 introduced by Assemblymen Perskie and Kupperman (New Jersey Legislative Notes, 1977). The Bill provided for the following:

> An act authorizing the establishment of gambling casinos in Atlantic City, and providing for licensing, regulation, and taxation thereof and creating the New Jersey Casino Control Commission, and the Division of Gaming Enforcement, prescribing the powers, duties, and function thereof, and making appropriations thereof (Senate No. 2366-L.1977).

There were 12 Articles and 154 Sections to the original bill. The legislature prefaced an indepth series of regulatory procedures by stating in philosophical terms the purpose of casino gambling:

> casino gambling as a unique tool of urban development will encourage new construction, conventions, tourist, entertainment, and cultural centers in Atlantic City and offering a unique opportunity for the inhabitants. . . provide for the replacement of lost hospitality-oriented facilities, use of open spaces for leisure time and

> recreational activities which shall be exceptional facilities. . . and shall be the duty of the Act to regulate, control, and prevent economic concentration in the casino industry. . . and to prevent the casino industry from becoming an industry unto themselves that they have become in other jurisdictions (NJSA, 5:12, 1967).

The outcome of this legislation on casino investors was felt in the following ways: legalized gambling was limited to major hotel facilities in Atlantic City as part of a move to revitalize the city; and only a select number of large capital investors would be attracted to locate in these (Skolnick, 1978). New Jersey would maintain a Casino Control Commission with five members, appointed by the Governor, with the Senate's consent. There were four divisions within the Commission: The Financial Evaluation and Control Division, the Legal Division, Administrative Division, and License Division (NJSA, 5:12, 1977). The Commission would hear and decide on applications for licensure, as well as act on revocations, or suspensions. In general, the Commission would implement the Gaming Act. The Commission would maintain agents in licensed casinos at all times during normal operations.

The Division of Gaming Enforcement was charged with the investigation of applications and enforcing the provisions of the Casino Control Act. The Division assumed an advisory role, monitored gaming operations of licensees,

prosecuted criminally in the courts and was to be given the power to require licensees to produce information contained in the records, and was authorized to conduct warrantless searches whenever necessary (NJSA, 5:12, 1977).

New Jersey law would stipulate that employees of the Commission or Division could not, three years prior to appointment, have held any direct or indirect interest in a casino or ancillary industry, as well as for a period of four years after their termination from such a position. New Jersey's casino law called for harsh penalties for violations of the Gaming Control Act and contained an anti-racketeering statute which provided for imprisonment, fine, or forfeiture in cases where it could be proven that funds were acquired through racketeering activities and used for the operation of a gaming facility (NJSA, 5:12, 1977).

Atlantic City casinos are not owned by investors consisting of small groups or individuals who might not supply disclosure requirements or accountability statements (Center for Analysis of Public Issues, 1983). With considerable cash flow, casinos have been targets for "rip-offs" and skimming operations (U.S. Commission on the Review of National Policy Toward Gambling, 1976). In the past mob infiltration was evident in a number of cases involving Las Vegas casinos (Dowd, 1975). Associated with

organized crime's presence has been loan-sharking activities and corruption (Janson, 1977). Atlantic City casinos are corporately owned and financial benefits from gambling revenues are divided among shareholders and not by individual investors. Outside monitoring is conducted by the Securities and Exchange Commission and the U.S. Department of Justice. Martin Danzinger, Chairman of the Control Commission believes that casino gambling is a billion dollar cash business that requires, because of its unique operations, a specialized and tailored regulatory system (Casino Control Commission Minutes, 1981).

The Commission has maintained high standards in licensing casino employees and has attempted to handle breaches of the law with appropriate punishments (Atlantic City Press, 1985). In controlling the ancillary services, consideration has been given to the frequency and amount of business each company engages in with a particular casino. Licenses are granted only when applicants meet the standards established by the Casino Control Commission: acceptable character, financial background, abilities, and "other" requirements deemed appropriate (NJSA, 5:12, 1977).

Investigations which reveal an applicant's affiliations with organized crime result in immediate rejections and denials. Despite indepth inquiries and detailed reports, the non-gaming services appear to be vulnerable and sus-

ceptible to organized crime involvement (Lynch, 1979). It has been pointed out that the most often disguised means of organized crime's involvement is through: legal holdings, unethical business dealings, monopoly, unfair advantages, and illicit enterprises (Danzinger, 1981).

There have been as many as 8,000 vendor's names on the Master Vendors List that is supplied to the Casino Control Commission's licensing division (Casino Control Commission Annual Report, 1985). Vendors are businesses or suppliers that do an annual volume, in an amount less than $50,000 with one licensee, or less than $150,000 with more than one licensee. Intermittent suppliers or contractors are excused from licensing or registration, but hotel/casino licensees must keep a vendor's contract on file for review by the Department of Gaming Enforcement (NJSA, 5:12, 1977). A vendor's registration form must be on file with the hotel/casino. A company's name, address, principal owners and officers must be listed (NJSA, 5:12, 1977). It is possible for a clever and masterful criminal to do business with the gaming industry and remain undetected. The length and extent of such transactions is questionable and would appear to be uncovered only over an extended period of time.

Licensing investigations that have been conducted by the State's Gaming Law Enforcement Division have been

thorough and time-consuming. Each inquiry has supplied substantial documentation which allows the Gaming Commission to reach an appropriate decision on licensure. In New Jersey control and regulation are basis of a proactive legislative model, much unlike earlier casino legislation that was enacted in Nevada and the Grand Bahamas.

The Final Report from the Governor's staff Policy Committee on Casino Gambling (1977) emphasizes that a casino law could be interpreted either tightly or loosely (Lehne, 1986). This Policy Group reviewed the numerous opinions of professionals who were familiar with the role of government in licensing legalized gambling. For instance, Snyder (1980) strongly advocates that Jersey's government can expect problems when licensing is used as a tool of regulation. Snyder concludes that:

> 1) the licensing standards a state imposes on an industry may conflict with other programmatic objectives; 2) licensing is based on the quasi-judicial process of applying statu-statutory standards to specific cases; and 3) a comprehensive licensing program produces enormous administrative burdens and consumes considerable administrative resources.

After the opening of the Resorts Hotel and Casino in

1978 it took years for the Division of Gaming Enforcement to reduce its backlog of applications for licensure to reach a reasonable level (Assembly Legislative Oversight Committee, 1979). Preceeding and immediately following the enactment of legislation, Lehne (1986) indicates that viewpoints varied amongst, what he labeled as "internal" and "external" forces, as to what the features of licensing should be.

Graham Allison's (1971) work on decision and policy making applies appropriately to any discussion on the enactment of laws by government officials in a democratic political process. Out of three possible theoretical models developed by Allison, the Government Bureaucratic Politics Model best illustrates New Jersey's development of casino laws and policies, as a result of political processes.

Allison (1971) believes that legislation is enacted, not by one person, but as a result of legislators who focus not on a single strategic issue, but on many other vexing problems. Legislators do not act according to a consistent set of strategic objectives, but rather according to personal and organizational goals. Legislators who propose laws do so not through a single rational choice, but by the pulling and hauling that is politics.

Allison views political leaders who are at the top of

government as being joined by people who occupy key positions elsewhere in government, as well as by key people in organizations outside of government. According to Allison (1971): "people in government share power - there are different groups pulling in different directions producing a mixture of conflicting preferences and unequal power of various individuals - distinct from what any person or group intended."

Allison's most striking point is that:

> what brings about decisions and policies is not simply the reasons that support a course of action, or the routines of organizations that enact an alternative, but the power and skill of proponents and opponents of action in question.

When taken in conjunction with Allison's theoretical position, Lehne's model explains the dynamics that are at work when policy committees, such as the Governor's Staff Policy Group on Casino Gambling considers regulating licensure. It is Lehne's contention that casino legislation in New Jersey is a compromise between internal forces: comprised of input from newly created agencies (such as the Casino Control Commission and the Division of Gaming Enforcement, who are interested in bureaucratic self-interest); and external forces: comprised of input from industry interests (such as casino owners and boards of directors); government officials (such as the Governor's

interest in establishing equal opportunity for employment); the judiciary (referring to instances of case law); and the public (pointing to lobbyists such as the Committee to Rebuild Atlantic City).

In the years immediately preceeding the opening of Resorts International (1977-1978) licensing provisions were altered by new policies and permitted the issuing of temporary licenses for key casino and casino employees. This practice was in direct response to administrative burdens being encountered by the Division of Gaming Enforcement in processing applications for casino-related employment. Under the new provisions applicants were required to complete a short application form - which was immediately reviewed by state gaming officials. A thorough investigation proceeded the preliminary screening process. In 1982, the legislature amended the casino law and required hotel workers to register and not be licensed. This measure was in direct response to the very large number of applicants who were needed to provide everyday-hotel-related services to casinos and hotels. In 1982, all nine casinos were opened and ancillary services were in full operation.

Again, the administrative burden of processing applicants for licensure with limited regulatory resources led to adjustments. In response to service needs,

thousands of applicants were interested in being licensed as ancillary service workers. By 1982 a policy change permitted unlicensed businesses to engage in working arrangements with casinos and hotels. Ancillaries became firms who engaged in more than $50,000 of work for one casino, or not more than $150,000 of work for the entire industry. Also ancillary licenses were extended from one to three years. Vendors emerged as service employees who were unlicensed and were limited in the amounts of work they could perform for the industry.

The primary reason for these changes dated back to 1981, when the Casino Control Commission recognized the impossibility of the Division of Gaming Enforcement (as required by law) reviewing every service contract that an ancillary service business engaged in. The Casino Control Commission urged the legislature to repeal this procedure and to replace it with a more practical way of processing applicants for licensure. Licensing standards remained for the ancillary services, and registration standards applied to vendors. The only other significant change in licensing requirements occurred in 1985 when the Casino Control Commission established a policy requiring more background information from key, casino employes, and ancillary service workers.

Policy matters related to licensing are genuine matters

covering the creation and construction of the statutes enabling legislation. How we are going to enforce the law to meet its requirements is a legitimate analysis issue, but it is not particularly relevant to this study.

Chapter II

STATEMENT OF THE PROBLEM

Attempts to identify and measure the extent of organized crime's racketeering activities involving the infiltration of legitimate businesses have been difficult to accomplish. Investigators have relied upon information obtained through government inquiries, police wiretapping, and the use of police informants. "Snitches", "paid informants", or "mobsters gone sour" comprise popular categories of informational sources. Studies of the presence of organized crime in the casino industry have attracted social science researchers (Dombrink, 1981). Jurisdictions that have legalized casino gambling have become more concerned about the problem of organized crime and racketeering activities than in the past. This study will assist public officials who are charged with the responsibility of regulating the casino industry and enable officials to identify changes in organized crime infiltration patterns. Research that reviews the vulnerability of the casino industry to infiltration attempts by organized crime is useful. The value of such research is significant in that it may provide a basis for legislative and administrative remedies.

The need to regulate and control legalized casino

gambling is in response to the behavior of racketeers who have attempted to operate improper and illegal gaming, and gaming-related activities in casino establishments. State licensing is a method of requiring the disclosure of a casino applicant's financial, social or criminal background. The process of licensing can be used to identify unsavory persons, or "crime families" that are interested in promoting racketeering operations, including skimming money from casino games, laundering money through legitimate business fronts, or exploiting the supply of services and goods that support key casino operations. This study will examine the vulnerability of casino operations to racketeering and the effects which licensing controls have had upon racketeering opportunities. In particular, emphasis will be placed upon those operations that have been known as "ancillary or appended services." In this category belong suppliers of alcoholic beverages, food and nonalcoholic beverages, garbage handlers, vending machine providers, linen suppliers, maintenance services, and construction companies (NJSA 5:12-92, 1988).

Legalized gambling casinos have been constantly infiltrated by organized crime and racketeers through legal holdings, unethical business dealings, monopoly, unfair advantages, and illicit enterprises (New Jersey Casino Control Commission, 1981a). The most common form of

infiltration, as witnessed in Nevada, has taken the form of ownership of casinos and skimming operations. Although profitable, these operations are visible to the public and law enforcement officials, and therefore, pose exposure problems and invite punitive responses from law enforcement.

Meanwhile, the ancillary services are in demand and provide a "back door" into the capital networks which surround casino financing. Relationships with ancillary services can affect key casino operations through influencing casino ownership, investment, management, and finances (New Jersey Staff Policy Report, 1981a). By controlling the supply of alcoholic beverages, food and nonalcoholic beverages, garbage handlers, vending machine providers, linen suppliers, maintenance service, and construction companies, casino management can be placed in a compromising position. Companies who supply such services to casinos should be free from racketeering schemes, or from the influence of criminal organizations that may pose a threat to the legal operation of casinos (U.S. Commission on the Review of the National Policy Toward Gambling, 1976). The strong demand for goods and services in the casino industry has led to monopoly efforts initiated by organized crime (Santaniello, 1982). Instead of relying upon bidding processes which promote the idea of

free competition amongst competitors, organized crime has engaged in the use of bid rigging, kickbacks, padded payrolls, payment for goods and services never rendered, and money laundering. By using intimidation and violence organized crime has been successful in controlling a variety of service industries (Cressey, 1969). History has shown that Nevada's licensure of the ancillary services was inadequate and allowed racketeering to prevail (Skolnick, 1978).

Until recently, studies involving organized crime, racketeering and the infiltration of the casino industry have relied upon the Nevada experience (Haller, 1978). No opportunity outside of Nevada and the Grand Bahamas had existed, in which research could be done to determine the effectiveness of licensing legislation upon preventing, or controlling organized crimes' attempts to infiltrate the casino industry. With the enactment of casino legislation in New Jersey, this has changed. Research opportunities in another environment in which the threat of racketeering attempts to infiltrate the casino industry now exists. This study will examine New Jersey's Casino Control Act (P.L., 1977) and provisions which relate to the licensure of ancillary service industries which do business with the casinos. From 1977-1988 various amendments and changes have occurred in administrative policies and statutory laws

which affect the licensure of casinos and casino-related businesses.

With the enactment of casino licensing legislation, the New Jersey legislature was confronted with a definition of organized crime in which the corporate model, the alien conspiracy belief, or ethnic xenophobia emerged as popular law enforcement explanations of the origins, prevalence and threat of organized crime in our society (Kelly, 1988). This study will seek to show that Jersey's licensing restrictions were designed to prevent infiltration by relying solely upon the traditional models of organized criminal behavior. If so, not much importance was given to an awareness of other organized crime groups such as, Blacks, Chinese, Vietnamese, Japanese, Cuban, Columbian, Irish, Russian, and Canadian criminal groups (Task Force, 1987a). The vulnerability of ancillary services to infiltration by organized crime is addressed in legislation that recognizes the need for controls. New Jersey legislation intended that the infiltration of ancillary services by racketeers would be more difficult as licensure provisions became more restrictive.

Kelly points out that organized crime appears in other "different forms" that have yet to be accepted and given proper value (1988). The significance of this possibility has considerable ramifications for existing legislation

which may need to be altered in order to strengthen the ancillary services against racketeering and organized crime. If New Jersey legislators were successful in enacting restrictive laws to control key casino operations, they may have merely displaced the interests of organized crime into an equally profitable area of racketeering.

Review of the Literature

Cressey (1969) noted that studies of the infiltration of casino ancillary services by racketeers should begin with a historical review of organized crime activities. The link between organized crime and casinos has been discussed by Dolph (1979), Gutzner (1970), and Kwitny (1979). Each of these works reveal evidence of illegal group activities to control the ownership and operations of gambling establishments in the United States. The early work of Kefauver (1951) shows the terms of the debate which emerged over the organization, structure and existence of organized crime. Kefauver's writings relied upon the medium of Congressional Hearings (The Special Committee to Investigate Organized Crime in Interstate Commerce, 1950). Kefauver's Committee is one of the most frequently cited federal work which discussed racketeering and infiltrated businesses, and it resulted in the identification of over 70 businesses in the United States into which countless numbers of hoodlums had infiltrated (Kefauver, 1951). Kefauver concluded that there was a nation-wide crime syndicate that was know as the Mafia (Task Force Report: Organized Crime, 1967).

The Task Force Report: Organized Crime (1967) is credited with being the most extensive research through the

1970's conducted on racketeering and organized crime, according to Albini (1971). The Report formulated the existence of an organized crime network, syndicate, or mob. The Task Force was responsible for advocating J. Edgar Hoover's belief that the United States contained 24 groups of men of Italian decent who operated as criminal cartels in large cities (Cressey, 1967). There was a widely accepted view amongst Task Force members that organized crime invested profits it had obtained from illegal activities into businesses such as casino gambling (Kefauver, 1953).

Follow-up contributions to the 1967 Task Force Report appeared in the form of another Congressional Hearing, along with various state conducted investigations on racketeering, such as the New York State Commission on Investigations, (1970); (McClellan, 1962). The McClellan Hearings strongly reinforced the findings of the Task Force on Organized Crime and were widely accepted as corroborating the findings of the Task Force (Albini, 1971). Martens (1985) and Kelly (1986) have reported that the 1967 Task Force Report was responsible for presenting the image of organized crime and racketeering which led to reactive law enforcement programs of the 1970's and 1980's. The creation of state and federal organized crime task forces is an example of regionalized police programs which

were directed at collecting intelligence data on the movements and operations of organized criminals (Abadinsky, 1985). Martens, (1985) points out that state legislatures enacted laws which provided the police with investigative powers to collect information on organized criminals' activities. Similar provisions authorizing federal agents to conduct wiretapping were enacted by Congress (Omnibus Crime Control and Safe Streets Act, Title III, 1967).

No longer is the 1967 Task Force Report: Organized Crime, widely accepted. The report presented what Ianni (1973) called the ethnic succession concept of organized crime; or what Maas (1968) labelled as the Italian-American crime family network. Reuter (1985) and Chambliss (1978) offer controversial arguments which oppose government findings of the structure and involvement of organized criminal racketeering activities. Dowd's (1975) work, which studied businesses with high cash flows adds support to Reuter and Chambliss' views. Reuter (1985) later went on to investigate racketeers as cartel organizers and found that criminals were busy laundering their money in legitimate real estate investments.

In 1983, President Regan established a Presidential Commission to investigate organized crime and racketeering (Albanese, 1987). Reports which pertain to this study consist of the following: Organized Crime and Money

Laundering (1984), The Cash Connection (1984), Organized Crime and Labor-Management Racketeering in the United States (1985), Organized Crime and Gambling (1985), The Edge: Organized Crime, Business, and Labor Unions (1986), The Impact: Organized Crime Today (1987), and Organized Crime: Federal Law Enforcement Perspective (1987).

The findings of these Presidential Commissions challenged many of the conclusions of the 1967 Task Force Report on Organized Crime (Shenon, 1986). These implications affect law enforcement's methods of dealing with racketeering operations, and similarly will affect the gathering of intelligence information (Martens, 1985). Existing legislation, such as the 1970 RICO statute is being enforced vigorously, and it may be expected that there will be a constant call from sociologists and lawmakers to be on the outlook for more appropriate anti-racketeering laws (Albanese, 1987).

Kelly's writing (1986) presented a contrast of the two dominant opposing viewpoints, which Martens (1985) labeled as the Parasitic Model and Symbiotic Model of organized crime and racketeering. Martens felt that an understanding of these two opposing approaches is necessary, whenever a study of racketeering practices is undertaken. A similar view was held by the Casino Gambling Study Panel, New York State (1979) when they examined the vulnerability of

casinos to racketeering in New Jersey.

The "new wave" of organized crime perspectives must be taken into consideration by legislators who are concerned about reducing the potential for infiltration of legitimate businesses, according to the 1987 President's Commission on Organized Crime. Martens (1985) work in New Jersey recognized this and called for New Jersey's law enforcement intelligence community to approach racketeering with a new outlook.

