

Gambling and Good Government

Celebrating the 30th Anniversary of the Warren Anderson Series



- BENNETT LIEBMAN
- GOVERNMENT LAW CENTER
- ALBANY LAW SCHOOL

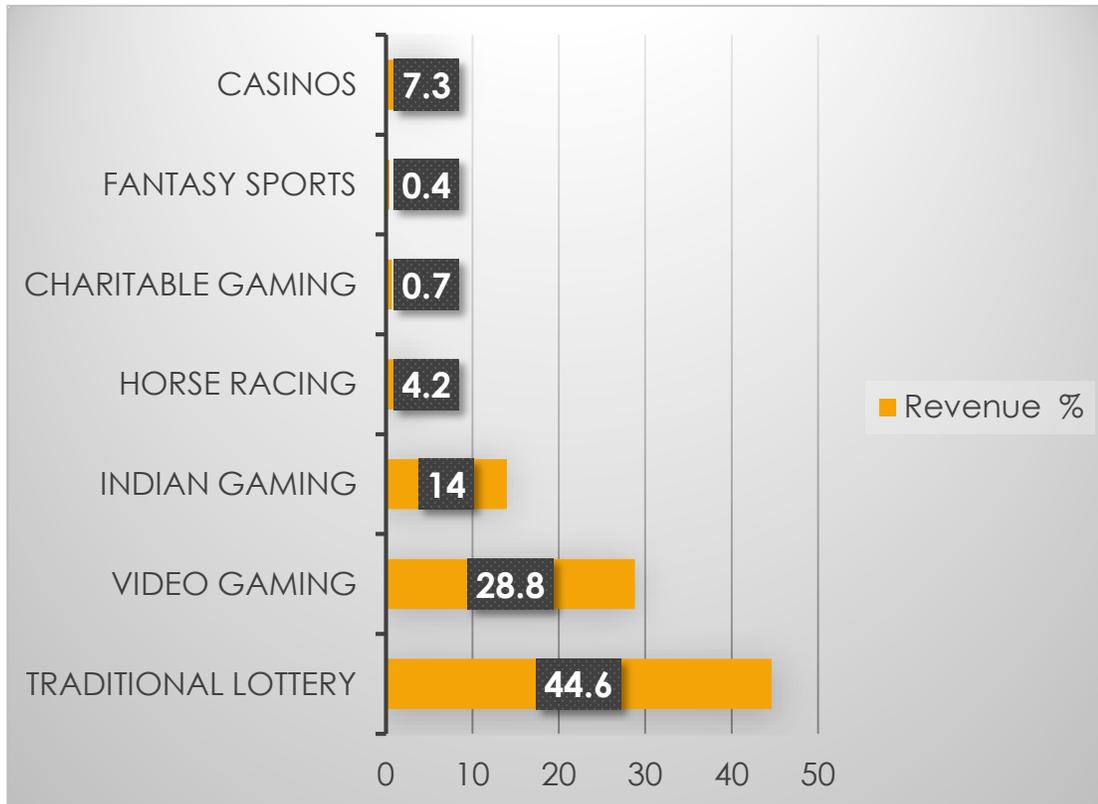


The Gambling Eras in New York

- ▶ 1. The Lottery 1750-1840
- ▶ 2. Horse Racing 1863 -1980
- ▶ 3. The Lottery 1980 – ??
- ▶ Plus illegal casinos 1850 -1950.

Where are We Now?

2018 State of New York Gambling



Current State of
New York
Gambling

▶ 2018 = \$7.168
Billion
Gambling
Revenue in NY.

Public Ethics Issues and Horse Racing

1. 1908. Senator Albert Fancher alleged a kidnapping by pro-racing forces.
2. 1910. Frank Gardner indicted for bribing Senator Otto G. Foelker to defeat anti-racing bill.
3. State Senator Eugene Travis offered \$100,000 to vote in opposition to an anti-racing bill.
4. 1937. Nassau County District Attorney Martin Littleton accuses State Racing Commission Chairman Herbert Swope of sponsoring lotteries.
5. 1941. Racing Commission Chairman Herbert Swope becomes the chair of Tropical Park in Florida.
6. 1945. Executive director of the State Harness Racing Commission leaves position after it becomes known that he was managing Saratoga Raceway.

Public Ethics Issues and Horse Racing II

7. 1953 Vernon Downs which was formed by many stockholders at high levels of the State Republican Party is licensed.
8. 1954. Moreland Act investigations show that harness racing tracks have provided political party leaders with stock for minimal consideration.
9. 1959. SIC finds that Harness Racing Commissioner George Monaghan and his staff accepted \$31,000 worth of food and drink from state harness tracks.
10. 1959. Yonkers Raceway hired Mafia firm of Little Augie Pisano to do plaster contracts in conjunction with a State capital investment fund.
- 11, 1965. Hyman Mintz Assemblyman from Sullivan County convicted of receiving a bribe for assistance with Finger Lakes licensing.

