

**SECTION IV.**

**CASINO GAMBLING AND CRIME**

## A. INTRODUCTION

One charge of Governor's Executive Order Number 36 was to evaluate "the impact of casino gambling on crime within the local communities where a casino may be located."<sup>189</sup> This section is premised upon upon "first passage"<sup>190</sup> of a proposed constitutional amendment, as well as the possibility of additional off-reservation Indian gaming. Therefore, this analysis concerns itself with the potential crime impact of casinos on the Catskill, Saratoga-Lake George, and Buffalo-Niagara regions of New York State. For the most part, however, the analysis is generic and does not focus upon specific sites. The crime issue was addressed by reviewing the available research and examining the experiences of other localities where casinos have operated.

Testimony about casinos and crime during four public hearings revealed conflicting perspectives and produced statements that were diametrically opposed and often irreconcilable. One witness characterized casinos as "magnets for crime," and a second cited "a sharp and steady growth of crime, once gambling has taken root." Another stated unequivocally that there is no evidence that legalized gaming brings additional crime beyond that which occurs whenever a large group of tourists attends any entertainment event. A fourth witness testified that casino tourism increases population density and therefore crime, but that the risk any one individual will fall victim to street crime actually declines. And several witnesses opined that any crime impact would be limited and could be controlled through appropriate regulation, planning, and law enforcement measures. Some witnesses alluded to unspecified crime statistics or research to support their remarks, but most provided no documentation. Some charged that casinos would have perpetual problems with organized crime. Others spoke of fears of street crime, prostitution, and drunken drivers, while still others emphasized financial crimes related to the attempts of pathological gamblers to hide or underwrite their addictions.

These conflicting perspectives reflect the differing beliefs held by many New Yorkers. A public opinion poll conducted in September 1995 asked 810 registered voters whether legalized casino gambling would increase crime: 38 percent agreed that crime would increase, 48 percent disagreed, and 14 were uncertain. The poll had a margin of error of plus or minus three percentage points.<sup>191</sup>

In short, diverse claims have been made concerning the relationship between casinos and crime. This section evaluates the evidence relating to those claims. First, we discuss the factors that might affect the amount of crime accompanying casino gambling. A theoretical framework is

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<sup>189</sup>One dictionary defines "community" as a group of people with common interests living in a given area (Webster's, 1980:226). For purposes of this report, we envision the casino community as the region encompassing the largest concentration of casino players. The impact assessment, therefore, extends beyond the immediate location where a casino may be situated.

<sup>190</sup>Senate 5557 / Assembly 8356.

<sup>191</sup>Lakamp, "Poll: New Yorkers See Casinos as a Good Bet" Syracuse Herald American, October 8, 1995.

proposed to inform our survey of the available research on the subject. We then examine that research and seek to draw conclusions for New York. We also report the results of a survey of law enforcement agencies in 49 localities across the country and in Canada. Finally, the section provides recommendations in the event that expanded casino gambling becomes a reality in New York.

## **B. THE RELATIONSHIP BETWEEN CASINO GAMBLING AND CRIME**

### **1. Increased Opportunities For Potential Crimes**

Researchers who study crime offer explanatory models for understanding the causes of crime.<sup>192</sup> One leading approach—routine activities theory—assumes that “[s]ociety provides temptations to commit crime as well as controls to prevent people from following these temptations.”<sup>193</sup> Three factors must be present for criminals to prey on others: “motivated offenders, suitable targets, and an absence of capable guardians against a violation.”<sup>194</sup> These factors are so necessary that the lack of any one is enough to preclude the occurrence of predatory crimes.

Giacopassi and Stitt<sup>195</sup> have applied this theory for understanding the relationship between casinos and crime. The presence of a casino increases the number of “suitable targets” in one place and time; moreover, the “targets” are likely to be carrying money. Thus, more “motivated offenders” will be drawn to casino towns. The third factor—capable guardians—is the contingent of law enforcement and casino security in place to deter thievery. When a casino is added to a town and the “guardian” contingent is not increased sufficiently to balance the influx of people (both criminals and non-criminals), the theory predicts that crime will increase.

Thus, theory accords with common sense: the establishment of a casino in a community may be followed by an upsurge in property and theft offenses. Unless adequate precautions are taken, the casino environment, including hotels, businesses, and parking areas in close proximity to the casino, could provide opportunities for criminals. Casino customers could be subjected to robbery, purse-snatchings, and other thefts, such as hotel burglaries and automobile break-ins. The casino itself could also be a victim. Since it is a large-volume cash business, it holds continual attraction for people looking for ways to launder ill-gotten currency through legitimate banks and bank accounts. The casino’s own employees might be vulnerable to seduction, bribery, or extortion, or they may be

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<sup>192</sup>A General Accounting Office report found that casinos remain “particularly vulnerable to the initial stage of money laundering . . . in which money from illegal activities is introduced into the financial system through banks or cash-intensive businesses.” United States General Accounting Office (1996). *Money Laundering: Rapid Growth of Casinos Makes Them Vulnerable*, Washington, DC: General Accounting Office (January 4, 1996).

<sup>193</sup>Felson, *Crime and Everyday Life*. Thousand Oaks, CA: Pine Forge Press, p. 22 (1994).

<sup>194</sup>Cohen and Felson, “Social Change and Crime Rate Trends: A Routine Activity Approach,” *American Sociological Review* 44, p. 589 (1979).

<sup>195</sup>Giacopassi and Stitt, “Assessing the Impact of Casino Gambling on Crime in Mississippi,” *American Journal of Criminal Justice* 18 (1), p. 122 (1993).

tempted to skim cash or manipulate the casino's financial records. The casino could also be "victimized" by prostitutes and pan handlers, whose activities cause patrons to find the area unsavory or unsafe. Lastly, offenses could arise in casino areas due to the logistics of great numbers of people traveling about. Traffic violations could be expected to multiply, with increases in drunken driving and alcohol-related accidents.

## 2. Crime Among Pathological Gamblers

Pathological gamblers are described by psychologists and researchers as people who develop gambling habits that they cannot control. Their prevalence and behavior are of interest to communities considering casino gambling because they pose social costs that their families, employers, and society must bear. Furthermore, an addiction to gambling may result in criminal behavior to support continued gambling or to cover gambling losses. A review of the literature on problem gambling reveals several themes that also appeared in the testimony presented to the Task Force: (i) the increased availability of gambling will result in an increased number of gamblers; (ii) a rise in the number of gamblers with more convenient access to casinos will yield more pathological gamblers; and (iii) many pathological gamblers will eventually resort to criminal means to obtain money.

The American Psychiatric Association defines pathological gambling as a mental disorder.<sup>196</sup> This disorder is characterized by "chronic and progressive failure to resist impulses to gamble, and gambling behavior that compromises, disrupts, or damages personal, family, or vocational pursuits."<sup>197</sup> Essential features include "a continuous periodic loss of control over gambling; a progression, in frequency and in amount wagered and . . . a continuation of the behavior despite adverse consequences."<sup>198</sup>

The Commission on the Review of the National Policy Toward Gambling<sup>199</sup> found that 2.33 percent of adults could be considered problem (or potential compulsive) gamblers, and that another 0.77 percent could be classified as probable compulsive gamblers. For comparison, the Commission surveyed Nevada residents and found that 2.35 percent of the state's adults were problem gamblers, and that an additional 2.62 percent were probable compulsive gamblers. The Commission linked the higher rate of compulsive gambling in Nevada with the greater availability of gambling.

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<sup>196</sup>See Section 2 (H) of this report for the American Psychiatric Association definition of pathological gambling.

<sup>197</sup>Lesieur, "Compulsive Gambling." *Society* 29(4), p. 43 (1992).

<sup>198</sup>American Psychiatric Association, *Diagnostic and Statistical Manual of Mental Disorders*, 4th edition. Washington, D.C.: American Psychiatric Association (1994).

<sup>199</sup>Commission on the Review of the National Policy toward Gambling, *Gambling in America: Final Report of the Commission on the Review of the National Policy Toward Gambling*, Washington, D.C.: U.S. Government Printing Office (1976).

Not only is the incidence of compulsive gambling higher in Nevada than in the national sample, but the ratio of probables to potentials is as well. This is consistent with the hypothesis that widespread availability of gambling in a legal form leads a portion of those classified as potential compulsive gamblers to actualize their potential compulsion.<sup>200</sup>

As to whether increased availability of gambling inevitably leads to a greater incidence of pathological gamblers, recent research yields mixed results. In South Dakota following the 1989 advent of casino gambling, rates of probable pathological gambling were below one percent and remained stable between 1991 and 1993.<sup>201</sup> The extent of probable pathological gambling in Minnesota remained virtually flat from 1990 to 1994 following the introduction of casinos and other forms of legalized gambling.<sup>202</sup> In contrast, Iowa reportedly experienced an increase in the estimated percentage of pathological gamblers from 0.1 percent to 1.9 percent after riverboat gambling began there.<sup>203</sup>

It may be too soon after the proliferation of legalized gambling, however, to discover changes in the rate of pathological gamblers. Some of the studies noted above report statistically significant increases in the proportion of the population experiencing some difficulties or negative consequences as a result of gambling. Case histories show that it often takes time for problem gamblers to progress to pathological addiction. On the other hand, ample gambling opportunities - legal and illegal - have long existed. As of 1986, the lifetime prevalence rate of probable pathological gambling in New York State was estimated at approximately 1.5 percent.<sup>204</sup> By 1996, that lifetime rate had risen to 2.6 percent, with 1.4 percent of residents eighteen and over scored as current probable pathological gamblers.<sup>205</sup>

Compulsive gamblers exhibit a pattern of losing their available resources before engaging in crime to raise money. "For most gamblers, illegal acts are turned to out of desperation and occur

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<sup>200</sup>*Id.* p. 74.

<sup>201</sup>Volberg and Stuefen, *Gambling and Problem Gambling in South Dakota*, Published as Part I of *Gaming in South Dakota*. Vermillion, SD: The University of South Dakota (1994).

<sup>202</sup>Emerson, Laudergeran and Schaefer, *Adult Survey of Minnesota Problem Gambling Behavior; A Needs Assessment: Changes 1990 to 1994*. Duluth, MN: University of Minnesota, Duluth. (1994).

<sup>203</sup>Volberg, *Gambling and Problem Gambling in Iowa: A Replication Survey*. (Report to the Iowa Department of Human Services, July 28, 1995.) Roaring Spring, PA: Gemini Research (1995).

<sup>204</sup>Volberg and Steadman, "Policy Implications of Prevalence Estimates of Pathological Gambling" in *Compulsive Gambling, Theory, Research, and Practice*, edited by Howard J. Shaffer, Sharon A. Stein, Blase Gambino and Thomas N. Cummings. Lexington, MA: Lexington Books, p. 168 (1989).

<sup>205</sup>Volberg (1996).

late in the course of the disorder.”<sup>206</sup> More than one source has commented that some of those who commit serious crimes were otherwise law-abiding people who had no criminal records before they became heavily involved in gambling.<sup>207</sup> Such people led good lives with positive, stable personal relationships until they became pathological gamblers and criminals.<sup>208</sup> As Jacobs has observed, “systematic information on the true incidence and prevalence of the various kinds of criminal behavior compulsive gamblers indulged in during the course of their careers is hard to come by.”<sup>209</sup> Estimates of the percentage of pathological gamblers who report engaging in illegal behavior vary considerably and are quite high when groups of prisoners or persons in treatment are surveyed.<sup>210</sup>

In a forthcoming paper, Rosenthal and Lesieur report that “compulsive gambling is associated with income-generating crime and only rarely with violent crime.”<sup>211</sup> Larceny, embezzlement, check forgery, loan fraud, and tax evasion are thought to be the most common crimes among pathological gamblers. Chronically compulsive gamblers, however, may commit a variety of offenses, depending upon the opportunities available to them, their value systems, and their risk aversion. Researchers have found gamblers involved in armed robbery, bookmaking, hustling, con games, fencing stolen property, drug dealing, pimping, and prostitution for gambling money<sup>212</sup>.