The history of Nevada's experiences with organized crime and racketeering operations is discussed in the works of Reid and Demaris (1963). Lengthy reviews of the influence that racketeers had upon Nevada's emerging casino industry appears in the works of Skolnick (1978), Eadington (1978), Dunne (1974), and Puzo (1977). These reviews trace the early attempts of mobsters in the 1930's, 1940's and 1950's to infiltrate the casino industry.

Nevada's legislative history is reviewed in the State of Nevada, Regulations of the Gaming Commission and State Gaming Control Board, Chapter 463 (1959-1986). This legislation contains references to committee debates and deliberations over proposed bills to regulate and control licensure The Gambling Papers, Proceedings of the Fifth National Conference on Gambling and Risk Taking (1982) contains numerous papers on the subject of Nevada's

legislative history to regulate the casino industry: Eadington (1982), Glass (1982), Edgerton (1978), Skolnick (1978), and Dombrink (1982).

Numerous newspaper articles expose cases in which Nevada's casino industry attempted to prevent the infiltration of racketeering operations: Carmichael and Cook (1980), Dahlbert (1979), Dolph (1979), Grutzner (1970), and Karasik (1979). Government inquiries into racketeering in Nevada have been undertaken by the Commission on the Review of National Policy Toward Gambling (1976), the National Institute of Law Enforcement and Criminal Justice (1979) and the Staff Policy Group On Casino Gambling (1977).

Each historical account includes evidence substantiating the presence of organized crime's involvement in Nevada's casino industry. Robert Kennedy's work (1960) summarizes the U.S. Department of Justice's belief that Nevada must enact enforceable licensing provisions in order to deter racketeering. Eadington's (1982) and Lee's (1981) recent works restate earlier findings, in which the Nevada Gaming Commission and Control Board are called upon to supply strict enforcement of casino regulations.

In testimony given before the New Jersey Casino Control Commission (1978) regarding the application of Resorts International Hotel, Inc. for a casino license, law

enforcement intelligence agents challenged reports which were released by the State of Nevada, in which the casino industry reported being free from organized crime infiltration. Throughout legislative hearings conducted in Trenton, New Jersey, between 1976 and 1979, similar conclusions concerning the presence of organized crime were reported by witnesses testifying before investigative panels.

Literature pertaining to New Jersey's experiences with legalizing casino gambling appear in a variety of formats. There is an abundance of newspaper articles which debate the pros and cons of legalizing gambling in the State of New Jersey: Dolph (1979), Karaset (1979), Shannon (1979), Janson (1982), Edelman (1982), Nalls (1979), and Waldron (1979). Issues over economic interests, social disorganization, and street crime resulting from casino gambling appeared in newspaper accounts (Shelly, 1985). Political action groups, such as "No Dice" (Sternlieb and Hughes, (1983) insisted that gambling would destroy the moral fiber of our society. Opposing action groups, such as The Committee to Rebuild Atlantic City took to the streets to solicit grassroot support for gambling legislation (Rubenstien, 1982).

The Intelligence Division of the New Jersey State Police provided the New Jersey Attorney General with in-

telligence findings regarding legalizing gambling in the state, according to An Attorney General's Status Report on Gambling (1978). Perhaps the most revealing sources of information which discuss the legislative history responsible for the enactment of casino laws is to be found in a series of law review commentaries that were published in the Seton Hall Legislative Journal: Santaniello (1982), Hawkins (1982), Cohen (1982); along with articles which appeared in the Rutgers Law Review: Editorial (Summer 1979 and 1985). The New Jersey Casino Control Act (5-12.0.) contains references to each State Assembly Bill and will be used extensively in this study. A thorough collection of matters pertaining to legislation can be found in legislative notes that are maintained by the New Jersey Legislative librarian.

The Resorts International Hotel-Casino application for licensure reveals the Casino Control Commission's approach to handling licensure applications according to Hayes (1979). A variety of government investigatory reports conducted by the State of New York reveal law enforcements' concern over organized crime involvement in casino operations (Lynch, 1979). Similar findings are available in the works of New York State Casino Gambling Study Panel (1979), and the Abram's Report (1981).

State Police Intelligence Reports were instrumental in

supplying information to Governors in the States of Massachusetts [Legislative Research Council Report, (1983)] and New Hampshire [Findings of the Governor's Commission on Gambling, (1983)] when they considered the legalization of casino gambling. Both reports discuss the problems experienced by New Jersey's legislature in the regulation of their casino industry. The Report on Gaming Control in New Jersey was prepared by the Nevada Gaming Control Board (1979) and is the most detailed comparison of New Jersey and Nevada casino legislation. This report focuses on the weaknesses of casino regulation.

Danzinger's (1981) work is an example of numerous in-house government studies which are relied upon to evaluate the effectiveness of casino controls. Rose (1980) and Lee (1981) depend upon such studies to evaluate the extent of racketeering in the casino industry. Danzinger's (1981) remarks to the Fifth National Conference on Gambling and Risk Taking were directed at the vulnerabilities of the ancillary services.

A review of related literature indicates that in general there have been numerous attempts by organized crime to infiltrate legitimate businesses in America. Attempts to deter infiltration have become the concern of law enforcement officials, as well as state and federal legislators. Recent intelligence findings that have

surfaced through police intelligence networks have revealed a viewpoint towards the structure of organized crime cartels that is contrary to the once widely held beliefs of the Task Force on Organized Crime.

It appears that as the police enter the 1990's they will be confronted with a model of organized crime in which the alien conspiracy view and ethnic xenophobia are no longer gladly accepted. Legislators who have traditionally relied upon the viewpoint of the police in identifying organized criminals will similarly have to adjust their viewpoints, or else rely upon their own wisdom.

The literature shows further that legislators in Nevada and New Jersey have directly experienced attempts by organized crime to infiltrate casino operations. Nevada's experiences occurred prior to New Jersey's and thus supplied New Jersey legislators with an opportunity to evaluate the effectiveness of an already existing system of regulations and controls. History has shown that Nevada's casino industry was riddled throughout it's existence with problems created by organized crime.

Great care and caution has been taken by Jersey legislators to enact laws that will deter racketeers from infiltrating casino-type industries. Lawmakers have insisted that Jersey law will deter organized crime from any sort of involvement with the New Jersey casino industry. That

remains to be seen.

The Interim Report

Corruption and Racketeering in the New York City Construction Industry (New York State Organized Crime Task Force, 1988) provides substantial amounts of evidence indicating that successful attempts have been made by racketeers to exploit the construction industry. The study provides reliable insights into the documented existence of racketeering activities, and is useful in recognizing the threat which an ancillary service can pose to a regulated industry, such as casino gambling. There are many similarities between New York City's experiences with racketeers in the construction trade, and Jersey's recognition of the dangers which racketeers pose to the casino industry.

The Interim Task Force Report thoroughly investigates New York City's building trades and construction industry dating back to racketeering schemes which were devised by Robert Brindell in 1919. Brindell organized a Building Trades Council and affiliated it with the Carpenters and Joiners of America (Interim Report, 1988). Brindell's control over the construction industry permitted him to extort large sums of money from construction company owners - mainly by the sale of "strike insurance" (New York State: Intermediate Report of the Joint Legislative Commission on

Housing, 1922).

In the 1920's, New York City's five Cosa Nostra families (Bonanno, Colombo, Gambino, Genovese and Lucchese) began to control the construction unions. They acquired control by organizing strike groups, as well as by disrupting material deliveries to construction sites (Interim Report, 1988). Extortion, or the illegal flow of money from contractors to union officials is commonly used by the Cosa Nostra (United Sates v. DiSapio, 456 F.2d 64 [2nd Cir.] 1972). Meanwhile, bribery, or "grease payments" are made by contractors to obtain services, favors, or contracts that they are not entitled to (New York Penal Law sec. 155.05 [2] [e], 1975). Frauds, or obtaining property through deceit (as by fraudulently billing for work not done) is another popular means that is used by racketeers in the construction industry.

The New York State Organized Crime Task Force recognizes the serious threat which racketeers pose by exploiting and infiltrating a legitimate ancillary service business: once in control, racketeers can obtain contracts and regulate prices which are charged consumers; or they can take payments from businesses in exchange for protection from competitors (Interim Report, 1988).

New York City's experiences with organized crime's infiltration of legitimate construction businesses

illustrates the need to enact strong licensing laws which require strict entry criteria and effective means of monitoring persons working in the industry. Effective laws are viewed by the Task Force as a requirement for developing effective law enforcement strategies to properly regulate the ancillary services and to keep organized crime and racketeering out.

When the Jersey Governor's Policy Committee examined licensing provisions for casino-related groups, the Committee recognized the presence of organized crime in surrounding ancillary services and recommended that:

> In varying degrees, relationships with these ancillary concerns can affect casino operations; and without state oversight, they can affect operations in most unhealthy ways. Denied direct association with casino ownership or management, unsavory persons will look to supporting industries as a way to influence casino finances. Exorbitant contracts might be negotiated, under market pressure or more direct threats. Or extra-contractual returns might be exacted as a cost of receiving essential services (Staff Policy Group on Casino Gambling: Final Report, 1977).

Evidence of attempts being made by organized crime associates to infiltrate different types of ancillary services are numerous: Frank Gerace, president of a casino worker's union was dismissed from his job after a determination was reached by the Casino Control Commission that he had ties to organized crime (New York Times, September 27,

1984); Gerace was associated with Nicodemo Scarfo, a mob chieftain with influences in South Jersey (Newark Star-Ledger, July 3, 1984); organized crime families in Chicago exerted influence over 400,000 members of the Hotel Employees and Restaurant Union (in both Nevada and New Jersey) concerning the management of union funds (Chicago Tribune, August 28, 1984); also Carmine Persico, alleged boss of the Colombo crime family was indicted and imprisoned for his involvement in racketeering operations involving the District Council of Cement and Concrete Workers - cited for involvement in New Jersey operations (Star-Ledger, October 25, 1984). Finally, in 1981, the Pennsylvania Crime Commission linked 30 murders to mob efforts to control Atlantic City turf (Pennsylvania Crime Commission Report, 1981).

New York City is still searching for more effective ways to prevent racketeering form occurring in the construction industry, as well as discovering ways of ridding racketeers who have already gained access into the industry by infiltrating legitimate businesses. Meanwhile, New Jersians are presently dealing with Division of Gaming Enforcement Director Parillo's remarks that "we've seen direct evidence of organized crime on the periphery" (St. Petersburg Times, January 28, 1986) - and they are hoping that casino legislation will work.

Penetrating Legitimate Businesses

The research done by Block and Scarpitti (1985) on the disposal of toxic waste, although criticized for relying upon "speculations and generalizations derived from substantive public sources: namely, transcripts of hearings and testimony before congressional committees" (Kelly, 1988) is one of the most interesting works that has been conducted on organized crime in recent years.

At the roots of their theoretical explanation on how organized crime successfully infiltrates legitimate businesses, Block and Scarpitti (1988) discuss much of the same evidence that was once reviewed by the New York State Organized Crime Task Force (1988). It is apparent to these researchers that racketeers have been solicited by management or labor groups who are involved in conflicts over unionization. McClellan (1963) similarly found that "sweetheart contracts" are agreed upon between labor officials and employers who conspire to establish working conditions favorable to an employer in exchange for controlling employees and suppressing competitors. A continuation of this "scheme" finds labor problems being resolved by racketeers posing as business agents for the union side, or as silent partners in a business company. The ultimate objective may be union control and leverage of a firm's ownership:

> In almost all cases of industrial racketeering, one finds both corrupt trade associations and trade unions. Control of both employers and workers allow for innumerable methods of enrichment, ranging from restraint of trade and price fixing to the misappropriation of union funds. (Block and Scarpitti, 1985).

Reuter (1979) supplies evidence which cites the scam of loansharking as another profitable means used by racketeers to actively control businessmen in trouble. The lending of money at higher rates than the legally prescribed limit sometimes finds interest rates ranging from 1 to 150 percent a week (McClellan, 1963).

Scarpitti and Blocks' work on the waste disposal industry is an excellent example of how organized crime and racketeers are attempting to penetrate legitimate business from benign investments to active control (Kelly, 1988). Racketeers attempting to infiltrate this industry benefit from the fact that waste disposal is not victim-centered, and that it is difficult to locate persons who are directly affected by racketeering, other than business owners.

Despite these limitations in conducting research, a study of the industry shows that racketeers are interested in corrupting persons who are responsible for setting policy related to regulating the industry, or compromising law enforcement policies that are aimed at taking punitive actions against law violators.

Kelly (1988) contends Scarpitti's work demonstrates that organized crime interests are not unified, but instead can be interpreted as an instance in which the Mafia and La Cosa Nostra membership are distrustful of one another.

This contention is based upon what Kelly (1987) contends is true throughout organized crime's attempts to infiltrate any type of legitimate business: "no single group controls infiltration, but instead partnerships are formed around specific skills and businesses that transcend crime-family boundaries." It is likely that temporary organized crime coalitions are formed representing loosely united groups of criminals who share an interest in profiting from infiltrating a legitimate business industry, such as waste disposal.

Scarpitti and Block (1985) provide evidence of Kelly's (1987) contention when they disclose how crime families work together:

> Organized crime figures who were part of the secret government [waste industry cartels] had a reach into many licit and illicit activities patrolled by killers. The victims were members or associates of the Genovese-Tieri organized crime syndicate. When someone was to be killed, the contracts [orders to murder] were given to the Hoboken or the East-Harlem killers. The Genovese-Tieri syndicate and the Purple Gang [a group of younger professional criminals connected with New York organized crime figures] had entered into a deadly conspiracy.

This most recent research on the waste disposal industry provides valuable insights into the vulnerability of legitimate businesses to racketeering attempts being made to infiltrate through investments or active control. Research findings from this work infer that organized crime is distinctive in their method of conflict resolution. Violence and corruption loom as key assets that criminals rely upon when winning their way into legitimately run businesses.

The casino industry is filled with ancillary businesses, who like the waste disposal business, are vulnerable to infiltration attempts being made by organized crime members. When service-related businesses are victimized by racketeers it is often difficult to locate victims who are willing to come forward and testify (Select-Senate Committee on Improper Activities in the Labor-Management Field, 1960). The issue of identifying racketeers has become even more difficult when crime-families may possibly splinter into coalitions and partnerships who become organized and more efficient in identifying ancillary service businesses who are vulnerable to infiltration. New Jersey's casino industry faces this dilemma.

Theory

This paper will examine an integrated theoretical approach to criminological theory that identifies the relationship between an organization of criminals (better know as organized crime [families]) and the processes, or means by which illegal activities (better known as racketeering) are conducted. The paper will also examine the effectiveness of weak laws in deterring racketeers from infiltrating legitimate businesses, namely, casinos.

When laws established to deter illegal conduct are weak and fail to control the conduct of organized business competitors, a legitimate business organization then becomes vulnerable to tactics that will be used by criminals to commit crimes; criminals who are organized and committed to acquiring monetary profits.

By utilizing a combination of Merton's strain theory; Ohlin and Cloward's differential opportunity theory and Sutherland's differential association theory, an applied-integrated criminological viewpoint emerges which can be used to explain the vulnerability of legitimate business enterprises to infiltration attempts by organized crime.

Braithwaite (1989) has already introduced the concept of integrated theory when he formulated a series of propositions that are used to explain organizational crime. Braithwaite did not attempt to refute the notion

that organizational crime is derived from organizational theory, he simply argued that "it is a mistake to assume that organizational crime is so different from individual crime as to require a different paradigm." (Braithwaite, 1989). Bonger (1916) and Coleman (1987) have attempted with limited success to integrate explanations of crimes of the powerful and crimes of the powerless.

The present paper views organized crime in the context of organizational theory and even goes further; it examines the notion that strain theory, differential opportunity theory and differential association theory can be used effectively in constructing a criminologically theoretical model that explains racketeering as a process in social theory that is integrated with explanations of social structure (such as culture and societal variables). This can be observed by reviewing Merton's, Ohlin and Cloward's, and Sutherland's basic theoretical premises.

Merton's strain theory examines society as being structured in such a manner that cultural goals are unattainable to everyone because the means of acquisition are limited; this leads to: an overemphasis on monetary success; an underemphasis on adhering to legitimate means of acquisition; and an unfair distribution of legitimate opportunities (Bernard, 1986).

Meanwhile, Ohlin and Cloward's differential opportunity

theory in itself is an attempt to integrate theory. These subcultural theorists not only were concerned about opportunities to perform a role, but also with opportunities to learn a role. According to Ohlin and Cloward the fundamental sociological cause of strain is blocked opportunity to achieve socially valued goals (Cloward and Ohlin, 1960). In a similar vein Sutherland (1940) viewed criminal behavior as being learned in everyday interaction with others, and that the nature of an interaction varied substantially among groups.

There have been no significant criminological theories which alone have explained the process by which organized crime has attempted, or has successfully infiltrated the legalized casino industry. Theories have failed to elaborate upon the structure of organized crime in a context of organizational theory. Explanations of the past have primarily concentrated upon law enforcement's viewpoint of organized crime emerging through the alien conspiracy belief or ethnic xenophobia (Kelly, 1988). Only recently with the development of New Jersey's casino industry has the notion of a corporate model of explaining organized crime gained any worthwhile notariaty (Kelly, 1986).

Thus, the starting point for the present theoretical explanation begins with viewing organized crime as an ordinary, structured enterprise, that corresponds to a

corporate model of business. It is important to recognize the organizational form that organized crime assumes when attempts are made by government agencies to control racketeering operations. Laws which are enacted to deter infiltration attempts into businesses by underworld gangsters should begin with an understanding of how organized crime is structured. Previous crime models cannot be used to effectively study the process by which racketeers infiltrate the casino industry, because they do not account for the changes in objectives and goals encountered by organized crime in the 1980's. Like any legitimate and successfully operated business, organized crime has responded to outside pressures brought about by government controls. The brash, openly defiant, and gangster-like image once associated with Nevada's casino investors in incompatible with New Jersey's legitimate casinos that constantly interact with state and local government. New Jersey's legislators view the casino industry as consisting of business corporations, and have enacted controls with this in mind. In New Jersey, organized crime has "reorganized" along the lines of a corporate business model. By accomplishing this fete, racketeers are familiar with licensing requirements and have constantly sought out legitimate business areas that are vulnerable to infiltration attempts.

The corporate model of organized crime that is practiced in New Jersey adheres to principles of business organization that guide the operations of legitimate businesses. As described in Cressey's 1967 work on the "National and Local Structures of Organized Crime":

1) The purpose of organized crime is to supply goods and services to consumers who demand such accommodations. Organized crime is structured in such a way that it relies upon principles of organizational behavior that are analagous to legitimate businesses which are profit and success-oriented. Organized crime constantly seeks to acquire opportunities to amass wealth.

2) Organized crime relies upon illegitimate means (in the forms of various types of criminal activities, known as racketeering) to compete with, or eliminate legitimate businesses from supplying goods and services to consumers. Organized crime's goal is not to compete legally with business enterprises, but rather to eliminate competition from the business society. Thus, why compete in a particular industry when you can own all of it, and maximize your profits through price-fixing?

3) Racketeers learn and utilize criminal tactics, such as coersion, extortion, intimidation, infiltration into legitimate businesses, fraud, and violence to acquire profits and to eliminate competition from being supplied to legiti-

mate competitors.

The corporate model of organized crime does not experience the process of change in means and goals that legitimate businesses undergo when the organization suffers major blockages of legitimate opportunities to achieve their goals; or when illegitimate opportunities for achieving organizational goals are available to organizational actors; or finally when the blockage of goals leads to the formation of subcultural units within the organization. Instead, within the corporate model of organized crime, illegitimate means are part of an overall organizational behavior that is accepted as being appropriate and reinforced throughout the entire pyramid of hierarchy. The internal processes which are at work to produce a "smoothly running" corporate model of organized crime can be explained by Merton's strain theory, by Ohlin and Cloward's differential opportunity theory and by Sutherland's differential association theory. Thus, as Braithwaithe has indicated - organizational crime can be explained by the same paradigm as individual crime; however, it is not safe to assume that the principles of organizational behavior can be reduced to those of individual human behavior.

