

The Florida Senate
COMMITTEE MEETING EXPANDED AGENDA

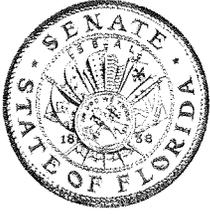
GAMING
Senator Richter, Chair
Senator Sachs, Vice Chair

MEETING DATE: Monday, March 18, 2013
TIME: 10:00 a.m.—12:00 noon
PLACE: *Toni Jennings Committee Room, 110 Senate Office Building*

MEMBERS: Senator Richter, Chair; Senator Sachs, Vice Chair; Senators Benacquisto, Braynon, Clemens, Dean, Galvano, Gardiner, Latvala, Lee, Margolis, Montford, and Thrasher

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
<p>A proposed committee substitute for the following bill (SB 1030) is expected to be considered:</p>			
1	SB 1030 Thrasher (Identical H 951)	Sweepstakes Devices; Prohibiting the use of certain sweepstakes devices; providing an exception for operators who were using such devices on or before a specified date; requiring local governments to renew certain permits, licenses, or permissions to operate such devices; authorizing certain officials to seek injunctive relief against operators who violate this act, etc.	Fav/CS Yeas 11 Nays 0
		GM 03/18/2013 Fav/CS RI AP	

Other Related Meeting Documents



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:

Banking and Insurance, *Vice Chair*
Appropriations Subcommittee on Criminal and
Civil Justice
Appropriations Subcommittee on Finance and Tax
Children, Families, and Elder Affairs
Ethics and Elections
Gaming
Transportation

SENATOR JEFF CLEMENS

27th District

March 15, 2013

Chair Richter
103 Senate Office Building
404 S. Monroe St
Tallahassee, Fl 32399

Dear Chair Richter:

I respectfully request that I be excused from the Gaming Committee meeting, as I have a prior commitment in the District..

Please feel free to contact myself or my staff, should you have any questions.

Best Regards,

A handwritten signature in cursive script that reads "Jeff Clemens".

Jeff Clemens
Senate District 27

Cc: President Gaetz

John Guthrie

REPLY TO:

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Senate's Website: www.flsenate.gov

DON GAETZ
President of the Senate

GARRETT RICHTER
President Pro Tempore

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Gaming

BILL: PCS/SB 1030 (136928)

INTRODUCER: Committee on Gaming

SUBJECT: Sweepstakes Devices

DATE: March 14, 2013 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Guthrie	Guthrie	GM	Pre-meeting
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

PCS/SB 1030 (136928) clarifies current gambling laws concerning slot machines, charitable drawings, game promotions, and amusement games.

As to charitable drawings, the bill clarifies the definition of a charitable drawing and specifically provides that compliance with the charitable drawing statute does not provide an exemption from other gambling prohibitions.

As to game promotions, the bill:

- Clarifies the definition of a “game promotion.”
- Clarifies that nonprofit organizations may not conduct game promotions.
- Specifically provides that compliance with the game promotion statute provides an exemption from the lottery prohibition, but does not provide an exemption from other gambling prohibitions.

As to amusement games, the bill:

- Clarifies the meaning of “amusement games or machines;” and

- Clarifies that “merchandise” means non-cash prizes, specifically excluding gift cards or other cash equivalents.

As to slot machines, the bill:

- Updates the definition of slot machine to specifically include systems or networks of devices and to remove technologically obsolete criteria.
- Provides a rebuttable presumption that machines used to simulate casino-style games in schemes involving consideration and prize are prohibited slot machines.

The bill is not anticipated to have a significant fiscal impact on state funds.

This bill substantially amends the following sections of the Florida Statutes: 849.0935, 849.094, 849.16, 849.161, and 895.02.

II. Present Situation:

In general, gambling is illegal in Florida.¹ Chapter 849, F.S., governs the conduct of gambling. Section 849.15, F.S., prohibits the manufacture, sale, lease, play, or possession of slot machines.² Florida’s gambling prohibition includes prohibitions against keeping a gambling house,³ and running a lottery.⁴ Section 7, Art. X of the Florida Constitution prohibits lotteries, other than pari-mutuel pools authorized by law on the effective date of the Florida Constitution, from being conducted in Florida by private citizens.⁵

Gaming is permitted at licensed pari-mutuel wagering tracks and frontons⁶ and by the state operated lottery,⁷ which must operate “so as to maximize revenues in a manner consonant with the dignity of the state and the welfare of its citizens.”⁸

Chapter 849, F.S., contains other specific exceptions to the general gambling prohibition and authorizes certain gambling activities, such as cardrooms at pari-mutuel facilities,⁹ bingo,¹⁰ penny-ante poker,¹¹ arcade amusement games,¹² amusement games and machines,¹³ and game

¹ Section 849.08, F.S.

² Section 849.16, F.S., defines slot machines for purposes of ch. 849, F.S. Section 849.15(2), F.S., provides an exemption to the transportation of slot machines for the facilities that are authorized to conduct slot machine gaming under ch. 551, F.S.

³ Section 849.01, F.S.

⁴ Section 849.09, F.S.

⁵ The pari-mutuel pools that were authorized by law on the effective date of the Florida Constitution, as revised in 1968, include horseracing, greyhound racing, and jai alai games. The revision was ratified by the electorate on November 5, 1968.

⁶ See ch. 550, F.S., for the regulation of pari-mutuel activities.

⁷ The Department of the Lottery is authorized by s. 15, Art. X, Florida Constitution. Chapter 24, F.S., was enacted by ch. 87-65, L.O.F., to establish the state lottery. Section 24.102, F.S., provides the legislative purpose and intent in regard to the lottery.

⁸ See s. 24.104, F.S.

⁹ Section 849.086, F.S. Section 849.086(2)(c), F.S., defines “cardroom” to mean a facility where authorized card games are played for money or anything of value and to which the public is invited to participate in such games and charges a fee for participation by the operator of such facility.

¹⁰ Section 849.0931, F.S.

¹¹ Section 849.085, F.S.

¹² Section 849.161(1)(a), F.S.

¹³ Section 849.161(1)(b), F.S.

promotions.¹⁴ In Florida, if the gaming activity is not expressly authorized, then the gambling is illegal. Free-standing, commercial casinos are not authorized in Florida.

During the past several years, electronic sweepstakes establishments, generally called “Internet Cafés,” have proliferated in Florida and other states. The facilities often use casino- style sweepstakes games to promote sales of communications services such as internet access or telephone calling cards. The operations are not regulated by the state and the games are not taxed.¹⁵

Law enforcement and local district attorneys have raised concerns about whether the use of an electronic simulated gaming machine in a game promotion is an illegal slot machine.

Chapter 849, F.S., prohibits slot machines¹⁶ and gambling houses.¹⁷ Slot machines are authorized at certain pari-mutuel facilities in Miami-Dade and Broward counties.¹⁸ Slot machines are also permitted on tribal facilities covered by the Seminole Indian Compact.¹⁹

Section 849.16, F.S., defines slot machines for purposes of ch. 849, F.S., as:

(1) Any machine or device is a slot machine or device within the provisions of this chapter if it is one that is adapted for use in such a way that, as a result of the insertion of any piece of money, coin, or other object, such machine or device is caused to operate or may be operated and if the user, by reason of any element of chance or of any other outcome of such operation unpredictable by him or her, may:

(a) Receive or become entitled to receive any piece of money, credit, allowance, or thing of value, or any check, slug, token, or memorandum, whether of value or otherwise, which may be exchanged for any money, credit, allowance, or thing of value or which may be given in trade; or

(b) Secure additional chances or rights to use such machine, apparatus, or device, even though it may, in addition to any element of chance or unpredictable outcome of such operation, also sell, deliver, or present some merchandise, indication of weight, entertainment, or other thing of value.

Section 551.102(8), F.S., defines a slot machine to mean:

any mechanical or electrical contrivance, terminal that may or may not be capable of downloading slot games from a central server system, machine, or other device that, upon insertion of a coin, bill, ticket, token, or similar object or upon payment of any

¹⁴ Section 849.094, F.S., authorizes game promotions in connection with the sale of consumer products or services.

¹⁵ The federal Internet Tax Freedom Act has imposed a moratorium on the taxation of internet access since 1998, and will be effective until 2014, if not renewed by Congress. Pub. L. 105-277, 112 Stat. 2681-719; *last renewed by* Pub. L. 110-108, 121 Stat. 1024-1026. Some operators may be subject to federal and state payroll and corporate income taxes.

¹⁶ Section 849.15, F.S.

¹⁷ Section 849.01, F.S.

¹⁸ Article X, s. 23, Florida Constitution and ch. 551, F.S.

¹⁹ *Gaming Compact Between the Seminole Tribe of Florida and the State of Florida*, approved by the U.S. Department of the Interior effective July 6, 2010, 75 Fed. Reg. 128. Slot machines are authorized for all seven gaming facilities. The Tribe has three gaming facilities located in Broward County (The Seminole Indian Casinos at Coconut Creek and Hollywood, and the Seminole Hard Rock Hotel & Casino-Hollywood), and gaming facilities in Collier County (Seminole Indian Casino-Immokalee), Glades County (Seminole Indian Casino-Brighton), Hendry County (Seminole Indian Casino-Big Cypress), and Hillsborough County (Seminole Hard Rock Hotel & Casino-Tampa).

consideration whatsoever, including the use of any electronic payment system except a credit card or debit card, is available to play or operate, the play or operation of which, whether by reason of skill or application of the element of chance or both, may deliver or entitle the person or persons playing or operating the contrivance, terminal, machine, or other device to receive cash, billets, tickets, tokens, or electronic credits to be exchanged for cash or to receive merchandise or anything of value whatsoever, whether the payoff is made automatically from the machine or manually. The term includes associated equipment necessary to conduct the operation of the contrivance, terminal, machine, or other device. Slot machines may use spinning reels, video displays, or both.

Generally, any machine or device is a slot machine if, as a result of the insertion of any object, the user, by any element of chance or unpredictability, may receive any thing of value.²⁰ According to the Florida Supreme Court, the unpredictability must “be inherent in the machine.”²¹

Some authorities familiar with Florida’s gambling laws have complained that prosecutions are difficult and costly, in part because of laws regulating charitable drawings, game promotions, and adult amusements are not as up-to-date and clear as they could be.

Charitable Drawings

The staff analysis for PCS for HB 155, relating to Prohibition of Electronic Gambling Devices, published by the House Select Committee on Gaming on March 14, 2013, describes charitable drawings in the “Current Situation” section:

Charities use drawings or raffles as a fundraising tool. Organizations suggest a donation, collect entries and randomly select an entry to win a prize.

While Florida law prohibits lotteries,²² an exemption is provided for qualified organizations to conduct drawings by chance, provided the organization has complied with all applicable provisions of ch. 496, F.S. Requiring a donation or any other consideration is prohibited.

‘Drawing by chance’ or ‘drawing’ is defined as an enterprise in which, from the entries submitted by the public to the organization conducting the drawing, one or more entries are selected by chance to win a prize. The statute excludes from the definition “those enterprises, commonly known as ‘matching,’ ‘instant winner,’ or ‘preselected sweepstakes,’ which involve the distribution of winning numbers, previously designated as such, to the public.”

‘Organization’ is defined as “an organization which is exempt from federal income taxation pursuant to 26 U.S.C. s. 501(c)(3), (4), (7), (8), (10), or (19), and which has a current determination letter from the Internal Revenue Service, and its bona fide members or officers.”

²⁰ Section 849.16, F.S.

²¹ *Deeb v. Stoutamire*, 53 So.2d 873, 875 (Fla. 1951).

²² Section 849.09, F.S.

Violations of the statute are punishable as second-degree misdemeanors and deceptive and unfair trade practices.

Because the game promotion statute excludes charitable nonprofit organizations, such organizations offering electronic game promotions sometimes claim to operate under the charitable drawings exemption. However, as noted, the charitable drawing statute seems to limit drawings to those conducted after the collection of entries, rather than a sweepstakes, where the winning ticket is determined before distribution.

Game Promotions

Prior to the 2012 Regular Session, the Regulated Industries Committee prepared an Interim Report 2012-137, titled “Review Internet Cafes Used for Electronic Game Promotions.” It is published at <http://flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-137ri.pdf>, and it provides detailed background about game promotions.

The House Select Committee on Gaming staff analysis for PCS for HB 155, provides a succinct description of game promotions in the “Current Situation” section:

Businesses use game promotions as a marketing tool to promote their goods or services. Although game promotions generally require payment of money, the Florida Supreme Court has found that the game is a lottery, containing the three elements of consideration, chance and prize.²³

In *Little River Theatre Corp. v. State ex rel. Hodge*, the Florida Supreme Court adopted a view that any benefit to the game promoter constitutes consideration. Thus, even if players do not pay to participate in the game promotion, it is an illegal lottery.

But while the patrons may not pay, and the respondents may not receive any direct consideration, there is an indirect consideration paid and received. The fact that prizes of more or less value are to be distributed will attract persons to the theaters who would not otherwise attend. In this manner those obtaining prizes pay consideration for them, and the theaters reap a direct financial benefit.²⁴

Since 1971, the games have been regulated by s. 849.094, F.S.²⁵ Game promotion’ is defined by statute as a contest, game of chance, or gift enterprise, conducted within or throughout the state and other states in connection with the sale of consumer products or services, and in which the elements of chance and prize are present.

The statute prohibits game promotions from requiring entry fees or proof of purchase to play, having predetermined winners, arbitrarily disqualifying entries, failing to award prizes, and advertising falsely.

²³ *Little River Theatre Corp. v. State ex rel. Hodge*, 135 Fla. 854 (1939).

²⁴ *Id.* at 866-867 (quoting *Sproat-Temple Theatre Corp. v. Colonial Theatrical Enterprise, Inc.*, 276 Mich. 127, 130-131 (1936)).

²⁵ Sections 1-9, ch. 71-304, L.O.F.

If the total value of offered prizes exceeds \$5,000, the operator must:

- File with DACS (Department of Agriculture and Consumer Services) a copy of the game rules and prizes seven days before the game promotion begins.
- Establish a trust account equal to the total retail value of the prizes.
- File a list of winners of prizes exceeding \$25 within 60 days.

“[T]he DACS is charged with processing and filing documents for game promotions. ... the fact that their filing documents have been reviewed and found complete ... does not mean that the promotion or game is legal and in compliance with the provisions of chapter 849, F.S.”²⁶ The DACS expressly informs each operator that registers a game promotion that it takes no position on the validity, efficacy, advisability, or propriety of the game.²⁷

Violations of the statute are punishable as second-degree misdemeanors. Persons violating the statute may also be liable for civil fines.

The statute does not apply to activities regulated by the Department of Business and Professional Regulation (DBPR) or bingo. Television or radio broadcasting companies licensed by the Federal Communications Commission are exempt from the statute’s reporting requirements. The statute defines ‘operator’ to exclude charitable nonprofit organizations.

The DACS received its first game promotion filing for an electronic sweepstakes in 2006.²⁸ The following chart depicts the total number of game promotion filings the DACS processed in each of the last five fiscal years, how many of those were for electronic sweepstakes, and the revenues and costs associated with the department’s regulation of game promotions.