Studies of criminal behavior by compulsive gamblers can be criticized on a number of grounds. The small sample sizes in descriptive or clinical studies and the biased method used to select subjects represent significant limitations. These studies surveyed only small, non-random groups of pathological gamblers—those in treatment or in prison, for example—who are probably

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<sup>206</sup>Rosenthal and Lesieur, “Pathological Gambling and Criminal Behavior.” Draft of Chapter in *Explorations in Criminal Psychopathology: Criminal Syndromes with Forensic Implications*, edited by Louis B. Schlesinger (Forthcoming).

<sup>207</sup>Goodman, *The Luck Business: The Devastating Consequences and Broken Promises of America's Gambling Explosion*. New York: The Free Press (1995).

<sup>208</sup>Jacobs, “Problem Gamblers and White Collar Crime.” Paper presented at Seventh International Conference on Gambling and Risk Taking, Reno, NV (August 23-26, 1987).

<sup>209</sup>*Id.*, p. 274.

<sup>210</sup>Lesieur, *Report on Pathological Gambling in New Jersey*. Consultant report written for the New Jersey Governor's Advisory Commission on Gambling. Trenton, NJ: Governor's Advisory Commission on Gambling (1988); Blaszczyński, McConaghy and Frankova “Crime, Antisocial Personality and Pathological Gambling,” *Journal of Gambling Behavior* 5 (2):137-152 (1989); Rosenthal and Lorenz, “The Pathological Gambler as Criminal Offender: Comments on Evaluation and Treatment,” *Psychiatric Clinics of North America* 15 (3):647-660 (1992)

<sup>211</sup>Rosenthal and Lesieur, “Pathological Gambling and Criminal Behavior,” Draft of chapter in *Explorations in Criminal Psychopathology: Criminal Syndromes with Forensic Implications*, edited by Louis B. Schlesinger. Forthcoming.

<sup>212</sup>Lesieur and Klein, *Prisoners, Gambling and Crime*. Paper presented at the Academy of Criminal Justice Sciences Annual Meeting, Las Vegas (April 2, 1985); Lesieur, 1988, at pp. 132-134.

not representative of all pathological gamblers. Some studies do not reliably distinguish problem and pathological gamblers. By the time individuals reach treatment or incarceration, their circumstances are likely to be more extreme than those of the typical problem gambler. Original research is scarce, particularly in the United States, and replication of the empirical findings is practically non-existent.<sup>213</sup>

Moreover, none of these studies determined whether it was the gambling behavior that led to criminal activity or whether other factors were the mutual cause of both gambling and other anti-social behaviors. Blaszczyński and his colleagues<sup>214</sup> have noted that "the tacit assumption that all offenses committed by pathological gamblers are directly gambling-related is not convincingly supported by existing data." Their comment underscores how little is known about the connections between pathological gambling and crime.

It also bears note that the criminal acts of compulsive gamblers may be widely dispersed and not limited to the immediate casino environment. Their criminality frequently takes years to emerge and may manifest itself in various forms. An examination of offense or arrest statistics for economically motivated crimes, for example, would not show incidents of domestic violence that might have been caused by gambling frustrations. Despite these uncertainties, there is no doubt that a relationship exists between crime and pathological gambling. If the number of compulsive gamblers grows with expanded availability and more convenient access to casino gambling, then a corresponding increase in income-generating, non-violent offending can be expected. Notably, the proposed constitutional amendment states that a portion of the proceeds from legalized gambling would be used to support treatment services for persons addicted to gambling.

### **3. Organized Crime and Legalized Gambling**

Organized crime has been defined as "self-perpetuating, structured, and disciplined associations of individuals or groups, combined together for the purpose of obtaining monetary or commercial gains or profits, wholly or in part by illegal means, while protecting their activities through a pattern of graft and corruption."<sup>215</sup> This description applies not only to traditional Mafia organizations but also to more recent "non-traditional" groups that have come together for criminal purposes.

The full scope of organized crime's activities and its effects on the casino industry cannot be readily quantified. Documented incidents, however, illustrate a range of organized crime involvement with legalized gambling.

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<sup>213</sup>Gowen and Speyerer, "*Compulsive Gambling and the Criminal Offender: A Treatment and Supervision Approach.*" *Federal Probation* 59 (3), p. 37 (1995).

<sup>214</sup>Blaszczyński, *et al.*, p. 139.

<sup>215</sup>Chicago Crime Commission, *Organized Crime in Chicago 1990*. Chicago, IL: Chicago Crime Commission, p. 2 (1990).

- 1996—Connecticut. At least six individuals (including three casino dealers) were arrested in a scheme to skim money from blackjack tables at the Foxwoods Resort Casino. Reportedly, the dealers were intimidated into participating in the scheme by a reputed Mafia enforcer and several of his associates.<sup>216</sup>
- 1996—Connecticut. Authorities in New Jersey and Pennsylvania identified five vendors conducting business with the Foxwoods Resort Casino and the casino's former boxing promoter as having ties to organized crime.<sup>217</sup>
- 1995—Biloxi, Mississippi. A 14-count indictment was returned in federal court charging eight individuals with a "RICO" conspiracy for conducting a cheating scheme using marked cards at the President Casino. The loss to the casino was \$520,000.<sup>218</sup> The scheme was conducted by, and with the approval of, organized crime families in Los Angeles and New Orleans.
- 1994—New Orleans, Louisiana. The FBI and Louisiana State Police arrested 17 people for using a video poker machine company to skim profits for the Marcello, Genovese and Gambino crime families. The arrests were made in Louisiana, New York and Florida after a two-and-one-half-year investigation.<sup>219</sup>
- 1990—Atlantic City, New Jersey. The federal government sued to take over the union that represented 22,000 hotel, bar, and restaurant employees in Atlantic City casinos, alleging infiltration by the Philadelphia-based Bruno-Scarfo crime family.<sup>220</sup>

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<sup>216</sup>Casino Crime Digest, "Foxwoods Drops Vendors With Mob Ties," February 1996; "Mob Suspected in Foxwoods Card Scheme," and "Legislator Indicted in Gaming Case," May 1996, p. 1..

<sup>217</sup>Id. - -

<sup>218</sup>McKinney, "Four Guilty in Mob Trial," The Sun Herald [Biloxi, MS], February 17, 1996, pp. A1-2.

<sup>219</sup>Marcus, "Video Poker in Louisiana Is Mob Target, Inquiry Says" The New York Times, June 4, 1994, p. A1.

<sup>220</sup>Sullivan, "U.S. Lawsuit Says Mob Controls Union In Atlantic City's Casinos," The New York Times, December 20, 1990, p. A1.



- 1986—Las Vegas. Three Chicago mobsters, along with leaders of Milwaukee and Kansas City mob families, were convicted for skimming money from Las Vegas casinos.<sup>221</sup>

These examples support the 1985 conclusion of the President's Commission on Organized Crime that "[t]here is a continuing and self-perpetuating relationship between gambling and organized crime."<sup>222</sup> As one witness before the President's Commission noted, casinos have been used "to launder narcotics profits or other types of receipts by exchanging 'street money' for manageable forms of currency and to wire transfer funds offshore, out of the jurisdiction of the Internal Revenue Service and other law enforcement agencies."<sup>223</sup> Indeed, in 1985, it was fair to conclude that organized crime had employed skimming, embezzlement, and theft from legalized casinos as a source of income and "that it would not be uncommon to find all of these methods . . . taking place in a casino at the same time."<sup>224</sup>

Today, stricter regulations, improved oversight and the existence of publicly-owned casinos have limited organized crime's ability to infiltrate casinos. The casino industry is most vulnerable to organized crime's influence in the area of ancillary services. These supplier companies provide services that casinos require to operate: cleaning, food, laundry, security, and garbage hauling. "Organized crime associates are capable of using methods and approaches to infiltrate the ancillary services that are provided to casinos, and eventually control, manipulate, and divert casino profits into the coffers of the mob."<sup>225</sup> Organized crime achieves its ends through bid rigging, kickback schemes, no-show payrolls, and billing for goods and services never delivered.<sup>226</sup>

One of the ancillary services most crucial to casinos is the junket operator. Junkets are marketing techniques used to entice preferred customers to casinos.<sup>227</sup> At a hearing in 1985, the New

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<sup>221</sup>Florida Department of Law Enforcement, *The Question of Casinos in Florida - Increased Crime: Is it Worth the Gamble?* Tallahassee, FL: Florida Department of Law Enforcement (1994) p. 6.

<sup>222</sup>President's Commission on Organized Crime, *Organized Crime and Gambling*. Record of Hearing VII, June 24-26, 1985, New York, NY. Washington, DC: US Government Printing Office, p. 637.

<sup>223</sup>*Id.*, pp. 800-801.

<sup>224</sup>*Id.*, p. 774. A January 1996 General Accounting Office report found that casinos remain "particularly vulnerable to the initial stage of money laundering . . . in which money from illegal activities is introduced into the financial system through banks or cash-intensive businesses." *See*, General Accounting Office, p. 15.

<sup>225</sup>Zendzian, *Who Pays? Casino Gambling, Hidden Interests, and Organized Crime*, Albany, NY: Harrow and Heston, p. 100 (1993).

<sup>226</sup>*Id.*, pp. 101-102.

<sup>227</sup>The amount of its operating budget a casino allocates to marketing to attract "high rollers" is generally second only to its expenditure for salaries. Junket operators are paid to arrange for the transportation of gamblers to the casino. They may deal directly with the casino, or sometimes operate through a "junket enterprise" that

Jersey State Police testified that when the casino pays a junket enterprise a fee for providing the customer's transportation, there is "the greatest potential for abuse and the channeling of monies to organized crime—because there is no direct accounting system."<sup>228</sup> For example, an air or bus company may act in collusion with the junket enterprise to pad the bill to the casino for transportation. In one case, this arrangement brought over \$1 million a year in illicit air fares and \$15 million in bus fares to a network controlled by organized crime.<sup>229</sup>

Casinos are also vulnerable to organized crime through mob control of unions. Historically, organized crime and casino-related unions have had strong associations beginning in Nevada and continuing in New Jersey.<sup>230</sup> According to the United States Department of Labor, "there have been several phases of organized crime attempts to control the casino industry through labor unions and service industry contracts. They have ranged from securing union benefit plan contracts for organized crime associates to doing construction work on an actual casino."<sup>231</sup> The ability to control the investment of pension plan money means broad economic power and political influence.

In sum, since the 1950s the ability of organized crime to maintain or acquire ownership of legalized casinos has greatly diminished. But organized crime's interest in casinos suggests that legalized gambling will always be targeted for exploitation. As one leading authority has observed, "[h]istory has shown that racketeers and organized crime families will constantly pursue avenues of infiltrating profit-making enterprises. America's casino industries will continue to be a prime target for organized crime, and they must continue to be on the outlook for racketeering schemes that will rely upon corrupt practices, bribery or extortion."<sup>232</sup>

#### **4. Public Corruption**

In May 1996, Louisiana State Representative "Buster" Guzzardo, a member of the committee that oversees gaming, was indicted for helping organized crime infiltrate the video poker industry. According to the indictment, a reputed mob associate convinced Guzzardo to pressure State regulators to give video poker licenses to particular truck stops in exchange for cash payments, gifts and moving expenses.<sup>233</sup> Additional allegations have been made of impropriety in granting

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coordinates the scheduling of proposed junkets.

