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STATEMENT OF THE HONORABLE ROBERT F. KENNEDY, ATTORNEY GENERAL
OF THE UNITED STATES, BEFORE THE HOUSE COMMITTEE ON INTERSTATE
AND FOREIGN COMMERCE, IN SUPPORT OF LEGISLATION TO PROHIBIT THE
TRANSPORTATION OF GAMBLING DEVICES IN INTERSTATE COMMERCE,
JANUARY 16, 1962.

Mr. Chairman: I appreciate the opportunity to appear here today and testify about a bill which we regard as extremely important. S. 1658 is one of eight bills which we submitted last year to enable the Federal Government to take more effective action against organized crime and racketeering. H.R. 3024 was introduced in the House as a part of this program. It is identical to S. 1658 except for Senate amendments. H.R. 8410 is identical with S. 1658.

In the last session, Congress passed five of our eight proposals, relating to organized criminal activity. I can report to you today that three of the five had an immediate effect in reducing gambling profits. The evidence, which I am sure you are well aware, shows clearly that the immense profits of gambling pay the freight for the more sinister activities of organized crime - such as narcotics and prostitution. The main purpose of the bills which Congress enacted the last session was to reduce gambling income as a first major step toward cutting off the funds which are now being used to finance organized crime and, I might add, to corrupt public officials.

The new laws, which the President signed on September 13, have resulted in a curtailment or shutting down of wire services furnishing information which the bookies, sports pool betting and lay-off operators must have to operate on a big-time scale.

I want to emphasize that S. 1658 - like the bills enacted last session - is aimed at gambling profits and is needed as a vital part of the Federal Government's effort to hit gambling income. We have made a dent in gambling profits. This bill will help us to go further.

These enormous profits, estimated in the hundreds of millions annually, have attracted crime syndicates to gambling. Some have become so rich and powerful that they have outgrown local authority. There has been collusion between some public officials and these syndicates. Coercion has been used against owners of legitimate establishments to have a syndicate gambling device on the premises.

The present law - the Johnson Act - does not give us the weapons to prevent such activities and further cut the profits. Passed in 1951, this Act was designed to prevent the shipment of slot machines and other gambling devices in interstate commerce and by so doing lessen the revenue accruing to interstate crime syndicates. It also was designed to aid and assist the States making the possession, sale, or use of gambling devices illegal.

Eleven years of experience in enforcement of this Act has revealed serious flaws and loopholes which require major revision. The hearings of the Select Committee on Improper Practices in the Labor and Management Field established that the ingenuity of the gamblers has proved more than equal to the Johnson Act. The time has come to tighten the law to cope with new devices not covered by the Johnson Act but which are clearly used for gambling.

Testimony before the Select Committee established that many of these machines appear to be amusement type games but are really subterfuge devices. They are not controlled by the Johnson Act because they are not coin operated, do not pay off directly, or because they have no drum or

reel as in conventional slot machines. The machines are so set that they can be "cleared" of the accumulated "free game" credits and by means of a meter record the number of "free games" so cleared. Payment then can be made by the owner or his agent.

The present definition does not cover roulette wheels or any of the other devices common to gambling casinos. Logically there is no reason why such devices should not be included within this statute.

In current use are some "pinball" machines which afford players an opportunity to register great numbers of free games and on which they can manipulate odds and numbers of free games to be scored if certain combinations are achieved. Free games can be played off or eliminated from the register by pressing a button or lever. The payoff is then made indirectly.

It should be made clear that S. 1658 is not intended to cover the ordinary pinball game played for amusement only. It is our belief that devices awarding a limited number of free plays which must be played off, which cannot be paid off, and which are not designed or manufactured for use in connection with gambling, are not included in this proposal.

S. 1658 is intended to prevent interstate shipment of devices able to record as many as 999 free games or which provide for free plays to be eliminated by some method other than playing off the free games. Counting devices in these machines determine the number of free games which the owner has paid off.

The proposed amendment to the Johnson Act broadens the definition to include any device designed and manufactured primarily for use in connection with gambling which delivers money or property directly or indirectly. Experience under the Johnson Act indicates that only the broadest

definition will overcome the ingenuity of manufacturers in developing devices to circumvent a narrow definition. Exceptions have been provided from this definition for parimutuel equipment and by Senate amendment for other betting equipment or materials used or designed for use at race tracks or other licensed gambling establishments where betting is legal under state laws. The Department of Justice has no objection to the Senate amendment.

As introduced, S. 1658 would have prohibited shipment of these machines in foreign commerce. The Senate deleted this provision so as to provide an exemption for the transportation of gambling devices in foreign commerce. The Department of Justice has no objection to this change.

New registration provisions would require "any person" engaged in business involving gambling devices, knowing they have been transported in interstate commerce, to register with the Attorney General. This is broader wording than in the Johnson Act and requires registration of every person dealing in gambling devices affecting interstate commerce. Other provisions in S. 1658 make registration requirements clearer, more precise, and easier of compliance.

Under present law only an inventory and record of sales or deliveries must be filed with the Attorney General. S. 1658 expands this to require that records be maintained of all gambling devices manufactured, purchased or otherwise acquired. Experience has shown that without information as to the acquisition of gambling devices, the accuracy of the information furnished to us cannot be verified by the records themselves.

Other language emphasizes that persons subject to the Act must report not only those devices which they hold for sale, but those which are leased and operated at other locations. This would include all those placed for repair, modification, or storage.

S. 1658 sets up a new numbering system for these gambling devices. Under present law more than one person may number the machine and it is impossible to trace the origin of machines; to ascertain when a particular device was manufactured, or to follow its chain of ownership. Under our proposal, one number, as well as the name of the manufacturer and the date of manufacture, would be stamped on the front of each device. This information would serve thereafter to identify that device wherever it might be found.

S. 1658 requires records to be kept on the premises of the registrants and provides for inspection of the records by agents of the Federal Bureau of Investigation. Production of these records may be compelled and a grant of immunity given if the privilege against self-incrimination is asserted.

This bill is a complete revision of Sections 1 and 3 of the Johnson Act. We believe it will revitalize law enforcement in this area. We believe it will effectively curtail the movement of gambling devices in interstate commerce, and be an important factor in cutting organized crime down to size.