Fiscal Year	Total Filings	<i>Electronic Filings</i>	Revenues	Expenditures	Net
2006-2007	2,708	595	\$270,601	(\$393,170)	(\$122,569)
2007-2008	6,084	2,019	\$605,252	(\$467,588)	\$137,664
2008-2009	4,832	1,200	\$483,300	(\$561,552)	(\$78,252)
2009-2010	4,107	282	\$409,965	(\$513,793)	(\$103,828)
2010-2011	3,664	14	\$363,350	(\$261,118)	\$102,232

Adult Amusements

Prior to the 2009 Session, the Senate Regulated Industries Committee prepared Interim Report 2009-123, “Review of Electronic Gaming Exceptions for Adult Arcades and Game Promotions.” It found:

²⁶ Fla. AGO 2007-48.

²⁷ Miriam Wilkinson & Eric Miller, Florida Game Promotions Statute: A Novel Application of an Exception to Florida’s Prohibition on Gambling, 11 Gaming Law Rev 98, 98-99 (2007).

²⁸ *Id.* at 100.

In 1984, the provisions dealing with arcade amusement centers were removed from s. 849.16, F.S., and placed in a newly created s. 849.161, F.S.²⁹ The provisions relating to amusement games and machines at any retail dealer who operates a truck stop were added in 1996.³⁰

Section 849.161(1)(a)1., F.S., provides that:

Nothing contained in this chapter [ch. 849, F.S.] shall be taken or construed as applicable to an arcade amusement center having amusement games or machines which operate by means of the insertion of a coin and which by application of skill may entitle the person playing or operating the game or machine to receive points or coupons which may be exchanged for merchandise only, excluding cash and alcoholic beverages, provided the cost value of the merchandise or prize awarded in exchange for such points or coupons does not exceed 75 cents on any game played.

Section 849.161(1)(a)2., F.S., provides that the provisions of ch. 849, F.S., shall not be taken or construed to apply to amusement games or machines located at “any retail dealer who operates as a truck stop, as defined in chapter 336³¹ and which operates a minimum of 6 functional diesel fuel pumps.” The machines at a truck stop may operate “by means of the insertion of a coin or other currency” and the points and coupons may be exchanged for “merchandise limited to noncash prizes, toys, novelties, and Florida Lottery products, excluding alcoholic beverages, provided the cost value of the merchandise or prize awarded in exchange for such points or coupons does not exceed 75 cents on any game played.”

An arcade amusement center must have at least 50 coin-operated amusement games or machines on the premises to qualify for this exception.³² The provisions of s. 849.161(1), F.S., are not applicable to a coin-operated game or device that entitles a player, by application of skill, to replay the game at no additional cost and that can “accumulate and react to no more than 15 free replays; [that] can be discharged of accumulated free replays only by reactivating the game or device for one additional play for such accumulated free replay; [and that] can make no permanent record, directly or indirectly, of free replays.”

The provisions of s. 849.161(1), F.S., do not apply to:

²⁹ See s. 2, ch. 84-247, L.O.F. This act attempted to place the arcade amusement center provisions in a newly created ch. 512, F.S. (as s. 512.01, F.S., the only section in the new chapter). The Division of Statutory Revision renumbered that section as s. 849.161, F.S.

³⁰ The provisions were added in three different sections in two different bills. See s. 159, ch. 96-320, and s. 79, ch. 96-323, L.O.F. Different provisions amending subparagraph (1)(a)2. and paragraph (1)(b) of s. 849.161, F.S., were also included in s. 69, ch. 96-323, L.O.F., and that version is noted in footnote 1 to s. 849.161, F.S.. For a description of multiple provisions in the same session affecting a statutory provision, see preface to the *Florida Statutes*, “Statutory Construction.”

³¹ Provisions referencing truck stops in ch. 336, F.S., was in s. 336.021(1)(c)3., F.S.; it was deleted by s. 15, ch. 97-54, L.O.F. Section 336.021(1)(c)3., F.S., provided, in part, that a “truck stop” is any retail dealer registered pursuant to chapter 212, excluding marinas, that has declared its primary fuel business to be the sale of diesel fuel.”

³² See s. 849.161(2), F.S.

any game or device defined as a gambling device in 24 U.S.C. s. 1171, [sic]³³ which requires identification of each device by permanently affixing serial number and name, trade name, and date of manufacture under s. 1173, and registration with the United States Attorney General, unless excluded from applicability of the chapter under s. 1178. This subsection shall not be construed to authorize video poker games or any other game or machine that may be construed as a gambling device under Florida law.

Several different types of establishments are operating under the exemption provided in s. 849.161, F.S. There are arcade amusement centers that cater predominantly to children. Chuck E. Cheese parlors are an example of this type of center. These centers cater to families with young children.³⁴ Tickets can be won at the games and redeemed for prizes on-site. Facilities known as “adult amusement centers” also operate under this section. Dave & Busters is an example of an adult amusement center that includes different types of games catering to adults.³⁵ These games include billiards, video games, and other games where tickets can be won and redeemed for prizes on-site. Dave & Busters also serves food and alcoholic beverages to its patrons. Electronic games are also located in truck stops that have six diesel pumps. Finally, electronic games are located at what are known as “senior arcade amusement centers.” The Florida Bingo and Arcade Association represent 29 of these establishments in Florida.³⁶ According to the association, these arcades have been in operation since 1984. It also uses the term “penny arcades.”³⁷

Some electronic games resemble traditional slot machines but are equipped with a “skill stop button” that supposedly stops the game activity when engaged. The electronic games that resemble slot machines and use a “skill stop button” have caused concern in the law enforcement community that these games may be violating the gambling devices provisions in ch. 849, F.S.

The FDLE (Florida Department of Law Enforcement) addressed the Senate Regulated Industries Committee concerning some of these electronic games.³⁸ The department indicated that some adult arcades have operated in Florida without any rules, regulations, or industry norms. At issue is the use of particular types of gaming machines. The owners of adult arcade facilities, according to the department, have used vague interpretations of Florida gaming laws to open and operate what appear to be illegal gambling halls. The method of play in these adult arcades has created a grey area for enforcement and prosecution of illegal gambling across the state. The operators maintain that the devices in these adult arcades are legal under Florida law. They also maintain that the machines are not illegal gambling devices because they do not pay out in cash, they pay out only

³³ Title 24 of the United States Code relates to hospitals and asylums; chapter 24 of Title 15 of the United States Code relates to transportation of gambling devices.

³⁴ See <http://www.chuckecheese.com/company-info> (Last visited October 31, 2008).

³⁵ See <http://www.daveandbusters.com/Misc/HousePolicies.aspx> (Last visited October 31, 2008).

³⁶ See <http://www.floridaarcadeassociation.com/members.htm> (Last visited October 31, 2008).

³⁷ A penny arcade, according to the association, is an eight or nine line electronic machine where the play is a penny a line so that the maximum is eight or nine cents per play.

³⁸ Senate Regulated Industries Committee meeting, February 19, 2008.

with merchandise in the form of gift cards, and operate by “application of skill” and not as games of chance.

III. Effect of Proposed Changes:

Section 1 of the bill provides findings and declarations of necessity:

(1) The Legislature declares that s. 849.01., Florida Statutes, specifically prohibits the keeping or maintaining of a place for the purpose of gambling or gaming.

(2) The Legislature finds that s. 849.0935., Florida Statutes, was enacted to allow specified charitable or nonprofit organizations the opportunity to raise funds to carry out their charitable or nonprofit purpose by conducting a raffle for prizes by eliminating the element of consideration and allowing the receipt of voluntary donations or contributions and was not intended to provide a vehicle for the establishment of places of gambling or gaming.

(3) The Legislature finds that s. 849.094., Florida Statutes, was enacted to regulate certain game promotions or sweepstakes conducted by for-profit commercial entities on a limited and occasional basis as an advertising and marketing tool and incidental to substantial bona fide sales of consumer products or services, if the element of consideration is removed as no purchase necessary and they comply with the requirements and rules specified by law, and was not intended to provide a vehicle for the establishment of places of ongoing gambling or gaming.

(4) The Legislature finds that s. 849.161., Florida Statutes, was enacted to regulate the operation of skill-based arcade games offered at specified arcade amusement centers and truck stops if they comply with the requirements of law and was not provided as a vehicle to conduct casino-style gambling.

(5) Therefore the Legislature finds that there is a compelling state interest in clarifying the operation and use of ss. 849.0935, 849.094, and 849.161, Florida Statutes, to ensure that a charitable drawing by chance, game promotion in connection with the sale of a consumer product or service, and arcade amusement games are not subject to abuse or interpreted in any manner as creating an exception to Florida’s general prohibitions against gambling.

Section 2 of the bill amends s. 849.0935., F.S., relating to charitable drawings. It clarifies that the exceptions for charitable drawings does not include “game promotions” defined and regulated in s. 894.094., F.S., (electronic sweepstakes or Internet cafes). The bill also clarifies that the exceptions for charitable drawings does not provide exemptions from prohibitions against:

- Keeping a gaming table, room, implements, apparatus, house, or other place, as described in s. 849.01., F.S., (gaming place);
- Manufacture, sale, transportation, or possession of any slot machine, as provided in s. 849.15., F.S. (slot machines); or
- Any other law.

Section 3 of the bill amends s. 849.094, F.S., relating to game promotions. It clarifies that the exception is only for game promotions that are incidental to the sale of consumer products or services. It further clarifies that the exemption relates only to the lottery prohibition in s. 849.09., F.S., and not to general prohibitions under Florida law against keeping a gaming place or slot machines.

The bill clarifies that nonprofit organizations defined in s. 849.0935., F.S. may not operate a game promotion. It also provides that complying with Department of Agriculture and Consumer Services rules does not excuse violations of law and that violation of the game promotion statute is a deceptive and unfair trade practice.

Section 4 updates the definition of slot machine or device in s. 849.16., F.S. It provides that a device is a slot machine:

- Whether or not it is operated by the insertion of a coin, money or object as well as account number code or other information;
- Whether it is a standalone device or a system or network of devices;
- Whether it is directly or indirectly operated;
- Whether its outcome relies on skill or chance; and
- Whether or not it is available for free play.

The bill also clarifies that the definition of slot machines in ch. 849, F.S., included but is not limited to the definition in ch. 551, F.S.

The bill creates a rebuttable presumption that a device is a prohibited slot machine if it simulates games of chance and is part of a scheme requiring consideration and awarding any thing of value.

Section 5 clarifies applicability of the exemption for amusement games or machines. It provides that “amusement games or machines” do not include:

- Casino-style games in which the outcome is determined by factors unpredictable by the player; or
- Games in which the player may not control the outcome of the game through skill.

It defines “game played” such that the cost value of points or coupons awarded (which cannot exceed 75 cents per play) is increased only by the player paying an additional amount. Free replays do not add to the cost value.

It clarifies that “merchandise” means non-cash prizes and does not allow awarding of gift cards, gift certificates, or other cash equivalents.

It updates the definition of “truck stop” to correct a cross-reference.

Section 6 amends the definition of “racketeering activity” in s. 895.02, F.S., to include any violation of ch. 849, F.S., including not only gambling, but also lottery, gaming devices, slot machines, or any other provision.

Section 7 amends s. 721.111, F.S., relating to promotional offers to conform cross-references.

Sections 8 through 13 reenact ss. 16.56, 338.234(1), 655.50(3)(g), 849.19, 896.101(2)(g), 905.34(3), F.S., relating to the Office of the Statewide Prosecutor, Florida Turnpike, money laundering, the seizure of property, the Florida Money Laundering Act, and a statewide grand jury, respectively, to incorporate changes made by the act in references.

Section 14 provides the bill will take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Establishments offering devices in connection with game promotions will no longer be able to do so. To the extent that offering the games increased the profitability of their underlying products or services, they could see reduction in sales.

C. Government Sector Impact:

The bill is not anticipated to have a significant fiscal impact on state funds. The bill clarifies existing prohibitions on gambling and creates a rebuttable presumption that certain devices are slot machines. This may reduce the complexity and cost of local enforcement actions. Local governments that have authorized the use of devices in connection with game promotions or charitable drawings subject to local taxation will no longer be able to collect such taxes.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

PCS (136928) by Gaming on March 18, 2013:

The proposed committee substitute clarifies current laws regarding slot machines, charitable drawings, game promotions, and amusement games, as described in the summary.

Senate Bill 1030, as filed:

- Defines “sweepstakes device” as an electronic device operated in a game promotion, owned, leased or controlled by the operator or agent, and located in an establishment owned, leased, or controlled by the operator or agent;
- Provides that an operator who was using a sweepstakes device on or before July 1, 2013 and who files an affidavit may continue to operate the sweepstakes device;
- Provides that any current permit issued to the operator by a county or municipality shall be renewed upon expiration; and
- Provides that a new operator, after July 1, 2013, may not use a sweepstakes device or be issued a local permit.

- B. **Amendments:**

None.



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LEGISLATIVE ACTION

Senate	.	House
Comm: WD	.	
03/20/2013	.	
	.	
	.	
	.	

The Committee on Gaming (Sachs) recommended the following:

Senate Amendment

Delete lines 380 - 471

and insert:

(1) As used in this section, the term:

(a) "Amusement games or machines" means games or machines that require the customer to insert a coin, bill, token or stored value card to play a game or machine and that by application of some skill may entitle the person playing or operating the game or machine to receive points or coupons which may be exchanged for merchandise only limited to noncash prizes, toys, and novelties, excluding alcoholic beverages, provided the cost value of the merchandise or prize awarded in exchange for



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14 such points or coupons does not exceed 75 cents on any game
15 played.

16 (b) "Arcade amusement center" means a place of business
17 having at least 50 coin-operated amusement games or machines on
18 premises which are operated for the entertainment of the general
19 public and tourists as a bona fide amusement facility.

20 (c) "Department" means the Department of Agriculture.

21 (d) "Merchandise" means noncash prizes, including toys and
22 novelties excluding alcoholic beverages, provided the cost value
23 of the merchandise or prize awarded in exchange for such points
24 or coupons does not exceed 75 cents on any game played.

25 (e) "Truck stop" means a dealer registered pursuant to
26 chapter 212, excluding a marina, which:

27 1. Declared its primary fuel business to be the sale of
28 diesel fuel;

29 2. Operates a minimum of six functional diesel fuel pumps;
30 and

31 3. Has amusement games or machines on premises which are
32 operated for the entertainment of the general public and
33 tourists as bona fide amusement games or machines as defined in
34 849.161(a) 1.