<sup>228</sup>President's Commission on Organized Crime, p. 792.

<sup>229</sup> An undercover investigation identified six organized crime families involved with the junket operation. President's Commission on Organized Crime, p. 792.

<sup>230</sup>Zendzian, p. 102.

<sup>231</sup>President's Commission on Organized Crime, p. 726.

<sup>232</sup>Zendzian, p. 105.

<sup>233</sup>Casino Crime Digest, p. 4.

multi-million dollar gaming licenses — specifically that companies which made significant campaign contributions or employed friends of high ranking politicians were given favorable consideration.<sup>234</sup> With the rapid expansion of casino gambling and the possibility of lucrative payoffs, the number of reported cases of public corruption, however, is surprisingly low.

## C. CASE STUDIES OF CASINOS AND CRIME

### 1. New York State

#### a. The History of Illegal Casino Gambling in New York State

Casino gambling has never been legally authorized in New York State with the exception of Indian gaming. As originally enacted, the New York State Constitution, Article 1, Section 9, banned all forms of gambling. The Laws of New York in 1819 further specified that “no person or persons shall, within this state, open, set on foot, carry on, promote, draw, or make publicly or privately, any lottery, game, or device of chance of any nature or kind whatsoever, or by whatever name, denomination or title, it may be called, known or distinguished.” Four constitutional amendments, the first enacted in 1939, allow for these exceptions to the prohibition: pari-mutuel betting on horse races (1939); games of chance (e.g., bingo or lotto) with limits on monetary prizes to the prohibitions operated by charitable organizations (1957); lotteries operated by the State (1966); and games of chance (e.g., “Las Vegas” nights) with limits on monetary prizes operated by charitable organizations (1975, 1983).

Illegal gambling, however, has a long history in the State. According to the Commission on the Review of the National Policy Toward Gambling, “casino games were introduced in this country by early European settlers who were accustomed to the plush gaming parlors found in Western Europe . . . [In the east,] the first casinos were built in Saratoga, New York, and on the east coast of Florida.”<sup>235</sup> Some authors date the founding of the first successful gambling house to 1841 in an alley close to the United States Hotel in Saratoga.<sup>236</sup> The first attempt to operate a house exclusively for gambling in New York dates to 1732, but this house, like other early gambling houses, was unsuccessful due to “lack of support and the vigilance of the colonial authorities.”<sup>237</sup>

By 1850, gambling had become so popular that the New York State Association for the Suppression of Gambling estimated that 6,000 places in New York City permitted it in one form or

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<sup>234</sup>Goodman, pp. 60-62.

<sup>235</sup>Commission on the Review of the National Policy Toward Gambling, p. 176.

<sup>236</sup>Hotaling, *They're Off! Horse Racing at Saratoga*. Syracuse, NY: Syracuse University Press (1995) p. 26; Bradley, *Such Was Saratoga*. Garden City, NY: Country Life Press. Bradley, (1940) p. 110.

<sup>237</sup>Asbury, *Sucker's Progress: An Informal History of Gambling in America From the Colonies to Canfield*. New York: Dodd, Mead & Company (1938) p. 156.

another.<sup>238</sup> Despite its illegality, casino gambling operated in New York State until 1961. In that year, the New York State Commission of Investigation discovered several casino locations in Buffalo “operating openly and notoriously throughout the night . . . with at least two of these places cater[ing] to as many as three hundred players at one time, with . . . thousands of dollars cross[ing] the tables each evening to help fill the pockets of Buffalo’s underworld”.<sup>239</sup>

Commenting on crime problems attributed to illegal casino operations in its 1961 report, the Commission of Investigation wrote that, “characteristically, the casino is enveloped in a strangle hold by organized crime, although the paper ownership of ‘the house’ is always held by ‘dummies.’ Organized crime finds the casino type enterprise peculiarly conducive to its operation.”<sup>240</sup> Criminal activities committed in furtherance of syndicated gambling included murder, labor racketeering, bribery, gunrunning, and narcotic trafficking.<sup>241</sup>

#### **b. Turning Stone Casino**

In the fall of 1988, President Reagan signed into law the Indian Gaming Regulatory Act (IGRA). The Act established a statutory framework for the regulation and control of gaming on Indian lands. Pursuant to IGRA, New York State was required to negotiate with federally recognized Indian tribes in good faith, upon request, to develop compacts for the conduct and regulation of certain types of gaming on tribal lands. In 1992, New York began negotiations to produce Class III gaming compacts with two Indian Nations: the Oneida Indian Nation of New York and the St. Regis Mohawk Tribe. Class III gaming includes activities such as banking card games, casino games, slot machines, electronic or electro-mechanical facsimiles of games of chance and pari-mutuel racing. Class III gaming may lawfully be conducted by an Indian tribe if: (i) the state in which the tribe is located permits such gaming for any purpose by any person, organization or entity; (ii) the tribe and the state have negotiated a compact that has been approved by the Secretary of the Interior; and (iii) the tribe has adopted an ordinance that has been approved by the Chairman of the National Indian

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<sup>238</sup>Asbury, p. 161.

<sup>239</sup>New York State Commission of Investigation, *Syndicated Gambling in New York State* (February 1961) p. 81. Testimony presented in 1949 before the Attorney General indicated that organized gambling had been carried out in Saratoga County for some years without effective interference by the sheriff’s office, local police or the local prosecutor (Christy, *Report of Saratoga County Investigation to Hon. Jacob K. Javits, Attorney General of the State of New York*. Albany, NY: New York State Department of Law, 1955, p. 9). In April of that year, Governor Dewey issued an Executive Order calling on the Attorney General to investigate gambling, bribery, corruption, and related crimes in Saratoga. The resulting Saratoga County Investigation found that “during the years 1946 through 1949 gambling in Saratoga County flourished in an open and notorious manner and was widespread in its operation. At that time the gambling operated on a lavish scale in six principal lakehouses on the periphery of Saratoga Lake” (Christy, pp. 6-7). The investigation resulted in the indictment of 49 individuals with more than 40 convictions, as well as the resignation of the Commissioner of Public Safety, who was head of the Police Department, and the Deputy Commissioner of Public Safety, both of whom refused to testify before a Grand Jury.

<sup>240</sup>New York State Commission of Investigation, pp. 80-81.

<sup>241</sup>*Id.*, pp. 90-93.

Gaming Commission. New York State negotiated gaming compacts with the Oneida Indian Nation of New York and the St. Regis Mohawk Tribe, which were subsequently approved by the U.S. Department of the Interior.

### **(1) State Police Organization and Responsibilities**

On July 15, 1993, the Division of State Police established a Casino Investigations Unit to assist the Oneida Indian Nation in achieving the regulatory goals of the compact. The Unit consists of 21 personnel headed by a BCI Staff Inspector and is based at Division Headquarters in Albany. It has two additional offices located inside the Turning Stone Casino. The investigation office, located on the second floor, serves as a base for conducting most background investigations. The other office is located on the first floor of the casino and is accessible to the public; it is used to interview casino patrons seeking State Police service. The Unit maintains a 24 hour on-site presence and enforces New York State criminal laws inside the casino, where it has concurrent jurisdiction with the Oneida Indian Nation Police Department. The Unit has unfettered access to the facility, subject only to constitutional limitations.

In addition to its law enforcement function inside the casino, the State Police is charged with conducting background investigations on all gaming vendors and employees of the casino. Applicant fingerprints are sent to the New York State Division of Criminal Justice Services and the Federal Bureau of Investigation for searches of the State and Federal criminal history record files. The Unit conducts detailed background investigations commensurate with the degree of responsibility exercised by the applicants. The results of these investigations are reported to the New York State Racing and Wagering Board, which reviews the submission and acts as the certifying authority.<sup>242</sup> During the past three years, the State Police has completed more than 2,600 background investigations.

Because of its expertise, the Unit regularly assists other police and regulatory agencies. The Unit has established an outstanding working relationship with local law enforcement agencies in central New York, including the Oneida County Sheriff's Office, Syracuse City Police Department, Rome City Police Department, Oneida City Police Department, and the Oneida Indian Nation Police Department. The Oneida Indian Nation reimburses the State for all reasonable and necessary costs incurred by the State Police. The estimated budget of the Unit for fiscal year 1996 - 1997 is \$1.6 million.

### **(2) Crime Inside the Casino**

Although it has concurrent jurisdiction with the Oneida Indian Nation Police Department,

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<sup>242</sup>To maintain the integrity of the gaming operations, the Nation-State compact requires gaming employees and vendors to submit periodic license renewal applications. If new information concerning the applicant's suitability for a license is uncovered, the Casino Investigations Unit updates the background report and forwards it to the Racing and Wagering Board for review.

the State Police Casino Unit is the primary agency responding to crimes occurring inside the

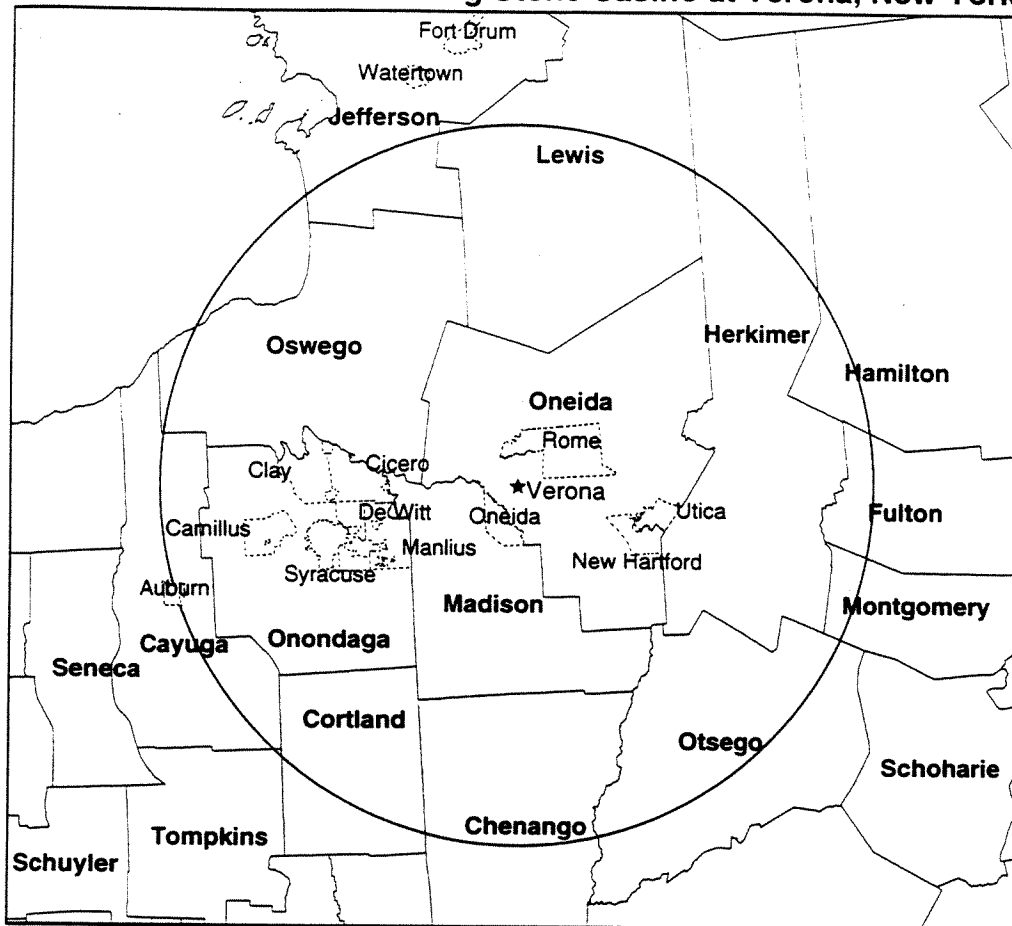
**CHART 1: INVESTIGATIONS AND ARRESTS IN TURNING STONE CASINO, 1993-96**

TYPE	1993 (6 mos.)	1994	1995	1996 (6 mos.)
Criminal Investigations	63	189	193	108
Total Criminal Arrests	26	66	57	30
Grand Larceny	2	3	2	3
Petit Larceny	9	12	14	6
Criminal Impersonation	1	7	8	4
Trespass	6	8	5	4
Harassment	2	2	3	2
Criminal Possession - Forged Instrument	0	12	9	3
Other	6	22	16	8

SOURCE: NEW YORK STATE POLICE.

casino. Turning Stone security staff monitor activity within the casino, assist patrons, and respond in the first instance to emergencies. The security staff calls the State Police to respond to criminal matters or to handle investigations that have the potential for criminal prosecution.