Criminal organizations are geared to the aggressive exploitation of new opportunity. Traditionally the casino industry was a money-maker for organized crime and

racketeers who were involved in Nevada's gaming exploits. Large sums of monies were acquired through skimming operations and by avoiding tax payments. This has all changed with the inception of state and federal laws which are intended to provide internal controls, as well as supply deterrence. Casinos in Atlantic City, New Jersey, represent corporations, not individuals who own businesses. State laws clearly require all applicants for licensure to disclose their identity, or else not to apply for a license. This study will examine the incidence of licensure acceptance, or rejection by types of category. The study will also include a review of the cases in which license holders had their licenses revoked. The integrated theoretical positions taken in this paper account for a very popular means used by organized crime racketeers, namely the practice of infiltrating legitimate casino businesses. Historical accounts of infiltration into legitimate businesses have been presented elsewhere in this work (see Kefauver), and data acquired from New Jersey's Casino Control Commission shows that legitimately run casinos are prospering in New Jersey.

If infiltration were to occur, it is most likely to occur in an area which is the most vulnerable to entry, in an area of profit which is controlled by weak regulatory laws, and in an area where detection is difficult to

determine. New Jersey's licensing requirements have been hailed as prohibiting racketeers from infiltrating the ranks of ownership, key casino employees, casino employees, and the ancillary services. Data taken from this study will examine these claims. Very little, if any, data has been collected on the vulnerability of casino vendors to infiltration. It is the contention of this paper that organized crime continues to seek out profitable areas for infiltration and that presently the most vulnerable area in the casino industry is casino vendors. Organized crime is likely to abide by organizational principles when taking control over vendors who are doing business with the casinos and hotels in Atlantic City. This means that it is highly unlikely that there will be any visible indications of racketeers being involved in ownership, or key casino employee positions, as was the case in Nevada. Instead, organized crime will divert its attention to the periphery of the casino industry and attempt to eliminate the competition for services in the most likely place where success will rein, namely, the vendor services. The same casino control laws which provide a definition unfavorable to the violation of law for casino owners, key casino employees, casino employees, and ancillary service employees supplies a definition favorable to the violation of law for casino vendors. Thus, what has emerged is a theory of vulner-

ability-opportunity for racketeers who are associated with organized crime. This new theoretical viewpoint relies upon a definition of organized crime that corresponds to a corporate model, one in which the dynamics of organizational behavior can be explained through integrated social theory. Likewise, racketeering operations, such as the infiltration of legitimate businesses can be explained by applying the same theoretical perspective. This new approach is a contribution to theory and provides a better understanding of the involvement of organized crime in New Jersey's casino industry.

Chapter III

METHODOLOGY

The Research Question

The primary question deals with the effectiveness of the law to deter or prevent organized racketeering operators from infiltrating, or illegally exploiting the ancillary services of New Jersey's casino industry. The research question must also take into consideration other types of casino employees and licensing.

First Hypothesis:

> Licensing requirements will have an effect upon the characteristics of applicants applying for casino-type licenses.

This question will be tested by examining the records of the New Jersey Casino Control Commission which are maintained on licensure applications for casino owners, casino key employees, casino employees, and ancillary service employees. Casino Control Commission data also examines the numbers of licensure rejections, and the reasons for rejection (financial, character, ability, or other, such as racketeering) at the time the application was made.

Second Hypothesis:

> The revocation of casino-type licenses by the Casino Control Commission will be affected by initial licensing requirements. The numbers of

revoked licenses will directly relate to the restrictiveness of casino licensure requirements.

This hypothesis will test whether casino-type licensees who must comply with restrictive requirements (such as casino owners and casino key employees) will have fewer licensure revocations than will casino-type licensees who must comply with fewer restrictive requirements (such as in the ancillary services).

This question will be tested by examining the records of the Casino Control Commission to determine the number of cases in which license holders had their licenses revoked (for all types of licenses), and the reason for revocation. As will be the case throughout this study, the time period of 1979-1988 will be examined.

Third Hypothesis:

Increases in the number of vendors' contracts with casinos will be directly related to the number of ancillary service applications and rejections.

As the licensing requirements for categories of licensing becomes less restrictive, racketeers will gravitate towards more vulnerable entry points, such as ancillary services and vendors, and gain access, however circuitous, to gambling operations. As the licensing requirements for categories becomes less restrictive, racketeers will seek out financial opportunities in the

periphery of casino operations, namely the ancillary services or vendors. This question will be tested by examining the number of vendors who are registered on the Master List of Vendors (1979-1988) and studying the number of vendor revocations, along with the number of ancillary service applicants who abandoned their application, or were rejected.

This list is maintained by the Casino Control Division in Lawrenceville and the Division of Gaming Enforcement in Atlantic City and is developed by submission of registration forms to proper casino control officials. Under provisions of New Jersey's statutes (NJSA 5:12, 1988) a copy of each vendor's transaction is recorded by each casino-hotel doing business with a vendor. A computer system has been developed in which a monthly account (known as a "tape") is printed on the last business day of each month and is filed in the business office of a hotel-casino. Monthly tapes must be accessible to the Casino Control Commission and investigators from the Division of Gaming Enforcement are entitled (under state statute) the right to review tapes at any time they choose. Tapes that are inaccessible to an auditor may result in immediate sanctions being taken against a hotel-casino. Cases in which ancillary service applicants abandoned their application for licensure will also be maintained by the Casino

Control Commission in Lawrenceville. The Commission considers abandonment as a type of rejection, and will make notation in an applicant's record explaining the circumstances of rejection. Such information is also accessible to researchers in the form of a public document referred to as the "Minutes of the Monthly Meetings of the Casino Control Commission."

Operational Definitions and Measurements:

1. "characteristics" - means whether persons are, or are not career or professional offenders as defined by regulations of the Casino Control Commission; and whether persons have, or have not been convicted of a criminal offense under the laws of any state, or of the United States, which is punishable by more than six months in prison, or any crime involving moral turpitude.
2. "licensing requirements" - means an applicant's financial background, character background, ability background, and other areas determined to be inimical to the State of New Jersey, or of licensed gaming therein, or both.
3. "revocation of license" - means the removal of a license which was previously approved by the Casino Control Commission for failure to comply with requirements. Revocation does not mean suspension.
4. "initial license requirements" - means an applicant's financial, character, ability background, and other requirements inimical to the State of New Jersey, or of licensing gaming therein, or both.
5. "restrictiveness of casino licensure requirements" - means

(a) MOST RESTRICTIVE - cases where applicants supplied CONVINCING EVIDENCE of meeting all requirements.

(b) RESTRICTIVE - cases where applicants supplied SUFFICIENT EVIDENCE of meeting all requirements.

(c) LEAST RESTRICTIVE - cases where applicants supplied LITTLE EVIDENCE of meeting all requirements.

6. "vendor registration" - means a listing of a company's name, address, and principle owners and officers in order for a licensed facility to transact business with the enterprise. Such registrations must be kept on file by all persons transacting business with such parties.

7. "vendor's contract" - means the terms of an agreement between a vendor and a licensed facility. All contracts must be accessible to the Division of Gaming Enforcement upon their request for review.

8. "Racketeering" - means any act or threat involving murder, kidnapping, gambling, arson, robbery, bribery, extortion, or dealing in narcotic or other dangerous drugs, which is chargeable under State law, or any act in violation of Sections, 201, 224, 471-509, 659, 664, 891-894, 1341, 1503, 1510, 1511, 1955, and 2314 of Title 18, United States Code.

Subjects:

Subjects will be sampled from the following types of casino licensed employees:

1. "casino license holders (owners)": persons or companies who own and are able to operate a casino.
2. "casino key employees": persons employed in the operation of a licensed casino in a supervisory capacity or empowered to make discretionary decisions which regulate casino operation (pit bosses, shift bosses, and credit supervisors). (Refer to Appendix A).
3. "casino employees": any person employed in the operation of a licensed casino (boxmen, dealers, or croupiers, floormen, machine mechanics, and casino security persons). (Refer to Appendix B).
4. "casino service industry-ancillary/not related to gaming": any form of enterprise which provides casino applicants or licensees with goods or services regarding the realty, construction, or business or a proposed or existing hotel including suppliers or alcoholic beverages food and nonalcoholic beverages, garbage handlers, vending machine suppliers, linen suppliers, and maintenance services.
5. "vendor" - means suppliers or contractors who are excused from licensing or registration because the company does annual business in an amount less than

$50,000 with one casino/hotel licensee; or less than $150,000 with more than one hotel/casino licensee.

Procedure:

The study will proceed by including all types of casino license holders that are recorded by the Casino Control Commission by docket number (starting in 1979 and ending in 1988 (refer to Appendix C). These years have been chosen because they represent a time period immediately following the approval of casino gambling in the State of New Jersey. The geographical area of Atlantic City is the only area in the State of New Jersey where casino gambling is legal. The study becomes a case study of legalized gambling that has been restricted to a territory in which the same regulatory laws are applied to all casino-hotels (refer to Appendix D).

Throughout this timeframe, casino gambling has been regulated and controlled under the same organizational structure; namely a Casino Control Commission (CCC) which is authorized to issue licenses and establish gaming policy: and the Division of Gaming Enforcement (DGE) which conducts investigations for the Commission and enforces the Commission's policies.

Since the licensing of applicants is of major concern in this study, the New Jersey Statutes (5-12) and appropriate amendments will be analyzed. The Statutes contain provisions which stipulate licensure requirements that will be useful in studying the presence of

racketeering in the ancillary services.

The disposition of each application will be noted as "accepted" or "rejected" for licensure. The reason for the Commission's actions will also be recorded. For instance, New Jersey law does require that any person who is identified as a "career offender or a member of a career offender cartel must be denied a license of any sort" (NJSA 5:12-86). This is grounds for disqualification and will be noted in the record. Similar notations will be made by Casino Control Commission Docket number of all cases in which a casino type license, or vendor's registration is revoked.

The accuracy of data that is maintained by the New Jersey Casino Control Commission is an issue that is addressed in the New Jersey Law [5-12-7 (a) (4)]. This provision grants the power and duty of reviewing statistical reports to the Compliance Section of the Investigations Division of Gaming Enforcement.

A systematic random sampling procedure will be utilized in which a number of subjects (i.e.: 500) will be selected by relying upon the formula (n + 100). Due to the small number of applications for licensure in the category "casino owners", it is necessary to include all of the subjects in this category of the study.

The number of subjects selected will proceed by using

this formula until all 500 subjects are obtained. Suppose that a total number of applications for the time period under study (1979-1988) would be 50,000. Research requires 500 subjects for statistical considerations occasioning a 1% sample.

Techniques of Analysis:

Hypothesis I:

The dependent variable will be a dichotomous variable, with acceptance = 1, rejection = 0.

There will be independent variables of the four requirements (character, financial, ability, and other).

There will be three independent variables of license types - a categorical variable which will be dummy coded for analysis (key casino employees, casino employees, and ancillary service employees).

There will be an independent variable for years. For this analysis years will be treated as a categorical variable consisting of 10 categories (i.e.: 1979-1988).

Another independent variable will be years dishotomized at 1984 where years before 1984 will be coded as 1 and years subsequent as 0.

With process of dummy coding the study will make use of 18 independent variables.

Hypothesis II:

The dependent variable will be a dichotomous variable with revocation = 1, no revocation = 0.

There will be independent variables of four requirements (character, financial, ability, and

other).

There will be three independent variables of types of restrictiveness - a categorical variable which will be dummy coded for analysis (most restrictive, restrictive, least restrictive).

There will be an independent variable for years. For this analysis, years will be treated as a categorical variable consisting of 10 categories (i.e.: 1979-1988). Another independent variable will be years dichotomized at 1984, where years before 1984 will be coded as 1, and years subsequent as 0.

Hypothesis III:

The dependent variable will be the increase in the number of vendors contracts.

There will be an independent variable of the number of applications for ancillary licenses; and the number of rejections for ancillary licenses.

There will be an independent variable for years. For this analysis, years will be treated as a categorical variable consisting of ten categories (i.e. 1979-1988). Another independent variable will be years dicotomized at 1983.

Data Analysis

The following will be taken to analyze the data in order to prove or disprove the hypotheses:

(a) data will be coded and prepared for SPSS system at Tunxis Community College in Farmington, CT.

(b) for Hypothesis I and II the general approach to this problem is known variously as CONTEXTUAL ANALYSIS (Masin, Wong, Etwisle) or TIME-VARYING INDEPENDENT VARIABLES (Newbold and Bos).

(c) the independent variables both continuous and dummy coded will be entered into a STEPWISE REGRESSION to test the salience of the BETA WEIGHTS.

(d) the same methodology will be applied to the dependent variable of revocation.

(e) if Hypotheses I and II are correct, the variable ancillary services should show a relationship in which rejections in applications are greater than acceptances in applications in the beginning of the study (1979-1983), while casino owners and key

casino employees show a greater number of acceptances than rejections.
This means that the applications for licensure for ancillary services were down over time as the ratio of acceptances for casino applications compared with applications for such license was high.
In the latter part of the study (1984-1988), as the ratio reversed, applications for vendors' contracts increased.

(f) for Hypothesis III a Pearson product-moment correlation for pairs of variables will be conducted to determine the relationship between the independent and dependent variables. Further analysis beyond correlations would not produce reliable analysis due to the small sample size.

(g) the analysis will include a study of yearly increases or decreases in vendor contracts, compared to increases or decreases in the number of yearly ancillary service applications and rejections from the preceding year.

(h) if the hypothesis is correct the relationship between ancillary service applications and

vendor contracts will be such that when ancillary service applications decrease from the preceding year, vendor contracts will increase. The strongest correlation should occur when there is the greatest decrease in ancillary service applications from the preceding year.

The same should be found true of rejections of ancillary service applications and vendor contracts; when there is an increase in rejections from the preceding year, vendor contracts should also increase. The strongest correlation should occur when there is the least decrease in rejections from the preceding year. The use of this statistical technique is appropriate since Hypothesis III is not intended to examine causation.

Scope and Limitations

By relying upon a review of historical events and data which uncovers evidence of the infiltration of organized crime into the ancillary services of casino gambling, several research questions concerning how vulnerable the casino industry is to racketeering operations will be explored. The study will focus upon our nation's latest experience with casino gambling: the State of New Jersey. Casino operations in this state have produced volumes of data on the effects that restrictive licensing and controls have had upon organized criminals who are interested in exploiting businesses which support the casino industry. It is within the scope of this study to evaluate New Jersey's degree of success in keeping the rackets out of the casino gambling industry, and to determine how effective the law has been in doing so.

This study will depend primarily upon the casino gambling industry which operates under statutory provisions that have been established by the State of New Jersey. New Jersey statutes are enacted by the New Jersey Legislature which operates under a bicameral form of government. The study will also refer to administrative laws pertaining to the regulation of the casino industry. Such provisions are also required to undergo legislative approval. Appropriate provisions of the New Jersey Code of Criminal Justice which

relate to crimes and criminal activities will also be included in this study.

On occasion reference will be made to the Nevada Revised Statutes enacted by the Nevada Legislature and provisions of the law which pertain to casino gambling.

Interstate commerce agreements or federal regulatory provisions which affect businesses and corporations will also be discussed.

Ethical Problems of Research.

The data for this study will be taken from government records. Such data must be made available to the public upon request, as stipulated by the State's Freedom of Information Act. Records are maintained by the Casino Control Commission relating to licensure and contain recommendations supporting or rejecting an applicant's request. Statutory requirements mandate that an explanation in cases of rejection be supplied. However, evidence obtained by investigators which support cases of rejection are classified as "privileged information" and cannot be reviewed by the public under the Freedom of Information Act. This is a common practice found in police investigations and does not present any difficulties for the researcher. The record will show instances when a person is identified as a career offender or a member of a career offender cartel, and in turn has been denied a license of any sort.

Chapter IV

REPORTING OF DATA

Collection and Tabulation of Data

Data that has been collected for this study relates to the three hypotheses that have been formulated. In the case of Hypothesis I, it was necessary to supply data that listed the total number of applicants per year by types of casino license (key casino, casino employee, and ancillary services). This data is presented in Table 4.1 in which the time period under consideration (1979-1988) is show. A close examination of the Table reveals an exceptionally large number of applicants for the year 1981. This was due to the opening of over six casinos during this time (1980-81). At no other time in the 10 year study of casino applications were there as many casinos beginning in business. The total number of key casino employee applications for this study was 4,541; while there were 74,538 casino employee applications; and 2,689 ancillary service applications. In all there were 81,778 overall applications.

Table 4.2 is a collection of data of casino owner license applicants. Due to the small size of this group of applicants it was necessary to include all 14 subjects.

The data is presented by applicant number, the year of application, along with the disposition of each application and the reason for such a disposition. Appendix E provides an explanation of the codes that were used in supplying licensure dispositions. Coding relied upon the alphabetical listings of (a - d). Note that the coding of "d", two explanations appear. This is because abandonment and racketeering are reported by the Division of Gaming Enforcement as falling under the category of "other". The appearance of these codified dispositions will appear later in data reports. Also note that in 1985 the data collected refers to the term "qualifiers". Qualifiers are key personnel who are associated with ownership, or are officers of a casino who must be approved by the Casino Control Commission.

Tables 4.3 through 4.12 are a sampling of key casino employees, casino employees, and ancillary service employees by year, disposition, and reason. Appendix F explains the calculation of the .01 level for random sampling that was used in obtaining this data. The data has been presented showing the sample number for each category. In all 81,778 applications were filed for licensure, while 813 of this number were randomly sampled for this study.

A summary of rejections for the time period studied by

types of license categories appears in Table 4.13. Once again, note the distinction of disposition "d" into the subdisposition of "abandonment" and "racketeering". This breakdown was presented in Tables 4.2 through 4.12.

In the case of Hypothesis II it was necessary to collect data which dealt with the revocation of casino licenses (key casino employees, casino employees, and ancillary service employees) by year, disposition, and reason for rejection. Appendix G is a calculation of the .01 level for random sampling of revoked licenses by year. In all 444 licenses were revoked, while 44 were randomly sampled for this study. Table 4.17 is a collection of this data. Table 4.18 is a collection of data pertaining to license revocations for key casino employees by years, disposition, and reasons; as are Table 4.19 for casino employees; and Table 4.20 for ancillary service employees.

In the case of Hypothesis III data was collected from the Master Vendors List for the years 1979-1988). Table 4.21 is a collection of data of vendors who were registered with casino/hotels, and the number of vendors who were rejected. Rejection could only occur after a vendor was registered and contracted to do business. The Division of Gaming Enforcement chooses when to evaluate the suitability of vendors to do business with casino enterprises. The process for rejecting vendor registrants is unlike the

licensing processes used elsewhere in the casino industry and occurs after the fact that vendors are already registered. Throughout this study the Department of Gaming enforcement reviewed approximately 67% of all vendors' contracts.

Table 4.1

TOTAL NUMBER OF APPLICANTS PER YEAR
BY TYPE OF APPLICATION

	Key Casino	Casino Employee	Service	Totals
1979	476	9693	459	10628
1980	746	10126	217	11089
1981	1061	14827	413	16301
1982	265	3715	157	4137
1983	380	7133	235	7748
1984	387	7729	224	8340
1985	266	6048	225	6539
1986	343	5287	250	5880
1987	282	5128	268	5678
1988	335	4852	241	5428
Totals	4541	74538	2689	81778

Table 4.2

CASINO OWNER LICENSE APPLICANTS

(Sample: due to the small size of this group of applicants, the entire group has been included in this study.)

