

1 CHAIRMAN JAMES: We're going to go to Mr. Jerry  
2 Margolis.

3 MR. MARGOLIS: Madam Chairman, members of the  
4 commission, thank you so much for inviting me. If I could begin  
5 by correcting a statement to my introduction. From 1987 to 1991,  
6 I did have the incredible honor and privilege of serving with the  
7 men and women of the Illinois State Police as their director.

8 Jim Thompson left office in 1991, I went to private  
9 practice, and I currently am a lawyer in a large Chicago law firm  
10 with offices in Chicago and abroad, and I run our litigation  
11 department there.

12 Prior to being the steward of the ethics and  
13 traditions of the Illinois State Police, I served as Illinois'  
14 Inspector General from 1984 to 1987 and I served as an assistant  
15 United States Attorney in Chicago from 1973 to 1984.

16 The 1989 to 1990 period in Illinois, during which  
17 riverboat gaming legislation was passed, enacted, and the  
18 background investigations began, and then into 1991 when  
19 riverboat gaming first began in my state, coincided with my  
20 tenure as director.

21 And as director of the State Police, I superintended  
22 the men and women who did the background investigations and  
23 participated in that aspect of the licensing of our operators.

24 And in Illinois, then and today, an Illinois State  
25 Police officer is on duty every minute of every cruise that every  
26 riverboat in our state is operational. So there is a close  
27 relationship between the operations of the industry in Illinois  
28 and the work of the department that I had the privilege to serve  
29 in.

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1 Terry Brunner's a friend and colleague of mine for  
2 many years and he and I have discussed this issue privately and  
3 publicly a number of times, and sometimes we agree and sometimes  
4 we disagree. Today we're going to agree in large measure.

5 Terry began by showing you an article from this  
6 morning's -- yesterday's Chicago Sun-Times and describing it as  
7 the crux of the problem, and I agree with him.

8 The article is captioned, man alleges brutality, and  
9 there's a snippet taken from this videotape and Terry described  
10 how this man was beaten by the police and wondered out loud, you  
11 know, what the casino had to do with it? What kind of  
12 relationship is there?

13 And purely by coincidence, this morning I had lengthy  
14 conversations with two good friends of mine, John Mazzara, whose  
15 telephone number is 815/724-3720 --he's the city manager of  
16 Joliet; Tom Fannus, the city attorney, whose telephone number is  
17 815/724-3800.

18 I had a long talk with each of them about this case  
19 because based upon what I saw on the videotape on my TV news last  
20 night and knowing what I know about the force continuum and  
21 things that police do in the course of arrests, I had a pretty  
22 good feeling of what was happening there and they confirmed for  
23 me, and I'll tell you that if the insurance company approves it,  
24 I'm going to represent Joliet in this case because it's bogus.

25 What happened here is a lawyer got a hold of this  
26 videotape. The city offered him a couple of bucks for nuisance  
27 value because it would cost less than the defense of the lawsuit.  
28 This was entirely proper police procedure.

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1 He was an abusive, drunken, outrageous patron who  
2 refused their instructions to leave, who disobeyed the police,  
3 and was brought to the ground, not beaten at all, in an  
4 appropriate use of force which is absolutely proper within the  
5 way police officers are trained.

6 The lawyer demanded \$2 million and he said if you  
7 don't pay me I'm going to the media. And they said, you're  
8 crazy, and he did. The point of all that is that that's what  
9 much of this crime debate is all about.

10 Terry didn't know that. I mean, that was  
11 unintentional on his part. Unintentionally, he misled you.  
12 Those are the real facts. Sometimes people do it, though,  
13 intentionally.

14 Whether it is this debate about numbers and street  
15 crime or whether it is this debate about this colorful notion of  
16 organized crime that my other old buddy from a past life, B.J.  
17 here, is going to talk about -- well, he'll talk about illegal  
18 gaming street stuff. It has nothing to do with our -- the  
19 regulated industry which is the subject of today's hearing.

20 Whether you talk about street crime or whether you  
21 talk about organized crime, what I submit that this commission's  
22 challenge is in the days ahead and as you prepare your final  
23 report, is to separate fact from fiction. And I say this to you  
24 with all due respect.

25 There are issues in this debate which are really  
26 amenable to opinion and philosophy and gut feel and morality and  
27 lifestyle. And people, you know, should be free to have widely  
28 divergent views and make those views known and engage in spirited  
29 debate.

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1           The truth of the matter is, though, I submit to you,  
2 the crime issue, whether it's street crime or organized crime, is  
3 not really one of those questions. It only is if you abuse the  
4 facts.

5           The debate over the numbers in street crime has  
6 changed significantly in 1992 when it began in earnest in Chicago  
7 because once people began to realize that the FBI's UCR numbers,  
8 which are collected from 16,000 law enforcement agencies around  
9 this nation, although they're not perfect because they depend  
10 upon the accuracy of the numbers put in, they're the best we've  
11 got.