**Figure 1**  
**Municipalities (With 1990 Population 20,000 or Higher)**  
**Within 50 Miles of the Turning Stone Casino at Verona, New York**



The casino is visited daily by approximately 6,000 people during the week and approximately 10,000 people on weekends. The patrons are mostly cooperative and law-abiding, and the infractions that have occurred are generally misdemeanors or violations. This low crime rate may be partially explained by the casino's alcohol-free environment and the rural area in which it is located. In addition, the visual presence of Casino Unit members wearing State Police identification badges and of uniformed casino security personnel undoubtedly helps to deter crime.

Since its inception, the Casino Unit has conducted 553 criminal investigations and made 179 criminal arrests—an average of 184 criminal investigations and 60 arrests per year. This low level of criminal activity has remained relatively stable over time. Most of the arrests have been for misdemeanors such as larceny, possession of a forged instrument and criminal impersonation, or for violations such as harassment and disorderly conduct.

### (3) Crime Outside the Casino

The Oneida Indian Nation Police Department is responsible for law enforcement activity on the casino grounds, including the construction sites. Reports on 228 calls for service in 1995 fell into five broad categories:



Of the 32 criminal calls received, eight were for criminal mischief, six for petit larceny, five for endangering the welfare of a minor, five for domestic disputes, one for a robbery, and the remainder for minor violations such as disorderly conduct and trespass.<sup>243</sup>

Crime in the area immediately surrounding the casino has also been minor in nature. The Oneida Indian Nation Police Department maintains a visible presence on casino property, which deters parking lot thefts and vandalism, and the rural location of the casino provides a stable environment for effective law enforcement.

### (4) Crime Within the Region

Turning Stone differs in many respects from other commercial gambling operations in not serving alcohol on its premises, not offering slot machines, and not providing hotel accommodations for its patrons. Most patrons drive to the facility and return to their homes the same day; the majority come from within a 50-mile radius.<sup>244</sup> The incidence of crime at the casino and its immediate environs is relatively low and generally limited to less serious property crimes.

In this section, we examine the premise that patrons suffering financial loss at the casino might engage in criminal activity in response to their losses.<sup>245</sup> Literature on the relationship between compulsive gambling and crime suggests that much of the illegal activity may take the form of economic crimes such as theft, bad checks or credit card fraud. Rather than occurring at the casino

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<sup>243</sup>These figures reflect calls for service and not arrests or formal investigations. They may not provide a complete picture of the Oneida Indian Nation Police's law enforcement activity and serve only as general indicators of activity on the casino grounds.

<sup>244</sup>These observations come from the investment firm of Bear Stearns, as cited in Lakamp, "Syracuse Takes a Shine to Lady Luck," *Syracuse Herald-Journal*, May 2, 1996.

<sup>245</sup>It has also been suggested that compulsive gambling may fuel domestic crimes because financial losses raise tensions within the household. Changes in police arrest practices and improved reporting of these crimes make it difficult to study this hypothesis.



itself, these crimes may be observed in the regions where the patrons live and work, given the "commuting" nature of Turning Stone.

All counties and municipalities with a population of 20,000 or greater within 50 miles of the casino were selected for analysis, as well as the City of Oneida in Madison County (population 11,000) because of its proximity to Turning Stone. Residual areas in the counties of Cayuga, Chenango, Cortland, Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Otsego, and Oswego were also examined. For comparison, similar data were drawn for all other counties excluding New York City, Nassau, Suffolk, and Westchester. The geographic framework for the analysis is shown in Figure 1, above.

Data on crimes known to police were obtained from the Division of Criminal Justice Services' Uniform Crime Reporting (UCR) System. The offenses examined were burglary and larceny, and embezzlement, forgery (including credit card offenses) and fraud (including check kiting and forging), of which the latter were aggregated for analysis and designated "Deceptive Theft Offenses." The five offenses were grouped into the category "Selected Property Offenses."<sup>246</sup> Arrest figures were also generated for Madison and Oneida counties for the 30 months before and after the opening of the casino. Data from the Division's Computerized Criminal History (CCH) system were compiled based on reports of adult fingerprintable arrests; these were grouped into "personal," "property," "drug," and "other" crimes.

Turning Stone Casino opened in July 1993. If the casino had an effect on the incidence of offending, one would expect to see increases in the selected offenses occurring after the second quarter of 1993. Figures 2-5 reveal a generally decreasing trend in crime following the opening of the casino. This is consistent with the overall pattern in the upstate comparison jurisdictions. Only Chenango County shows an increase (6.3%) of any magnitude in the Selected Property Offenses, with Otsego showing a very small increase (0.6%) (Figure 2). Four counties (Chenango, Madison, Onondaga and Otsego) show small increases in burglary, with only Chenango exceeding four percent (Figure 3). Chenango, Cortland, Jefferson and Oswego show slight increases in larcenies (Figure 4). For the aggregate of Deceptive Theft Offenses (embezzlement, fraud and forgery), only three counties show increases. The magnitude of the increase was substantial in the largest metropolitan area, Onondaga County (21.9%), and noteworthy in the counties of Jefferson (11.2%) and Chenango (7.8%) (Figure 5).

Further examination of the trends of the Deceptive Theft Offenses in Onondaga, Jefferson and Chenango counties reveals that the increase in Jefferson is largely a function of a sharp increase in the last quarter of 1995. Absent this single quarter, the general pattern for these crimes in Jefferson is unremarkable. In Chenango County, there is considerable variation, with three separate quarters in 1991 being higher than typical levels over the rest of the five-year period. In Onondaga, there is an increasing trend from 1991 to 1994 with a slight decline beginning in 1994.

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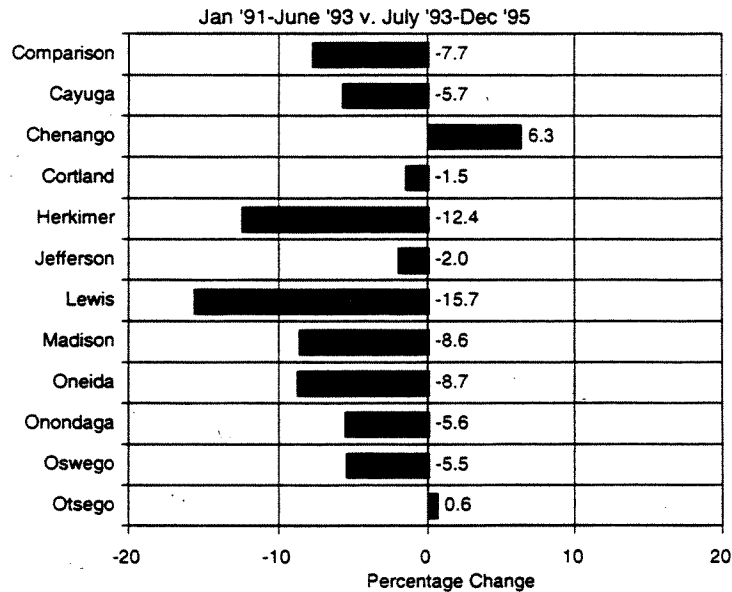
<sup>246</sup>While the UCR offense categories do not match the New York State Penal Law exactly, every Penal Law offense is covered by a UCR offense category. See Appendix I for definitions of these offenses.

Only Chenango County shows increases in all of the Selected Property Offenses following the opening of the casino. Closer examination of Chenango County data reveals that the overall “before/after” comparison masks a general inconsistency in the yearly patterns of offending (see Chart 2). For example, larcenies show a large growth from 1993 to 1995, following a decline from 1992 to 1993; levels in 1995, however, were comparable to 1992. The number of deceptive theft crimes was highest in 1991, declining sharply the following year only to increase gradually through 1994 and declining again in 1995. This pattern suggests that causes other than the casino might be affecting the observed patterns of offending in Chenango, as well as in the other counties showing “before/after” increases in reported crime.

Sources for the following four figures: New York State Division of Criminal Justice Services, Uniform Crime Reporting Program.