Year	Applicant No.	Disposition/Reason
1978	1	accepted
1979	2	accepted
1979	3	accepted
1980	4	accepted
1980	5	accepted
1980	6	accepted
1981	7	accepted
1981	8	accepted
1981	9	accepted
1984	10	accepted
1984	11	accepted
1985	12	rejected (non-compliance*)
1986	13	accepted
1987	14	accepted

*Casino Control Commission provided evidence to substantiate claims that the owners (qualifiers) were associated with criminal cartels in Las Vegas, Nevada.

Table 4.3

KEY CASINO LICENSE APPLICANTS
1979

(Sample = .01)

Applicant No.	Disposition/Reason
1	accepted
2	rejected/ c
3	rejected/ d (abandonment)
4	rejected/ d (abandonment)

CASINO LICENSE EMPLOYEE APPLICANTS
1979

(Sample - .01)

Applicant No.	Disposition/Reason
1-24	accepted
25	rejected/ c
26	rejected/ c
27	rejected/ c
28	rejected/ c
29	rejected/ c
30	rejected/ c
31	rejected/ c
32	rejected/ c
33	rejected/ c
34	rejected/ d (racketeering)
35-37	rejected/ d (abandonment)

ANCILLARY SERVICES APPLICANTS
1979

(Sample = .01)

Applicant No.	Disposition/Reason
1-2	accepted
3	rejected/ d (abandonment)
4	rejected/ d (abandonment)
5	rejected/ d (abandonment)

Table 4.4

KEY CASINO LICENSE APPLICANTS
1980

(Sample = .01

Applicant No.	Disposition/REason
1 - 3	accepted
4	rejected/ c
5	rejected/ d (abandonment)
6	rejected/ d (abandonment)
7	rejected/ d (abandonment)

CASINO EMPLOYEE LICENSE APPLICANTS
1980

(Sample = .01

Applicant No.	Disposition/Reason
1 - 80	accepted
81	rejected/ c
82	rejected/ c
83	rejected/ c
84	rejected/ c
85	rejected/ c
86	rejected/ c
87	rejected/ c
88	rejected/ c
89	rejected/ c
90	rejected/ c
91	rejected/ c
92	rejected/ c
93	rejected/ c
94	rejected/ d (racketeering)
95	rejected/ d (abandonment)
96	rejected/ d (abandonment)
97	rejected/ d (abandonment)
98	rejected/ d (abandonment)

ANCILLARY SERVICES APPLICANTS
1980

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 2	accepted
3	rejected/ d (abandonment)

Table 4.5

KEY CASINO APPLICANTS
1981

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 9	accepted
10	rejected/ d (abandonment)

CASINO EMPLOYEE LICENSE APPLICANT
1981

(Sample - .01)

Applicant No.	Disposition/Reason
1 - 140	accepted
141	rejected/ c
142	rejected/ c
143	rejected/ c
144	rejected/ c
145	rejected/ c
146	rejected/ d (racketeering)
147	rejected/ d (abandonment)
148	rejected/ d (abandonment)

ANCILLARY SERVICES APPLICANTS
1981

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 2	accepted
3	rejected (abandonment)
4	rejected (abandonment)
5	rejected (abandonment)

Table 4.6

KEY CASINO APPLICANTS
1982

(Sample = .01)

Applicant No.	Disposition/Reason
1	accepted
2	rejected/ d (abandonment)
3	rejected/ d (abandonment)

CASINO EMPLOYEE LICNESE APPLICANTS
1982

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 29	accpeted
30	rejected/ c
31	rejected/ c
32	rejected/ c
33	rejected/ c
34	rejected/ c
35	rejected/ d (abandonment)
36	rejected/ d (abandonment)

ANCILLARY SERVICES APPLICANTS
1982

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 2	accepted
3	rejected/ d (abandonment)

Table 4.7

KEY CASINO APPLICANTS
1983

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 3	accepted
4	rejected/ d (abandonment)

CASINO EMPLOYEE APPLICANTS
1983

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 57	accepted
58	rejected/ a
59	rejected/ c
60	rejected/ c
61	rejected/ c
62	rejected/ c
63	rejected/ d (racketeering)
64	rejected/ d (abandonment)
65	rejected/ d (abandonment)
66	rejected/ d (abandonment)
67	rejected/ d (abandonment)
68	rejected/ d (abandonment)
69	rejected/ d (abandonment)
70	rejected/ d (abandonment)

ANCILLARY SERVICES APPLICANTS
1983

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 2	accepted
3	rejected/ d (abandonment)

Table 4.8

KEY CASINO APPLICANTS
1984

(Sample = .01) Applicant No.	Disposition/Reason
1 - 3	accepted
4	rejected/ c

CASINO EMPLOYEE APPLICANTS
1984

(Sample = .01) Applicant No.	Disposition/Reason
1 - 69	accepted
70	rejected/ a
71	rejected/ c
72	rejected/ c
73	rejected/ c
74	rejected/ c
75	rejected/ d (racketeering)
76	rejected/ d (abandonment)

ANCILLARY SERVICES APPLICANTS
1984

(Sample = .01) Applicant No.	Disposition/Reason
1 - 3	accepted
4	rejected/ d (abandonment)

Table 4.9

KEY CASINO APPLICANTS
1985

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 2	accepted
3	rejected/ d (abandonment)

CASINO EMPLOYEE APPLICANTS
1985

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 51	accepted
52	rejected/ c
53	rejected/ c
54	rejected/ c
55	rejected/ c
56	rejected/ c
57	rejected/ c
58	rejected/ d (abandonment)
59	rejected/ d (abandonment)
60	rejected/ d (abandonment)

ANCILLARY SERVICES APPLICANTS
1985

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 2	accepted

Table 4.10

KEY CASINO APPLICANTS
1986

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 3	accepted
4	rejected/ d (abandonment)

CASINO EMPLOYEE APPLICANTS
1986

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 42	accepted
43	rejected/ c
44	rejected/ c
45	rejected/ c
46	rejected/ c
47	rejected/ c
48	rejected/ c
49	rejected/ d (abandonment)
50	rejected/ d (abandonment)

ANCILLARY SERVICES APPLICANTS
1986

(Sample = .01)

Applicant No.	Disposition/Reason
1	rejected/ c
2	rejected/ d (abandonment)

Table 4.11

KEY CASINO APPLICANTS
1987

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 3	accepted
4	rejected/ c

CASINO EMPLOYEE APPLICANTS
1987

(Sample = .01)

Applicant No.	Disposition/Reason
1 - 42	accepted
43	rejected/ c
44	rejected/ c
45	rejected/ c
46	rejected/ c
47	rejected/ c
48	rejected/ d (abandonment)
49	rejected/ d (abandonment)
50	rejected/ d (abandonment)

ANCILLARY SERVICES APPLICANTS
1987

(Sample = .01)

Applicant No.	Disposition/Reason
1	accepted
2	rejected/ c
3	rejected/ d (abandonment)

Table 4.12

KEY CASINO APPLICANTS
1988

(Sample - .01) Applicant No.	Disposition/Reason
1 - 2	accepted
3	rejected/ c
4	rejected/ d (abandonment)

CASINO EMPLOYEE APPLICANTS
1988

(Sample = .01) Applicant No.	Disposition/Reason
1 - 39	accepted
40	rejected/ c
41	rejected/ c
42	rejected/ c
43	rejected/ c
44	rejected/ d (abandonment)
45	rejected/ d (abandonment)
46	rejected/ d (abandonment)
47	rejected/ d (abandonment)

ANCILLARY SERVICES APPLICANTS
1988

(Sample = .01) Applicant No.	Disposition/Reason
1	rejected/ c
2	rejected/ d (racketeering)
3	rejected/ d (abandonment)

Table 4.13

SUMMARY OF REJECTIONS BY TYPES OF CATEGORIES
1979-1988

KEY CASINO LICENSE APPLICANTS

(Sample = .01)

Disposition/Reason	Number Applicants
(a) FINANCIAL	0
(b) ABILITY	0
(c) CHARACTER	5
(d) ABANDONMENT	12
(d) RACKETEERING	0

CASINO EMPLOYEE LICENSE APPLICANTS

(Sample = .01)

Disposition/Reason	Number Applicants
(a) FINANCIAL	1
(b) ABILITY	0
(c) CHARACTER	59
(d) ABANDONMENT	31
(d) RACKETEERING	5

ANCILLARY SERVICE LICENSE APPLICANTS

(Sample = .01)

Disposition/Reason	Number Applicants
(a) FINANCIAL	0
(b) ABILITY	0
(c) CHARACTER	3
(d) ABANDONMENT	13
(d) RACKETEERING	1

Table 4.14

APPLICANTS FOR LICENSURE BY CATEGORIES FOR TIME PERIODS (1979-1983) and (1984-1988)

KEY CASINO LICENSE APPLICANTS (1979-1983)

(Sample = .01)

Total Applicants	Disposition/Reason
17	accepted
2	rejected/ c
9	rejected/other (abandonment)
0	rejected/ a
0	rejected/ b
0	rejected/other (racketeering)

KEY CASINO LICENSE APPLICANTS (1984-1988)

(Sample = .01)

Total Applicants	Disposition/Reason
13	accepted
3	rejected/ c
3	rejected/other (abandonment)
0	rejected/ a
0	rejected/ b
0	rejected/other (racketeering)

Table 4.15

APPLICANTS FOR LICENSURE BY CATEGORIES
FOR TIME PERIODS (1979-1983) and (1984-1988)

CASINO EMPLOYEE APPLICANTS
1979-1983

(Sample = .01) Total Applicants	Disposition/Reason
274	accepted
34	rejected/ c
18	rejected/other (abandonment)
1	rejected/ a
0	rejected/ b
4	rejected/other (racketeering)

CASINO EMPLOYEE LICENSE APPLICANTS
1984-1988

(Sample = .01) Total Applicants	Disposition/Reason
277	accepted
25	rejected/ c
13	rejected/other (abandonment)
1	rejected/ a
0	rejected/ b
1	rejected/other (racketeering)

Table 4.16

APPLICANTS FOR LICENSURE BY CATEGORIES FOR TIME PERIODS (1979-1983) and (1984-1988)

ANCILLARY SERVICES LICENSE APPLICANTS 1979-1983

(Sample = .01)

Total Applicants	Disposition/Reason
10	accepted
0	rejected/ c
9	rejected/other (abandonment)
0	rejected/ a
0	rejected/ b
0	rejected/other (racketeering)

ANCILLARY SERVICES LICENSE APPLICANTS 1984-1988

(Sample .01)

Total Applicants	Disposition/Reason
6	accepted
4	rejected/ c
4	rejected/other (abandonment)
0	rejected/ a
0	rejected/ b
1	rejected/other (racketeering)

Table 4.17

NUMBER OF LICENSE REVOCATIONS BY YEARS AND TYPE

1979	
Key Casino Employees	0
Casino Employees	0
Ancillary Services	0
1980	
Key Casino Employees	0
Casino Employees	0
Ancillary Services	0
1981	
Key Casino Employees	0
Casino Employees	3
Anillary Services	0
1982	
Key Casino Employees	0
Casino Employees	17
Ancillary Services	0
1983	
Key Casino Employees	2
Casino Employees	29
Ancillary Services	0
1984	
Key CAsino Employees	4
Casino Employees	43
Ancillary Services	0

Table 4.17 (con't)

NUMBER OF LICENSE REVOCATIONS BY YEARS AND TYPE

1985	
Key Casino Employees	1
Casino Employees	120
Ancillary Servcies	0
1986	
Key Casino Employees	1
Casino Employees	71
Ancillary Services	0
1987	
Key Casino Employees	0
Casino Employees	42
Ancillary Services	0
1988	
Key Casino Employees	5
Casino Employees	109
Ancillary Services	0
Totals:	
Key Casino Employees	13
Casino Employees	434
Ancillary Services	0

Table 4.18

LICENSE REVOCATIONS FOR KEY CASINO EMPLOYEES
BY YEAR AND REASONS

1979

Subject Total = 0

1980

Subject Total = 0

1981

Subject Total = 0

1982

Subject Total = 0

1983

Subject Total = 0

1984

Subject Total = 0

1985

Subject Total = 0

1986

Subject Total = 0

1987

Subject Total = 0

1988

Subject Total = 0

Table 4.19

LICENSE REVOCATIONS FOR CASINO EMPLOYEES BY YEAR AND REASONS

1979

(Sample = .10)
Subject Total = 0

1980

(Sample = .10)
Subject Total = 0

1981

(Sample = .10)
Subject Total = 0

1982

(Sample = .10)
Subject Total = 2 reason: c
c

1983

(Sample = .10)
Subject Total = 3 reason: c
c
c

1984

(Sample - .10)
Subject Total = 4 reason: c
c
c
c

Table 4.19 (con't)

LICENSE REVOCATIONS FOR CASINO EMPLOYEES
BY YEAR AND REASONS

1985

(Sample = .10)
Subject Total = 12 reason: c
c
c
c
c
c
c
c
c
c
c
c

1986

(Sample = .10)
Subject Total = 7 reason: c
c
c
c
c
c
c

1987

(Sample = .10)
Subject Total = 4 reason: c
c
c
c

1988

(Sample = .10)
Subject Total = 11 reason: c
c
c
c
c
c
c
c
c
c
c

Table 4.20

LICENSE REVOCATIONS FOR ANCILLARY SERVICES
BY YEAR AND REASONS

1979

Subject Total = 0

1980

Subject Total = 0

1981

Subject Total = 0

1982

Subject Total = 0

1983

Subject Total = 0

1984

Subject Total = 0

1985

Subject Total = 0

1986

Subjec Total = 0

1987

Subject Total = 0

1988

Subject Total = 0

Table 4.21

MASTER LIST OF VENDORS
1979-1988

Year	Vendors Registered	Vendors Rejected
1979	726	29
1980	1350	25
1981	1965	28
1982	2385	30
1983	1519	50
1984	2375	69
1985	3149	40
1986	3175	57
1987	3490	53
1988	3662	85
Totals	23796	466

Chapter V

ANALYSIS OF HYPOTHESIS

The primary research question in this study dealt with the effectiveness of the law to deter or prevent racketeering operators from infiltration, or illegally exploiting the ancillary services of New Jersey's casino industry.

Data collected was applied for the three hypothesis in the study. Each hypothesis was tested and led to a series of conclusions concerning the research question. In brief, Hypothesis I argued that: licensing requirements will have an effect upon the characteristics of applicants applying for casino-type licenses.

The term "licensing requirements" refers to standards that must be met by an applicant relating to their background history in the areas of: financial stability, good character, an acceptable ability to perform casino-required tasks and evidence of non-racketeering involvement.

The term "characteristics" was defined in this study as meaning whether persons are, or are not career or professional criminals. Meanwhile, "racketeering" was defined as a type of characteristic; one in which the person was involved in an activity such as: relating to bribery, sports bribery, counterfeiting, theft from interstate shipment, embezzlement from pension and welfare funds, extortion credit transactions, transmission of

gambling information, mail fraud, wire fraud, obstruction of criminal justice, obstruction of state or local law enforcement, unlawful fund payments, and embezzlement from union funds.

Results taken from the study show that for the casino-type license applicant-owner, there were only 14 applications in the time period 1979-1988 (Table 4.2). All applicants were used in the data base and a sample from the population was not taken. Of this number, one applicant, or 7% of all applicants were rejected by the Casino Commission. The reason for rejection given was for "character, particularly for criminal activities or associations." The other 93% of the license applicants were approved for licensure (Table 5.8).

In the category of key casino license applicants (Tables 4.3-4.13), results taken from the study show that 63.8% of applicants for licensure were approved. Of the total number of rejections of the sample, 70.6% of all applicants were rejected due to abandoning their applications for licensure, while another 29.4% of the applicants were rejected because of "character, particularly for criminal associations" (Casino Control Docket, 1979-1988); or having committed criminal acts not disclosed in their initial application. Abandonment is considered by the Commission to be a rejection. This may be ascribed to

an applicant's failure to respond to preliminary findings showing that insufficient evidence was uncovered and could not substantiate the granting of a license.

An alternative to abandonment is the granting of a withdrawal of a licensee's application. The Casino Commission can grant this provision at their discretion. However, it would be highly unlikely that a withdrawal would be granted in cases where the Division of Gaming Enforcement asked for an applicant to clarify information, but failed to achieve compliance.

In the case of key casino employee applicants nearly all who were rejected for licensure (70.6% of the sample), were rejected for reason of former criminal activities that were not associated with racketeering. Drug-related crimes were most frequently cited as meaning criminal activities. Results failed to show rejections for financial instability; ability; or racketeering. This may be due to the fact that key casino applicants receive higher salaries than casino employees, and the position attracts career-oriented persons who are interested in advancement. Promotions to higher level management positions are based upon favorable evaluations by management of work performance on the casino floor (Resorts International Yearly Report, 1986).

In the category of casino employees 71.5% of the sample

of applicants were accepted for licensure. In all, 2.0% of the group was rejected for reason of financial instability; 32% for abandonment; and 5.2% for racketeering (Tables 5.5-5.8). Comparing the two five-year time periods that were examined in the study (1979-1983) and 1984-1988) there was a 2% increase in acceptance of applicants for licensure; a 2.9% increase in rejection for character reasons; a .09% increase in rejection for abandonment reasons; and a -4.5% decrease in rejection for racketeering reasons. This data indicates a relatively stable acceptance and rejection rate for the ten year period examined. It is apparent that the characteristics of casino employee applicants remained unchanged over the length of the study.

In the category of ancillary service applicants 47.0% of the sample of applicants was accepted for licensure. Rejections of applicants revealed that 94.1% of those that were rejected due to either "abandonment or character reasons" (Tables 5.5-5.8). This finding is similar to the data for rejection of casino employee licensee applicants, however in this case, 76.5% of the rejections were classified as "abandonment", while 17.6% were for "character reasons." Reasons for abandonment that were most often given by the DGE was that applicants had a history of non-racketeering associations, or that they

failed to accurately divulge their involvement in these activities. Although this percentage is large (76.5%), it cannot be misconstrued as a finding by the Commission of racketeering associations on the part of the applicant. Applicants were given a chance to respond to preliminary accusations that were made by DGE investigators which would lead to a rejection. However, they chose to "walk away" from their application and not debate the DGE finding. Such actions cast a shadow of doubt over the accuracy of the background history provided by these applicants.

The data collected indicated that applicants for licensure were rejected by the Casino Commission for racketeering activities most often in the category of ancillary services (5.6%), followed by casino employees (3.1%), with 0% for casino owners and key casino employees. It should also be noted that rejection for reason of abandonment was also greatest in the category of ancillary services.

It can be inferred from the low percentage of rejections for racketeering that in the categories of casino owners (7.1%) and key casino employees (0%), criminal types of persons did not make application for licensure as was the case in the other two categories under examination.

Table 5.1

INCREASE OR DECREASE OF ANCILLARY SERVICE APPLICANTS FOR THE TIME PERIOD 1979-1988

Time	% Change in Ancillary Service Applications
1979-1980	-52.7%
1980-1981	+90.3%
1981-1982	-62.0%
1982-1983	+49.6%
1983-1984	- 4.6%
1984-1985	+ .004%
1985-1986	+11.1%
1986-1987	+ 7.2%
1987-1988	-11.2%

Table 5.2

INCREASE OR DECREASE OF VENDOR APPLICANTS
COMPARED TO ANCILLARY SERVICE APPLICANTS
FOR THE TIME PERIOD 1979-1988

Time Period	% Change in Anc. Serv. App.	% Change in Vendor Serv. App.
1979-1980	-52.7%	+86.0%
1980-1981	+90.3%	+45.5%
1981-1982	-62.0%	+21.4%
1982-1983	+49.6%	-36.3%
1983-1984	- 4.6%	+56.4%
1984-1985	+ .004%	+32.0%
1985-1986	+11.1%	+ .08%
1986-1987	+ 7.2%	+ 9.9%
1987-1988	-11.2%	+49.2%

Table 5.3

INCREASE OR DECREASE OF VENDOR APPLICANTS CONTRACTS FOR THE TIME PERIOD 1979-1988

Time Period	%Change in Vendor Service Contracts
1979-1980	+86.0%
1980-1981	+45.5%
1981-1982	+21.4%
1982-1983	-36.3%
1983-1984	+56.4%
1984-1985	+32.0%
1985-1986	+ .08%
1986-1987	+ 9.9%
1987-1988	+49.2%

Table 5.4

ANCILLARY SERVICE APPLICATION DISPOSITION

Year	Applications	Accepted	Rejected	% Rejected
1979	459	78	381	83.0%
1980	217	97	120	55.0%
1981	413	90	323	78.0%
1982	157	56	101	64.0%
1983	235	140	54	23.0%
1984	224	171	53	24.0%
1985	225	170	12	5.3%
1986	250	95	155	62.0%
1987	268	94	174	65.0%
1988	241	138	52	22.0%

Table 5.5-5.8 conclusively indicates that the two independent variables known as "abandonment" and "character" are the best predictive variables for determining rejections of licenses.