35 (2)(1)(a)1. Nothing contained in this chapter shall be
36 taken or construed to prohibit as applicable to an arcade
37 amusement center, a truck stop or any division, department,
38 post, or chapter of a veterans' service organization granted a
39 federal charter under Title 36, United States Code having from
40 operating amusement games or machines in conformance with this
41 section which operate by means of the insertion of a coin and
42 which by application of skill may entitle the person playing or



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43 ~~operating the game or machine to receive points or coupons which~~
44 ~~may be exchanged for merchandise only, excluding cash and~~
45 ~~alcoholic beverages, provided the cost value of the merchandise~~
46 ~~or prize awarded in exchange for such points or coupons does not~~
47 ~~exceed 75 cents on any game played.~~

48 ~~2. Nothing contained in this chapter shall be taken or~~
49 ~~construed as applicable to any retail dealer who operates as a~~
50 ~~truck stop, as defined in chapter 336 and which operates a~~
51 ~~minimum of 6 functional diesel fuel pumps, having amusement~~
52 ~~games or machines which operate by means of the insertion of a~~
53 ~~coin or other currency and which by application of skill may~~
54 ~~entitle the person playing or operating the game or machine to~~
55 ~~receive points or coupons which may be exchanged for merchandise~~
56 ~~limited to noncash prizes, toys, novelties, and Florida Lottery~~
57 ~~products, excluding alcoholic beverages, provided the cost value~~
58 ~~of the merchandise or prize awarded in exchange for such points~~
59 ~~or coupons does not exceed 75 cents on any game played.~~

60 (3) This section subparagraph applies only to games and
61 machines that ~~which~~ are operated for the entertainment of the
62 general public and tourists as bona fide amusement games or
63 machines.

64 (4) The department is hereby authorized to issue a
65 declaratory statement pursuant to s. 120.565 to any owner or
66 operator of a game or machine seeking clarification of the
67 definition of amusement games and machines as described in s.
68 849.161(1) which operate on the premises of an amusement arcade.

69 (5) This section may subsection shall not be construed to
70 authorize apply, however, to any game or device defined as a
71 gambling device in 15 24 U.S.C. s. 1171, which requires



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72 identification of each device by permanently affixing seriatim
73 numbering and name, trade name, and date of manufacture under s.
74 1173, and registration with the United States Attorney General,
75 unless excluded from applicability of the chapter under s. 1178,
76 ~~or. this subsection shall not be construed to authorize~~ video
77 poker games or any other game or machine that may be construed
78 as a gambling device under Florida law.

79 ~~(6) (b) This section does not apply~~ ~~Nothing in this~~
80 ~~subsection shall be taken or construed as applicable to a coin~~
81 ~~or other currency operated coin-operated~~ game or device designed
82 and manufactured only for bona fide amusement purposes which
83 game or device may by application of skill entitle the player to
84 replay the game or device at no additional cost, if the game or
85 device: can accumulate and react to no more than 15 free
86 replays; can be discharged of accumulated free replays only by
87 reactivating the game or device for one additional play for such
88 accumulated free replay; can make no permanent record, directly
89 or indirectly, of free replays; and is not classified by the
90 United States as a gambling device in 15 ~~24~~ U.S.C. s. 1171,
91 which requires identification of each device by permanently
92 affixing seriatim numbering and name, trade name, and date of
93 manufacture under s. 1173, and registration with the United
94 States Attorney General, unless excluded from applicability of
95 the chapter under s. 1178. This subsection shall not be
96 construed to authorize video poker games, or any other game or
97 machine that may be construed as a gambling device under Florida
98 law.

99 ~~(2) The term "arcade amusement center" as used in this~~
100 ~~section means a place of business having at least 50 coin-~~



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101 ~~operated amusement games or machines on premises which are~~
102 ~~operated for the entertainment of the general public and~~
103 ~~tourists as a bona fide amusement facility.~~



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Proposed Committee Substitute by the Committee on Gaming

A bill to be entitled

An act relating to the prohibition of electronic gambling devices; providing legislative findings and a declaration of intent and construction; amending s. 849.0935, F.S., relating to drawings by chance offered by nonprofit organizations; revising the definition of the term "drawing by chance" to include the term "raffle" within the meaning of the term and exclude the term "game promotions"; revising conditions for exceptions to prohibitions on lotteries; prohibiting the use of certain devices operated by drawing entrants; providing penalties; amending s. 849.094, F.S., relating to game promotions in connection with sale of consumer products or services; defining the term "department" as the Department of Agriculture and Consumer Services; revising definitions; prohibiting specified nonprofit organizations from operating a game promotion; providing conditions for exceptions to prohibitions on lotteries; prohibiting the use of certain devices operated by game promotion entrants; revising procedures for operation of a game promotion; providing for construction; providing that violations are deceptive and unfair trade practices; revising applicability provisions; amending s. 849.16, F.S.; defining the term "slot machine or device" for purposes of specified gambling provisions; providing a rebuttable presumption that a device, system, or network is a prohibited slot machine; amending s.



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849.161, F.S.; providing definitions; revising and clarifying provisions relating to amusement games and machines; amending s. 895.02, F.S.; revising the definition of the term "racketeering activity" to include violations of specified provisions; amending s. 721.111, F.S., relating to promotional offers; conforming cross-references; reenacting ss. 16.56(1)(a), 338.234(1), 655.50(3)(g), 849.19, 896.101(2)(g), and 905.34(3), F.S., relating to the Office of Statewide Prosecution, the Florida Turnpike, money laundering, seizure of property, the Florida Money Laundering Act, and a statewide grand jury, respectively, to incorporate changes made by the act in references thereto; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Findings and declarations of necessity.—

(1) The Legislature declares that s. 849.01, Florida Statutes, specifically prohibits the keeping or maintaining of a place for the purpose of gambling or gaming.

(2) The Legislature finds that s. 849.0935, Florida Statutes, was enacted to allow specified charitable or nonprofit organizations the opportunity to raise funds to carry out their charitable or nonprofit purpose by conducting a raffle for prizes by eliminating the element of consideration and allowing the receipt of voluntary donations or contributions and was not intended to provide a vehicle for the establishment of places of gambling or gaming.



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58 (3) The Legislature finds that s. 849.094, Florida
59 Statutes, was enacted to regulate certain game promotions or
60 sweepstakes conducted by for-profit commercial entities on a
61 limited and occasional basis as an advertising and marketing
62 tool and incidental to substantial bona fide sales of consumer
63 products or services, if the element of consideration is removed
64 as no purchase necessary and they comply with the requirements
65 and rules specified by law, and was not intended to provide a
66 vehicle for the establishment of places of ongoing gambling or
67 gaming.

68 (4) The Legislature finds that s. 849.161, Florida
69 Statutes, was enacted to regulate the operation of skill-based
70 arcade games offered at specified arcade amusement centers and
71 truck stops if they comply with the requirements of law and was
72 not provided as a vehicle to conduct casino-style gambling.

73 (5) Therefore the Legislature finds that there is a
74 compelling state interest in clarifying the operation and use of
75 ss. 849.0935, 849.094, and 849.161, Florida Statutes, to ensure
76 that a charitable drawing by chance, game promotion in
77 connection with the sale of a consumer product or service, and
78 arcade amusement games are not subject to abuse or interpreted
79 in any manner as creating an exception to Florida's general
80 prohibitions against gambling.

81 Section 2. Paragraph (a) of subsection (1) and subsections
82 (2), (4), and (7) of section 849.0935, Florida Statutes, are
83 amended to read:

84 849.0935 Charitable, nonprofit organizations; drawings by
85 chance; required disclosures; unlawful acts and practices;
86 penalties.-



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87 (1) As used in this section, the term:

88 (a) "Drawing by chance," ~~or~~ "drawing," or "raffle" means an
89 enterprise in which, from the entries submitted by the public to
90 the organization conducting the drawing, one or more entries are
91 selected by chance to win a prize. The term "drawing" does not
92 include those enterprises, commonly known as "game promotions,"
93 as defined by s. 849.094, "matching," "instant winner," or
94 "preselected sweepstakes," which involve the distribution of
95 winning numbers, previously designated as such, to the public.

96 (2) ~~Section The provisions of s. 849.09 does shall not be~~
97 ~~construed to prohibit an organization qualified under 26 U.S.C.~~
98 ~~s. 501(e)(3), (4), (7), (8), (10), or (19) from conducting~~
99 ~~drawings by chance pursuant to the authority granted by this~~
100 ~~section, if provided the organization has complied with all~~
101 ~~applicable provisions of chapter 496 and this section. Authority~~
102 ~~to conduct drawings by chance pursuant to this section does not~~
103 ~~provide an exemption to s. 849.01, s. 849.15, or any other law.~~

104 (4) It is unlawful for any organization ~~that which,~~
105 pursuant to the authority granted by this section, promotes,
106 operates, or conducts a drawing by chance:

107 (a) To design, engage in, promote, or conduct any drawing
108 in which the winner is predetermined by means of matching,
109 instant win, or preselected sweepstakes or otherwise or in which
110 the selection of the winners is in any way rigged;

111 (b) To require an entry fee, donation, substantial
112 consideration, payment, proof of purchase, or contribution as a
113 condition of entering the drawing or of being selected to win a
114 prize. However, ~~this paragraph does provision shall~~ not prohibit
115 an organization from suggesting a minimum donation or from



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116 including a statement of such suggested minimum donation on any
117 printed material ~~used~~ utilized in connection with the
118 fundraising event or drawing;
119 (c) To condition the drawing on a minimum number of tickets
120 having been disbursed to contributors or on a minimum amount of
121 contributions having been received;
122 (d) To arbitrarily remove, disqualify, disallow, or reject
123 any entry or to discriminate in any manner between entrants who
124 gave contributions to the organization and those who did not
125 give such contributions;
126 (e) To fail to promptly notify, at the address set forth on
127 the entry blank, any person, whose entry is selected to win, of
128 the fact that he or she won;
129 (f) To fail to award all prizes offered;
130 (g) To print, publish, or circulate literature or
131 advertising material used in connection with the drawing which
132 is false, deceptive, or misleading;
133 (h) To cancel a drawing; ~~or~~
134 (i) To condition the acquisition or giveaway of any prize
135 upon the receipt of voluntary donations or contributions; ~~or~~
136 (7) Any organization which engages in any act or practice
137 in violation of this section is guilty of a misdemeanor of the
138 second degree, punishable as provided in s. 775.082 or s.
139 775.083. However, Any organization or other person who sells or
140 offers for sale in this state a ticket or entry blank for a
141 raffle or other drawing by chance, without complying with the
142 requirements of paragraph (3) (d), ~~commits is guilty of a~~
143 misdemeanor of the second degree, punishable by fine only as
144 provided in s. 775.083.



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145 Section 3. Section 849.094, Florida Statutes, is amended to
146 read:
147 849.094 Game promotion in connection with sale of consumer
148 products or services.—
149 (1) As used in this section, the term:
150 (a) "Department" means the Department of Agriculture and
151 Consumer Services.
152 (b) ~~(a)~~ "Game promotion" means, but is not limited to, a
153 contest, game of chance, sweepstakes, or gift enterprise,
154 conducted by an operator within or throughout the state and
155 other states in connection with and incidental to the sale of
156 consumer products or services, and in which the elements of
157 chance and prize are present. However, "game promotion" may
158 ~~shall~~ not be construed to apply to bingo games conducted
159 pursuant to s. 849.0931.
160 (c) ~~(b)~~ "Operator" means any person, firm, corporation,
161 enterprise, organization, or association or agent or employee
162 thereof who promotes, operates, or conducts a game promotion,
163 ~~except any charitable nonprofit organization.~~
164 (2) Section 849.09 does not prohibit an operator from
165 conducting a game promotion pursuant to this section, if the
166 operator has complied with this section. Authority to conduct
167 game promotions pursuant to this section does not provide an
168 exemption to s. 849.01, s. 849.15, or any other law.
169 (3) An organization as defined in s. 849.0935 may not
170 operate a game promotion.
171 (4) ~~(2)~~ It is unlawful for any operator:
172 (a) To design, engage in, promote, or conduct such a game
173 promotion, in connection with the promotion or sale of consumer



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174 products or services, wherein the winner may be predetermined or
175 the game may be manipulated or rigged so as to:

176 1. Allocate a winning game or any portion thereof to
177 certain lessees, agents, or franchises; or

178 2. Allocate a winning game or part thereof to a particular
179 period of the game promotion or to a particular geographic area;

180 (b) Arbitrarily to remove, disqualify, disallow, or reject
181 any entry;

182 (c) To fail to award prizes offered;

183 (d) To print, publish, or circulate literature or
184 advertising material used in connection with such game
185 promotions which is false, deceptive, or misleading; or

186 (e) To require an entry fee, payment, or proof of purchase
187 as a condition of entering a game promotion.

188 (5)(3) The operator of a game promotion in which the total
189 announced value of the prizes offered is greater than \$5,000
190 shall file with the department of Agriculture and Consumer
191 Services a copy of the rules and regulations of the game
192 promotion and a list of all prizes and prize categories offered
193 at least 7 days before the commencement of the game promotion.
194 Such rules and regulations may not thereafter be changed,
195 modified, or altered. The operator of a game promotion shall
196 conspicuously post the rules and regulations of such game
197 promotion in each and every retail outlet or place where such
198 game promotion may be played or participated in by the public
199 and shall also publish the rules and regulations in all
200 advertising copy used in connection therewith. However, such
201 advertising copy need only include the material terms of the
202 rules and regulations if the advertising copy includes a website



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203 address, a toll-free telephone number, or a mailing address
204 where the full rules and regulations may be viewed, heard, or
205 obtained for the full duration of the game promotion. Such
206 disclosures must be legible. Radio and television announcements
207 may indicate that the rules and regulations are available at
208 retail outlets or from the operator of the promotion. A
209 nonrefundable filing fee of \$100 shall accompany each filing and
210 shall be used to pay the costs incurred in administering and
211 enforcing the provisions of this section.

212 (6)(4)(a) Every operator of such a game promotion in which
213 the total announced value of the prizes offered is greater than
214 \$5,000 shall establish a trust account, in a national or state-
215 chartered financial institution, with a balance sufficient to
216 pay or purchase the total value of all prizes offered. On a form
217 supplied by the department of Agriculture and Consumer Services,
218 an official of the financial institution holding the trust
219 account shall set forth the dollar amount of the trust account,
220 the identity of the entity or individual establishing the trust
221 account, and the name of the game promotion for which the trust
222 account has been established. Such form shall be filed with the
223 department of Agriculture and Consumer Services at least 7 days
224 in advance of the commencement of the game promotion. In lieu of
225 establishing such trust account, the operator may obtain a
226 surety bond in an amount equivalent to the total value of all
227 prizes offered; and such bond shall be filed with the department
228 of Agriculture and Consumer Services at least 7 days in advance
229 of the commencement of the game promotion.

230 1. The moneys held in the trust account may be withdrawn in
231 order to pay the prizes offered only upon certification to the



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232 department ~~of Agriculture and Consumer Services~~ of the name of
233 the winner or winners and the amount of the prize or prizes and
234 the value thereof.

235 2. If the operator of a game promotion has obtained a
236 surety bond in lieu of establishing a trust account, the amount
237 of the surety bond shall equal at all times the total amount of
238 the prizes offered.

239 (b) The department ~~of Agriculture and Consumer Services~~ may
240 waive the provisions of this subsection for any operator who has
241 conducted game promotions in the state for not less than 5
242 consecutive years and who has not had any civil, criminal, or
243 administrative action instituted against him or her by the state
244 or an agency of the state for violation of this section within
245 that 5-year period. Such waiver may be revoked upon the
246 commission of a violation of this section by such operator, as
247 determined by the department ~~of Agriculture and Consumer~~
248 ~~Services~~.