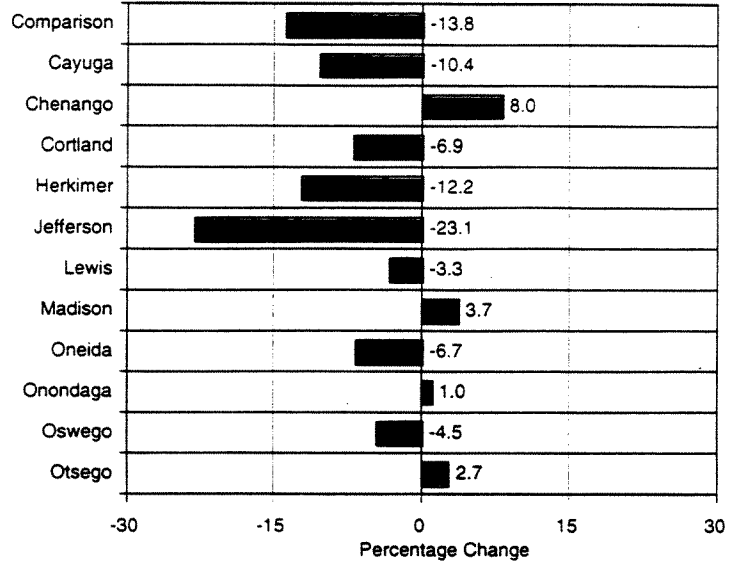
**Figure 2**

**Selected Property Offenses: Percentage Change by County**



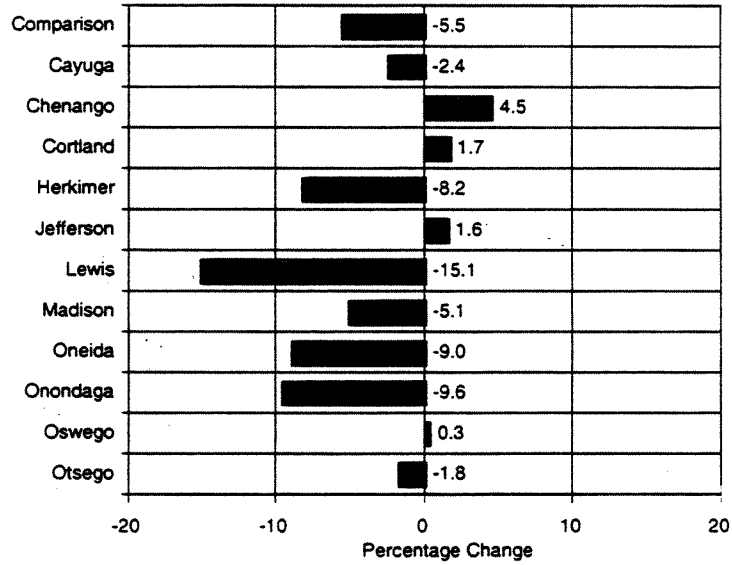
**Figure 3**

**Burglary: Percentage Change by County**  
Jan '91-June '93 v. July '93-Dec '95



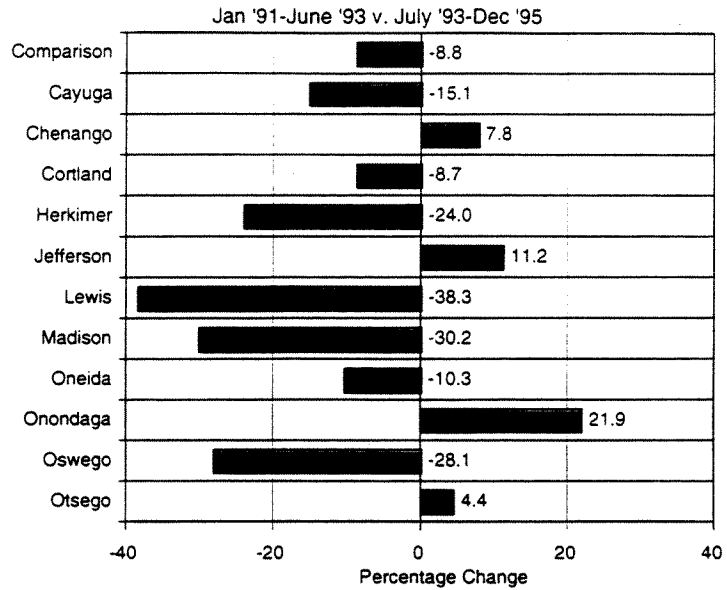
**Figure 4**

**Larceny: Percentage Change by County**  
Jan '91-June '93 v. July '93-Dec '95



**Figure 5**

**Deceptive Theft Offenses: Percentage Change  
by County**



**CHART 2  
CHENANGO COUNTY  
SELECTED OFFENSES**

Year	Larceny	Deceptive Theft
1991	792	706
1992	834	499
1993	716	514
1994	806	667
1995	840	587

Source: New York State Division of Criminal Justice Services, Uniform Crime Reporting Program.

Additional efforts were made to examine some of the specific increases noted in the gross “before/after” comparisons. The most substantial increases were in the deceptive theft category, particularly in rural areas of Onondaga County. Outside of Syracuse and other municipalities of greater than 20,000 population, a substantial increase in deceptive theft occurred from 1993 (541) through 1994 (751) and 1995 (811). The volume of these offenses is very low in each of the individual 20,000 population municipalities in Onondaga. It is more substantial in Syracuse, but Syracuse exhibits a declining trend from 1993 to 1995. The selected municipalities

**CHART 3  
ONONDAGA COUNTY  
DECEPTIVE THEFT OFFENSES**

Year	Syracuse	Municipalities*	Rest of County	Count Total
1991	278	87	580	945
1992	303	112	544	959
1993	387	297	541	1117
1994	341	146	751	1238
1995	250	91	811	1152

\*THE TOWNS OF MANLIUS, CAMILLUS, CICERO, CLAY, AND DEWITT

Source: New York State Division of Criminal Justice Services, Uniform Crime Reporting Program.

show a sharp increase in these offenses in 1993, with an equally sharp decline to 1995. Police officials in Manlius relate this pattern to the opening of a suburban mall in 1993 and a subsequent decline in its business in the succeeding two years, and not to the casino.

It is unlikely that any casino effect would be limited to deceptive theft offenses in only the rural areas of Onondaga County. Oneida City, for example, shows generally declining trends across the period. Rome City shows a general pattern of declines from 1991 to 1993 and less substantial increases thereafter. Utica shows fairly consistent declines throughout the period. Even the rural areas of Oneida County fail to demonstrate any consistency in offense patterns similar to rural Onondaga.

Chart 4 below shows that both Oneida and Madison counties experienced declines in total arrest activity after the opening of Turning Stone. Oneida County did report sizable increases in arrests for felony and misdemeanor level drug offenses, but this pattern was common throughout the State for the same time period. Madison County reported declines in each of the offense categories

except for a small increase in felony drug arrests. Arrests for property crimes declined substantially in both counties. In sum, these data do not support the proposition that the casino has led to an increased workload for the criminal justice system in the closest surrounding counties.

**CHART 4  
MADISON AND ONEIDA COUNTIES  
ADULT ARRESTS**

	GRAND TOTAL	FELONY					MISDEMEANOR				
		Total	Personal	Property	Drug	Other	Total	Personal	Property	Drug	Other
MADISON 1/1/91 - 6/30/93	3.809	580	83	320	50	127	3,229	383	1,189	53	1,604
7/1/93 - 12/31/95	3.256	503	72	278	53	100	2,753	341	1,045	33	1,334
% Change	-14.5	-13.3	-13.3	-13.1	6.0	-21.3	-14.7	-11.0	-12.1	-37.7	-16.8
ONEIDA 1/1/91 - 6/30/93	13,779	2,902	604	1,126	565	607	10,877	1,111	4,560	247	4,959
7/1/93 - 12/31/95	12,152	2,884	618	1,091	606	569	9,268	1,104	3,615	354	4,195
% Change	-11.8	-0.6	2.3	-3.1	7.3	-6.3	-14.8	-0.6	-20.7	43.3	-15.4

Source: New York State Division of Criminal Justice Services, Computerized Criminal History System.

## 2. Atlantic City

In 1974, New Jersey voters, by a wide margin, turned down a proposition for casino gambling. They feared organized crime, deterioration, and a honkytonk atmosphere in their neighborhoods. But the vote was not without controversy: Atlantic City was anxious for its approval. With better organization, leadership and financing, a 1976 referendum limiting casinos to Atlantic City was passed.<sup>247</sup> The first Atlantic City casino was opened by Resorts International in 1978. Ten years later, there were 12 hotels. So many people visited Atlantic City (about 27 million per year by 1983) that, as of the early 1980s, it had become the most visited resort in the United States. Many observers expected a growth in crime because of increases in tourism and the expanded opportunities for crime that the casinos would create.

Because increased crime was among the anticipated impacts of casinos in Atlantic City, the subsequent crime data have been subject to wide and revisited interpretation. In fact, Atlantic City appears to be the most studied casino location in the country. Controversy was fueled when early

<sup>247</sup>Pollock, *Hostage To Fortune: Atlantic City And Casino Gambling*. Princeton, NJ: Center for Analysis of Public Issues (1987).

reports indicated that crime increased dramatically after the casinos opened. New York State Attorney General Robert Abrams was among the first officials to issue a public report opposing casino gambling on the basis of Atlantic City crime. Using crime data from 1977 through 1980, he reported violent crime increases of 130 percent and non-violent crime increases of 176 percent. Neighboring communities were also experiencing a “significant rise in crime attributed by local officials to the casinos in Atlantic City.”<sup>248</sup> Lower-level crimes (pocket-picking, purse-snatching, shoplifting, and larceny from motor vehicles and buildings) also showed increases. Based on these statistics and the perceived threat of organized crime, Abrams concluded that casinos would be bad for New York.

To answer the question of whether casinos increased crime, Albanese<sup>249</sup> examined selected UCR index crimes (murder, rape, robbery, larceny, and motor vehicle theft) for Atlantic City from 1978 through 1982. He also looked at changes in police employment, average daily population, new casino hotels, and crime trends statewide. All of these rose in the four-year period under consideration: reported index crime increased 224 percent, police staffing and average daily population (including visitors) grew 56 percent, the number of casino hotels expanded from one to nine, and crimes rose in New Jersey 12 percent statewide. Controlling for these factors, he found Atlantic City experienced much more crime after the casinos opened, but it was spread among many more people, and the risk of any individual being victimized was slightly reduced.<sup>250</sup> Albanese noted that computing a crime rate based upon the number of permanent residents would create a lopsided picture of crime in Atlantic City.

Friedman, Hakim, and Weinblatt<sup>251</sup> looked at index crime changes from 1974 to 1984 in 64 communities in the Atlantic City region. They found increases in crime levels in all the locales following the advent of casinos, with marked rises—led by violent crime and burglaries—in the more accessible communities. Hakim and Buck<sup>252</sup> reviewed the crime data for the same 64 communities, but over a slightly longer time period (1972 through 1984). They controlled for wealth, unemployment, and numbers of police, and came to similar conclusions: crime (especially violent crime and motor vehicle theft) increased significantly after the casinos opened, and the

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<sup>248</sup> Abrams, *Report of Attorney General in Opposition to Legalized Casino Gambling in New York State*. [Albany, NY: NYS Department of Law] Typewritten, 23pp. (1981), p. 4.

<sup>249</sup> Albanese, “The Effect of Casino Gambling on Crime.” *Federal Probation* 49 (2)(1985) pp. 39-44.

<sup>250</sup> A parallel correlation performed with burglary data revealed similar results: there were so many hotel rooms added that the chance of any specific location being burglarized went down after the casinos began operation.

<sup>251</sup> Friedman, Hakim, and Weinblatt, “*Casino Gambling as a ‘Growth Pole’ Strategy and Its Effect on Crime*,” *Journal of Regional Science* 29 (4) (1989).

<sup>252</sup> Hakim and Buck, “*Do Casinos Enhance Crime?*” *Journal of Criminal Justice*, Vol. 17 (1989).

further a community from Atlantic City the less the crime impact.<sup>253</sup>

By looking at casino-based and community crime separately, Curran and Scarpitti<sup>254</sup> found that casino-based crime accounted for 63.7 percent of all index offenses from 1985 through 1989, of which 92.3 percent were larceny-thefts. Meanwhile, violent crime occurred mainly in the community and not in the casinos. The authors found that “the crime rate in the community proper has not risen significantly” as a result of casino gambling, but that many larcenies are committed on casino property.<sup>255</sup> They concluded that [w]hen crimes committed in the casinos are extracted . . . Atlantic City crime rates are not very different from those of comparable cities.”

The thread that connects most of these studies is the rise in economically motivated crime in Atlantic City. Although the visitor-adjusted crime rate dropped after the advent of casinos, crimes occurred in much higher numbers. Larcenies tripled in two years. Most of this increase can be directly linked to the casinos, since it occurred on the casino floor and in adjacent hotel complexes.

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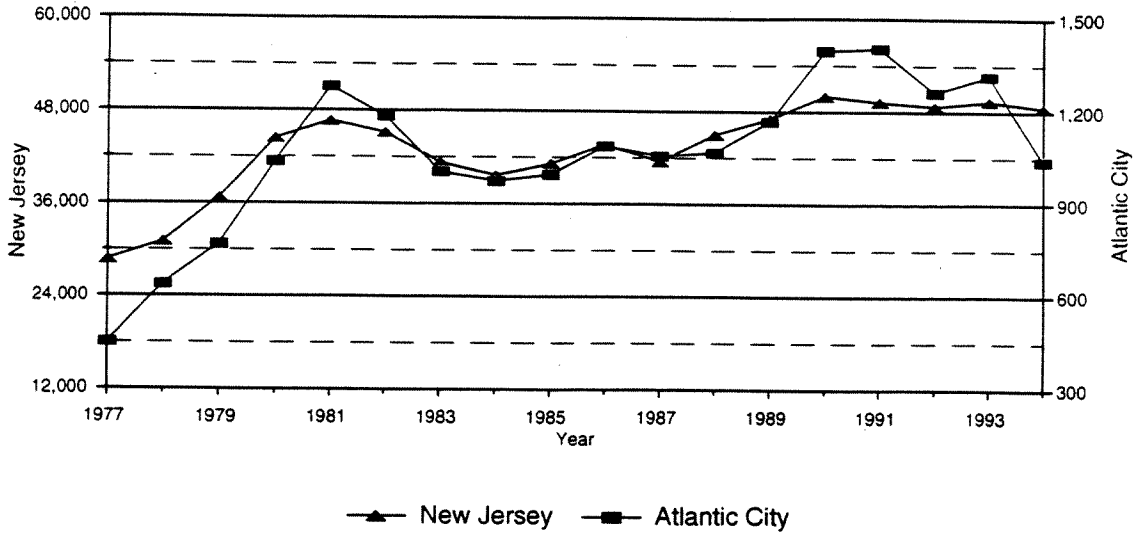
<sup>253</sup>Both studies did not adjust for growth in the population at risk, increased opportunities for crime, and overall trends in crime statewide.