Results taken from the study (Tables 4.14-4.16) show that a comparison of abandonment rejections for two five year periods (1979-1983 and 1984-1988) indicated a reduction of abandon- nments for the 1985-1989 period (a decrease of nearly 4.6% over the 1979-1984 period). A breakdown of this data indicates that there was a decrease in abandonment rejections for key casino employees, casino employees, and ancillary service employees for the time period studied; respectively they were (-16.3%), (-1.5%), and (-20.7%). It appears that applicants chose to abandon their applications at a decreased rate over the ten year period that was studied. This finding infers that the characteristics of applicants for key casino licenses became more suitable for licensure as time went on. Meanwhile, casino employees decreased their rate of abandonment slightly, however they originally were at a low rate (5.6%). This infers that the characteristics of applicants remained unchanged over the time period studied. The category of ancillary services showed a significant decrease (20.7%) in abandonment rejections, and at the same time reflected a sizeable increase in

Table 5.5

REJECTIONS OF CASINO EMPLOYEES BY YEAR AND REASON

Year	Abandonment		Character		Financial		Ability		Racket.		Totals	
	N	%	N	%	N	%	N	%	N	%	N	%
1979	3	25.0	8	66.7	0	0	0	0	1	8.3	12	100.0
1980	4	23.5	12	70.6	0	0	0	0	1	5.9	17	100.0
1981	2	25.0	5	62.5	0	0	0	0	1	12.5	8	100.0
1982	2	28.6	5	71.4	0	0	0	0	0	0	7	100.0
1983	7	53.9	4	30.7	1	7.7	0	0	1	7.7	13	100.0
1984	1	14.3	4	57.1	1	14.3	0	0	1	14.3	7	100.0
1985	3	33.3	6	66.7	0	0	0	0	0	0	9	100.0
1986	2	25.0	6	75.0	0	0	0	0	0	0	8	100.0
1987	3	37.5	5	62.5	0	0	0	0	0	0	8	100.0
1988	4	50.0	4	50.0	0	0	0	0	0	0	8	100.0
Total	31	32.0	59	60.8	2	2.0	0	0	5	5.2	97	100.0
1979-1983	18	31.6	34	59.6	1	1.8	0	0	4	7.0	57	100.0
1985-1988	13	32.5	25	62.5	1	2.5	0	0	1	2.5	40	100.0

Table 5.6

REJECTIONS OF KEY CASINO EMPLOYEES BY YEAR AND REASON

Year	Abandonment		Character		Financial		Ability		Racket.		Totals	
	N	%	N	%	N	%	N	%	N	%	N	%
1979	2	66.7	1	33.3	0	0	0	0	0	0	3	100.0
1980	3	75.0	1	25.0	0	0	0	0	0	0	4	100.0
1981	1	100.0	0	0	0	0	0	0	0	0	1	100.0
1982	2	100.0	0	0	0	0	0	0	0	0	2	100.0
1983	1	100.0	0	0	0	0	0	0	0	0	1	100.0
1984	0	0	1	100.0	0	0	0	0	0	0	1	100.0
1985	1	100.0	0	0	0	0	0	0	0	0	1	100.0
1986	1	100.0	0	0	0	0	0	0	0	0	1	100.0
1987	0	0	1	100.0	0	0	0	0	0	0	1	100.0
1988	1	50.0	1	50.0	0	0	0	0	0	0	2	100.0
Total	12	70.6	5	29.4	0	0	0	0	0	0	17	100.0
1979-1983	9	81.8	2	18.2	0	0	0	0	0	0	11	100.0
1985-1988	3	50.0	3	50.0	0	0	0	0	0	0	6	100.0

Table 5.7

REJECTIONS OF ANCILLARY SERVICE EMPLOYEES BY YEAR AND REASON

Year	Abandonment		Character		Financial		Ability		Racket.		Totals	
	N	%	N	%	N	%	N	%	N	%	N	%
1979	3	100.0	0	0	0	0	0	0	0	0	3	100.0
1980	1	100.0	0	0	0	0	0	0	0	0	1	100.0
1981	3	100.0	0	0	0	0	0	0	0	0	3	100.0
1982	1	100.0	0	0	0	0	0	0	0	0	1	100.0
1983	1	100.0	0	0	0	0	0	0	0	0	1	100.0
1984	1	100.0	0	0	0	0	0	0	0	0	1	100.0
1985	0	0	0	0	0	0	0	0	0	0	0	100.0
1986	1	50.0	1	50.0	0	0	0	0	0	0	2	100.0
1987	1	50.0	1	50.0	0	0	0	0	0	0	2	100.0
1988	1	33.4	1	33.3	0	0	0	0	1	33.3	3	100.0
Total	13	76.5	3	17.6	0	0	0	0	1	5.9	17	100.0
1979-1983	9	100.0	0	0	0	0	0	0	0	0	9	100.0
1985-1988	4	50.0	3	37.5	0	0	0	0	1	12.5	8	100.0

Table 5.8

REJECTIONS OF CASINO OWNERS BY YEAR AND REASON

Year	Abandonment		Character		Financial		Ability		Racket		Totals	
	N	%	N	%	N	%	N	%	N	%	N	%
1979	0	0	0	0	0	0	0	0	0	0	0	100.0
1980	0	0	0	0	0	0	0	0	0	0	0	100.0
1981	0	0	0	0	0	0	0	0	0	0	0	100.0
1982	0	0	0	0	0	0	0	0	0	0	0	100.0
1983	0	0	0	0	0	0	0	0	0	0	0	100.0
1984	0	0	0	0	0	0	0	0	0	0	0	100.0
1985	0	0	0	0	0	0	0	0	1	100.0	1	100.0
1986	0	0	0	0	0	0	0	0	0	0	0	100.0
1987	0	0	0	0	0	0	0	0	0	0	0	100.0
1988	0	0	0	0	0	0	0	0	0	0	0	100.0
Total	0	0	0	0	0	0	0	0	1	100.0	1	100.0
1979-1983	0	0	0	0	0	0	0	0	0	0	0	100.0
1985-1988	0	0	0	0	0	0	0	0	1	100.0	1	100.0

rejections for reason of racketeering (Table 4.16). Over the 1979-1983 period the percentage of ancillary service applicants who were accepted decreased by 12.6% for the subsequent time period 1984-1988. It appears that the characteristics of applicants applying for licensure in the ancillary services has changed in the time period studied, and included persons who were somewhat involved in racketeering activities.

Hypothesis I is proven to be true, for there is no evidence that racketeers or criminals attempted to gain entry into key casino or casino ownership itself. The characteristics of these applicants appeared over time to be people who were financially acceptable, with an ability to perform casino-related duties.

In the categories of casino employees and ancillary services the study showed that the characteristics of these applicants was more "criminal oriented" than in the other two cases. Data also indicated that over the time period studied there was no substantial increase in identifying applicants with racketeering or criminal associations for any of the categories under study.

Hypothesis II states that: the revocation of casino-type licenses (owner, key casino employees, casino employees, and ancillary services) by the Casino Control Commission will be affected by initial licensing re-

quirements. Furthermore, the numbers of revoked licenses will directly relate to the restrictiveness of casino licensure requirements. This hypothesis is based upon a scale of restrictiveness which is developed from New Jersey law (5.12) that corresponds to the following distinctions: 1) MOST RESTRICTIVE means where "convincing evidence" of meeting character, ability, financial, and non-racketeering involvement exists (ie: casino owners and key casino employees; 2) RESTRICTIVE means where "sufficient evidence" of meeting the same four initial requirements exists (ie: casino employees); and 3) LEAST RESTRICTIVE means where "little evidence" of meeting the same four initial requirements of licensing exists (ie: ancillary services).

The hypothesis argues for a relationship between the restrictiveness of initial casino licensure requirements for the various categories of licensure and the revocation of issued licenses. The direction of the relationship may be that: 1) revocations will be greatest when restrictiveness is the greatest; or 2) revocations will be the greatest when restrictions are least; or 3) that there is no relationship between restrictiveness and the revocation of issued licenses.

Data taken from the study allowed for a comparison of revocations by types of licenses over a ten year period of time (1979-1988). The most restrictive category of

licensing was key casino employees. Because of a small number of total revocations for this category, (there were 13), a .01 level of sampling provided no subjects for analytical consideration.

The same was true for the category of ancillary services, which corresponded to "least restrictive" requirements. Data taken from the study indicated that there were no revocations of issued licenses for the time period under study. Although there was a 53% rate of rejection for all ancillary service employees who applied for licensure in the study, the same pattern did not follow through for revocations.

Casino employees were classified as comprising the category of "restrictive" for purpose of measurement. Data taken from the sample of revocations indicated for the time period (1979-1983) that there were only five revocations (all for the reason of "character"), compared to a total of 38 revocations for the period (1984-1988). Again, in this time period the only reason for revocation was for "character." Casino employees' licenses were primarily revoked due to either cheating or using and selling illegal drugs. There were no instances in which racketeering involvement was recorded (Tables 5.5-5.8).

In Hypothesis II there was no relationship between the revocation of licenses and initial licensing requirements.

Only the category of RESTRICTIVE had corresponding revocations associated with it. There were no revocations for either the category of MOST RESTRICTIVE or LEAST RESTRICTIVE. For the Hypothesis to have been true, it would have been necessary for the numbers of revocations to increase in descending order from the MOST RESTRICTIVE to RESTRICTIVE to the LEAST RESTRICTIVE categories. This was not the case, and it therefore appears that the revocation of issued licenses is not affected by initial licensing requirements.

Hypothesis III states that: increases in the number of vendor contracts will be directly related to the number of ancillary service applications and their rejections. The hypothesis intends to relate the extent that casino vendors are vulnerable to infiltration attempts by organized criminals, as a consequence of ancillary service applications having decreased, or remaining the same over the years examined in the study. The hypothesis will not show the relationship between the presence, or the extent of racketeering practices in the vending services. Data was not obtained to prove this relationship. The presence of organized crime's involvement in vending operations, in non-casino areas, has been well documented elsewhere in this dissertation.

The hypothesis is based upon data that is taken from

the vendor's master registration list which is a record of vendors who are permitted by the Casino Control Commission to perform vending services for casinos and hotels. Vendors are not like ancillaries, who must meet lawful casino requirements before being issued a license. Any comparison of these two groups must take this fact into consideration. Therefore, the hypothesis is limited to examining the relationship between the growth of vending contracts as it relates to increases or decreases in ancillary application, or rejections over the time period studied.

The practice of only registering vendors, rather than requiring licensing, has opened for consideration the possibility that vendors, rather than ancillaries are more prone to racketeering. Policies are in use by the Casino Control Commission to assist investigators in invoking the casino law and controlling agency discretion. Policies are not intended to replace the provisions of licensure that legislators enacted into law - but instead, to assure that uniformity is present when investigations are conducted by the Division of Gaming Enforcement.

By examining the change in the numbers of vendor's contracts, compared to the growth of ancillaries, a pattern emerges which can be closely examined through correlations and statistical tests of time series.

Research findings indicate that there is a noticeable decrease in the number of ancillary service applications over the ten year period studied (Table 5.4). The pattern is rather consistent, with exceptions noted in years when several new casinos opened (in 1979, 1980, and 1981) when there was an overall need in the industry for more workers. During this time casino owners applied pressures upon the Casino Control Commission forcing the issuance of temporary licenses (to be followed-up by thorough investigations and permanent licenses). As the surge of new casinos and hotels diminished in 1982, a "leveling off process" in applications for ancillary service licenses occurred. This sort of internal adjustment is reflective of the various internal mechanisms that Graham Allison (1971) points out is common in a Government Bureaucratic Politics Model of decision making. Since 1983 ancillary service applications have remained fairly the same, without any variation in either increases or decreases. It should also be noted that the correlation between rejections and applications during the years 1979, 1980, and 1981 was positive (refer to Table 5.9). This was determined by relying upon the Pearson product-moment correlation for pairs of variables. Table 5.9 shows the calculated mean and standard deviation for the variables: vendor applications, ancillary service applications, and ancillary

service rejections for the number of years examined in this study.

Table 5.10 is a correlation matrix that expresses correlations between: ancillary applications and ancillary rejections, vendor applications and vendor revocations, vendor applications and ancillary service applications, vendor applications and ancillary service rejections, vendor revocations and vendor applications, vendor revocations and ancillary service applications, and vendor revocations and ancillary service rejections.

The most positive correlation is between ancillary service applications and ancillary service rejections. This correlation is .8999 and indicates that there is nearly a 90% chance that as ancillary service applications increase, rejections will also increase. The correlation between vendor applications and vendor revocations is also positive (.6504). This means that there is a 65% chance that as vendor applications increase, vendor revocations will also increase.

The correlation between vendor revocations and ancillary service rejections is -5011. The correlation indicates that there is a 50% chanced that as vendor revocations increase, ancillary service applications will decrease. Similarly, the correlation between vendor applications and ancillary service applications is negative

Table 5.9

MEAN AND STANDARD DEVIATION OF VARIABLES
FOR PEARSON CORRELATION CALCULATION

Variable	Cases	Mean	Std Dev
vendor applications	10	2379.6000	989.3444
vendor revocations	10	46.6000	19.9399
ancillary applications	10	268.9000	93.3017
ancillary rejection	10	142.5000	121.9756

Table 5.10

PEARSON CORRELATION MATRIX

Correlations	VendApp	VendRevk	ASApp	ASRejct
VendApp	1.0000	.6504	-.4544	-.4983
VendRevk	.6504	1.0000	-.3077	-.5011
ASApp	-.4544	-.3077	1.0000	.8999*
ASRejct	-.4983	-.5011	.8999*	1.0000

Explanations:

* -.001

VendApp = vendor applications

VendRevk = vendor revocations

ASApp = ancillary service applications

ASRejct = ancillary service rejections

(-.4544). This means that there is a 45% chance that vendor contracts will decrease when ancillary service licenses increase.

Tables 5.11-5.16 show a linear relationship between vendor applications and ancillary service applications that reconfirms the correlation. A statistical test of Time Series for trend (Hoel, 1966) was conducted. The test assumes that if Z => 1.96, reject the hypothesis that the series is random with 95% confidence and assume a trend probably exists. The Test for Time Series indicates that trends exist and involve: vendor applications and ancillary rejections (Table 5.12 where Z = 2.01); vendor revocations and ancillary applications (Table 5.15 where Z = 2.01); and ancillary applications and ancillary rejections (Table 5.16 where Z = 1.96).

The trends inferred by the Time Series analysis are evident by the data which indicates that vending contracts increased rapidly in relation to changes in ancillary service applications (Tables 5.2 and 5.10). The percent change in ancillary service applications during the period (1979-1983) is far more erratic than the proceeding years studied (1984-1988) (Table 5.1). This is in part due to the rapid growth of casinos and hotels, and the large volume of applications that were filed for review. During this five year period data taken from the study reflects