Public Ethics Issues and Horse Racing III

12. 1972. Lobbyist Aaron Cohen convicted of perjury in denying that he offered bribes to get three Assemblyman to vote to legalize quarter horse racing.
13. 1976. Financial disclosure records show that Racing Board member Eugene Keough was a trustee of a bank that made a \$5 million loan to Yonkers Raceway.
14. 1976. SIC finds that Racing Board member Eugene Keough intervened improperly on behalf of the licensing of George Steinbrenner.
15. 1976. State Assembly member Schumer accuses Racing Board chairman of giving favorable treatment to Emprise Corp.
16. 1977 Lawsuit alleges that all Racing Board employees who cooperated with state agency investigations into Board activities were terminated.

Public Ethics Issues and Horse Racing IV

17. 1978. Brooklyn Democratic party leader Meade Esposito and Racing Board member Eugene Keough were directors of a mortgage company attempting to obtain financing of a proposed quarter horse track in the town of Bethlehem.

18. 1980. Brooklyn Democratic Party chairman Meade Esposito was forced to divest his interest in a quarter horse track in Suffolk County and was ultimately forced off his political position.

19. Fred “Budd” Herman, president of Western OTB, suspended & allowed to retire for violating purchasing procedures and public bidding requirements.

20. 1982. Lee J. Grills, the president of Western OTB, quits his position after reports of extravagant expenses and a business trip to Hawaii.

21. 1987. NYRA alleges that Assemblyman Ivan Lafayette requested 10 Travers Day box seats and 500 free passes for distribution.

Public Ethics Issues and Horse Racing V

22. 1991. Albany Times-Union details “Capital OTB’s hiring practices, as well as thousands of dollars in spending on world travel, high salaries and free cars for top executives.”

23. 1993. The Task Force on Public Compensation finds high salaries among OTB executives with seven of their 20 senior executives reporting salaries of more than \$100,000.

24. 1994 Batavia Downs uses State construction fund moneys to pay its general expenses.

25. 1996 Jerry Bilinski, the chairman of the State Racing and Wagering Board may have violated the law dealing with outside interests by state officials on 30 separate occasions, according to the State Ethics Commission.

26. 1997. Hazel Dukes, former president of New York City OTB admits to crime of attempted grand larceny committed while she was president of NYCOTB.

Public Ethics Issues and Horse Racing

VI

27. 1997. Audit by State Comptroller finds that William Welch – the executive director of the State Thoroughbred Breeding and Development Fund - did not put in a full day's work 2000.

28. Davis Etkin president of Capital OTB admits paying former OTB employee Cheryl Flahive to lie to a grand jury. He also had misappropriated OTB funds between 1990 and 1998.

29. 2000. Walter Conlon, Suffolk OTB president, resigned after giving lucrative contracts to friends and family.

30. 2001. William Carnevale president of New York City OTB pleads guilty to .falsifying reimbursement claims.

Public Ethics Issues and Horse Racing

VII

31. 2005. Senator Majority Leader Joseph Bruno was paid an excessive amount of money – far above the actual value of his racehorses – for the sale of the horses.

32. 2005. William Levin, chair of Thoroughbred Breeding Fund & Thoroughbred & the Capital Investment Fund pleads guilty to grand larceny for stealing tens of thousands of dollars.

33. 2017. Henry Wojtaszek, president of Western OTB, pleads guilty to a misdemeanor under state election law.

34. 2018. Gaming Inspector General finds that the state steward at NYRA acted beyond the scope of his job, “including intervening in financial disputes.”

35. 2018. Gaming Inspector General finds that Catskill OTB is in financial shambles and that its facilities are a mess.

New York's Major Corruption Scandals

New York State Major Corruption Scandals

1. 1800 -1820 Bank Charters
2. 1850's NYC The 40 Thieves
3. 1850-1870 The Canal Ring
4. 1860's Erie Railroad Wars
5. 1860's – Early 1870's Tweed Ring.
6. 1880-1910 Black Horse Cavalry
7. 1894 Lexow Committee NYC Police
8. 1905 Life insurance and Gas Companies
9. 1925-1932 Tammany Hall Jimmy Walker
10. 1953 Harness Racing Scandal.
11. 1962 SLA Scandals.
12. 1986 Parking Violations Bureau. NYC
13. 2000- Various and Plentiful Individual Corrupt Actors

Honorable Mention: 1880's Street Railways, 1950 Kefauver Hearings 1964 Legislative Ethics, 1970's Knapp Commission, 1970's Nursing Homes, 1980's Wedtech

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OUR INDIFFERENCE
FEEDS CORRUPTION

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DON'T BE SILENT