<sup>254</sup>Curran, Daniel and Frank Scarpitti, “*Crime in Atlantic City: Do Casinos Make a Difference?*” *Deviant Behavior: An Interdisciplinary Journal* 12:431-449 (1991).

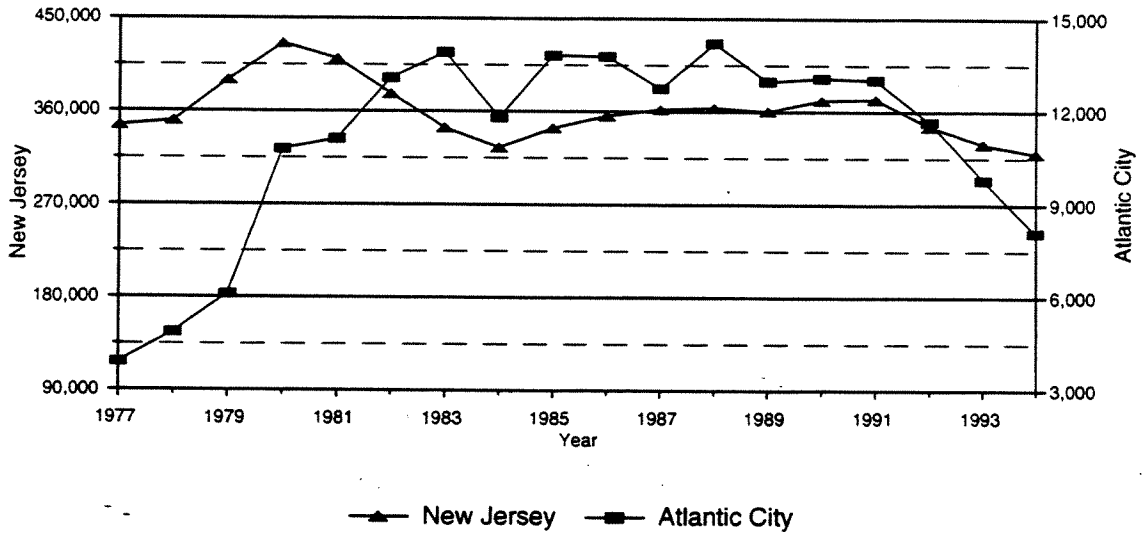
<sup>255</sup>*Id.*, p. 444. Curran and Scarpitti adjusted for increases in the population at risk; they undercounted the average daily population, however, by not including the 40,000-plus people who work at the casinos, and by assuming that each visitor stayed only one day, when many stayed longer.



**Figure 6**  
**Violent Index Crime Totals 1977-1994**  
 New Jersey and Atlantic City



**Figure 7**  
**Property Crime Totals 1977-1994**  
 New Jersey and Atlantic City



Source: Crime in the United States (1977-1994).

A post-script is appropriate to these published studies, which cover Atlantic City for the period of the 1980s. Figure 6 shows the trends in reported violent offending for Atlantic City and the State of New Jersey generally tracking one another. Although the year-to-year changes are consistently in the same direction, the variation for Atlantic City is more pronounced. Figure 7 shows that the patterns for reported property offenses diverge significantly after the introduction of casinos. The number of property crimes reported in Atlantic City rose rapidly from 1977 through 1983; the number statewide grew more slowly from 1977 until 1980, then decreased continuously through 1984.

Beginning in the 1990s, Atlantic City experienced a substantial decline in the number of violent and property crimes reported to the police. Serious crime fell nearly 37 percent from 1990 through 1994, with drops in all categories. The number of serious crimes is approaching levels last observed in 1980. Since annual visitation has remained relatively constant, changes in the population-at-risk cannot account for this decrease in criminal activity. The decline experienced by Atlantic City since 1990 substantially exceeds that for reported crime throughout New Jersey. It appears that social forces more powerful than casino gambling are responsible for these crime trends.

### **3. Other Locations**

#### **a. Foxwoods Resort Casino**

The Foxwoods Resort Casino in Ledyard, Connecticut, owned and operated by the Mashantucket Pequots since February 1992, claims to have the most gaming space in the world. Employing 11,000 workers and reporting revenues in excess of \$40 million per month, it is also the world's most profitable casino, providing a full range of gaming options including table games, slots, bingo, and poker.<sup>256</sup> As of April 1996, the average daily attendance at the Foxwoods was 50,000. A new attendance record was reportedly established on the weekend of July 4, 1996, with attendance averaging 90,000 per day. Pursuant to federal law, the Mashantucket Pequot tribe has a compact with the State of Connecticut which governs the tribal/state gaming relationship.<sup>257</sup>

#### **(2) Connecticut State Police Organization and Responsibilities**

The Connecticut State Police created a specialized Casino Unit in December 1991 to provide primary police services to the casino. The State Police Casino Unit is part of the Special Revenue Investigation Section within the Bureau of Criminal Investigations (BCI). The Casino Unit provides law enforcement and police services at Foxwoods and conducts casino-related criminal investigations and background investigations on prospective casino employees and vendors. These functions are performed seven days per week, 24 hours each day. As of July 1996, 19 State Police

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<sup>256</sup>General Accounting Office, p. 12.

<sup>257</sup>*Gaming U.S.A. '95: Gaming Regulatory Agencies of the United States and Gaming Development in 1996: A Political Analysis*. 1995. Reno, NV: American Gaming Summit. (1995), p. 308.

personnel were assigned to law enforcement responsibilities inside the casino.<sup>258</sup>

The Mashantucket-Pequot Tribe funds the Casino Unit, including benefits, overtime and equipment. Once purchased, the equipment becomes the property of the Division of State Police. The tribe also funds tribal police enforcement patrols in the area of the casino.

**CHART 5**  
**REPORTED PART I INDEX CRIMES - TOWN OF LEDYARD (1990-1995)**

Part I Index Crimes	1990	1991	1992	1993	1994	Jan to June 1995	Offense Totals and Relative Frequency
Murder/ Manslaughter	0	0	0	1	0	0	1 (.08%)
Rape	1	1	2	5	6	0	15 (1.3%)
Robbery	0	0	1	6	7	3	17 (1.4%)
Aggravated Assault	23	21	24	35	29	13	145 (12.3%)
Burglary	42	56	37	41	46	29	251 (21.4%)
Motor Vehicle Theft	5	5	15	15	27	3	70 (6.0%)
Larceny	143	137	108	94	134	52	668 (57.0%)
Arson	NA	0	1	2	1	1	5 (0.4%)
<b>TOTAL</b>	<b>214</b>	<b>220</b>	<b>188</b>	<b>199</b>	<b>250</b>	<b>101</b>	<b>1,172 (100%)</b>

Source: Connecticut State Police.

Foxwoods is located in the Town of Ledyard, in southeastern Connecticut, a suburban community, with a population of 15,600, surrounded by the Towns of Preston, North Stonington,

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<sup>258</sup>Connecticut State Police, 1996.

**CHART 6**  
**REPORTED PART I INDEX CRIMES - FOXWOODS RESORT CASINO (1992-1995)**

<b>Part I Index Crimes</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>Jan - June 1995</b>	<b>Offense Totals and Relative Frequency</b>
Murder/ Manslaughter	0	0	0	0	0 (0%)
Rape	0	0	1	0	1 (.06%)
Robbery	0	2	4	0	6 (0.4%)
Aggravated Assault	2	1	7	11	21 (1.3%)
Burglary	1	1	4	1	7 (0.4%)
Motor Vehicle Theft	0	0	0	3	3 (0.2%)
Larceny	108	225	805	452	1590 (98%)
Arson	0	0	1	0	1 (.06%)
<b>TOTAL</b>	<b>111</b>	<b>229</b>	<b>822</b>	<b>467</b>	<b>1629 (100%)</b>

Source: Connecticut State Police.

Stonington, and Groton. The Connecticut State Police maintains primary police jurisdiction over Ledyard and provides residential trooper service under contract with the municipality. Resident troopers are employed by the State Police and provide police and supervisory services, while the town employs constables; Ledyard engages two resident troopers and employs 17 constables.

**(2) Crime in the Town of Ledyard**

Total Part I index crime for Ledyard increased 13.6 percent from 1991 to 1994, with a total of 220 Part I offenses reported in 1990 compared with 250 reported in 1994. This trend was reversed in the first half of 1995, with a total of 101 reported offenses. Larceny represents the largest category of reported crime. Motor vehicle thefts tripled in 1992 (the year that the Foxwoods Resort Casino opened), and then nearly doubled by 1994. Small increases were witnessed in some categories of crimes against persons. Chart 5 presents the distribution and frequency of Part I Index offenses.

**(3) Crime at Foxwoods Resort Casino**

Total Part I reported index crime for Foxwoods increased 640 percent from 1992 to 1994,

with a total of 111 Part I crimes in 1992 in contrast to 822 in 1994. During the first half of 1995, 467 serious offenses were reported. Larcenies account for the majority of the increase, rising 645 percent, from 108 in 1992 to 805 in 1994, with 452 larcenies reported during the first half of 1995. Larcenies represent the largest category of crime, averaging 98 percent of the total during this period. The Connecticut State Police attribute the exponential increase in reported larcenies from 1993 to 1994 partly to counterfeit slug operations affecting slot machines. Some violent offenses have been reported at the casino, with a noticeable rise in aggravated assaults in 1994 and 1995; the numbers, however, remain relatively low given the attendance figures. Chart 6 below presents the distribution and frequency of Part I offenses.

Similar to findings in other jurisdictions, crime statistics at Foxwoods indicate a growth in economically motivated crimes, primarily in reported larcenies. The magnitude of Foxwoods' operation appears to be a relevant factor. Foxwoods employs 9,000 more employees than Turning Stone Casino, and its average daily attendance is eight to ten times greater. The daily crowds alone provide many more suitable targets for criminals. These findings are similar to those for Atlantic City, where the bulk of the crime increase consisted of property offenses at the casinos.

#### **b. Joliet, Illinois**

In 1994, the Illinois State Legislature asked the Illinois Criminal Justice Information Authority to report on the potential impact of riverboat casinos on crime and law enforcement. The Authority studied two riverboat operations based in different locations along the Des Plaines River in Joliet. One riverboat opened 14 months before the end of the study, and the second opened five months before the report's conclusion. Acknowledging these constraints, the Authority plotted crime data for both sites, using all offenses known to police (Part I and Part II) and calls for service in those areas from October 1988 through August 1993. Similar data were assembled for the rest of Joliet. Interviews were conducted with riverboat security and other administrators, as well as with police chiefs and sheriffs in the surrounding area where riverboats also operate. The Authority found that service calls and reported crime in Joliet "remained stable or even declined after the riverboats began service."<sup>259</sup> For the most part, changes in crime and incident trends were statistically insignificant.