Table 5.11

PLOT OF VENDOR APPLICATIONS WITH ANCILLARY APPLICATIONS

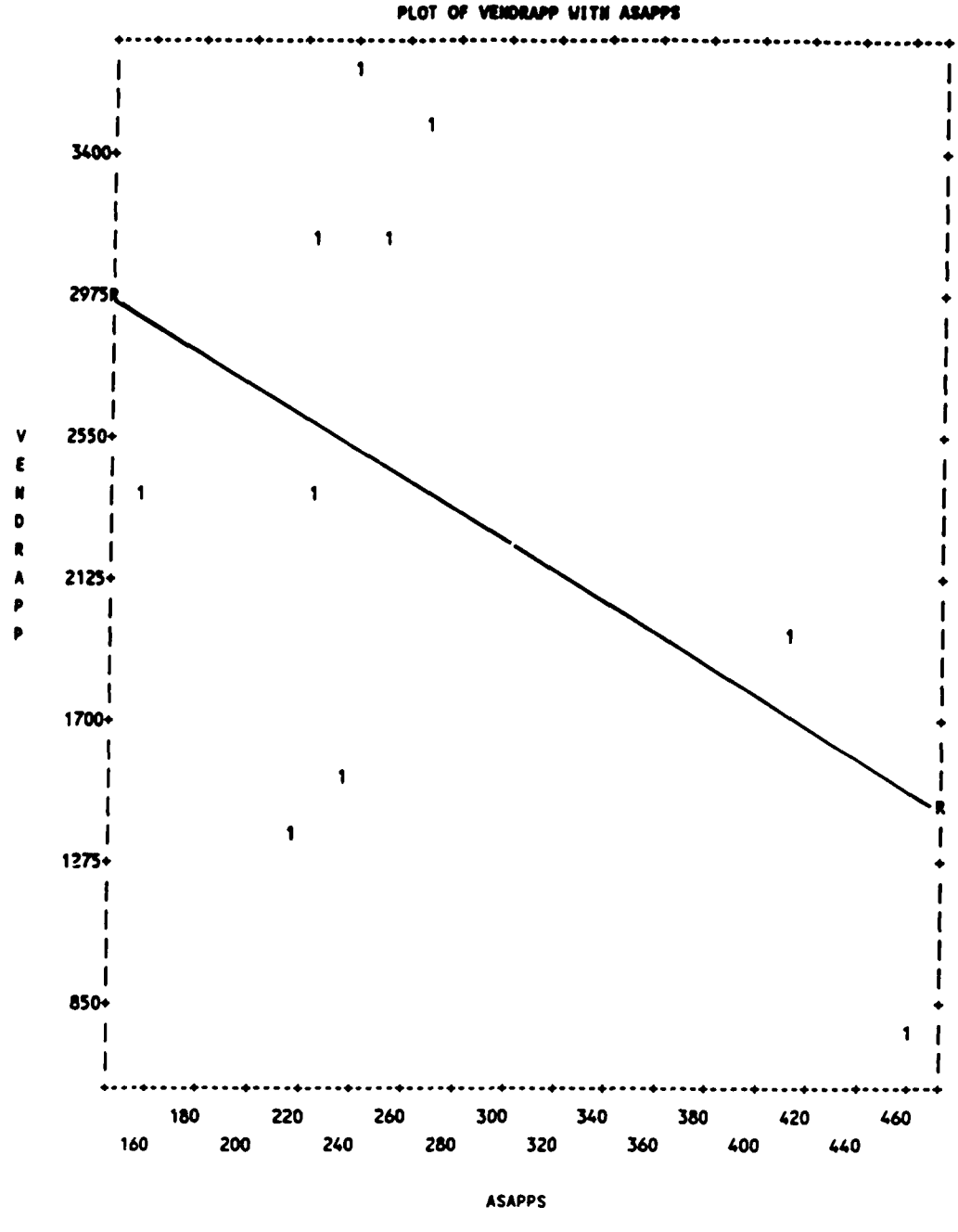


Table 5.12

PLOT OF VENDOR APPLICATIONS WITH ANCILLARY REJECTIONS

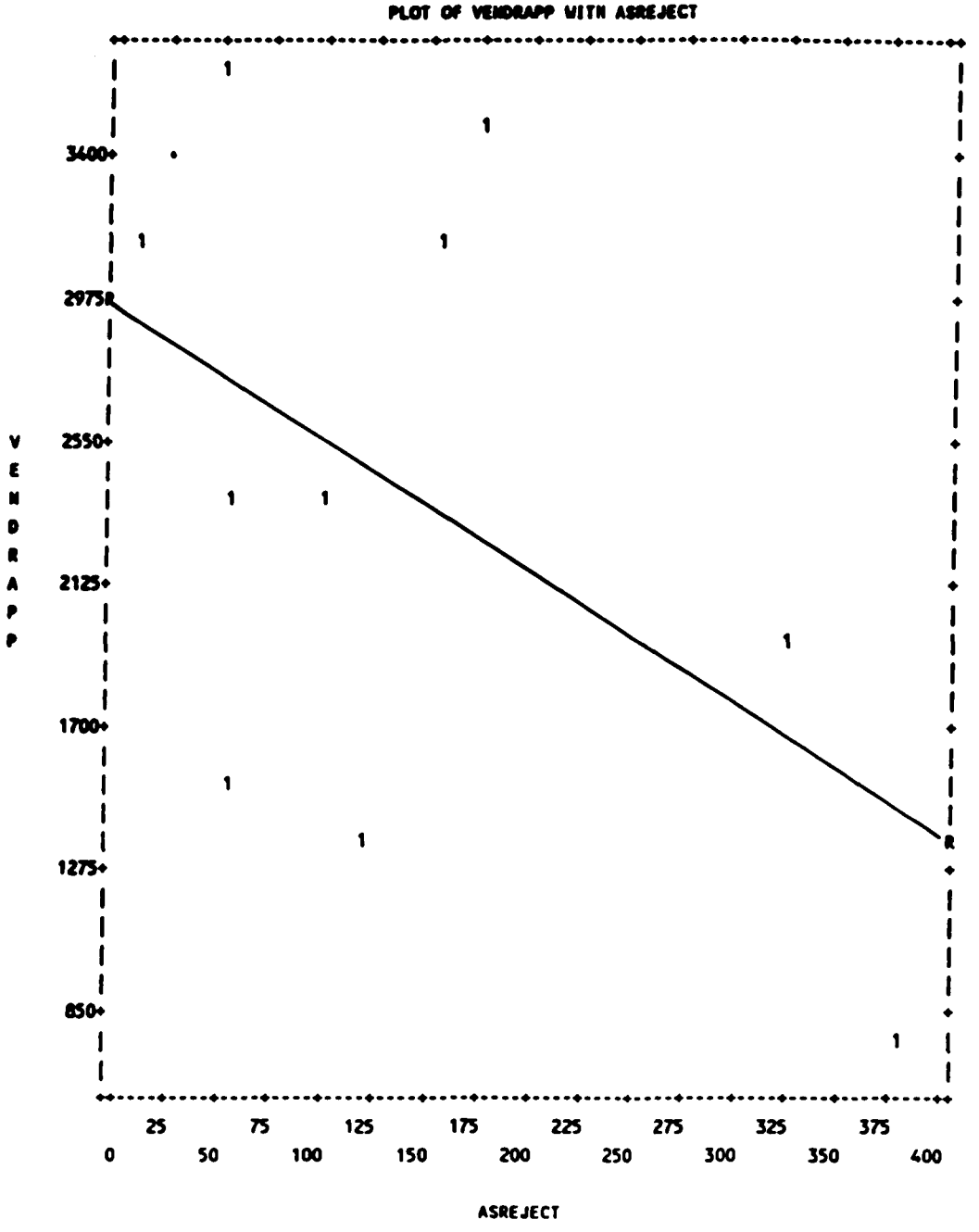


Table 5.13

PLOT OF VENDOR REVOCATIONS WITH ANCILLARY REJECTIONS

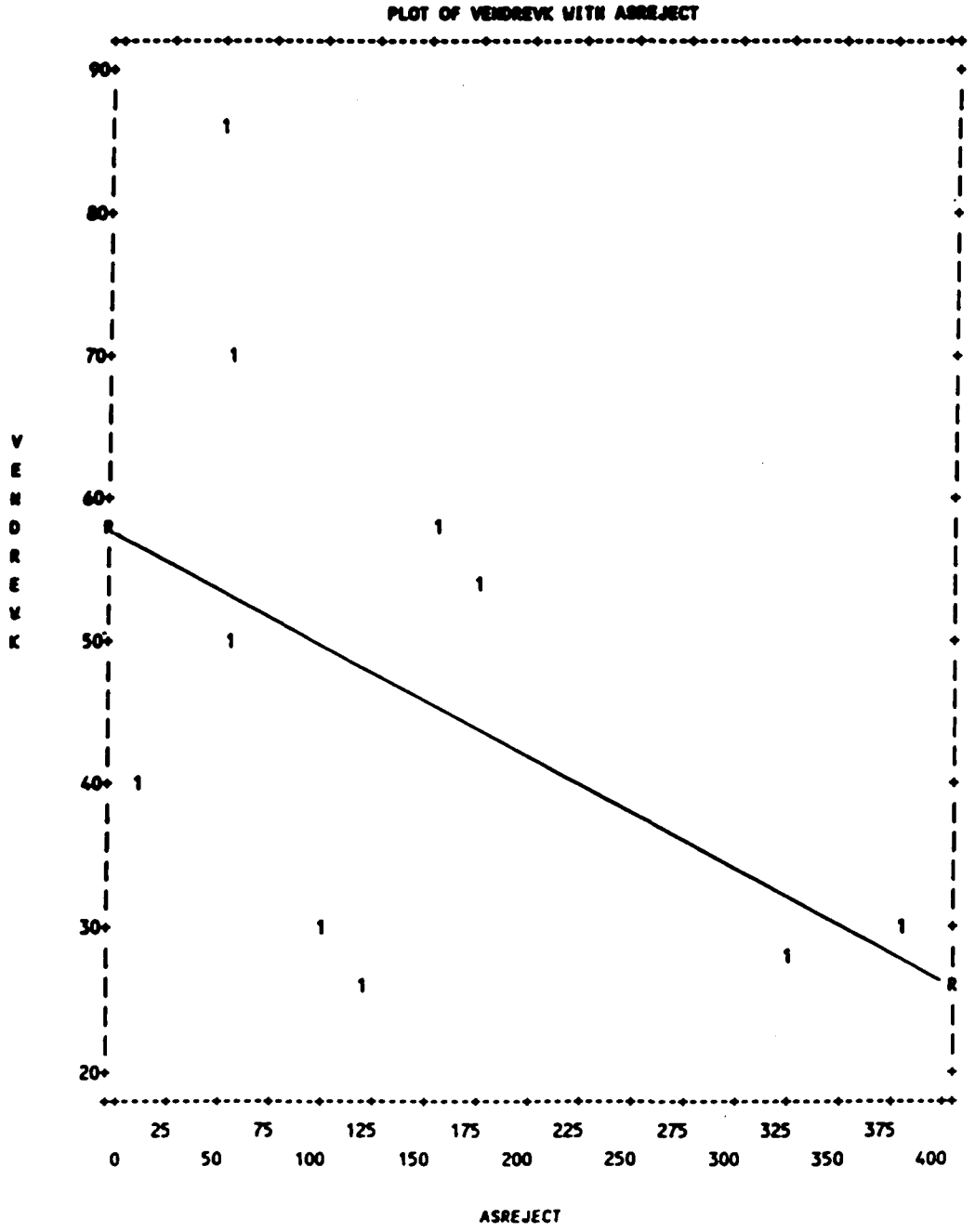


Table 5.14

PLOT OF VENDOR APPLICATIONS WITH VENDOR REVOCATIONS

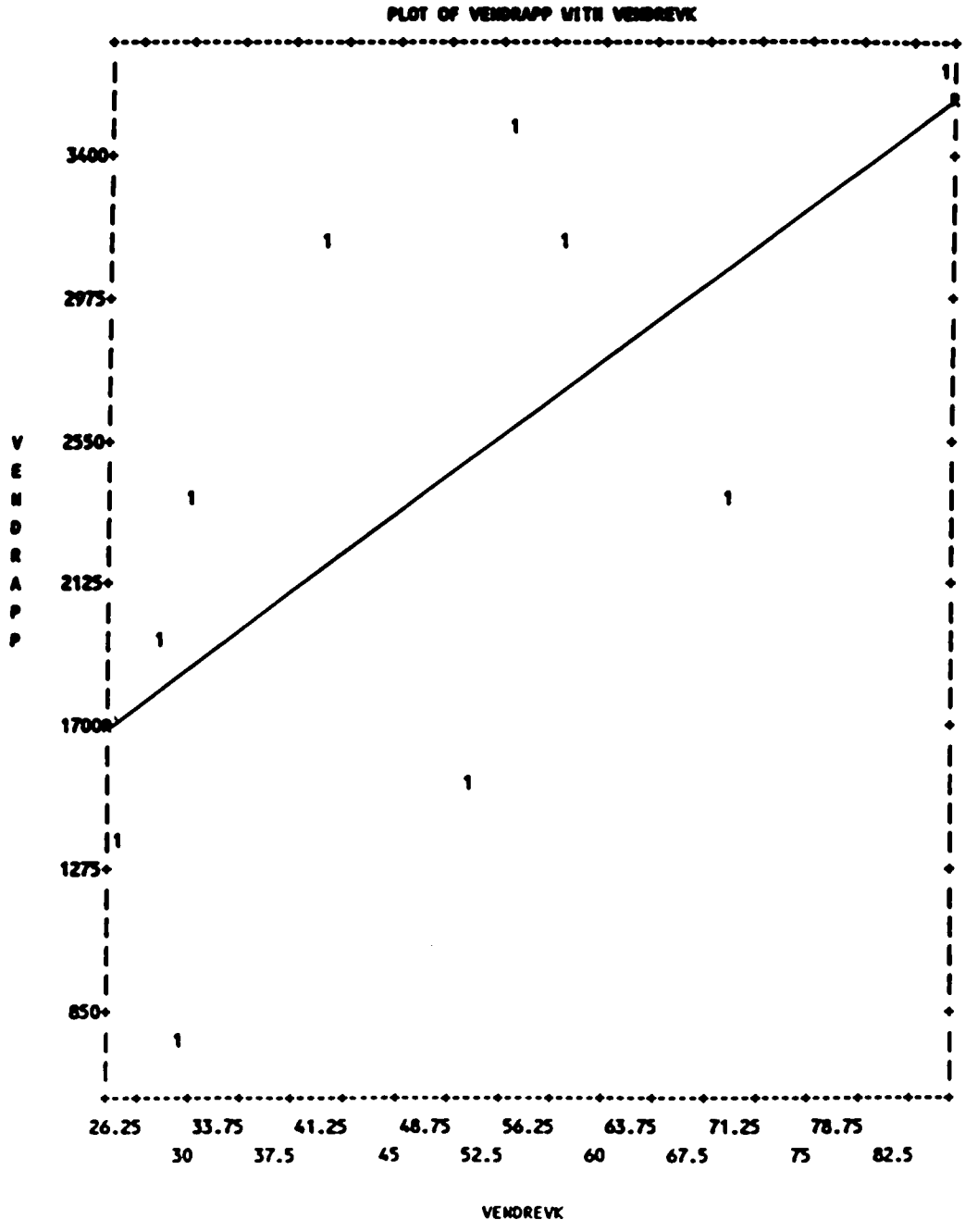


Table 5.15

PLOT OF VENDOR REVOCATIONS
WITH ANCILLARY APPLICATIONS

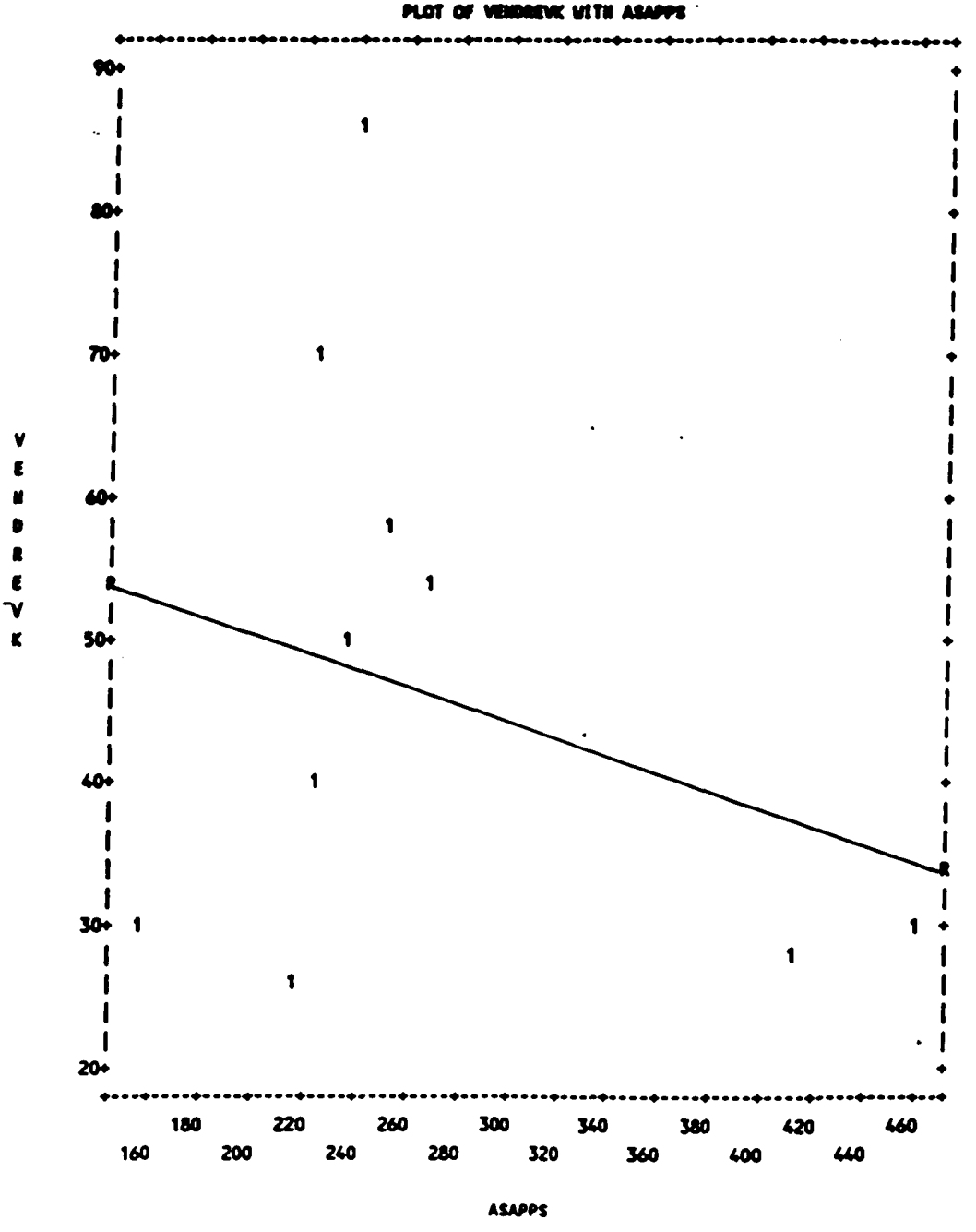
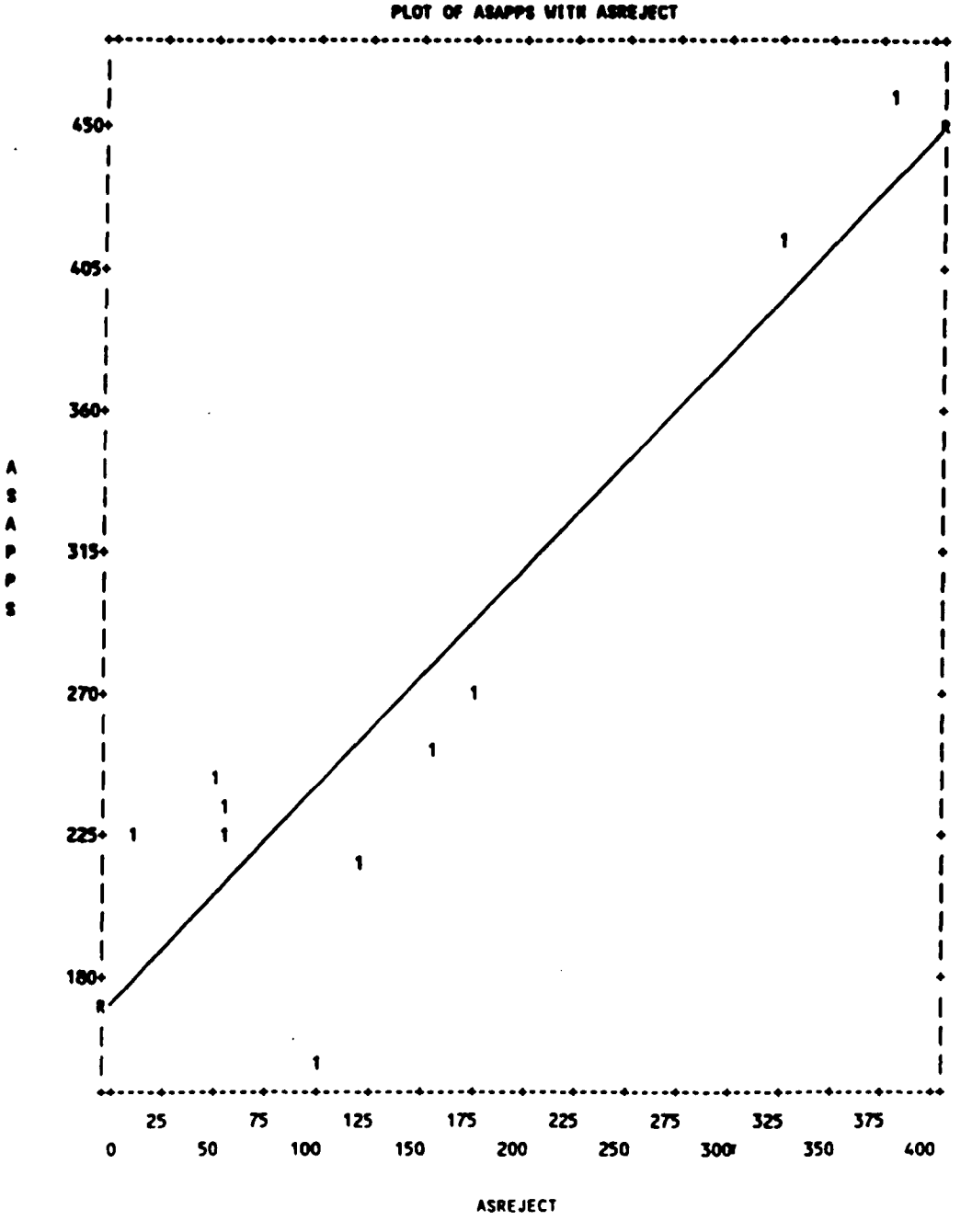


Table 5.16

PLOT OF ANCILLARY APPLICATIONS WITH ANCILLARY REJECTIONS



cases in which applications were high, low, then high again, then low, and finally leveled off. Rejections, however, were consistently high for the first four years of the study (respectively 83%, 55%, 78%, 64%, and 23%). Refer to Table 5.4 and 5.11. During this period thorough background checks of all ancillary service applicants (whether starting out as a temporary, or permanent licensee) were conducted by the Division of Gaming Enforcement under provisions of state law and Casino Control Commission policies (N.J. Assembly State Government Committee, "Public Hearing on Act A1201", April, 1980). The number of personnel that were employed by the Control Commission and the DGE during these five years increased to accommodate the workload,: 1978: 154; 1979: 285; 1980: 571; 1981: 900; and 1982: 925 (New Jersey Budget, FY80-FY82).