249 ~~(7)(5)~~ Every operator of a game promotion in which the
250 total announced value of the prizes offered is greater than
251 \$5,000 shall provide the department ~~of Agriculture and Consumer~~
252 ~~Services~~ with a certified list of the names and addresses of all
253 persons, whether from this state or from another state, who have
254 won prizes which have a value of more than \$25, the value of
255 such prizes, and the dates when the prizes were won within 60
256 days after such winners have been finally determined. The
257 operator shall provide a copy of the list of winners, without
258 charge, to any person who requests it. In lieu of the foregoing,
259 the operator of a game promotion may, at his or her option,
260 publish the same information about the winners in a Florida



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261 newspaper of general circulation within 60 days after such
262 winners have been determined and shall provide to the department
263 ~~of Agriculture and Consumer Services~~ a certified copy of the
264 publication containing the information about the winners. The
265 operator of a game promotion is not required to notify a winner
266 by mail or by telephone when the winner is already in possession
267 of a game card from which the winner can determine that he or
268 she has won a designated prize. All winning entries shall be
269 held by the operator for a period of 90 days after the close or
270 completion of the game.

271 ~~(8)(6)~~ The department ~~of Agriculture and Consumer Services~~
272 shall keep the certified list of winners for a period of at
273 least 6 months after receipt of the certified list. The
274 department thereafter may dispose of all records and lists.

275 ~~(9)(7)~~ An ~~no~~ operator may not ~~shall~~ force, directly or
276 indirectly, a lessee, agent, or franchise dealer to purchase or
277 participate in any game promotion. For the purpose of this
278 section, coercion or force ~~is shall be~~ presumed in these
279 circumstances in which a course of business extending ~~over a~~
280 ~~period of~~ 1 year or ~~more longer~~ is materially changed coincident
281 with a failure or refusal of a lessee, agent, or franchise
282 dealer to participate in such game promotions. Such force or
283 coercion ~~is shall further be~~ presumed when an operator
284 advertises generally that game promotions are available at its
285 lessee dealers or agent dealers.

286 ~~(10)(8)~~(a) The department ~~may adopt of Agriculture and~~
287 ~~Consumer Services~~ shall have the power to promulgate such rules
288 and regulations respecting the operation of game promotions as
289 it ~~deems may deem~~ advisable.



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290 (b) Compliance with the rules of the department does not
291 authorize and is not a defense to a charge of possession of a
292 slot machine or device or any other device or a violation of any
293 other law.

294 (c)(b) Whenever the department ~~of Agriculture and Consumer~~
295 ~~Services~~ or the Department of Legal Affairs has reason to
296 believe that a game promotion is being operated in violation of
297 this section, it may bring an action in the circuit court of any
298 judicial circuit in which the game promotion is being operated
299 in the name and on behalf of the people of the state against any
300 operator thereof to enjoin the continued operation of such game
301 promotion anywhere within the state.

302 (11)(9)(a) Any person, firm, or corporation, or association
303 or agent or employee thereof, who engages in any acts or
304 practices stated in this section to be unlawful, or who violates
305 any of the rules and regulations made pursuant to this section,
306 commits is guilty of a misdemeanor of the second degree,
307 punishable as provided in s. 775.082 or s. 775.083.

308 (b) Any person, firm, corporation, association, agent, or
309 employee who violates any provision of this section or any of
310 the rules and regulations made pursuant to this section shall be
311 liable for a civil penalty of not more than \$1,000 for each such
312 violation, which shall accrue to the state and may be recovered
313 in a civil action brought by the department ~~of Agriculture and~~
314 ~~Consumer Services~~ or the Department of Legal Affairs.

315 (12) A violation of this section, or soliciting another to
316 do an act that violates this section, constitutes a deceptive
317 and unfair trade practice actionable under the Florida Deceptive
318 and Unfair Trade Practices Act.



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319 ~~(13)(10) This section does not apply to actions or~~
320 ~~transactions regulated by the Department of Business and~~
321 ~~Professional Regulation or to the activities of nonprofit~~
322 ~~organizations or to any other organization engaged in any~~
323 ~~enterprise other than the sale of consumer products or services.~~
324 Subsections ~~(3), (4),~~ (5), (6), and (7), (8), and (9) and
325 paragraph (10)(a) ~~(8)(a)~~ and any of the rules made pursuant
326 thereto do not apply to television or radio broadcasting
327 companies licensed by the Federal Communications Commission.

328 Section 4. Section 849.16, Florida Statutes, is amended to
329 read:

330 849.16 Machines or devices which come within provisions of
331 law defined.—

332 (1) As used in this chapter, the term "slot machine or
333 device" means any machine or device or system or network of
334 devices is a slot machine or device within the provisions of
335 this chapter if it is one that is adapted for use in such a way
336 that, upon activation, which may be achieved by, but is not
337 limited to, as a result of the insertion of any piece of money,
338 coin, account number, code, or other object or information, such
339 ~~machine or device or system~~ is directly or indirectly caused to
340 operate or may be operated and if the user, whether by
341 application of skill or by reason of any element of chance or ~~of~~
342 any other outcome ~~of such operation~~ unpredictable by the user
343 ~~him or her,~~ may:

344 (a) Receive or become entitled to receive any piece of
345 money, credit, allowance, or thing of value, or any check, slug,
346 token, or memorandum, whether of value or otherwise, which may
347 be exchanged for any money, credit, allowance, or thing of value



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348 or which may be given in trade; or

349 (b) Secure additional chances or rights to use such
350 machine, apparatus, or device, even though the device or system
351 ~~it~~ may be available for free play or, in addition to any element
352 of chance or unpredictable outcome of such operation, may also
353 sell, deliver, or present some merchandise, indication of
354 weight, entertainment, or other thing of value. The term "slot
355 machine or device" includes, but is not limited to, devices
356 regulated as slot machines pursuant to chapter 551.

357 (2) ~~Nothing contained in~~ This chapter may not shall be
358 construed, interpreted, or applied to the possession of a
359 reverse vending machine. As used in this section, the term a
360 "reverse vending machine" means is a machine into which empty
361 beverage containers are deposited for recycling and which
362 provides a payment of money, merchandise, vouchers, or other
363 incentives. At a frequency less than upon the deposit of each
364 beverage container, a reverse vending machine may pay out a
365 random incentive bonus greater than that guaranteed payment in
366 the form of money, merchandise, vouchers, or other incentives.
367 The deposit of any empty beverage container into a reverse
368 vending machine does not constitute consideration, ~~and nor shall~~
369 a reverse vending machine may not be deemed ~~to be~~ a slot machine
370 as defined in within this section.

371 (3) There is a rebuttable presumption that a device,
372 system, or network is a prohibited slot machine or device if it
373 is used to display images of games of chance and is part of a
374 scheme involving any payment or donation of money or its
375 equivalent and awarding anything of value.

376 Section 5. Section 849.161, Florida Statutes, is amended to



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377 read:

378 849.161 Amusement games or machines; when chapter
379 inapplicable.-

380 (1) As used in this section, the term:

381 (a) "Amusement games or machines" means games that operate
382 by means of the insertion of a coin and that by application of
383 skill may entitle the person playing or operating the game or
384 machine to receive points or coupons, the cost value of which
385 does not exceed 75 cents on any game played, which may be
386 exchanged for merchandise. The term does not include casino-
387 style games in which the outcome is determined by factors
388 unpredictable by the player or games in which the player may not
389 control the outcome of the game through skill.

390 (b) "Arcade amusement center" means a place of business
391 having at least 50 coin-operated amusement games or machines on
392 premises which are operated for the entertainment of the general
393 public and tourists as a bona fide amusement facility.

394 (c) "Game played" means the event occurring from the
395 initial activation of the machine until the results of play are
396 determined without payment of additional consideration. Free
397 replays do not constitute additional consideration.

398 (d) "Merchandise" means noncash prizes, including toys and
399 novelties. The term does not include cash or any equivalent
400 thereof, including gift cards or certificates, or alcoholic
401 beverages.

402 (e) "Truck stop" means a dealer registered pursuant to
403 chapter 212, excluding a marina, which:

404 1. Declared its primary fuel business to be the sale of
405 diesel fuel;



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406 2. Operates a minimum of six functional diesel fuel pumps;
407 and
408 3. Has coin-operated amusement games or machines on
409 premises which are operated for the entertainment of the general
410 public and tourists as bona fide amusement games or machines.
411 ~~(2)(1)(a)1-~~ Nothing contained in this chapter shall be
412 taken or construed to prohibit as applicable to an arcade
413 amusement center or truck stop from operating having amusement
414 games or machines in conformance with this section which operate
415 by means of the insertion of a coin and which by application of
416 skill may entitle the person playing or operating the game or
417 machine to receive points or coupons which may be exchanged for
418 merchandise only, excluding cash and alcoholic beverages,
419 provided the cost value of the merchandise or prize awarded in
420 exchange for such points or coupons does not exceed 75 cents on
421 any game played.
422 ~~2. Nothing contained in this chapter shall be taken or~~
423 ~~construed as applicable to any retail dealer who operates as a~~
424 ~~truck stop, as defined in chapter 336 and which operates a~~
425 ~~minimum of 6 functional diesel fuel pumps, having amusement~~
426 ~~games or machines which operate by means of the insertion of a~~
427 ~~coin or other currency and which by application of skill may~~
428 ~~entitle the person playing or operating the game or machine to~~
429 ~~receive points or coupons which may be exchanged for merchandise~~
430 ~~limited to noncash prizes, toys, novelties, and Florida Lottery~~
431 ~~products, excluding alcoholic beverages, provided the cost value~~
432 ~~of the merchandise or prize awarded in exchange for such points~~
433 ~~or coupons does not exceed 75 cents on any game played.~~
434 (3) This section subparagraph applies only to games and



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435 machines ~~that which~~ are operated for the entertainment of the
436 general public and tourists as bona fide amusement games or
437 machines.
438 ~~(4) This section may subsection shall not be construed to~~
439 ~~authorize apply, however, to any game or device defined as a~~
440 ~~gambling device in 15 24 U.S.C. s. 1171, which requires~~
441 ~~identification of each device by permanently affixing seriatim~~
442 ~~numbering and name, trade name, and date of manufacture under s.~~
443 ~~1173, and registration with the United States Attorney General,~~
444 ~~unless excluded from applicability of the chapter under s. 1178,~~
445 ~~or this subsection shall not be construed to authorize video~~
446 ~~poker games or any other game or machine that may be construed~~
447 ~~as a gambling device under Florida law.~~
448 ~~(5)(b) This section does not apply Nothing in this~~
449 ~~subsection shall be taken or construed as applicable to a coin-~~
450 ~~operated game or device designed and manufactured only for bona~~
451 ~~fide amusement purposes which game or device may by application~~
452 ~~of skill entitle the player to replay the game or device at no~~
453 ~~additional cost, if the game or device: can accumulate and react~~
454 ~~to no more than 15 free replays; can be discharged of~~
455 ~~accumulated free replays only by reactivating the game or device~~
456 ~~for one additional play for such accumulated free replay; can~~
457 ~~make no permanent record, directly or indirectly, of free~~
458 ~~replays; and is not classified by the United States as a~~
459 ~~gambling device in 15 24 U.S.C. s. 1171, which requires~~
460 ~~identification of each device by permanently affixing seriatim~~
461 ~~numbering and name, trade name, and date of manufacture under s.~~
462 ~~1173, and registration with the United States Attorney General,~~
463 ~~unless excluded from applicability of the chapter under s. 1178.~~



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464 This subsection shall not be construed to authorize video poker
465 games, or any other game or machine that may be construed as a
466 gambling device under Florida law.

467 ~~(2) The term "arcade amusement center" as used in this~~
468 ~~section means a place of business having at least 50 coin-~~
469 ~~operated amusement games or machines on premises which are~~
470 ~~operated for the entertainment of the general public and~~
471 ~~tourists as a bona fide amusement facility.~~

472 Section 6. Paragraph (a) of subsection (1) of section
473 895.02, Florida Statutes, is amended to read:

474 895.02 Definitions.—As used in ss. 895.01-895.08, the term:

475 (1) "Racketeering activity" means to commit, to attempt to
476 commit, to conspire to commit, or to solicit, coerce, or
477 intimidate another person to commit:

478 (a) Any crime that is chargeable by petition, indictment,
479 or information under the following provisions of the Florida
480 Statutes:

481 1. Section 210.18, relating to evasion of payment of
482 cigarette taxes.

483 2. Section 316.1935, relating to fleeing or attempting to
484 elude a law enforcement officer and aggravated fleeing or
485 eluding.

486 3. Section 403.727(3)(b), relating to environmental
487 control.

488 4. Section 409.920 or s. 409.9201, relating to Medicaid
489 fraud.

490 5. Section 414.39, relating to public assistance fraud.

491 6. Section 440.105 or s. 440.106, relating to workers'
492 compensation.



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493 7. Section 443.071(4), relating to creation of a fictitious
494 employer scheme to commit reemployment assistance fraud.

495 8. Section 465.0161, relating to distribution of medicinal
496 drugs without a permit as an Internet pharmacy.

497 9. Section 499.0051, relating to crimes involving
498 contraband and adulterated drugs.

499 10. Part IV of chapter 501, relating to telemarketing.

500 11. Chapter 517, relating to sale of securities and
501 investor protection.

502 12. Section 550.235 or s. 550.3551, relating to dogracing
503 and horseracing.

504 13. Chapter 550, relating to jai alai frontons.

505 14. Section 551.109, relating to slot machine gaming.

506 15. Chapter 552, relating to the manufacture, distribution,
507 and use of explosives.

508 16. Chapter 560, relating to money transmitters, if the
509 violation is punishable as a felony.

510 17. Chapter 562, relating to beverage law enforcement.

511 18. Section 624.401, relating to transacting insurance
512 without a certificate of authority, s. 624.437(4)(c)1., relating
513 to operating an unauthorized multiple-employer welfare
514 arrangement, or s. 626.902(1)(b), relating to representing or
515 aiding an unauthorized insurer.

516 19. Section 655.50, relating to reports of currency
517 transactions, when such violation is punishable as a felony.

518 20. Chapter 687, relating to interest and usurious
519 practices.

520 21. Section 721.08, s. 721.09, or s. 721.13, relating to
521 real estate timeshare plans.



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522 22. Section 775.13(5)(b), relating to registration of
523 persons found to have committed any offense for the purpose of
524 benefiting, promoting, or furthering the interests of a criminal
525 gang.
526 23. Section 777.03, relating to commission of crimes by
527 accessories after the fact.
528 24. Chapter 782, relating to homicide.
529 25. Chapter 784, relating to assault and battery.
530 26. Chapter 787, relating to kidnapping or human
531 trafficking.
532 27. Chapter 790, relating to weapons and firearms.
533 28. Chapter 794, relating to sexual battery, but only if
534 such crime was committed with the intent to benefit, promote, or
535 further the interests of a criminal gang, or for the purpose of
536 increasing a criminal gang member's own standing or position
537 within a criminal gang.
538 29. Section 796.03, s. 796.035, s. 796.04, s. 796.05, or s.
539 796.07, relating to prostitution and sex trafficking.
540 30. Chapter 806, relating to arson and criminal mischief.
541 31. Chapter 810, relating to burglary and trespass.
542 32. Chapter 812, relating to theft, robbery, and related
543 crimes.
544 33. Chapter 815, relating to computer-related crimes.
545 34. Chapter 817, relating to fraudulent practices, false
546 pretenses, fraud generally, and credit card crimes.
547 35. Chapter 825, relating to abuse, neglect, or
548 exploitation of an elderly person or disabled adult.
549 36. Section 827.071, relating to commercial sexual
550 exploitation of children.