The unique features of riverboat casinos may contribute to this generally positive crime picture. The gambling occurs in a secure, tightly-held place—the riverboat—and only during scheduled cruises up or down the river. The dock areas are small, well controlled, and located in city areas that were already well developed. The report concluded that there was virtually no chance for a "criminal subculture" to grow around the dock area. Riverboat security and local police have excellent relationships, with the riverboats providing off-duty employment for some area police officers. A person contemplating crime on a riverboat casino may be discouraged from doing so

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<sup>259</sup> Illinois Criminal Justice Information Authority, *Riverboat Gambling and Crime in Illinois: Preliminary Report on Riverboat Gambling in Joliet: Impact on Criminal Activity and Law Enforcement Workloads*. Chicago, IL: Illinois Criminal Justice Information Authority (May 1994) p. 1.

because of the likelihood that if his crime is discovered, he will have no easy escape route.

**c. Biloxi, Mississippi**

After the state legislature allowed localities to vote on legalized casino gambling along their waterfronts, the citizens of Harrison County, Mississippi, voted to allow riverboat-style gambling at Biloxi in 1992. Casino companies erected three permanently moored riverboats and opened for business in August 1992.

Giacopassi and Stitt<sup>260</sup> examined UCR reports of the Biloxi Police Department for the 12 months before and after the casinos' opening. They were cognizant of changes in the population at risk but the only available figures were estimates of visits to Harrison County. They were therefore able only to compare before and after crime frequencies and look for statistically significant changes. For index offenses, Giacopassi and Stitt reported statistically significant increases in larceny and motor vehicle theft. For Part II offenses, credit card abuse and prostitution outstripped the 11 other categories that showed increased frequencies; neither of these changes, however, achieved statistical significance. Although these findings are preliminary, the authors note that communities where casinos open should anticipate increases in property crimes and the need for more traffic control and crime prevention efforts. They alert planners that a 24-hour casino will change the character of a neighborhood, and that more and differently deployed policing, including traffic control and vice operations, will be required.

**D. PERCEPTIONS OF LAW ENFORCEMENT OFFICIALS**

**1. Survey Approach**

To assess whether casinos have contributed to crime where legalized gambling has been authorized, a telephone survey was undertaken. This approach was intended to address gaps in the literature, to learn about the experiences of jurisdictions that initiated casino gambling only recently, and to obtain current perspectives from those charged with maintaining public safety. Law enforcement and gaming regulatory officials were questioned about significant or recurring crime problems and the lessons, if any, that they have derived.<sup>261</sup>

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<sup>260</sup>Giacopassi and Stitt, "Assessing the Impact of Casino Gambling on Crime in Mississippi," *American Journal of Criminal Justice* 18 (1) pp. 117-131(1993).

<sup>261</sup>The survey targeted state and local jurisdictions that permit land-based casinos, games of chance and slot machines at race tracks, and riverboat casinos or Indian gaming. A sample of Indian gaming sites located proximate to major urban centers or near the border of a neighboring state was included. Casino sites in Windsor and Montreal, Canada, were also surveyed. The survey was not designed to ensure that respondents were representative of all gaming jurisdictions. In some instances, more than one respondent was interviewed regarding the experience at a single casino; and one source reported on the experience of several adjacent casino towns. Nevertheless, the findings provide valuable information about perceptions of law enforcement officials as to the effects of casinos on their communities. A listing of the agencies contacted and a copy of the survey instrument are included the Appendix I.

## **2. Native American Casinos**

This component of the survey targeted law enforcement personnel (eleven Sheriffs, five Chiefs of Police, three Indian Police Departments, two State Police departments, and one Director of Casino Security) in twenty-two jurisdictions with Indian gaming. Nineteen of the casino sites are in rural or isolated settings, all are operated by Indian Nations, twelve serve alcohol, and seven have hotels.

Sixteen of the respondents described their agencies' experience with the Indian casinos as positive, with several describing it as excellent because of tourism, job creation, and the support provided to the local law enforcement community. Significant or recurring crime problems include embezzlement, employee theft, and drunken driving. Responding to the question "Has your agency seen changes in reported crime, either types of crime, or frequency?" more than half (14) reported an increase in crimes, mostly related to traffic problems and driving while intoxicated or impaired by alcohol.

Law enforcement responsibility for responding to crime inside the casino varies among the jurisdictions. In 11 jurisdictions, an Indian police force is the law enforcement agency, and in five jurisdictions the function is shared with the local sheriff's office. In six jurisdictions, the sheriff responds exclusively, and in the remaining sites the State Police or local police may respond. For crime outside the casino, the local sheriff's office has primary responsibility in most cases (13), and in seven jurisdictions the Indian police force in cooperation with the sheriff responds to crime. Six of the respondents report that casino gambling revenue is used to fund personnel. In most of the survey sites (14), however, there has been no expansion of law enforcement personnel or resources since casino gambling was established.

## **3. Race Tracks**

This phase of the survey targeted law enforcement personnel (three State Gaming Regulatory Officials, two State Police departments, and two Chiefs of Police) in six jurisdictions with video lottery machines or slots located at race tracks. Nearly all the race tracks are situated near an urban center (only one is rural), five are privately operated, and one is operated by the county. All serve alcohol, and five of the six have hotel or motel facilities in the vicinity. Without exception, all the respondents described their agencies' experience as positive, citing tourism and increased revenue as principal benefits. Most jurisdictions have less than two years experience with video lottery/slot machines, and crime problems are not readily identifiable. The only recurrent problems are vandalism and increased traffic volume.

Responsibility for responding to crime inside the track varied among jurisdictions. At two tracks, the State Police is the responding agency; in two others, the State Police and track gaming agents share jurisdiction; and in two cases, local police hired as security agents have jurisdiction. In contrast, outside the track, local police share jurisdiction with State Police in four jurisdictions, and local police have exclusive jurisdiction in two jurisdictions. All law enforcement agencies

surveyed report that expanded personnel and resources are required to address video lottery/slot machine placement at the race tracks. In none of the jurisdictions is gambling revenue exclusively earmarked for law enforcement.

#### **4. Riverboat Casinos**

This aspect of the survey focused on law enforcement personnel (16 Chiefs of Police, one Sheriff and one District Attorney) in eighteen jurisdictions with riverboat gambling. All are privately operated, and all serve alcohol. With the exception of the District Attorney responsible for Tunica County, Mississippi, the respondents described their agencies' experience with riverboat casinos as positive, with many describing it as "very or extremely" positive or as "excellent."

The first riverboat casino opened in Tunica County, Mississippi in October 1992. With an estimated 1996 population of 9,000 and ten riverboats, Tunica is thought to have the largest concentration of riverboat gambling in the nation. Average daily attendance is estimated at 35,000 to 40,000. Felony indictments in Tunica County increased sharply from 1993 to 1995, rising from 17 to 172, with a similar total expected for 1996. The increases coincide with the growth in the number of riverboats.

With the exception of two locations where one gambling-related murder and several armed robberies were reported, crimes attributed to the operation of the riverboat casinos were small scale in nature. Law enforcement officials identified the largest crime categories as larceny, bad checks, credit card fraud, and forgery. These crimes were reported to be significant or recurring problems by six of the eighteen respondents. Drunken driving and employee theft ranked as the most significant or recurring problems. Responding to the question "Has your agency seen changes in reported crime—either types of crime or the frequency with which it happens—since the casino opened?" twelve reported no increase or no significant increase, three reported an increase, and three reported a decrease in crime. Similarly, calls for service have not significantly increased: only four of the sixteen respondents mentioned increases in service calls stemming from riverboat operations.

Responsibility for responding to crime inside the casino differs among the jurisdictions. In seven jurisdictions, a private security force is the respondent. In six jurisdictions, a private security force responds to on-board incidents while state agents (troopers, highway patrol, gaming officials) enforce the criminal laws. In one jurisdiction, a private security force responds to on-board incidents while the local sheriff enforces the criminal laws. In the remaining jurisdictions, the police department is the respondent in two; the police department, gaming officials and private security respond at one; and state agents respond at another. The local police departments respond to crime outside the casinos except at one location where state gaming officials respond. Traffic-related problems were the predominant issue identified by the respondents; specific problems included road congestion, stranded motorists, parking lot accidents, automobile break-ins, vandalism, and keys locked in cars. In fourteen jurisdictions, the agencies report that gambling revenues are dedicated to fund law enforcement.



## **5. Land-based Casinos**

This part of the survey concentrated on law enforcement personnel (two State Gaming Regulatory Officials, four Municipal Police Officers, two Chiefs of Police, and one Local Prosecutor) in nine jurisdictions with land-based casino gambling. Five of the casino sites are in urban areas, and four are rural. All are privately operated, all serve alcohol, and four of the nine have sprawling hotel complexes as part of the casinos or in the immediate vicinity. The major destination resorts of Atlantic City and Las Vegas are included in this section of the survey, along with Black Hawk, Central City and Cripple Creek, Colorado; Biloxi and Gulfport Mississippi; and Deadwood, South Dakota.

Seven of the nine respondents described their agencies' overall experiences with casinos as positive, characterizing their presence as beneficial for tourism and job development. Two respondents characterized the contribution of casinos as mixed, with the benefits of tourism and jobs coming at the costs of increased crime. The principal crime categories identified as recurring or significant are property offenses (burglary, robbery, petty theft) and drunken driving. Responding to the question "Has your agency seen changes in reported crime, either types of crime or the frequency with which it happens, since the casino opened?" seven reported an increase, one reported no significant change, and one reported a decrease in crime.

Once again, responsibility for responding to crime inside the casino differs among the jurisdictions. At the three Colorado casino locations, state gaming law enforcement is the responding agency. In two jurisdictions (Las Vegas and New Orleans), municipal police are the respondents. In two jurisdictions, Biloxi and Gulfport, Mississippi, the responsibility is shared between state gaming agents and the local police, and in Atlantic City responsibility is shared between state police agents and a local prosecutor who has concurrent jurisdiction for law enforcement purposes. With the exception of New Jersey, where the local prosecutor shares the responsibility with local police, all jurisdictions provide local police departments with authority to respond to crime outside the casino. Traffic-related problems (e.g., road congestion, parking lot accidents, and "fender benders") as well as automobile break-ins and vandalism were identified as the most common incidents.

With the exception of two jurisdictions (New Orleans where its land-based casino closed after five months and Deadwood), the agencies report that casino gambling revenue is used to support law enforcement. In each jurisdiction with the exception of Gulfport, Mississippi, there has been significant expansion of law enforcement staff and resources.

## **6. Canadian Casinos**

Four of the five Canadian casinos are land-based, and all are government run. To assess the Canadian experience, police officials with the Ontario Provincial Police and the Quebec Provincial Police were contacted.

These officials categorized their overall experience with the casinos as positive. The Canadian casinos serve alcohol, and provide casino gambling revenue to fund law enforcement personnel. Most of the crime stemming from casino operations is not serious in nature and is handled routinely. The Quebec Police, however, report the arrest of an organized group of "cheats" from Europe and a loan sharking incident linked to Asian organized crime. No significant or recurring crime problems were identified in relation to the Montreal casino. The Ontario Police report as significant or recurring problems: prostitution (in the form of escort services), "traveling" criminals, and an increase in petty theft; traffic problems were not identified as significant or recurring.

## 7. Summary

According to most survey respondents, the benefits of legal gambling to the local community—increased jobs, tourism, and the generation of revenue for local governmental services—outweigh any disruptions caused by casino-related crime. Casino gambling was accompanied by few significant or recurring crime problems. Property offenses, especially larceny and employee thefts, were identified most often. Traffic-related problems, including drunken driving, road congestion, stranded motorists, parking lot accidents, and automobile break-ins, were also viewed as more prevalent.