A review of vendor registrations shows a pattern of increases in registrations during the (1979-1983) time period, with the exception of 1983. Unlike the ancillary services, vendors indicated a steady growth in vending contracts during this time (respectively 86%, 45.5%, 21.4%, -36.3%, and 56.4%). Refer to Table 5.4.

In the latter part of this study (1984-1988), ancillary service applications remained fairly stable with a noticeable increase in 1985 (+11%), and a noticeable decrease in 1987 (-11%). Meanwhile, the rejection rate of applications

has been rather unstable and has fluctuated between 1984 and 1988 (respectively, 24%, 5.3%, 62%, 65%, and 22%).

Vendors have meanwhile shown a steady increase in vendors contracts (respectively 32%, 1%, 9.9%, and 49.2%) from 1984 through 1987. This increase is not as a dramatic surge in registrations as was experienced during the 1979-1983 period. However, it should be noted that in the 1984-1988 period applications for ancillary licenses were very stable. There were no cases in which unusual fluctuations in applications occurred from one year to the next.

The hypothesis was proven to be correct, namely, increases in vendor contracts are directly affected by changes in the number of ancillary applications and rejections (Table 5.11) over a period of time. This was particularly true in the time period (1984-1988) when slight increases in ancillary applications led to slight increases in vending contracts, but while a noticeable decrease in ancillary applications led to a sizeable increase in vending service application. Refer to table 5.2 and Table 5.10.

It was difficult to reach the same conclusions in the time period (1979-1983) because of the fluctuation in applications that is attributable to the tremendous amount of growth in the numbers of new casinos and hotels and

calls for new employees.

It appears that the variable of rejections of ancillary applications in each of the first five years of the study did not have as an adverse affect upon vendor applications, during the same time period, as did the change in ancillary applications. However, rejections did affect the proceeding year's number of applications, which showed a decrease. Refer to Table 5.4 and Table 5.10.

Rejections of ancillary licenses during each of the last five years of the study similarly had no adverse affect upon the increase of vendor contracts during the same time period. Applications for ancillary service licenses remained constant despite high rejections in 1986 and 1987 (respectively 62% and 65%).

It appears that vendor contracts showed a steady percentage of increase throughout the years examined and indicated a most sizeable increase when ancillary service applications were down from the preceding year. Reference to the results obtained from calculating the Pearson correlation (Table 5.10) reinforce this observation.

In identifying the relationship between vendor and ancillary applictions, Lehne (1986) contends that as casinos had to meet the greater costs of investigating the ancillaries, they may have preferred to reduce them by relying more heavily on vendors. One could perhaps say

that, in this particular instance at least, a bureaucratic decision actually increased vulnerability by encouraging casinos to rely on unregulated enterprises. In essence, Lehne contends that bureaucratic strategies for control can actually foster the illegal behaviors that they are committed to eradicating. This factor does not diminish the vulnerability of casinos to infiltration attempts by racketeers and is but another factor to be taken into consideration when examining the relationship between vendor and ancillary applications.

Chapter VI

CONCLUSIONS AND RECOMMENDATIONS

New Jersey's laws have been enacted as a result of compromises between interest groups who have established legal standards to evaluate the behavior of its citizenry. Laws pertaining to legalized casino gambling were enacted in 1977 by a legislature interested in controlling the issuance of licenses to prospective owners and casino-related employees. New Jersey legislators were aware of Nevada's experiences in controlling the casino industry and chose to adopt a legal model for licensing that was pro-active in its nature. Nevada's history relating to the development of legalized gambling is filled with evidence of weak controls that are aimed at deterring racketeers and organized crime families from infiltrating the casino industry. The prevalence of weak laws is also present in the Bahamas where early in the development of legalized gambling, political corruption controlled the issuance of casino permits.

Neither the laws of Nevada, nor the Bahamas acted as an effective deterrent to racketeers and organized crime associates who had applied for licenses to own, or work for a casino. In these jurisdictions criminals were not openly

permitted to engage in casino-related activities under the provisions of law. However, failure on the part of legislators to enact rigid standards for licensure in both Nevada and the Bahamas resulted in numerous instances where opportunities for infiltration by "unsavory characters" occurred. Prior to enacting casino legislation, New Jersey's legislators deliberated over the types of laws which would best supply a general deterrence, as well as laws that would limit infiltration opportunities by organized crime's associates. This study deals with vulnerability brought about by opportunities created by licensing and licensing laws.

It is evident in the New Jersey Statutes relating to casino licensing that standards are clearly stated and must be complied with, and that exceptions are not tolerated. The government group primarily responsible for drafting legislative proposals (Staff Policy Group) emphasized that "the casino industry came to New Jersey with a mixed reputation, and that it was the group's obligation to identify, describe and seek solutions to problems in the industry which exist elsewhere" (Governor's Staff Policy Group, 1977).

Approved legislation assures that unsuitable applicants are rejected for licensure based upon a thorough inquiry into their background history. No other grounds are

permissible for rejection other than those explicitly stated in the regulations and/or statutes cited elsewhere in this paper. Investigators from the DGE are limited in their investigative discretion and recommended dispositions of applications by the DGE are reviewed by the Casino Control Commission members (Governor's Staff Policy Committee: Final Report, 1977). By publicly revealing and publishing the reason(s) for rejection, Jersey's laws intend to ward-off unsuitable applicants who might otherwise apply for a license. If Jersey law is to deter racketeers and organized crime associates from applying for licensure, this will be shown in the number of cases that "unsavory persons' did apply and were rejected.

Data from the study indicate that licensing requirements did affect the character, or types of persons applying for casino-type licenses. This was evident in cases involving owner-applicants where there was no evidence of racketeering, as well as in cases of key-applicants where again racketeering activities were absent. It was only in cases where requirements were less stringent (i.e. most restrictive, restrictive, least restrictive) that racketeering involvement appeared. Casino employee-applicants recorded a 3.1% frequency of rejection due to applicants' history of racketeering. Similar rejections were noted in cases involving ancillary service-applicants,

where there was a 5.6% incidence of rejection. Data indicated that persons who applied for licensure generally demonstrated a character separate from racketeering involvement (as was prohibited by licensure requirements).

The character of persons who applied for ancillary service licenses was not found to change noticeably over the ten year time period that was studied. Data indicate that there were more individuals who were rejected for reasons of racketeering involvement towards the latter part of the study. This was not the case for key casino employees and casino owners, who as a category showed no evidence of being infiltrated by racketeers.

Another measure of the effectiveness of laws to deter the infiltration of racketeers was found in data taken from the study that related to the revoking of licenses. Legislators viewed revoking licenses as a further means of punishing those individuals who violated legal norms that were established under law. Data taken from the study indicate that revocations for the "most restrictive" category of license holders corresponded to owners and key casino employees. Findings from the study show that owners experienced no revocation of licenses. Because of the small number of revocations in the population of key casino employees, a sample was not taken. Thus there were no revocations included in this category.

Revocations for the "restrictive" category of license holders corresponded to casino employees. Data show that although there were 44 employees who had their licenses revoked, none are for racketeering reasons. The primary reason for revocations is for cheating and drug-related illegal activities. It appears that drug usage is easily detected by the DGE and in turn is the primary reason for revoking the licenses of casino employees.

Revocations for the "least restrictive" category of license holders corresponds to ancillary service employees. Again, data do not reveal any revocations of any sort. Despite the fact that this category of license holders requires the least amount of evidence to support the issuing of a license - there were no revocations recorded.

Apparently, the degree of restrictiveness of initial licensing requirements is not a factor in predicting the revocation of different types of license holders. This study indicted no difference between revocations for the MOST RESTRICTIVE or LEAST RESTRICTIVE categories, despite the significant difference in their lawful requirements for licensure. Licensing laws appeared to have a general deterrent affect upon applicants, showing no regard for the type of license that individuals, or businesses were applying for.

By examining the number of applicants who abandoned their application for a license, still another means of assessing the affects of deterrence and opportunities for infiltration can be conducted. Results indicate that in instances where the Casino Control Commission rejected applicants for licensure, abandonment is cited as the reason (percentage of cases) for rejection in the following categories: key casino applicants - 70.6%; casino employee applicants - 32.0%; and ancillary service applicants - 76.5%. Abandonment is not considered to be prima facie evidence that an applicant is guilty of not meeting casino licensing standards, yet it is considered to be a justifiable grounds for rejection by the Commission. Requirements enacted by the legislature serve as a clear message to applicants - that is, apply if you are willing to undergo a thorough scrutiny of "your" background. New Jersey casino laws prove to have an affect upon the character, or types of persons applying for licensure. For instance, throughout the study there was little overall evidence of racketeers or organized crime associates attempting to gain entrance into the casino industry. It appears tht the laws were strong and restrictive.

Data taken from the study indicate that organized crime and racketeers are not significantly involved in activities related to casinos as evidenced in cases where licensing

was required by law. Furthermore, there was no revealing evidence obtained through investigations into applicants for licensure, that racketeers were actively involved in pursuing entry into the ancillary services. Despite numerous reports that New York and New Jersey crime families were actively involved in construction companies and garbage handling, there was no evidence that these groups applied for ancillary service licenses in New Jersey (Block and Scarpatti, 1985). Notorious skimming operations once associated with Las Vegas-style casinos are not evident in the present study. Skimming is most commonly associated with casino employees, such as card dealers, or money counters - the study showed that there are no instances in which casino employees' licenses were revoked due to skimming practices. It can be stated that organized crime in New Jersey is not organized in the traditional way that was evident in Nevada when skimming was a primary objective of racketeers. Nevada racketeers were successful in strategically locating racketeers in ownership, key casino employee, and employee positions where access to cash profits are accessible (Skolnick, 1978).

If organized crime is trying to infiltrate New Jersey's casino through ownership, key casino employees, casino employees, or ancillary service employees, this study found no evidence to substantiate their success in doing so.

Gangsters, hoodlums, or mobsters very infrequently made application for any type of license. The appearance of an organized crime-free casino industry is perhaps promoted by the change in direction that organized crime and racketeering has assumed in New Jersey. Confronted with proactive legislation that attempts to prevent crimes from occurring, organized crime appears to have resorted to a corporate model of conducting business - a model that is analagous to legitimately run businesses (Danzinger, 1981).

Unlike the historical image of gangsters visibly using violence in the streets to take over casino operations, it appears that New Jersey is confronting a low-profiled business-like operated organization of criminals who prefer not to be in the spotlight. A corporate model of organized crime is more capable of analyzing the risks of being caught or exposed, and ultimately relies upon sound organizational principles to accomplish its objectives and goals (Kelly, 1987a). Like any profit-seeking entrepreneur, organized crime is constantly seeking out new areas for acquiring wealth. Racketeering operations, and infiltrating legitimate businesses still loom as a very profitable source of locating and manipulating cash flows.

It may well be that the increase in actual gambling casinos may level off because of space limitations or questions of "market saturation", and, as a result fewer

applicants are likely to come before the Commission for new licenses. At the same time, the competitive edge will shift to those casinos in a crowded market who offer more gratuities to patrons in terms of complimentary transport services, meals, entertainment, and hotel accommodations. Thus, the gambling casinos will compete not in gaming activities but in the attractiveness of the gambling milieux they create. Consequently, ancillary services will likely grow as the casinos intensify the appeal of their facility by offering a range of secondary services designed to attract patrons and keep them in their establishments for longer periods. To do this, the ancillary industry will expand and with growth will come an increased potential for racketeering penetrations.

Theoretical findings

The concept of integrated theory is indeed applicable to an explanation of organizational crime. In the present study of casino laws, and attempts made by organized crime to infiltrate the casino industry, Strain theory is useful in explaining the development of a hierarchy of authority within the structure of organized crime; and Differential Opportunity theory is appropriately used to explain the affects that legal controls exerted upon the available opportunities confronting organized crime and racketeers, who might consider infiltrating the casino industry.

Ohlin and Cloward hypothesize that a criminal sub-culture will seek illegitimate avenues to obtain their desires, whenever, and wherever opportunity prevails. According to their theory, racketeers will seek opportunities to gain access to status, wealth, power, and control. By infiltrating the casino industry racketeers and organized crime will be in a position to acquire wealth illegally and to further promote the investment of their profits into illegitimate enterprises. Staff members of the New York State Task Force On Organized Crime reported in 1986, "that racketeering susceptibility focuses on the vulnerability of an industry to racketeering exploitations" (New York State Organized Crime Task Force, 1988).

New Jersey's legislators are well aware of the dangers

posed by organized crime associates who operated Nevada's casinos and clearly labeled such persons as "deviant." The Casino Control Commission has licensing requirements prohibiting racketeers and organized crime cartels from "doing business" in the casino industry. Despite rigid licensing standards which are established, data in the study show that opportunities do currently exist which may attract racketeering and organized criminal infiltration.

The theory of vulnerability-opportunity relies upon the notion that organized crime has adopted a corporate model of managing their business, one in which the dynamics of organizational behavior is applied. Included in this theoretical view is Sutherland's Theory of Differential Association, which can be used to examine how: organized crime has found that the same casino control laws which provide a definition unfavorable to the violation of law for casino owners, key casino employees, casino employees, and ancillary service employees supplies a definition favorable to the violation of law for casino vendors. Thus, all three theories (Strain, Differential Association, and Differential Opportunity) when integrated supply a feasible explanation of the structure and processes that are involved in identifying the relationship between an organization of criminals and the means by which illegal activities are conducted.

The study shows that the area most vulnerable to infiltration attempts is vendors and not ancillaries. Enacted legislation and policies (1982) of the Casino Control Commission govern the issuance of vendor contracts, and vendors do not make application for licensure, instead they are controlled by the dollar amount of business they engage in. The Casino Control Act does not specify any other form of licensing and regulations concerning vendors.

Vendor's contracts increased steadily from the first year of the study throughout the ten years examined. Data from the study indicate that vendor's contracts increase significantly corresponding to the opening of new casinos and a demand for numerous vending services. For instance, in 1980 and 1981, three new hotel-casinos opened and required many new jobs and services.

Casino laws do not regulate vendors by requiring that evidence of compliance with standards of character, or association with crime families be established prior to doing business with casinos or hotels. This is a weakness in the regulatory system that was designed by New Jersey's legislators and has led to vulnerability. The study reveals a pattern which has led to vulnerability. The present research study reveals a pattern which has developed throughout the ten years examined, one in which neither the casino laws, nor regulations appear to be an

effective deterrent to vulnerability and infiltration in the area of vendor's contracts.

Vendors, like ancillaries, supply varieties of goods and services to casinos and are in a position to affect business operations. For instance, if construction contractors or trade workers are controlled by organized crime - exorbitant contracts could be negotiated in exchange for the delivery of racketeer-related services and the completion of jobs. The correlational analysis indicates a very positive relationship between increases in vendors contracts and decreases in ancillary applications over a period of time. It can be inferred from this pattern that vendors respond to variations in the numbers of applications for ancillary service licenses, as well as to the numbers of license rejections (Tables 5.2, 5.11, 5.12, 5.13, 5.14, 5.15, 5.16, and Time Series Analysis).

The link between registering vendors and licensing ancillaries is the location at which vulnerability and an opportunity for infiltration occurs - it is a window of opportunity and a break in the protective shield against organized crime penetration. Applications for ancillary licenses show a steady rate of abandonment throughout the years of this study. Ancillary applicants are allowed to abandon their original application without much difficulty and then become employed by a hotel-casino under a vendor's

contract. The opportunity to engage in this practice is permissible under the laws and regulations established by the State. The likelihood that such a practice prevails is great, and therefore raises concern over the extent to which the casino industry is actually vulnerable to infiltration attempts by racketeers. Vulnerability is created through opportunity, something that is not available where laws are in affect controlling casino owners, key casino employees, casino employees, and ancillary services. Blocked opportunities are handled by organized crime families (who are constantly attempting to uncover weaknesses in controls) by using bribery, extortion, or fraud to corrupt the legal system.

Data indicate that the Division of Gaming Enforcement relies extensively upon discretionary administrative remedies to deter the infiltration of racketeering through vendors. By conducting "spot check" investigations into a vendor's background, the DGE must first rely upon information that is supplied by the hotel-casino, or complaintant, rather than acquiring first-hand information from a vendor. This method clearly allows for vulnerability by means of opportunity. The DGE reacts to information which indicates ongoing improper employee behavior, or inappropriate activities on the part of vendors, rather than acting proactively. This approach is

very similar to practices used by licensing commissions in Nevada, where evidence exists to support the presence of racketeering operations. No where else in Jersey's system of licensing has an area of weakness appeared, as is the case in the registration of vendors.

The integrated theoretical approach emphasized here that Atlantic City's casinos are vulnerable to infiltration attempts in the area of vending services. In Nevada, gangsters openly sought entry into gambling at the highest levels. New Jersey doesn't permit that. It is sensitive to the corrosive role racketeers play in the industry. Thus, assuming that criminals seal avenues of opportunity to exploit, the weakest component of the legislative protective "crust" is in vending. It is here that vulnerability is most prevalent. The study attempts to show that large increases in vendor contracts, plus a pattern of increases in vendor contracts associated with decreases in ancillary applications, creates a climate conducive to a movement away from pursuing ancillary licenses in favor of vending contracts. Casinos will always be vulnerable to exploitation, or infiltration attempts by racketeers and organized crime families. The present study did not measure the extent of organized crime's involvement in exploiting the casino industry, nor did it measure the degree of success that racketeers

incurred in infiltrating legitimate businesses. The study did, however, identify those areas most vulnerable to exploitation and infiltration by organized crime families who are a low-profiled business-like operated organization of criminals.

This study has shown that when the regulatory process operates within a highly politicized setting, and one so important to the public exchequer, the exact nature of this process is obscured by the very exercise of administrative discretion. Constant changes in legal rules ("operational law" in Jerome Skolnick's terms) are necessary and understandable consequences of changes in the volume and nature of pressures on the agency. Rules in force at any one time can become as much a result of such immediate pressures as of any legislative intent.

Such a dynamic system of rule creation and enforcement is not helpful in permitting comparisons of the characteristics and outcomes of policy over time. What is more improtant, is that this natural awkwardness of such data highlights the importance of discretion as a non-quantifiable element in the process. Regulatory policies that are to some extent discretionary, and which can vary considerably from year to year will at times be unclear. Fluidity and vagueness are frequent, if not always constant, companions in organizational structures.

Those who seek illegal profit from the enterprises an agency seeks to regulate will undoubtedly do so by exploiting any leeway in the regulatory system. This provides persuasive support for the principal contention of this paper: that casino gambling operations have been historically, and are now, vulnerable to the attentions of organized crime.

The findings of this study concern the potential scope of this vulnerability. No attempt has been made to document the activities of organized crime in the setting addressed here. As noted elsewhere, the world of organized crime is so secretive as to defy much quantification of its reality.

The point here is that, given the immense profit potential in the casino industry, it is reasonable to suppose that any areas of vulnerability will be at least as apparent to organized crime as to this social researcher. It is documentation of this sort of vulnerability, and not the activities of those likely to exploit it, that is the major contribution of this dissertation. For this, no apology is necessary.

Recommendations

Research studies must continue to be conducted in the area of casino licensing if worthwhile legislative changes, or modifications in policy are to be proposed. Initial casino legislation was established through a process of compromising, or what Allison refers to as being the Government Bureaucratic Politics Model. The initial requirements for issuing casino-related licenses through thorough background checks, and casino Control Commission approval has proven to work satisfactorily.

At times the Division of Gaming Enforcement has been inundated with overwhelming numbers of applications and has had to resort to recommending the temporary issuance of licenses. This practice is immediately follow-up through completed-staff work, and permanent licenses are either issued, or applications are rejected. Adjustments such as these are uniformly applied to all DGE investigations and are under the sanctions of policies that are approved by the Casino Control Commission. Any reliance upon discretionary adjustments that may be initiated by individuals are not permitted by the Control Commission - uniformity is stressed.