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551 37. Chapter 831, relating to forgery and counterfeiting.
552 38. Chapter 832, relating to issuance of worthless checks
553 and drafts.
554 39. Section 836.05, relating to extortion.
555 40. Chapter 837, relating to perjury.
556 41. Chapter 838, relating to bribery and misuse of public
557 office.
558 42. Chapter 843, relating to obstruction of justice.
559 43. Section 847.011, s. 847.012, s. 847.013, s. 847.06, or
560 s. 847.07, relating to obscene literature and profanity.
561 44. Chapter 849 Section 849.09, s. 849.14, s. 849.15, s.
562 849.23, or s. 849.25, relating to gambling, lottery, gambling or
563 gaming devices, slot machines, or any of the provisions within
564 that chapter.
565 45. Chapter 874, relating to criminal gangs.
566 46. Chapter 893, relating to drug abuse prevention and
567 control.
568 47. Chapter 896, relating to offenses related to financial
569 transactions.
570 48. Sections 914.22 and 914.23, relating to tampering with
571 or harassing a witness, victim, or informant, and retaliation
572 against a witness, victim, or informant.
573 49. Sections 918.12 and 918.13, relating to tampering with
574 jurors and evidence.
575 Section 7. Subsection (2) of section 721.111, Florida
576 Statutes, is amended to read:
577 721.111 Prize and gift promotional offers.-
578 (2) A game promotion, such as a contest of chance, gift
579 enterprise, or sweepstakes, in which the elements of chance and



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580 prize are present may not be used in connection with the
581 offering or sale of timeshare interests, except for drawings, as
582 that term is defined in s. 849.0935(1)(a), in which no more than
583 26 prizes are promoted and in which all promoted prizes are
584 actually awarded. All such drawings must meet all requirements
585 of this chapter and of ss. 849.092 and 849.094(1), (4) ~~(2)~~, and
586 (9) ~~(7)~~.

587 Section 8. For the purpose of incorporating the amendment
588 made by this act to section 895.02, Florida Statutes, in a
589 reference thereto, paragraph (a) of subsection (1) of section
590 16.56, Florida Statutes, is reenacted to read:

591 16.56 Office of Statewide Prosecution.—

592 (1) There is created in the Department of Legal Affairs an
593 Office of Statewide Prosecution. The office shall be a separate
594 "budget entity" as that term is defined in chapter 216. The
595 office may:

596 (a) Investigate and prosecute the offenses of:

597 1. Bribery, burglary, criminal usury, extortion, gambling,
598 kidnapping, larceny, murder, prostitution, perjury, robbery,
599 carjacking, and home-invasion robbery;

600 2. Any crime involving narcotic or other dangerous drugs;

601 3. Any violation of the provisions of the Florida RICO
602 (Racketeer Influenced and Corrupt Organization) Act, including
603 any offense listed in the definition of racketeering activity in
604 s. 895.02(1)(a), providing such listed offense is investigated
605 in connection with a violation of s. 895.03 and is charged in a
606 separate count of an information or indictment containing a
607 count charging a violation of s. 895.03, the prosecution of
608 which listed offense may continue independently if the



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609 prosecution of the violation of s. 895.03 is terminated for any
610 reason;

611 4. Any violation of the provisions of the Florida Anti-
612 Fencing Act;

613 5. Any violation of the provisions of the Florida Antitrust
614 Act of 1980, as amended;

615 6. Any crime involving, or resulting in, fraud or deceit
616 upon any person;

617 7. Any violation of s. 847.0135, relating to computer
618 pornography and child exploitation prevention, or any offense
619 related to a violation of s. 847.0135 or any violation of
620 chapter 827 where the crime is facilitated by or connected to
621 the use of the Internet or any device capable of electronic data
622 storage or transmission;

623 8. Any violation of the provisions of chapter 815;

624 9. Any criminal violation of part I of chapter 499;

625 10. Any violation of the provisions of the Florida Motor
626 Fuel Tax Relief Act of 2004;

627 11. Any criminal violation of s. 409.920 or s. 409.9201;

628 12. Any crime involving voter registration, voting, or
629 candidate or issue petition activities;

630 13. Any criminal violation of the Florida Money Laundering
631 Act;

632 14. Any criminal violation of the Florida Securities and
633 Investor Protection Act; or

634 15. Any violation of the provisions of chapter 787, as well
635 as any and all offenses related to a violation of the provisions
636 of chapter 787;

637



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638 or any attempt, solicitation, or conspiracy to commit any of the
639 crimes specifically enumerated above. The office shall have such
640 power only when any such offense is occurring, or has occurred,
641 in two or more judicial circuits as part of a related
642 transaction, or when any such offense is connected with an
643 organized criminal conspiracy affecting two or more judicial
644 circuits. Informations or indictments charging such offenses
645 shall contain general allegations stating the judicial circuits
646 and counties in which crimes are alleged to have occurred or the
647 judicial circuits and counties in which crimes affecting such
648 circuits or counties are alleged to have been connected with an
649 organized criminal conspiracy.

650 Section 9. For the purpose of incorporating the amendment
651 made by this act to section 849.16, Florida Statutes, in a
652 reference thereto, subsection (1) of section 338.234, Florida
653 Statutes, is reenacted to read:

654 338.234 Granting concessions or selling along the turnpike
655 system; immunity from taxation.—

656 (1) The department may enter into contracts or licenses
657 with any person for the sale of services or products or business
658 opportunities on the turnpike system, or the turnpike enterprise
659 may sell services, products, or business opportunities on the
660 turnpike system, which benefit the traveling public or provide
661 additional revenue to the turnpike system. Services, business
662 opportunities, and products authorized to be sold include, but
663 are not limited to, motor fuel, vehicle towing, and vehicle
664 maintenance services; food with attendant nonalcoholic
665 beverages; lodging, meeting rooms, and other business services
666 opportunities; advertising and other promotional opportunities,



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667 which advertising and promotions must be consistent with the
668 dignity and integrity of the state; state lottery tickets sold
669 by authorized retailers; games and amusements that operate by
670 the application of skill, not including games of chance as
671 defined in s. 849.16 or other illegal gambling games; Florida
672 citrus, goods promoting the state, or handmade goods produced
673 within the state; and travel information, tickets, reservations,
674 or other related services. However, the department, pursuant to
675 the grants of authority to the turnpike enterprise under this
676 section, shall not exercise the power of eminent domain solely
677 for the purpose of acquiring real property in order to provide
678 business services or opportunities, such as lodging and meeting-
679 room space on the turnpike system.

680 Section 10. For the purpose of incorporating the amendment
681 made by this act to section 895.02, Florida Statutes, in a
682 reference thereto, paragraph (g) of subsection (3) of section
683 655.50, Florida Statutes, is reenacted to read:

684 655.50 Florida Control of Money Laundering in Financial
685 Institutions Act; reports of transactions involving currency or
686 monetary instruments; when required; purpose; definitions;
687 penalties.—

688 (3) As used in this section, the term:

689 (g) "Specified unlawful activity" means any "racketeering
690 activity" as defined in s. 895.02.

691 Section 11. For the purpose of incorporating the amendment
692 made by this act to section 849.16, Florida Statutes, in a
693 reference thereto, section 849.19, Florida Statutes, is
694 reenacted to read:

695 849.19 Property rights in confiscated machine.—The right of



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696 property in and to any machine, apparatus or device as defined
697 in s. 849.16 and to all money and other things of value therein,
698 is declared not to exist in any person, and the same shall be
699 forfeited and such money or other things of value shall be
700 forfeited to the county in which the seizure was made and shall
701 be delivered forthwith to the clerk of the circuit court and
702 shall by her or him be placed in the fine and forfeiture fund of
703 said county.

704 Section 12. For the purpose of incorporating the amendment
705 made by this act to section 895.02, Florida Statutes, in a
706 reference thereto, paragraph (g) of subsection (2) of section
707 896.101, Florida Statutes, is reenacted to read:

708 896.101 Florida Money Laundering Act; definitions;
709 penalties; injunctions; seizure warrants; immunity.-

710 (2) As used in this section, the term:

711 (g) "Specified unlawful activity" means any "racketeering
712 activity" as defined in s. 895.02.

713 Section 13. For the purpose of incorporating the amendment
714 made by this act to section 895.02, Florida Statutes, in a
715 reference thereto, subsection (3) of section 905.34, Florida
716 Statutes, is reenacted to read:

717 905.34 Powers and duties; law applicable.-The jurisdiction
718 of a statewide grand jury impaneled under this chapter shall
719 extend throughout the state. The subject matter jurisdiction of
720 the statewide grand jury shall be limited to the offenses of:

721 (3) Any violation of the provisions of the Florida RICO
722 (Racketeer Influenced and Corrupt Organization) Act, including
723 any offense listed in the definition of racketeering activity in
724 s. 895.02(1)(a), providing such listed offense is investigated



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725 in connection with a violation of s. 895.03 and is charged in a
726 separate count of an information or indictment containing a
727 count charging a violation of s. 895.03, the prosecution of
728 which listed offense may continue independently if the
729 prosecution of the violation of s. 895.03 is terminated for any
730 reason;

731
732 or any attempt, solicitation, or conspiracy to commit any
733 violation of the crimes specifically enumerated above, when any
734 such offense is occurring, or has occurred, in two or more
735 judicial circuits as part of a related transaction or when any
736 such offense is connected with an organized criminal conspiracy
737 affecting two or more judicial circuits. The statewide grand
738 jury may return indictments and presentments irrespective of the
739 county or judicial circuit where the offense is committed or
740 triable. If an indictment is returned, it shall be certified and
741 transferred for trial to the county where the offense was
742 committed. The powers and duties of, and law applicable to,
743 county grand juries shall apply to a statewide grand jury except
744 when such powers, duties, and law are inconsistent with the
745 provisions of ss. 905.31-905.40.

746 Section 14. This act shall take effect upon becoming a law.

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Gaming

BILL: CS/SB 1030

INTRODUCER: Gaming Committee and Senators Thrasher and Bradley

SUBJECT: Prohibition of Electronic Gaming Devices

DATE: March 20, 2013 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Guthrie	Guthrie	GM	Fav/CS
2.			RI	
3.			AP	
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

CS/SB 1030 clarifies current gambling laws concerning slot machines, charitable drawings, game promotions, and amusement games.

As to charitable drawings, the bill clarifies the definition of a charitable drawing and specifically provides that compliance with the charitable drawing statute does not provide an exemption from other gambling prohibitions.

As to game promotions, the bill:

- Clarifies the definition of a “game promotion;”
- Clarifies that nonprofit organizations may not conduct game promotions; and
- Specifically provides that compliance with the game promotion statute provides an exemption from the lottery prohibition, but does not provide an exemption from other gambling prohibitions.

As to amusement games, the bill:

- Clarifies the meaning of “amusement games or machines;” and

- Clarifies that “merchandise” means non-cash prizes, specifically excluding gift cards or other cash equivalents.

As to slot machines, the bill:

- Updates the definition of slot machine to specifically include systems or networks of devices and to remove technologically obsolete criteria; and
- Provides a rebuttable presumption that machines used to simulate casino-style games in schemes involving consideration and prize are prohibited slot machines.

The bill is not anticipated to have a significant fiscal impact on state funds.

This bill substantially amends the following sections of the Florida Statutes: 849.0935, 849.094, 849.16, 849.161, and 895.02.

II. Present Situation:

In general, gambling is illegal in Florida.¹ Chapter 849, F.S., governs the conduct of gambling. Section 849.15, F.S., prohibits the manufacture, sale, lease, play, or possession of slot machines.² Florida’s gambling prohibition includes prohibitions against keeping a gambling house,³ and running a lottery.⁴ Section 7, Art. X of the Florida Constitution prohibits lotteries, other than pari-mutuel pools authorized by law on the effective date of the Florida Constitution, from being conducted in Florida by private citizens.⁵

Gaming is permitted at licensed pari-mutuel wagering tracks and frontons⁶ and by the state operated lottery,⁷ which must operate “so as to maximize revenues in a manner consonant with the dignity of the state and the welfare of its citizens.”⁸

Chapter 849, F.S., contains other specific exceptions to the general gambling prohibition and authorizes certain gambling activities, such as cardrooms at pari-mutuel facilities,⁹ bingo,¹⁰ penny-ante poker,¹¹ arcade amusement games,¹² amusement games and machines,¹³ and game

¹ Section 849.08, F.S.

² Section 849.16, F.S., defines slot machines for purposes of ch. 849, F.S. Section 849.15(2), F.S., provides an exemption to the transportation of slot machines for the facilities that are authorized to conduct slot machine gaming under ch. 551, F.S.

³ Section 849.01, F.S.

⁴ Section 849.09, F.S.

⁵ The pari-mutuel pools that were authorized by law on the effective date of the Florida Constitution, as revised in 1968, include horseracing, greyhound racing, and jai alai games. The revision was ratified by the electorate on November 5, 1968.

⁶ See ch. 550, F.S., for the regulation of pari-mutuel activities.

⁷ The Department of the Lottery is authorized by s. 15, Art. X, Florida Constitution. Chapter 24, F.S., was enacted by ch. 87-65, L.O.F., to establish the state lottery. Section 24.102, F.S., provides the legislative purpose and intent in regard to the lottery.

⁸ See s. 24.104, F.S.

⁹ Section 849.086, F.S. Section 849.086(2)(c), F.S., defines “cardroom” to mean a facility where authorized card games are played for money or anything of value and to which the public is invited to participate in such games and charges a fee for participation by the operator of such facility.

¹⁰ Section 849.0931, F.S.

¹¹ Section 849.085, F.S.

¹² Section 849.161(1)(a), F.S.

¹³ Section 849.161(1)(b), F.S.

promotions.¹⁴ In Florida, if the gaming activity is not expressly authorized, then the gambling is illegal. Free-standing, commercial casinos are not authorized in Florida.

During the past several years, electronic sweepstakes establishments, generally called “Internet Cafés,” have proliferated in Florida and other states. The facilities often use casino-style sweepstakes games to promote sales of communications services such as internet access or telephone calling cards. The operations are not regulated by the state and the games are not taxed.¹⁵

Law enforcement and local district attorneys have raised concerns about whether the use of an electronic simulated gaming machine in a game promotion is an illegal slot machine.

Chapter 849, F.S., prohibits slot machines¹⁶ and gambling houses.¹⁷ Slot machines are authorized at certain pari-mutuel facilities in Miami-Dade and Broward counties.¹⁸ Slot machines are also permitted on tribal facilities covered by the Seminole Indian Compact.¹⁹

Section 849.16, F.S., defines slot machines for purposes of ch. 849, F.S., as:

(1) Any machine or device is a slot machine or device within the provisions of this chapter if it is one that is adapted for use in such a way that, as a result of the insertion of any piece of money, coin, or other object, such machine or device is caused to operate or may be operated and if the user, by reason of any element of chance or of any other outcome of such operation unpredictable by him or her, may:

(a) Receive or become entitled to receive any piece of money, credit, allowance, or thing of value, or any check, slug, token, or memorandum, whether of value or otherwise, which may be exchanged for any money, credit, allowance, or thing of value or which may be given in trade; or

(b) Secure additional chances or rights to use such machine, apparatus, or device, even though it may, in addition to any element of chance or unpredictable outcome of such operation, also sell, deliver, or present some merchandise, indication of weight, entertainment, or other thing of value.