Notable exceptions to this trend are the coastal community of Gulfport, Mississippi, which has witnessed a marked increase in robberies and assaults and Tunica County, Mississippi, which has experienced substantial increases in felony indictments and lower court filings since the casinos began operating in 1992. In Tunica County, the cases prosecuted include thefts, robberies, stolen cars and drunk driving vehicular homicides at or near the casinos, as well as embezzlements and grand larcenies often involving casino employees.

In most jurisdictions, law enforcement personnel and resources have expanded since the casinos were established, and casino revenues have been dedicated to support law enforcement functions.

## E. CONCLUSIONS

The Task Force reaches the following principal conclusions regarding the impact of crime on casino communities.

- 1. The frequency of theft, other property crime, and traffic-related offenses is likely to increase in and around a casino, with the extent of the increase largely dependent upon the opportunities presented by the location, historical crime patterns, and the daily visitor population. No significant increase in violent offenses or predatory street crime should be anticipated.**

Most communities have experienced similar crime patterns following the establishment of

casinos. Small-scale casino gaming has been accompanied by modest increases in low-level offenses which can be handled routinely with proper security and law enforcement measures.

The results of our telephone survey of law enforcement officials experienced with casinos are remarkably consistent. Nearly all of the respondents describe their agencies' overall experience with casino gambling as positive. Casino gambling was accompanied by few significant or recurring crime problems according to the survey. Property offenses, especially larceny and employee thefts, were identified most often, and traffic-related offenses, including drunken driving, were noted, as would be expected given the increased traffic volume.

The incidence of crime at Turning Stone Casino and its immediate environs is low and limited to less serious property crimes. An analysis of reported crime for jurisdictions within a 50-mile radius of Turning Stone does not support the notion that casino gambling has had an adverse impact on crime in the surrounding communities. Nearly all of the surrounding jurisdictions experienced declines in the types of offenses that might be committed by problem gamblers patronizing the casino. While some isolated increases were observed, no consistent patterns in reported crime could be attributed to the casino.

Our case study of Foxwoods Resort Casino, which opened in 1992, revealed small increases in serious crime in the town surrounding the casino. Inside the casino, the only serious crime category showing a significant increase was larceny, though a noticeable rise in assaults was also reported. The exponential increase in reported casino larcenies was partly attributed to a major counterfeit slug operation affecting slot machines.

Any growth in economically motivated crime is usually not accompanied by an upsurge in violent offenses in casino locales, although there are three notable exceptions. Researchers found greater increases in violent crime in localities most accessible to Atlantic City than in other communities in the region. Gulfport, Mississippi statistics show major increases in assaults (all levels), robberies and arson.<sup>262</sup> And, while crime statistics are unavailable, Tunica County, Mississippi has experienced substantial increases in felony indictments and lower court filings since riverboat casinos began operating in 1992.

Major resorts with casinos and jurisdictions with multiple casino establishments possess unique characteristics. Few in number, it is not possible to generalize from the experiences of these locations. The small number of cities with casinos likewise makes it problematic to predict the crime impact of a casino in an urbanized area.

The crime trends in Atlantic City have been misinterpreted by many observers who failed to account for the many visitors that frequent its casinos. From 1977 through 1980, reported violent crime increased 130 percent and non-violent crime increased 176 percent. While the incidence of

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<sup>262</sup>Gulfport also notes a doubling of attempted suicides since the casinos opened, though actual suicides went down.

crime increased, the risk of individualized victimization appears to have fallen slightly according to visitor-adjusted crime rates. Most of the additional crime involved thefts which took place on the casino floor or in adjacent hotel complexes, rather than in the community at large. And beginning in 1991, after six years of relative stability, Atlantic City experienced four consecutive years of decline in crimes reported to the police. Serious crime dropped nearly 37 percent from 1990 through 1994, with substantial drops in all categories, and the number of serious crimes is approaching levels last observed in 1980. It appears that social forces more powerful than casino gambling are responsible for these crime trends.

**2. Location, access routes from major population centers, and the visible presence of law enforcement are among the critical factors affecting crime in and around casinos, and offer planners a means of minimizing the crime impact.**

Several factors have important implications for casino crime.<sup>263</sup> The more rural or isolated the casino location, the more limited the crime impact. Isolated circumstances make criminal activities more perceptible and reduce the availability of unnoticed escape routes. Access to rural casinos is usually confined to one road, often close to an interstate exit. Casino patrons come to gamble, then depart; they do not have to drive through city streets and cannot extend their stay at a casino hotel or shops. By contrast, the towns on the main routes to Atlantic City experienced spillover crime, which rose with proximity to the city. Turning Stone Casino perhaps best illustrates the strong crime prevention benefits yielded by rural isolation and the absence of alcoholic beverages. By contrast, casinos in urban areas should be concerned with the potential for prostitution, panhandling, pick-pocketing and purse snatching. Urban casinos would be adversely affected by unsafe urban environments, so that more resources would have to be devoted to maintain order and protect citizens from street crime.

Solid collaboration among state and local law enforcement and casino security is also important in controlling casino-related crime problems. Effective crime controls achieved through location and access planning can be undermined by poor law enforcement coordination. Within the casino, strict adherence to policy, regulation, and law will reduce opportunities for crime. Background investigations of casino employees and business affiliates, monitoring the games and players for integrity, and removing accused criminals and cheaters from the casino protect the casino and its customers.

In sum, every factor that might affect opportunities for crime should be considered in casino planning. The size of the facilities and overnight accommodations, hours of operation, types of games, age eligibility of patrons, availability of alcohol, and possible stakes limits may affect the degree to which a casino causes crime in the community. The goal must be crime control. Physical

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<sup>263</sup> Albanese, "Predicting the Impact of Casino Gambling on Crime and Law Enforcement." Paper presented at the 9th International Conference on Gambling and Risk-Taking, Las Vegas, NV (June, 1994); Illinois Criminal Justice Information Authority, *Casino Gambling and Crime in Chicago*. Chicago, IL: Illinois Criminal Justice Information Authority (1992).

siting, access, surrounding environment, licensing of key people and equipment, and collaborations for enforcement contribute to more effective control so that customers can enjoy their visits and businesses can prosper in safety.

- 3. With the advent of legalized casino gambling, pathological gamblers will likely commit additional income-generating crimes, though their prevalence and rate of criminal activity cannot be projected.**

Research indicates that there is a relationship between pathological gambling and economically motivated, non-violent offenses. Larceny, embezzlement, check forgery, loan fraud and tax evasion are thought to be the most common crimes. The extant research does not permit a conclusion as to whether the increased availability of gambling inevitably leads to greater proportions of pathological gamblers engaging in criminal acts. The limitations of existing data also make it impossible to quantify the rate of criminal involvement among pathological gamblers. However, if the number of compulsive gamblers grows with expanded availability and more convenient access to casino gambling, a corresponding increase in offending can be expected.

- 4. There is a continuing threat that organized crime can infiltrate casino gaming and related ancillary services.**

Organized crime is a factor in public discussion of casinos because of the historic relationship of Mafia families with Las Vegas gambling ventures. Stricter regulations, improved oversight measures and publicly held ownership of casinos have hindered racketeers from infiltrating casinos in recent years. Nevertheless, instances of infiltration have been reported, and the threat remains. Today, casinos are particularly susceptible to money laundering, but ancillary services may be most vulnerable to organized crime influences. These supplier companies provide such services as cleaning, food, laundry, and trash-hauling. Casinos are also vulnerable to organized crime through mob control of unions, as experienced in Nevada and New Jersey. Legalized gambling will always be targeted for exploitation by organized crime, and regulatory and law enforcement officials will have to maintain a consistent vigil.

## **F. RECOMMENDATIONS**

If legalized casino gaming becomes a reality in New York State, the following recommendations would strengthen the law enforcement component of casino regulation:

- 1. The New York State Police should be the sole law enforcement agency responsible for the enforcement of state criminal laws in casino facilities.**

During the last three years, the State Police Casino Unit has learned the nuances of enforcing criminal laws in a casino environment. It has become an efficient, well trained and highly respected casino law enforcement entity. A number of dedicated units within the State Police, including crime analysis, special investigations, computer crime and forensic identification, provide investigatory

expertise to the Casino Unit. The Unit has also acquired contacts with other agencies throughout the nation with whom its members routinely exchange information about casino law enforcement and background investigations.

In some states, such as New Jersey and Illinois, state police members have been assigned to bureaucracies created solely for casino law enforcement. In other states, the state police provide casino law enforcement but retain their independence. The Connecticut State Police Casino Unit, for example, is not part of a casino control board or gaming enforcement agency. The New York State Police Casino Unit is modeled after Connecticut's and operates with autonomy and within the State Police command structure. Unified lines of authority are an advantage of the current system, which has worked extremely well at Turning Stone, with the State Police enforcing the criminal law and conducting background investigations, and the Racing and Wagering Board monitoring the games, ensuring compliance with the Compact, certifying employees and registering vendors.

Given the mobility among casino employees and the finite number of gaming vendors, it is highly advantageous to have one law enforcement agency responsible for casino gaming statewide. If casino gaming comes to fruition, the State Police is capable of making an immediate contribution. It is therefore recommended that the State Police be responsible for all enforcement of criminal laws in casino facilities.

**2. The State Police should be the sole law enforcement agency responsible for conducting background investigations of casino operators, employees, vendors and labor unions.**

It is standard practice in nearly every gaming jurisdiction to require background investigations of casino operators, employees and gaming vendors. At the Turning Stone Casino, the State Police Casino Unit conducts background investigations on all employees, gaming vendors, and the principals of the gaming vendor companies. For casino employees, the extent of the investigation is commensurate with the degree of responsibility that an individual exercises. As a result of extensive training and practical experience, the State Police Casino Unit has developed the capacity to conduct these investigations in a competent manner. To enhance its effectiveness in carrying out complex financial investigations, the State Police should develop additional expertise in the field of forensic accounting. With that expertise, the State Police should be given responsibility for conducting all background investigations related to casino gambling.

**3. New statutes should be enacted that specifically prohibit casino gaming crimes.**

The New York State Penal Law is inadequate with respect to crimes committed in connection with casino operations. In most cases, the State Police make arrests for larceny, offering a false instrument for filing, criminal impersonation for (underage patrons), forgery and trespass. Laws in Nevada and New Jersey, by contrast, were written especially for casino gaming and allow for tighter

control and tougher sanctions.<sup>264</sup> For example, Nevada and New Jersey have statutes that prohibit the use of fraudulent or counterfeit cards, tokens or dice. If a player uses these devices in a game, his criminal conduct is clearcut; the same player in New York could be arrested only for attempted larceny, a Class B misdemeanor. Another example is the possession of devices that facilitate cheating. Nevada makes it a crime merely to possess such a device with intent to use. In New York, the criminal law would have to be construed liberally to permit such an arrest. Legislation should also limit the possession of firearms in casinos to on-duty State Police personnel. Because casinos are a cash driven business, which attract large numbers of people and may serve alcohol, the presence of firearms would jeopardize public safety.

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<sup>264</sup>The following are among the topics that New York laws should address if legalized gambling is adopted: unlicensed casino gambling games; use of device to obtain advantage at casino game; cheating games and devices in a licensed casino; unlawful possession of device, equipment or other material illegally manufactured, distributed, sold or serviced; employment without license or registration; regulations requiring exclusion or rejection of certain persons from licensed casinos; unlawful entry by person whose name has been placed on list; gaming by certain persons prohibited; authority of gaming licensee and agents to detain or question persons suspected of cheating; fraudulent acts; use of counterfeit, unapproved or unlawful wagering instruments; possession of certain unlawful devices, equipment, products or materials; internet gaming; making false statements on licensing applications and related paperwork; and prohibition of firearms inside casino.