12           Once people began to realize that if you don't take  
13 little snippets of statistics out of context to serve your needs,  
14 whether it's an increase which is good for the antis or a  
15 decrease which is good for the pros, if you truly go apples to  
16 apples, lay those numbers over a long period of time, say 20  
17 years before and after the advent of casino gaming and a  
18 jurisdiction and do an apples to apples comparison, you will see,  
19 as I suggest you'll see if you read the report that I prepared  
20 and submitted to you, you will see that there is no relationship  
21 between the increase -- between an increase in crime and the  
22 advent of casino gaming other than occasionally, as Professor  
23 Albanese so artfully studied in 1985.

24           If you take a very small jurisdiction, say Atlantic  
25 City with 37,000 people, and dump 120,000 people a day, you will  
26 see a statistically misleading increase because you are taking  
27 the crime committed by three, four times as many people and  
28 dividing it into the permanent resident population, and you get a

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1 statistical anomaly, which, if you want to misuse it, you can use  
2 to deceive people.

3 But if you take large communities or if you take  
4 small communities with small gaming or if you adjust the figures  
5 for average daily population, you'll see there simply is no  
6 measurable difference. Generally, it goes down in some places  
7 because of lighting and all those other things that you've been  
8 told.

9 What I would ask you to do on the street crime issue  
10 is look at the numbers not taken out of context, look at a 20-  
11 year history, be objective. There is only one conclusion.

12 I would ask you to backstop that observation of the  
13 numbers by picking up the telephone and talking to the chiefs of  
14 police or sheriffs of every jurisdiction in this country that has  
15 regulated gaming in its midst, and they will tell you what their  
16 numbers show.

17 Don't ask for opinion, don't ask for morality, don't  
18 ask for preferences, lifestyle, any of those things. Ask them  
19 has crime gone up or down or stayed the same?

20 And I submit to you the overwhelming majority of  
21 those chiefs -- because I've talked to them -- the overwhelming  
22 majority of those chiefs will tell you there is really no  
23 difference, maybe it goes down and it's been good for their  
24 community. That's what they'll tell you.

25 With regard to organized crime, I sympathize with Mr.  
26 Wilhelm. It is unfair the kind of things that have been said  
27 about his union.

28 It's been used -- once people began to realize in  
29 this debate that no one could name the regulated casino with an

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1 organized crime influence, no one, no one could name a key player  
2 in a regulated casino business who has an organized crime  
3 problem, no one, those who sought to misuse this crime issue  
4 would then dump on this poor union.

5 And I recall a luncheon of Chicago Crime  
6 Commission -- Terry knows about their staunch anti-gaming  
7 stand -- a luncheon at the Palmer House Hilton and the speaker  
8 was railing about the evils of casino gaming and what it would do  
9 to Chicago and he talked about this fine union.

10 And he said, do you know that the hotel-motel-  
11 restaurant workers' union are involved with the mob and Ed Hanley  
12 and blah, blah, blah, and we can't bring these casinos to town?  
13 And I raised my hand and I said, excuse me, Phil has been waiting  
14 on my table for 20 years. He's in that union.

15 Is there anything different about him serving me my  
16 chicken today than there would be if he served it to me in a  
17 casino hotel? What's the difference? It's just kind of like a  
18 misdirect.

19 This is the suggestion I would make, with great  
20 respect, to this commission, Madam Chairwoman. Call every gaming  
21 regulator in America. Call Mike Belletier in my state. I know  
22 what he'll tell you. He's told me. I used to do the  
23 investigations. I know what my state will tell you.

24 Ask Jim Ingram; I know what he'll tell you. Ask them  
25 to name you a casino in this regulated industry that has an  
26 organized crime problem. Ask them to name for you a person who  
27 has been licensed who has an organized crime problem.

28 If the commission truly wants to deal with facts, you  
29 can ask those people those questions. You can read those UCR

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1 numbers over a 20-year period of time and do an apples to apples  
2 comparison. You can ignore hype and things taken out of context  
3 that, when with examined in the light of cold fact, don't really  
4 wash.

5 And sadly, your own report -- and I know Doug has no  
6 way of knowing this -- I mean, this is just a classic example,  
7 and again, I mean no disrespect -- his report was fine -- untrue  
8 things get picked up. I mean, it's the big lie. It's happened  
9 again and again.

10 At page 2 of his report, once again it's the American  
11 Insurance Institute picked up this figure that, according to the  
12 American Insurance Institute, 40 percent  
13 of all white collar crime is attributed to gambling. It doesn't  
14 exist. It's bogus; it's hogwash; it's invented. There is no  
15 American Insurance Institute.

16 I ask the commission, with all your power, if you can  
17 find it, please do so and highlight it in your report. It  
18 doesn't exist. It's malarkey.

19 And so many of these other arguments, positions,  
20 fears, and emotionally presented views -- in my own state police  
21 report, which was stimulated by my governor who was opposed to  
22 this issue politically, the Florida Department of Law Enforcement  
23 report, which was generated by the same reason, and in a couple  
24 of others -- they get passed on again and again. And again,  
25 they're simply not true.

26 I would ask you, lady and gentlemen, to analyze the  
27 facts and let the rhetoric be limited to those issues where the  
28 rhetoric is more properly applied: personal choice and morality.  
29 Thank you very much.

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CHAIRMAN JAMES: Thank you.

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