Section 551.102(8), F.S., defines a slot machine to mean:

any mechanical or electrical contrivance, terminal that may or may not be capable of downloading slot games from a central server system, machine, or other device that, upon insertion of a coin, bill, ticket, token, or similar object or upon payment of any

¹⁴ Section 849.094, F.S., authorizes game promotions in connection with the sale of consumer products or services.

¹⁵ The federal Internet Tax Freedom Act has imposed a moratorium on the taxation of internet access since 1998, and will be effective until 2014, if not renewed by Congress. Pub. L. 105-277, 112 Stat. 2681-719; *last renewed by* Pub. L. 110-108, 121 Stat. 1024-1026. Some operators may be subject to federal and state payroll and corporate income taxes.

¹⁶ Section 849.15, F.S.

¹⁷ Section 849.01, F.S.

¹⁸ Article X, s. 23, Florida Constitution and ch. 551, F.S.

¹⁹ *Gaming Compact Between the Seminole Tribe of Florida and the State of Florida*, approved by the U.S. Department of the Interior effective July 6, 2010, 75 Fed. Reg. 128. Slot machines are authorized for all seven gaming facilities. The Tribe has three gaming facilities located in Broward County (The Seminole Indian Casinos at Coconut Creek and Hollywood, and the Seminole Hard Rock Hotel & Casino-Hollywood), and gaming facilities in Collier County (Seminole Indian Casino-Immokalee), Glades County (Seminole Indian Casino-Brighton), Hendry County (Seminole Indian Casino-Big Cypress), and Hillsborough County (Seminole Hard Rock Hotel & Casino-Tampa).

consideration whatsoever, including the use of any electronic payment system except a credit card or debit card, is available to play or operate, the play or operation of which, whether by reason of skill or application of the element of chance or both, may deliver or entitle the person or persons playing or operating the contrivance, terminal, machine, or other device to receive cash, billets, tickets, tokens, or electronic credits to be exchanged for cash or to receive merchandise or anything of value whatsoever, whether the payoff is made automatically from the machine or manually. The term includes associated equipment necessary to conduct the operation of the contrivance, terminal, machine, or other device. Slot machines may use spinning reels, video displays, or both.

Generally, any machine or device is a slot machine if, as a result of the insertion of any object, the user, by any element of chance or unpredictability, may receive any thing of value.²⁰ According to the Florida Supreme Court, the unpredictability must “be inherent in the machine.”²¹

Some authorities familiar with Florida’s gambling laws have complained that prosecutions are difficult and costly, in part because of laws regulating charitable drawings, game promotions, and adult amusements are not as up-to-date and clear as they could be.

Charitable Drawings

The staff analysis for PCS for HB 155, relating to Prohibition of Electronic Gambling Devices, published by the House Select Committee on Gaming on March 14, 2013, describes charitable drawings under “Current Situation”:

Charities use drawings or raffles as a fundraising tool. Organizations suggest a donation, collect entries and randomly select an entry to win a prize.

While Florida law prohibits lotteries,²² an exemption is provided for qualified organizations to conduct drawings by chance, provided the organization has complied with all applicable provisions of ch. 496, F.S. Requiring a donation or any other consideration is prohibited.

‘Drawing by chance’ or ‘drawing’ is defined as an enterprise in which, from the entries submitted by the public to the organization conducting the drawing, one or more entries are selected by chance to win a prize. The statute excludes from the definition “those enterprises, commonly known as ‘matching,’ ‘instant winner,’ or ‘preselected sweepstakes,’ which involve the distribution of winning numbers, previously designated as such, to the public.”

‘Organization’ is defined as “an organization which is exempt from federal income taxation pursuant to 26 U.S.C. s. 501(c)(3), (4), (7), (8), (10), or (19), and which has a current determination letter from the Internal Revenue Service, and its bona fide members or officers.”

²⁰ Section 849.16, F.S.

²¹ *Deeb v. Stoutamire*, 53 So.2d 873, 875 (Fla. 1951).

²² Section 849.09, F.S.

Violations of the statute are punishable as second-degree misdemeanors and deceptive and unfair trade practices.

Because the game promotion statute excludes charitable nonprofit organizations, such organizations offering electronic game promotions sometimes claim to operate under the charitable drawings exemption. However, as noted, the charitable drawing statute seems to limit drawings to those conducted after the collection of entries, rather than a sweepstakes, where the winning ticket is determined before distribution.

Game Promotions

Prior to the 2012 Regular Session, the Regulated Industries Committee prepared an Interim Report 2012-137, titled “Review Internet Cafes Used for Electronic Game Promotions.” It is published at <http://flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-137ri.pdf>, and it provides detailed background about game promotions.

The House Select Committee on Gaming staff analysis for PCS for HB 155, provides a succinct description of game promotions under “Current Situation”:

Businesses use game promotions as a marketing tool to promote their goods or services. Although game promotions generally require payment of money, the Florida Supreme Court has found that the game is a lottery, containing the three elements of consideration, chance and prize.²³

In *Little River Theatre Corp. v. State ex rel. Hodge*, the Florida Supreme Court adopted a view that any benefit to the game promoter constitutes consideration. Thus, even if players do not pay to participate in the game promotion, it is an illegal lottery.

But while the patrons may not pay, and the respondents may not receive any direct consideration, there is an indirect consideration paid and received. The fact that prizes of more or less value are to be distributed will attract persons to the theaters who would not otherwise attend. In this manner those obtaining prizes pay consideration for them, and the theaters reap a direct financial benefit.²⁴

Since 1971, the games have been regulated by s. 849.094, F.S.²⁵ Game promotion’ is defined by statute as a contest, game of chance, or gift enterprise, conducted within or throughout the state and other states in connection with the sale of consumer products or services, and in which the elements of chance and prize are present.

The statute prohibits game promotions from requiring entry fees or proof of purchase to play, having predetermined winners, arbitrarily disqualifying entries, failing to award prizes, and advertising falsely.

²³ *Little River Theatre Corp. v. State ex rel. Hodge*, 135 Fla. 854 (1939).

²⁴ *Id.* at 866-867 (quoting *Sproat-Temple Theatre Corp. v. Colonial Theatrical Enterprise, Inc.*, 276 Mich. 127, 130-131 (1936)).

²⁵ Sections 1-9, ch. 71-304, L.O.F.

If the total value of offered prizes exceeds \$5,000, the operator must:

- File with Department of Agriculture and Consumer Services (DACS) a copy of the game rules and prizes seven days before the game promotion begins;
- Establish a trust account equal to the total retail value of the prizes; and
- File a list of winners of prizes exceeding \$25 within 60 days.

“[T]he DACS is charged with processing and filing documents for game promotions. ... the fact that their filing documents have been reviewed and found complete ... does not mean that the promotion or game is legal and in compliance with the provisions of chapter 849, F.S.”²⁶ The DACS expressly informs each operator that registers a game promotion that it takes no position on the validity, efficacy, advisability, or propriety of the game.²⁷

Violations of the statute are punishable as second-degree misdemeanors. Persons violating the statute may also be liable for civil fines.

The statute does not apply to activities regulated by the Department of Business and Professional Regulation (DBPR) or bingo. Television or radio broadcasting companies licensed by the Federal Communications Commission are exempt from the statute’s reporting requirements. The statute defines ‘operator’ to exclude charitable nonprofit organizations.

The DACS received its first game promotion filing for an electronic sweepstakes in 2006.²⁸ The following chart depicts the total number of game promotion filings the DACS processed in each of the last five fiscal years, how many of those were for electronic sweepstakes, and the revenues and costs associated with the department’s regulation of game promotions.

Fiscal Year	Total Filings	<i>Electronic Filings</i>	Revenues	Expenditures	Net
2006-2007	2,708	595	\$270,601	(\$393,170)	(\$122,569)
2007-2008	6,084	2,019	\$605,252	(\$467,588)	\$137,664
2008-2009	4,832	1,200	\$483,300	(\$561,552)	(\$78,252)
2009-2010	4,107	282	\$409,965	(\$513,793)	(\$103,828)
2010-2011	3,664	14	\$363,350	(\$261,118)	\$102,232

Adult Amusements

Prior to the 2009 Session, the Senate Regulated Industries Committee prepared Interim Report 2009-123, “Review of Electronic Gaming Exceptions for Adult Arcades and Game Promotions.” It found:

²⁶ Fla. AGO 2007-48.

²⁷ Miriam Wilkinson & Eric Miller, Florida Game Promotions Statute: A Novel Application of an Exception to Florida’s Prohibition on Gambling, 11 Gaming Law Rev 98, 98-99 (2007).

²⁸ *Id.* at 100.

In 1984, the provisions dealing with arcade amusement centers were removed from s. 849.16, F.S., and placed in a newly created s. 849.161, F.S.²⁹ The provisions relating to amusement games and machines at any retail dealer who operates a truck stop were added in 1996.³⁰

Section 849.161(1)(a)1., F.S., provides that:

Nothing contained in this chapter [ch. 849, F.S.] shall be taken or construed as applicable to an arcade amusement center having amusement games or machines which operate by means of the insertion of a coin and which by application of skill may entitle the person playing or operating the game or machine to receive points or coupons which may be exchanged for merchandise only, excluding cash and alcoholic beverages, provided the cost value of the merchandise or prize awarded in exchange for such points or coupons does not exceed 75 cents on any game played.

Section 849.161(1)(a)2., F.S., provides that the provisions of ch. 849, F.S., shall not be taken or construed to apply to amusement games or machines located at “any retail dealer who operates as a truck stop, as defined in chapter 336³¹ and which operates a minimum of 6 functional diesel fuel pumps.” The machines at a truck stop may operate “by means of the insertion of a coin or other currency” and the points and coupons may be exchanged for “merchandise limited to noncash prizes, toys, novelties, and Florida Lottery products, excluding alcoholic beverages, provided the cost value of the merchandise or prize awarded in exchange for such points or coupons does not exceed 75 cents on any game played.”

An arcade amusement center must have at least 50 coin-operated amusement games or machines on the premises to qualify for this exception.³² The provisions of s. 849.161(1), F.S., are not applicable to a coin-operated game or device that entitles a player, by application of skill, to replay the game at no additional cost and that can “accumulate and react to no more than 15 free replays; [that] can be discharged of accumulated free replays only by reactivating the game or device for one additional play for such accumulated free replay; [and that] can make no permanent record, directly or indirectly, of free replays.”

The provisions of s. 849.161(1), F.S., do not apply to:

²⁹ See s. 2, ch. 84-247, L.O.F. This act attempted to place the arcade amusement center provisions in a newly created ch. 512, F.S. (as s. 512.01, F.S., the only section in the new chapter). The Division of Statutory Revision renumbered that section as s. 849.161, F.S.

³⁰ The provisions were added in three different sections in two different bills. See s. 159, ch. 96-320, and s. 79, ch. 96-323, L.O.F. Different provisions amending subparagraph (1)(a)2. and paragraph (1)(b) of s. 849.161, F.S., were also included in s. 69, ch. 96-323, L.O.F., and that version is noted in footnote 1 to s. 849.161, F.S.. For a description of multiple provisions in the same session affecting a statutory provision, see preface to the *Florida Statutes*, “Statutory Construction.”

³¹ Provisions referencing truck stops in ch. 336, F.S., was in s. 336.021(1)(c)3., F.S.; it was deleted by s. 15, ch. 97-54, L.O.F. Section 336.021(1)(c)3., F.S., provided, in part, that a “truck stop” is any retail dealer registered pursuant to chapter 212, excluding marinas, that has declared its primary fuel business to be the sale of diesel fuel.”

³² See s. 849.161(2), F.S.

any game or device defined as a gambling device in 24 U.S.C. s. 1171, [sic]³³ which requires identification of each device by permanently affixing serial number and name, trade name, and date of manufacture under s. 1173, and registration with the United States Attorney General, unless excluded from applicability of the chapter under s. 1178. This subsection shall not be construed to authorize video poker games or any other game or machine that may be construed as a gambling device under Florida law.

Several different types of establishments are operating under the exemption provided in s. 849.161, F.S. There are arcade amusement centers that cater predominantly to children. Chuck E. Cheese parlors are an example of this type of center. These centers cater to families with young children.³⁴ Tickets can be won at the games and redeemed for prizes on-site. Facilities known as “adult amusement centers” also operate under this section. Dave & Busters is an example of an adult amusement center that includes different types of games catering to adults.³⁵ These games include billiards, video games, and other games where tickets can be won and redeemed for prizes on-site. Dave & Busters also serves food and alcoholic beverages to its patrons. Electronic games are also located in truck stops that have six diesel pumps. Finally, electronic games are located at what are known as “senior arcade amusement centers.” The Florida Bingo and Arcade Association represent 29 of these establishments in Florida.³⁶ According to the association, these arcades have been in operation since 1984. It also uses the term “penny arcades.”³⁷

Some electronic games resemble traditional slot machines but are equipped with a “skill stop button” that supposedly stops the game activity when engaged. The electronic games that resemble slot machines and use a “skill stop button” have caused concern in the law enforcement community that these games may be violating the gambling devices provisions in ch. 849, F.S.

The Florida Department of Law Enforcement (FDLE) addressed the Senate Regulated Industries Committee concerning some of these electronic games.³⁸ The department indicated that some adult arcades have operated in Florida without any rules, regulations, or industry norms. At issue is the use of particular types of gaming machines. The owners of adult arcade facilities, according to the department, have used vague interpretations of Florida gaming laws to open and operate what appear to be illegal gambling halls. The method of play in these adult arcades has created a grey area for enforcement and prosecution of illegal gambling across the state. The operators maintain that the devices in these adult arcades are legal under Florida law. They also maintain that the machines are not illegal gambling devices because they do not pay out in cash, they pay out only with merchandise in the form of gift cards, and operate by “application of skill” and not as games of chance.

³³ Title 24 of the United States Code relates to hospitals and asylums; chapter 24 of Title 15 of the United States Code relates to transportation of gambling devices.

³⁴ See <http://www.chuckecheese.com/company-info> (Last visited October 31, 2008).

³⁵ See <http://www.daveandbusters.com/Misc/HousePolicies.aspx> (Last visited October 31, 2008).

³⁶ See <http://www.floridaarcadeassociation.com/members.htm> (Last visited October 31, 2008).

³⁷ A penny arcade, according to the association, is an eight or nine line electronic machine where the play is a penny a line so that the maximum is eight or nine cents per play.

³⁸ Senate Regulated Industries Committee meeting, February 19, 2008.

III. Effect of Proposed Changes:

Section 1 of the bill provides findings and declarations of necessity:

(1) The Legislature declares that s. 849.01, F.S., specifically prohibits the keeping or maintaining of a place for the purpose of gambling or gaming.

