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

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

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

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

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

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

And in Illinois, then and today, an Illinois State Police officer is on duty every minute of every cruise that every riverboat in our state is operational. So there is a close relationship between the operations of the industry in Illinois and the work of the department that I had the privilege to serve in.
Terry Brunner's a friend and colleague of mine for many years and he and I have discussed this issue privately and publicly a number of times, and sometimes we agree and sometimes we disagree. Today we're going to agree in large measure.

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

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

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

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

What happened here is a lawyer got a hold of this videotape. The city offered him a couple of bucks for nuisance value because it would cost less than the defense of the lawsuit. This was entirely proper police procedure.
He was an abusive, drunken, outrageous patron who refused their instructions to leave, who disobeyed the police, and was brought to the ground, not beaten at all, in an appropriate use of force which is absolutely proper within the way police officers are trained.

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

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

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

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

There are issues in this debate which are really amenable to opinion and philosophy and gut feel and morality and lifestyle. And people, you know, should be free to have widely divergent views and make those views known and engage in spirited debate.
The truth of the matter is, though, I submit to you, the crime issue, whether it's street crime or organized crime, is not really one of those questions. It only is if you abuse the facts.

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

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

If you take a very small jurisdiction, say Atlantic City with 37,000 people, and dump 120,000 people a day, you will see a statistically misleading increase because you are taking the crime committed by three, four times as many people and dividing it into the permanent resident population, and you get a
statistical anomaly, which, if you want to misuse it, you can use to deceive people.

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

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

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

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

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

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

It's been used -- once people began to realize in this debate that no one could name the regulated casino with an
organized crime influence, no one, no one could name a key player
in a regulated casino business who has an organized crime
problem, no one, those who sought to misuse this crime issue
would then dump on this poor union.

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

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

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

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

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

If the commission truly wants to deal with facts, you
can ask those people those questions. You can read those UCR
numbers over a 20-year period of time and do an apples to apples comparison. You can ignore hype and things taken out of context that, when with examined in the light of cold fact, don't really wash.

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

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

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

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

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