Although there has been no significant evidence of racketeering operations associated with casino operations in Atlantic City, there still should remain strong concerns

over organized crime's interest in exploiting, or infiltrating casino-related businesses. Although casino laws presently appear to be successful in deterring racketeering operatives from gaining entry into the casino industry, they must constantly undergo scrutiny, and be evaluated for their effectiveness to eliminate any opportunity for vulnerability to exist.

Policies and changes in the casino law have occurred and now require that vendors register with businesses. Lehne (1986) has shown that the reason for this policy change (and eventual change in law) was in response to the underestimation that was made by policymakers in drafting original casino legislation. The intent of legislators was to require all ancillary service licensees to undergo contract approval - one-by-one, thereby eliminating any chance of racketeers being involved in business schemes.

This form of licensing soon became unreasonable, as well as impractical, and led to a change in policy. The same forum that established the law was used to initiate change (the Government Bureaucratic Political Model). There is no evidence whatsoever to support the notion that change in policy, or law was initiated by organized crime influences.

By instituting a change in regulations, legislators approved a practice of registering vendors - which emphasized practicality, and placed less emphasis upon

opportunity and vulnerability. By restricting contracts to $50,000 with one casino-hotel, or $150,000 in the casino industry, legislators placed the burden of compliance with these provisions upon the Division of Gaming Enforcement, rather than upon vendors. DEG investigators now react to improprieties (such as claims of criminal associations) in vendors' contracts, rather than requiring vendors to initially show evidence of propriety (such as good character).

The weakest of all casino controls is now situated where vending registration occurs - this is the window of potential criminal opportunity. The casino industry has become vulnerable to exploitation and infiltration by racketeers and organized crime families through vending contracts. Policies must be instituted requiring vendors to demonstrate convincing evidence that they indeed are free from criminal associations and racketeering activities. Perhaps any immediate imposition of this requirement upon the casino industry would cause havoc and result in cries of impracticality from various interest groups.

The cost of investigating ancillaries maybe somewhat responsible for affecting the direction of a relationship between ancillary applications and vendor registrations. Lehne (1986) has clearly inferred that as ancillaries have had to absorb the costs of lengthy background investi-

gations that are conducted by overburdened DGE agents, they may have chosen to abandon their applications and apply as vendors. Lehne's contention does not diminish the point raised elsewhere in this study that the consequences of moves from ancillaries to vendors creates greater vulnerability to criminal exploitation.

It is being recommended that the Casino Commission consider instituting a policy in which vendors are required to supply more information concerning their personal history than is currently being done. Also, the Casino Commission must institute changes in policies involving cases in which applicants for ancillary service licenses have abandoned their applications and proceed to register as vendors. It is also being recommended that in these cases applicants supply acceptable responses to inquiries made by DGE investigators, before registration as a vendor can occur.

History has shown that racketeers will constantly pursue avenues of infiltrating profit-making enterprises. Therefore, on-going research on this subject must continue to prosper. New Jersey legislators must rely upon input from casino industry personnel, as well as from law enforcement agents who are responsible for controlling the licensing of casino-related applicants.

Changes in the casino law must be weighted carefully.

Change may appear to solve one dilemma, yet they may create another. In this particular instance, a bureaucratic decision can actually increase vulnerability by encouraging casinos to rely on unregulated enterprises. Jersey legislators must once again reconsider legislative provisions that place vendors under the general deterrent sanctions that New Jersey imposes upon the rest of casino licensees. Vendors may indeed be in the shadows of a highly regulated casino industry - yet they pose the most serious threat to being infiltrated by racketeers.

Appendix A

Classification of Casino Key Employees

The following is a detailed list of casino key employees who are licensed by the New Jersey Casino Control Commission:

- general manager
- casino manager
- casino assistant manager
- director of security
- shift manager (table games)
- shift manager (slots)
- credit manager
- pit boss
- junket representative
- head casino cashier
- casino cashier supervisor
- count room supervisor
- slot manager
- director of surveillance
- controller
- hotel manager
- entertainment director
- director of hotel rooms
- food and beverage director
- director of casino auditing
- security supervisor

Appendix B

Classification of Casino Employees

The following is a listing of casino employees that are licensed by the New Jersey Casino Control Commission:

- box person
- floor person
- casino teller
- security officer
- slot attendant
- slot mechanic
- casino accountant
- casino auditor
- surveillance employee
- count room employee
- casino secretarial employee
- alcoholic beverage employee
- maintenance and cleaning

Appendix C

Collection of Data: Population and Subjects

The State of New Jersey invites all parties interested in working in the casino industry to make application for licensure through the Casino Control Commission (NJSA 5:12, 1977). Participating in the industry without proper approval can lead to state and federal prosecution under the law (United States v. Polizzi, 1974). The authority of the Casino Control Commission to regulate the licensure of persons seeking employment with the State has been upheld in numerous court decisions (United States v. Goldfarb, 1979) and (In re Martin, 1982).

According to the Casino Control Act licensing employees is characterized by involvement in: casino-hotel ownership, casino-key work, casino work, casino-hotel work, casino services directly related to casinos, casino services not directly related to casinos, and labor organizations (NJSA 5:12, 1977). The Casino Act places the burden of proof on the applicant or licensee to show their qualifications, rather than placing the burden of proof on the Control Commission to show lack of qualifications. The principle of "innocent until proven guilty" does not wholly apply, and this has been upheld by the New Jersey courts as being within constitutional guidelines.

An Affirmative Action Plan is in effect under New

Jersey State Statute P.L. 1945, c. 169 (C. 10:5-1) et seq. and requires employers to practice equal opportunities for members of minority groups who are qualified for licensure in all employment categories.

For purposes of this study all persons making application for licensure to be employed as casino-hotel owners, casino-key workers, and ancillary service workers (not directly related to casinos) will comprise the population.

Employees Not Included in Study

The category of employees known as casino-hotel workers was not included in this study because in 1982 regulations concerning the licensing of these employees was changed. The new law only requires casino-hotel employees to register with the Casino Control Commission through their employer. The Division of Gaming Enforcement is no longer required to conduct thorough investigations into the suitability of persons applying for casino-hotel licenses as was the case before the change in legislation. Under the new law the DGE conducts "spot checks" on applications that have been submitted by applicants, to make certain that casino-hotel employees are conducting background inquiries to verify the identity and information that is supplied by the applicant on their application. In 1987 and 1988, nearly 100% of all persons who applied for this

type of license were approved (Casino Control Annual Reports, 1987, 1988).

The category of employees known as labor organizations was similarly not included in this study, as these persons are only required to register with the Casino Control Commission. The number of registrants has been less than six since 1979 (Casino Control Commission Annual Report, 198).

The law allows a company doing annual business in the amount of $50,000 with one licensee, or $150,000 with more than one licensee to file as an intermittent supplier or contractor (NJSA 5:12-92, 1988). Under Casino Control provisions this category of service workers must complete a Contract Approval Form which is submitted to a hotel/casino licensee within five days from doing business with a hotel or casino. The Contract is required, and upon the Casino Control Commission's request a copy must be presented (NJSA 5:12-92, 1988). The names of all businesses are kept on a Master Vendors List by the Commission. In 1988 there were a total of 10,439 names on this list, with 66% of the businesses being located in New Jersey. The dollar volume of business totaled $1,524,214,684. in 1988 (Casino Control Commission Annual Report, 1988). In an attempt to promote stricter licensing controls, the Licensing Division instituted a system of tracking financial transactions between

general contractors and subcontractors who are employed by the casino license holders or applicants. The Casino Control Commission will license subcontractors as warranted (1988 Licensing Division Report). The names of businesses which appear on the Master Vendors List are not required to undergo licensure requirements as do applicants for an ancillary services license. This study will not include this category of employees.

From the time period 1979-1988, the population of subjects in this study totaled 14 casino owners; 4541 for key casino employees; 74,538 for casino employees; and 2689 for ancillary service workers.

Appendix D

Collection of Data: Procedure

The study includes casino owners, key casino employees, casino employees and ancillary service employees (not related directly to gaming), and license holders. Originally unions or labor organization license holders were included in this study, however, preliminary analysis indicated that such persons are required to register for employment and are not licensed by the Casino Control Commission. Similarly, the category of persons referred to as casino hotel employees no longer apply for licensure but instead register with hotel employers.

Data collected for the study was obtained from several sources, namely from the Resolution Minutes of monthly Casino Control Commission Meetings and the Monthly Minutes of Casino Control Commission Meetings. Applicants applying for casino licenses first complete an application form that is provided to them by the Division of Licensing. Next, each application is forwarded to the Division of Gaming Enforcement and undergoes appropriate investigation to determine the suitability of the applicant to be licensed. The responsibility of supplying proof of qualification rests with the applicant. The Division of Gaming Enforcement will frequently require additional information to

clarify an issue which may appear in the applicant's file. Further explanation by the applicant is required and delays in submitting the file for Commission approval often occur. Applicants who fail to respond to investigative concerns are classified as "abandoning" their application for licensure and are outrightly rejected. Division of gaming Enforcement investigators forward a diposition of "rejection for reasons of abandonment" to the Casino Control Commission, who inturn vote to reject the applicant for licensure. Applicants who fall into this category of disposition did not choose to challenge the preliminary findings of the investigators, but rather chose to abandon their application. Abandonment is not considered to be a withdrawal by the applicant. It appears in the Commission's Minutes as a rejection. In cases where applications are incomplete from one year to the next, a file will carryover to the next year. This means that although an application was submitted in one year, disposition may occur in the next year. The Commission reports data associated with initial applications on a yearly basis starting with January 1, and ending with December 31st. Included in each year are applications in which dispositions have been reached by the Commission. The present study utilized this data over the time period research was conducted.

Commission members are asked each month to approve or reject applications for licensure. The volume of applications has increased significantly since 1979 and the Division of Licensing has implemented a data processing system to track initial applications. No applicant can be approved for licensure without first having been investigated by the Division of Gaming Enforcement, and secondly by being approved by the Casino Control Commission. Each disposition is recorded as "accepted" or "rejected" for licensure in the Committee's Minutes or Resolutions. The reason for the Commission's action will also be recorded, with reference made to Division of Gaming Enforcement recommendations, or to the Legal Division. In cases where follow-up research becomes necessary, reference to these sources is made. The Commission will not permit intrusion into an applicant's background beyond revealing the general reason for rejection of licensure. Legal provisions relating to the release of this information is found in the New Jersey Statutes (5-12) and appropriate amendments.

The Commission does not assign each applicant a resolution number, but instead groups applications together for "block approval" with notation made in the Minutes of each applicant's identity. For instance, Resolution 79-121 may read: "casino employee initial license applications approved", with an attachment listing the following names,

James Doe, Robert Smith, John Doe, and Mary Smith. For purposes of conducting research it became necessary to establish a population of subjects who would be systematically random sampled. This means establishing a master list in which the disposition of each applicant appeared from 1979 through 1988. Once established the formula (n + 100) was applied to randomly select 1% of the subjects. Due to the small number of applications for licensure in he category "casino owners" it was necessary to include all of the subjects in this category in the study.

The actual records of the Casino Control Commission are stored in Lawrenceville, New Jersey, which is located outside of Trenton. It was necessary to review "hard copies" as an accuracy check on data that was supplied to the researcher by data processing. This was done by scheduling appointments with the Administrative Division and receiving approval to review appropriate records. Similarly visits were necessary to Trenton and Atlantic City where the Division of Licensing and Gaming Enforcement were located. The accuracy of data that is maintained by the New Jersey Casino Control Commission is an issue that is addressed in the New Jersey Law [5-12:7 (a) (4)]. This provision grants the power and duty of reviewing statistical reports to the Compliance Section of the Investigations Division of Gaming Enforcement.

The procedure which was used to obtain data relating to the second and third research questions on revocations and vendors respectively, relied upon the same procedures as have been discussed. Reference to the Casino Commission's Minutes and Resolutions was accomplished.

Appendix E

Explanation of Codes Used for "Disposition/Reasons"

Code	Meaning
a	FINANCIAL: indicates that the applicant failed to supply acceptable information to Casino Control Commission establishing financial stability; includes credit, banking records, proprietorships, and bankruptcies.
b	ABILITY: indicates that applicant failed to supply acceptable evidence to Casino Control Commission establishing ability to perform required tasks assigned to license category.
c	CHARACTER: indicates that applicant failed to supply acceptable information to Casino Control Commission establishing proof of good character background; includes criminal record, or past criminal charges.
d	OTHER (racketeering): indicates that applicant was unable to demonstrate evidence which disproves Casino Control Commission evidence of affiliation with criminal cartel activities.
d	OTHER (abandonment): indicates that applicant submitted a completed application for licensure, however applicant chose not to respond to

subsequent Division of Gaming Enforcement inquiries challenging proof of suitability for licensure.

Appendix F

Calculation of .01 for Random Sampling/Year

Year	Total Applications	.01
1979	10628	106
1980	11089	110
1981	16301	163
1982	4137	41
1983	7748	77
1984	8340	83
1985	6539	65
1986	5880	58
1987	5678	56
1988	5438	54
Totals	81778	813

Appendix G

Calculation of .01 for Random Sampling/Revocation of Licenses

Year	Total Revocations	.01
1979	0	0
1980	0	0
1981	3	0
1982	17	2
1983	31	3
1984	47	5
1985	121	12
1986	72	7
1987	42	4
1988	114	11
Totals	447	44

Appendix H

Field Work

The collection of data for this study required a variety of clearance measures through the New Jersey Casino Control Commission. The majority of field work that was associated with licensing was conducted at the Lawrenceville location. Lawrenceville is nearby to Trenton (I made several visits here also). The Atlantic City site began to assume more of licensing responsibilities towards the conclusion of this research project. In the Summer of 1989 the Casino Commission divided the Licensing Division into two primary sites: Lawrenceville and Atlantic City, without very much explanation as to why the separation had occurred. This decision only affected my travels slightly.

The Lawrenceville facility is leased by the State of New Jersey and occupies the majority of space in a building that houses several other non-casino State agencies. There is a central point of entry to the building and initial security is non-existent. As one approaches the Licensing Division there is only one door for entry. Although a room directory appears in the building's foyer, it is very easy to confuse the location of the Licensing Division.

Upon entering the waiting room it is apparent that only persons with scheduled appointments, or persons with a

specific interest, have reason to be there. A receptionist immediately asks all visitors to state their purpose, and to be seated. Upon being greeted by a management-level employee, a person's request is acted upon. In my case, it took nearly one hour during my initial visit to be "cleared" for field research.

Although I had previously been given clearance by numerous Casino Control Commission "higher ups" and had numerous forms of correspondence, it was still necessary for me to undergo routine questioning. This initial inquiry is done to all first-time visitors and is a policy of the Licensing Division. I was told that it would be best to schedule an appointment, rather than show up without one. My initial visit was done in the former manner, for I was under the belief that I could appear whenever I chose. Throughout the balance of my field research I alternated between announcing my arrival, and not doing so. This was due to travel arrangements which I was required to make. In instances where I would travel by train from Hartford, Connecticut to Trenton, New Jersey (and from Trenton to Lawrenceville by taxi), I would phone ahead for an appointment. Meanwhile in those instances in which I drove to Lawrenceville by car, I did not "call ahead."

After arrival, and once clearance has been given, all

visitors are required to "sign-in" and to "sign-out" upon leaving the licensing room. Visitors must also state the nature of their visit; and inturn they are issued a visitor's badge (which must be worn at all times).

All of my visits were done on a two-day basis. The second day's follow-up usually did not consist of a prior notification to the licensing staff. On one of the occasions when I appeared without an appointment, I was told that I could not review materials because the record's room was being occupied by another visitor. However, another staff member recognized me and suggested that I use an adjoining office for my purposes. This meant removing files from the record's room and viewing them elsewhere. This practice was quite unusual, but nevertheless, I was granted permission to do so.

The central record's room is where all hard copies of licensing files and records are kept. The room is situated amongst a maze of outer rooms that are occupied by staff members. I frequently felt that I was in the "brain center" of the licensing division. The room is no more than 8' x 8', and its walls are lined with bookshelves (with he exception of the front wall which is made out of glass), for the purpose of security. A desk and two chairs are in the room, and mobility to move around does not exist. Providing the air conditioning unit is working (I

was there in the dead heat of summer) perhaps two researchers could manage to work together.

I was told that an expansion of the record's room was a priority, but that due to cramped working space, this has been impossible to accomplish. With the moving of many staff members in the Summer of 1989, this priority could now be acted upon. My feelings were that the record's room was initially designed to be the size it was, thus allowing for the limitation of visitors. Although State statutes requires that public records be accessible to the public, it does not require the dimensions of a review room. In this case, it is apparent that the Division does not encourage a steady review of records. My research required many days of review and I was fortunate enough not to be interrupted by other visitors. The possibility of this happening is great and would have prevented me from carrying through my work in a continuous and efficient manner. I was also assisted by the fact that I was visiting the Division during the Summer months, a time when most people were vacationing and not visiting the Division.

Despite the many letters of support that were written in my behalf from academicians and law enforcement officials, I was not able to acquire statistical summary data sheets that could be generated for my personal use. The closest I came to this request was from the Deputy Com-

missioner of Licensing, who promised to clear my request for further action. I was told by the Deputy Commissioner that the dissemination of data was carefully monitored and that my request had required numerous interactions between various division heads.

I found his remarks to be totally true and worth investigating. It appears that each of the Divisions are, in a sense, separate from the other when it involves generating data. I found the Licensing Division to generate their own data; to conduct their own data analysis and to prepare reports; but that the publication of analyzed materials is to be done external to the Division. The same is done with all of the other departments, or units within the Casino Commission. Such a practice prohibits individuals from gaining a "total perspective", or "an entire picture" of gaming operations. Similarly, to ask questions related to "the total picture" arouses suspicion on the part of gaming officials.

During my earlier visits I was received with reservation and a sense of skepticism by gaming staff. Although I remarked that my purpose "was totally academic and involved a review of licensing data", my host acted in a professional manner, but watched my every move. Office staff dressed in proper attire, and worked in an atmosphere which was very professional. There was no laughter in the

office, nor could you find personal matters being discussed between staff members. The staff prided themselves in supplying a professional appearance, particularly to visitors who are there for the first time.

I found this image to diminish with each visit I made. By the end of my research I was known by several members of the staff, who frequently acknowledged my presence, and treated me on a more personal basis. I feel that I became a less threatening figure as time went on, and that a sense of trust was built between us.

The review of "hard copies" of data was very time-consuming and required a deliberately organized format for recording. This process is comparable to bookkeeping, where a ledger is used to record each and every entry. In this case thousands of pages of recorded information were reviewed and data lists were generated. Being uninterrupted by intruders permitted me to develop a sense of continuity in what I was doing. My early labor was less productive than I had anticipated, mainly because it took time to develop the skills that were needed to conduct this sort of field research. My primary research tools consisted of note pads, pencils, pens, a calculator, a ruler, paper clips, a stapler, and several concealed packages of "saltine crackers" (to satisfy my appetite). I chose to work through the day (for I was in fear of being intruded

upon) and I did not take food breaks.

Licensing Division staff members provided me with some rather valuable statistical data that was published by the Casino Control Commission. This data came in the form of annual reports (and was initially given to staff members by the Legal Division, to be given to me). I also conferred with staff members from the Division of Gaming Enforcement and found their cooperation to be very helpful.

It was apparent to me that much of the information which I had requested was available, however, it was a difficult task for the Casino Commission to coordinate the information into one published document. In order to work within a timeframe that I had organized, I relied upon field research and not upon acquiring summary data sheets alone.

The Casino Commission is highly skeptical of releasing any information that is requested for personal use. I was told that on several occasions "worthy scholars" had requested data for research purposes and had used their findings inappropriately. In the end, the Commission prefers not to share data information with researchers, other than supplying them with the many volumes of "hard data" that is located in a 8' x 8' review room. I can understand their concerns and I worked within their parameters of visitation rights. Had I not been organized

in the data collection process, nor had I been persistent in my commitment to complete this project, I never would have collected the necessary data to complete this study.

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