(2) The Legislature finds that s. 849.0935, F.S., was enacted to allow specified charitable or nonprofit organizations the opportunity to raise funds to carry out their charitable or nonprofit purpose by conducting a raffle for prizes by eliminating the element of consideration and allowing the receipt of voluntary donations or contributions and was not intended to provide a vehicle for the establishment of places of gambling or gaming.

(3) The Legislature finds that s. 849.094, F.S., was enacted to regulate certain game promotions or sweepstakes conducted by for-profit commercial entities on a limited and occasional basis as an advertising and marketing tool and incidental to substantial bona fide sales of consumer products or services, if the element of consideration is removed as no purchase necessary and they comply with the requirements and rules specified by law, and was not intended to provide a vehicle for the establishment of places of ongoing gambling or gaming.

(4) The Legislature finds that s. 849.161, F.S., was enacted to regulate the operation of skill-based arcade games offered at specified arcade amusement centers and truck stops if they comply with the requirements of law and was not provided as a vehicle to conduct casino-style gambling.

(5) Therefore the Legislature finds that there is a compelling state interest in clarifying the operation and use of ss. 849.0935, 849.094, and 849.161, F.S., to ensure that a charitable drawing by chance, game promotion in connection with the sale of a consumer product or service, and arcade amusement games are not subject to abuse or interpreted in any manner as creating an exception to Florida's general prohibitions against gambling.

Section 2 of the bill amends s. 849.0935, F.S., relating to charitable drawings. It clarifies that the exceptions for charitable drawings does not include "game promotions" defined and regulated in s. 849.094, F.S., (electronic sweepstakes or Internet cafes). The bill also clarifies that the exceptions for charitable drawings does not provide exemptions from prohibitions against:

- Keeping a gaming table, room, implements, apparatus, house, or other place, as described in s. 849.01, F.S., (gaming place);
- Manufacture, sale, transportation, or possession of any slot machine, as provided in s. 849.15, F.S., (slot machines); or
- Any other law.

Section 3 of the bill amends s. 849.094, F.S., relating to game promotions. It clarifies that the exception is only for game promotions that are incidental to the sale of consumer products or services. It further clarifies that the exemption relates only to the lottery prohibition in s. 849.09, F.S., and not to general prohibitions under Florida law against keeping a gaming place or slot machines.

The bill clarifies that nonprofit organizations defined in s. 849.0935, F.S., may not operate a game promotion. It also provides that complying with DACS rules does not excuse violations of law and that violation of the game promotion statute is a deceptive and unfair trade practice.

Section 4 updates the definition of slot machine or device in s. 849.16, F.S. It provides that a device is a slot machine:

- Whether or not it is operated by the insertion of a coin, money or object as well as account number code or other information;
- Whether it is a standalone device or a system or network of devices;
- Whether it is directly or indirectly operated;
- Whether its outcome relies on skill or chance; and
- Whether or not it is available for free play.

The bill also clarifies that the definition of slot machines in ch. 849, F.S., included but is not limited to the definition in ch. 551, F.S.

The bill creates a rebuttable presumption that a device is a prohibited slot machine if it simulates games of chance and is part of a scheme requiring consideration and awarding any thing of value.

Section 5 clarifies applicability of the exemption for amusement games or machines. It provides that “amusement games or machines” do not include:

- Casino-style games in which the outcome is determined by factors unpredictable by the player; or
- Games in which the player may not control the outcome of the game through skill.

It defines “game played” such that the cost value of points or coupons awarded (which cannot exceed 75 cents per play) is increased only by the player paying an additional amount. Free replays do not add to the cost value.

It clarifies that “merchandise” means non-cash prizes and does not allow awarding of gift cards, gift certificates, or other cash equivalents.

It consolidates similar language relating to amusement arcades and truck stops, and it updates the definition of “truck stop” to correct a cross-reference.

Section 6 amends the definition of “racketeering activity” in s. 895.02, F.S., to include any violation of ch. 849, F.S., including not only gambling, but also lottery, gaming devices, slot machines, or any other provision.

Section 7 amends s. 721.111, F.S., relating to promotional offers to conform cross-references.

Sections 8 through 13 reenact ss. 16.56, 338.234(1), 655.50(3)(g), 849.19, 896.101(2)(g), 905.34(3), F.S., relating to the Office of the Statewide Prosecutor, Florida Turnpike, money

laundering, the seizure of property, the Florida Money Laundering Act, and a statewide grand jury, respectively, to incorporate changes made by the act in references.

Section 14 provides the bill will take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Establishments offering devices in connection with game promotions will no longer be able to do so. To the extent that offering the games increased the profitability of their underlying products or services, they could see reduction in sales.

C. Government Sector Impact:

The bill is not anticipated to have a significant fiscal impact on state funds. The bill clarifies existing prohibitions on gambling and creates a rebuttable presumption that certain devices are slot machines. This may reduce the complexity and cost of local enforcement actions. Local governments that have authorized the use of devices in connection with game promotions or charitable drawings subject to local taxation will no longer be able to collect such taxes.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Committee on Gaming on March 18, 2013:

The committee substitute adds findings and provisions to clarify current laws regarding slot machines, charitable drawings, game promotions, and amusement games. The committee substitute removes provisions that:

- Provided that an operator who was using a sweepstakes device on or before July 1, 2013 and who files an affidavit may continue to operate the sweepstakes device;
- Provided that any current permit issued to the operator by a county or municipality shall be renewed upon expiration; and
- Provided that a new operator, after July 1, 2013, may not use a sweepstakes device or be issued a local permit.

B. Amendments:

None.

By Senator Thrasher

6-00766B-13

20131030__

A bill to be entitled

An act relating to sweepstakes devices; providing legislative intent; creating s. 849.0945, F.S.; providing definitions; prohibiting the use of certain sweepstakes devices; providing an exception for operators who were using such devices on or before a specified date; requiring local governments to renew certain permits, licenses, or permissions to operate such devices; authorizing certain officials to seek injunctive relief against operators who violate this act; limiting the scope of the act; providing for future repeal; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. (1) The Legislature finds that there is an increasing proliferation of establishments that use computer or video displays to show the results of sweepstakes, contests, or other game promotions, which has created uncertainty and inconsistency in the application of existing laws, and further finds that the continued increase of such electronic devices may lead to adverse effects on persons in this state.

(2) The Legislature also finds that to provide for the uniform and clear enforcement of existing law, to preserve the public peace and order, and to safeguard the health, safety, and welfare of the residents of this state, the Legislature should study these issues and pass appropriate legislation.

(3) Therefore, the Legislature intends to limit the expansion and use of certain electronic devices in connection

Page 1 of 3

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6-00766B-13

20131030__

with game promotions until the Legislature can study the issue and enact appropriate legislation.

Section 2. Section 849.0945, Florida Statutes, is created to read:

849.0945 Use of electronic devices in connection with game promotions; moratorium.—

(1) As used in this section, the term:

(a) "Game promotion" means the same as in s. 849.094.

(b) "Operator" means the same as in s. 849.094.

(c) "Sweepstakes device" means an electronic machine or device operated by or in interaction with a participant in a game promotion if the machine or device is:

1. Owned, leased, or otherwise controlled by the operator or a partner, affiliate, subsidiary, contractor, or agent of the operator; and

2. Located in an establishment owned, leased, or controlled by the operator or a partner, affiliate, subsidiary, contractor, or agent of the operator.

(2) An operator may not use a sweepstakes device unless the operator was using it on or before July 1, 2013. An operator who was using a sweepstakes device on or before July 1, 2013, may continue to operate the device if the operator files an affidavit with the Department of Agriculture and Consumer Services by August 1, 2013, stating the address where each device is located and attesting to its use on or before July 1, 2013, and updates the affidavit at the time of any change.

(3) Upon the expiration of a current permit, license, or other permission to operate that was issued by a county or municipality to such operator, the county or municipality shall

Page 2 of 3

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6-00766B-13

20131030__

59 renew the permit, license, or other permission to operate the
60 device pursuant to its ordinances and procedures. However, no
61 new permits, licenses, or other permission to operate may be
62 issued to any operator that has not met the requirements of this
63 section.

64 (4) The Attorney General or the state attorney for the
65 judicial circuit in which a sweepstakes device is located may
66 seek injunctive relief against an operator who operates it in
67 violation of this section.

68 (5) This section does not prevent or limit a county or
69 municipality from otherwise regulating the use of sweepstakes
70 devices in its jurisdiction.

71 (6) This section may not be construed to allow the use of a
72 mechanical or electromechanical reel in connection with a game
73 promotion.

74 (7) This section shall stand repealed on July 1, 2015.

75 Section 3. This act shall take effect July 1, 2013.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-18

Meeting Date

Topic _____

Bill Number 1030
(if applicable)

Name Richard Pinisky

Amendment Barcode Sachs
Amendment
(if applicable)

Job Title _____

Address 106 E. College
Street
Tallahassee FL
City State Zip

Phone _____

E-mail _____

Speaking: For Against Information

Representing FL Arcade & Bingo Association

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-18-2013
Meeting Date

Topic Arcades

Bill Number 1030
(if applicable)

Name Gale Fontaine

Amendment Barcode _____
(if applicable)

Job Title President Arcade & Bingo Association

Address 2201 NE 44TH ST
Street

Phone 954-465-3400

HIGHHOUSE POINT FL
City State Zip

E-mail GaleFontaine@yahoo.com

Speaking: For Against Information

Representing SENIOR ARCADES

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

2

THE FLORIDA SENATE
APPEARANCE RECORD

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3-18-13

Meeting Date

Topic AMUSEMENT ARCADES

Bill Number SB 1030
(if applicable)

Name JASON FISHER

Amendment Barcode _____
(if applicable)

Job Title _____

Address 7731 NW 120th DRIVE

Phone 917-453-0222

Street

PARKLAND FL 33076

E-mail fisherbrothers@comcast.net

City

State

Zip

Speaking: For Against Information

Representing BOARDWALK BROTHERS + PLAY IT AGAIN ARCADE

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE APPEARANCE RECORD

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3/18/13
Meeting Date

Topic ARCade operational Rules + STATUTE

Bill Number SB 1030
(if applicable)

Name MICHAEL WOLF

Amendment Barcode _____
(if applicable)

Job Title ATTORNEY

Address 110 S.E. 6TH ST Ste 1970

Phone 954-761-7201

Street
FT. LAUD. FLA 33301
City *State* *Zip*

E-mail AEROLAW@AOL.COM

Speaking: For Against Information
AMENDMENT TO AMENDMENT

Representing FLA ARCADE + BINGO ASSOC. AND ARCADE OWNERS

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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5

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

Topic Amusement Arcades

Bill Number SB 1030
(if applicable)

Name Pierre Marcoux

Amendment Barcode _____
(if applicable)

Job Title Vice President Sales/Marketing

Address 2033 Thomas St
Street

Phone 954-558-2830

Hollywood FL 33020
City State Zip

E-mail pierre@electronicarcades.com

Speaking: For Against Information

Representing Electronic International, Inc.

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

31/18/2013
Meeting Date

Topic GAMING

Bill Number 1030
(if applicable)

Name MIKE MCDANIEL

Amendment Barcode 136928
(if applicable)

Job Title DEPARTMENT ADJUTANT FLORIDA

Address 1912 A LEE ROAD
Street

Phone 352 267 8129

ORLANDO Florida 32812
City State Zip

E-mail MIKE@FloridaLegion.org

Speaking: For Against Information

Representing AMERICAN LEGION

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

MAR 10, 2012
Meeting Date

Topic GRANULES Bill Number 1030
(if applicable)

Name CHARLES LILLEY Amendment Barcode 1369029
(if applicable)

Job Title WESTERN AREA COMMANDER - AMERICAN VETERAN

Address 459 BARBERALL ROAD Phone 850-575-9237
Street

TRINITY FL 32324 E-mail M.L.Lilley@AMVETS.NET
City State Zip

Speaking: For Against Information

Representing AMERICAN VETERAN

Appearing at request of Chair: Yes No Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

THE FLORIDA SENATE
APPEARANCE RECORD

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18 MARCH 2013
Meeting Date

Topic GAMING Bill Number 1030
(if applicable)
Name Harold D. Shewalter Amendment Barcode 136928
(if applicable)
Job Title _____

Address 8279 Chickasaw Trl Phone 850 567-5203
Street
Jalapaone, Fl. 32312
City State Zip
E-mail _____

Speaking: For Against Information

Representing American Legion

Appearing at request of Chair: Yes No Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-18-2013

Meeting Date

Topic Gaming Bill Number ~~138~~ 136928
(if applicable)

Name ERNA C SCHWABE Amendment Barcode _____
(if applicable)

Job Title 3RD Vice President - American Legion Auxiliary

Address 35 Sea Gull Dr Phone _____
Street

Ormond Beach, FL 32176 E-mail _____
City State Zip

Speaking: For Against Information

Representing AMERICAN LEGION

Appearing at request of Chair: Yes No Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-18-2013

Meeting Date

Topic GAMING Bill Number 1030

(if applicable)

Name ARTHUR DUDLEY Amendment Barcode 136928

(if applicable)

Job Title STATE COMMANDER AMERICAN LEGION

Address 956 TOPE ST. Phone 321-258-3098

Street

COCOA, FL 32927 E-mail ALZEENBENZEE@

City

State

Zip

MSN.COM

Speaking: For Against Information

Representing AMERICAN LEGION

Appearing at request of Chair: Yes No Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

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3-18-13

Meeting Date

Topic Gaming

Bill Number 1030
(if applicable)

Name Vanessa Andersen-Rosa

Amendment Barcode _____
(if applicable)

Job Title Florida American Legion / Public Relations Dir.

Address 1712 A Lee Rd.
Street

Phone 407-275-2631 x229

Orlando
City

FL 32810
State Zip

E-mail VAndersen-Rosa

Speaking: For Against Information

Representing Florida American Legion

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting

S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/18/13

Meeting Date

Topic GAMING

Bill Number 1030
(if applicable)

Name GERALD MULLENIX

Amendment Barcode 136428
(if applicable)

Job Title DEPARTMENT ASSISTANT ADJUTANT

Address 1912 A LEE RD
Street

Phone 407-245-2631

ORLANDO FL 32810
City State Zip

E-mail MAIL@FLORIDALEGION.ORG

Speaking: For Against Information

Representing FLORIDA AMERICAN LEGION

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/18/13

Meeting Date

Topic GAMING

Bill Number 1030
(if applicable)

Name ART SCHWABE

Amendment Barcode 136928
(if applicable)

Job Title AMERICAN LEGION VICE COMMANDER

Address 35 SEAGULL DR
Street

Phone 386-235-9990

ORMOND BEACH FL 32176
City State Zip

E-mail SCHWABEARTHUR@YAHOO.COM

Speaking: For Against Information

Representing AMERICAN LEGION

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-16-13

Meeting Date

Topic GAMING Bill Number 1030
(if applicable)

Name DENNIS R BOLAND Amendment Barcode 136928
(if applicable)

Job Title NATIONAL EXECUTIVE COMMITTEEMAN ALTERNATE

Address 314 LAKE AVE Phone _____
Street
LEHIGH ACRES FL 33936 E-mail _____
City State Zip

Speaking: For Against Information

Representing AMERICAN LEGION

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

01/18/2013

Meeting Date

Topic Gaming

Bill Number _____
(if applicable)

Name Lori-Ann Chinsano

Amendment Barcode _____
(if applicable)

Job Title Customer Service Representative

Address 2421 57th St

Phone (941) 961-2913

Street

SUNBURD

City

FL

State

39213

Zip

E-mail LChinsano89@gmail.com

Speaking: For Against Information

Representing Jacks are Wild + Pong Marketing

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/18/13

Meeting Date

Topic Gaming

Bill Number _____
(if applicable)

Name Dustin Luer

Amendment Barcode _____
(if applicable)

Job Title General Manager

Address 3245 Old Oak Dr
Street

Phone 941-323-2200

Sarasota FL 34239
City State Zip

E-mail dwluer@gmail.com

Speaking: For Against Information

Representing Jacks Are Wild + Pony Marketing

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-18-13
Meeting Date

Topic Gaming

Bill Number 1030
(if applicable)

Name Ray House

Amendment Barcode 136728
(if applicable)

Job Title AMVETS Post 1776, Commander

Address 2959 Royal Palm Way
Street

Phone 850-894-1717

Tallahassee FL 32309
City State Zip

E-mail AMVETSPOST1776
@yahoo.com

Speaking: For Against Information

Representing AMVETS/ AMERICAN LEGION

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/18/2013

Meeting Date

Topic Gaming

Bill Number HB 155
(if applicable)

Name Jonathan R. Pergerson

Amendment Barcode _____
(if applicable)

Job Title _____

Address P.O. Box 1264

Phone _____

Street

Titusville , FL 32781

City

State

Zip

E-mail Jonathan - Pergerson @
Yahoo! .com

Speaking: For Against Information

Representing _____

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date _____

Topic GAMING

Bill Number SB 1030
(if applicable)

Name CLARE BAUCHER

Amendment Barcode _____
(if applicable)

Job Title EMC

Address 130 COMMERCIAL WAY
Street

Phone 352 684 0300

SPRINGHILL FL 34606
City State Zip

E-mail _____

Speaking: For Against Information

Representing TREASHERS INTERNET OFFICE

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-18-13

Meeting Date

Topic HB 155

Bill Number SB1030
(if applicable)

Name Linda Radosiek

Amendment Barcode _____
(if applicable)

Job Title clerk

Address 1458 S Balabaner Rd

Phone 863-398-2504

Street

Clearwater

FL

State

33764

Zip

E-mail Lradosiek@gmail.com

Speaking: For Against Information

Representing _____

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date _____

Topic HB 155

Bill Number SB 1030
(if applicable)

Name JAMES CHAMNEY

Amendment Barcode _____
(if applicable)

Job Title CUSTOMER

Address 18 OPAL LANE
Street

Phone 352-357-6879

EUSTIS FLORIDA 32726
City State Zip

E-mail jmygen@yahoo.com

Speaking: For Against Information

Representing CUSTOMER

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/18/13

Meeting Date

Topic INTERNET CAFES

Bill Number SB 1030
(if applicable)

Name Edwin Walls

Amendment Barcode _____
(if applicable)

Job Title Employed

Address 11 COMMERCIAL WAY
Street

Phone 352-684-0300

Spring Hill FL 34609
City State Zip

E-mail TRECHEST@AUL.COM

Speaking: For Against Information

Representing Internet Cafe

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date _____

Topic Gaming

Bill Number _____
(if applicable)

Name Peter Bouzianis

Amendment Barcode _____
(if applicable)

Job Title Attendant

Address 1401 Palmetto Ave

Phone _____

Street

DuStona Fl 32114

E-mail _____

City

State

Zip

Speaking: For Against Information

Representing Tel-Connect

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

11-10-13

Meeting Date

Topic _____

Bill Number SB 1030
(if applicable)

Name Robbie Morgan

Amendment Barcode _____
(if applicable)

Job Title Manager

Address 5332 Aquabreeze drive

Phone 941-5268033

Street

Bradenton, FL

E-mail legcon

City

State

Zip

Speaking: For Against Information

Representing _____

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date _____

Topic HB 155 Sweepstakes

Bill Number SB1030
(if applicable)

Name Kathy Courtney

Amendment Barcode _____
(if applicable)

Job Title Attendant

Address 845 Stony Point Dr.
Street
Port Orange FL 32127
City State Zip

Phone 386-304-9133

E-mail _____

Speaking: For Against Information

Representing _____

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

_____ of the public record for this meeting

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date _____

Topic Candell

Bill Number SB 1030
(if applicable)

Name FATHER R. Candell

Amendment Barcode _____
(if applicable)

Job Title Print

Address 2460 Polverino
Street

Phone 954 396 3086

Port Land FL 3309
City State Zip

E-mail FRBTC@Aol.com

Speaking: For Against Information

Representing: Soup Kitchen

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/19

Meeting Date

Topic Internet Cafes Bill Number SB 1030 ¹⁰³⁰
(if applicable)

Name Adam Giery ('Gear e') Amendment Barcode _____
(if applicable)

Job Title Dir of Education, Talent & Quality of life

Address 136 South Bronagh Phone _____
Street

Tallahassee FL
City State Zip

E-mail _____

Speaking: For Against Information

Representing FL Chamber

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-18-2013

Meeting Date

Topic GAMING

Bill Number SB 1030
(if applicable)

Name MARK SILLS

Amendment Barcode _____
(if applicable)

Job Title SPOKESPERSON

Address 6201 5th AVE N.

Phone 727.772-3533

Street

ST. PETERSBURG FL 33710

City

State

Zip

E-mail msills19@mail.com

Speaking: For Against Information

Representing THAT GREAT PLACE LARGO, FL

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-18
Meeting Date

Topic _____

Bill Number 1030
(if applicable)

Name Marc Dunbar

Amendment Barcode _____
(if applicable)

Job Title _____

Address P.O. Box 351

Phone 450/933-8500

Tall. FL 32302
City State Zip

E-mail _____

Speaking: For Against Information

Representing Stomach Group

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-18-13

Meeting Date

Topic SWEETSTAKES DEVICES

Bill Number 1030
(if applicable)

Name William (Bill) Bunkley

Amendment Barcode _____
(if applicable)

Job Title President

Address P O Box 341644

Phone 813-264-2977

Street

Tampa

FL

33694

City

State

Zip

E-mail _____

Speaking: For Against Information

Representing The Florida Ethics & Religious Liberty Commission, Inc.

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3 / 18 / 2013

Meeting Date

Topic _____

Bill Number 1030
(if applicable)

Name BRIAN PITTS

Amendment Barcode _____
(if applicable)

Job Title TRUSTEE

Address 1119 NEWTON AVNUE SOUTH

Phone 727-897-9291

Street

SAINT PETERSBURG FLORIDA 33705

E-mail JUSTICE2JESUS@YAHOO.COM

City

State

Zip

Speaking: For Against Information

Representing JUSTICE-2-JESUS

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/18/13

Meeting Date

Topic Internet Case

Bill Number 1030

(if applicable)

Name Brian Bailware

Amendment Barcode

(if applicable)

Job Title President of Palmetto Security Service

Address

Phone 850 329-6596

^{Street}
Tallahassee
_{City}

FL 32301
_{State Zip}

E-mail

Speaking: For Against Information

Representing Security

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-18-13

Meeting Date

Topic ARCADIES

Bill Number _____
(if applicable)

Name KAREN KOPP

Amendment Barcode _____
(if applicable)

Job Title OWNER

Address 4951 CEDAR HAMMOCK CT

Phone 239-770-3608

Street

FT. MYERS FL 33905

City

State

Zip

E-mail KKopp1@aol.com

Speaking: For Against Information

Representing _____

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/18/13

Meeting Date

Topic Internet CAFE's / Machines

Bill Number SB 1030 (if applicable)

Name Ron Book

Amendment Barcode (if applicable)

Job Title

Address 204 West Jefferson

Phone

Street

TVA

37301

City

State

Zip

E-mail

Speaking: [X] For [] Against [] Information

Representing Magic City Animal Flagler Dog Track

Appearing at request of Chair: [] Yes [X] No

Lobbyist registered with Legislature: [X] Yes [] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

... of the public record for this meeting

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/18/13

Meeting Date

Topic Internet Cafes

Bill Number 1030
(if applicable)

Name Sara Johnson

Amendment Barcode _____
(if applicable)

Job Title Legislative Assistant to the President

Address 4853 S. Orange Ave
Street

Phone (550) 562 8143

Orlando FL 32806
City State Zip

E-mail sara.j@fffamily.org

Speaking: For Against Information

Representing Florida Family Action

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-18-13

Meeting Date

Topic Internet Cafes

Bill Number PCS / 1030
(if applicable)

Name Frank Wenersmith

Amendment Barcode _____
(if applicable)

Job Title _____

Address 2901 Lake Bradford
Street
Tall.
City State Zip

Phone 508-5858

E-mail _____

Speaking: For Against Information

Representing Sheriff Don Eslinger, Seminole County Sheriff's Office

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-19-13

Meeting Date

Topic _____

Bill Number 1030
(if applicable)

Name Mary Lucas

Amendment Barcode _____
(if applicable)

Job Title Manager

Address 414 White wing Cir
Street
Minneola FL 347
City State Zip

Phone _____

E-mail _____

Speaking: For Against Information

Representing Shooting Star Sweepstake

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

Topic Internet Cakes

Bill Number _____
(if applicable)

Name Tami Patel

Amendment Barcode _____
(if applicable)

Job Title Manager

Address 3818 Braemere DR

Phone 812 891 3009

^{Street}
Spring Hill, FL 34609
City State Zip

E-mail _____

Speaking: For Against Information

Representing Advocate

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

Hundreds of gambling devices taken during 'Operation Lucky 7' Miami police say

October 27, 2010

MIAMI — Police Wednesday announced the confiscation of hundreds of illicit gambling machines from locations inside the city of Miami and outside city limits.

The confiscations during the past few days were part of "Operation Lucky 7," an ongoing effort designed to get such devices out of local neighborhoods, according to police. The Florida Department of Business and Professional Regulation, and other agencies, took part in the operation.

Police say the gambling machines are often rigged to rip off customers and to garner untaxed earnings for the businesses involved, in violation of state laws and local ordinances.

Details about the devices, the businesses they were taken from and the amount of revenue involved weren't immediately released.

More information from administrators at the Miami Police Department is expected later Wednesday.

http://articles.sun-sentinel.com/2010-10-27/news-ft-miami-gambling-machines-20101027_1_gambling-machines-miami-police-devices



Hundreds of video gaming machines, referred to locally as Maquinitas, sit in a Miami Police storage warehouse, waiting a court decision as to whether they can be returned to their owners.

http://www.theresponsumreport.com/Site_10/THIS_IS_WHAT_CORRUPTION_LOOKS LIKE.html

"Operation Lucky 7" Nabs Hundreds of Rigged Gambling Machines

Miami PD rids businesses of rip-off devices

By Brian Hamacher

| Wednesday, Oct 27, 2010 | Updated 8:02 PM EDT

Hundreds of gambling machines that were rigged to dupe people throughout Miami out of money have been confiscated, the Miami Police Department announced Wednesday.

"Operation Lucky 7" targeted several businesses throughout the Magic City in the past few days, ridding them of the dishonest devices that were "rigged to rip off customers and generated untaxed earnings for businesses in violation of state law and local ordinances," according to a police statement.

Miami Police said they'd received numerous complaints about the machines, and they decided to partner with the Department of Business and Professional Regulations and other agencies for "Lucky 7."

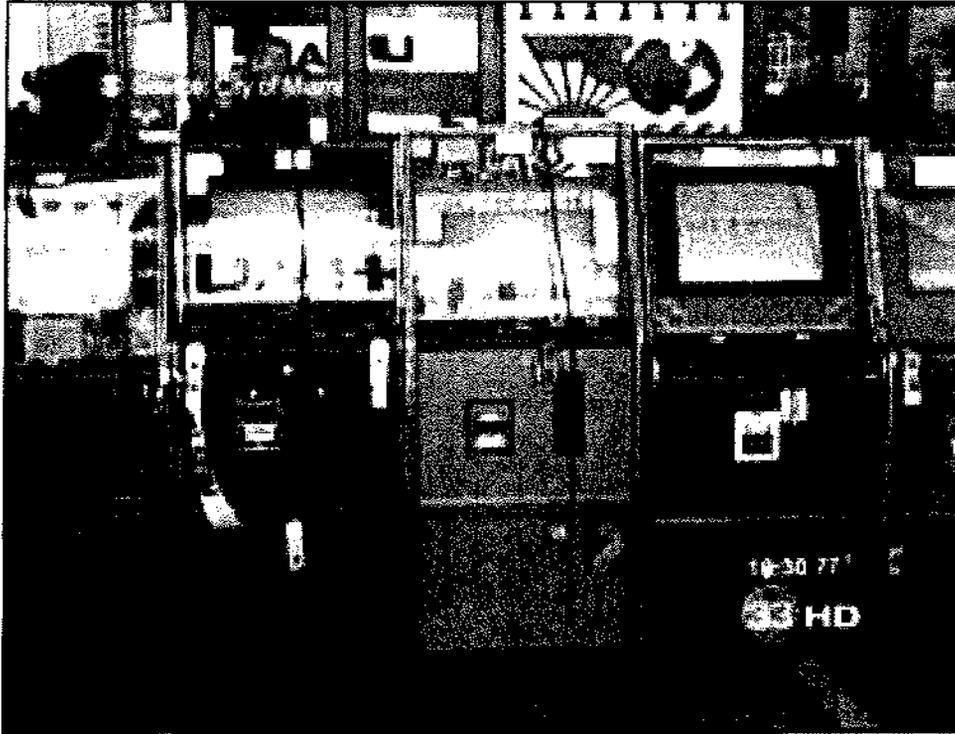
"Chief Miguel A. Exposito remains committed to the elimination of these devices that do a disservice to the customers who fall victim to this illegal gaming and diminishes the quality of life of all Miami's citizens," the statement read.

The Miami Police Department is expected to further discuss the details of the operation later Wednesday.

<http://www.nbcmiami.com/news/local/Operation-Lucky-7-Nabs-hundreds-of-Rigged-Gambling-Machines-105870598.html>

I-Team: Gambling Machine Controversy Grips Two Mayors

April 18, 2011 11:17 PM



Reporting [Jim DeFede](#)

[CBS4 Investigates](#)

MIAMI (CBS4) – Last fall, when the Miami Police Department raided more than a dozen locations and seized nearly 400 video machines they claimed were being used for illegal gambling, the department said it was sending a message.

“The City of Miami Police Department will not tolerate illegal gambling machines in the City of Miami,” said Major Alfredo Alvarez, the department’s expert on the devices known in the

Cuban-American community as *maquinistas*.

But Alvarez and his boss, Chief Miguel Exposito, weren't just firing a shot across the bow of the local vendors of these so-called amusement machines. They were also putting Miami Mayor Tomas Regalado on notice, as well.

Eleven days before the raid, the Miami City Commission, passed a plan crafted by Regalado, to sanction the *maquinistas* by taxing vendors \$500 for each machine they bring into the city. Exposito had argued the ordinance was ridiculous. The city commission was attempting to ignore state law which prohibits these types of machines.

"A city can not pass an ordinance that supersedes a state law," Exposito told CBS4 I Team investigator Jim DeFede.

Regalado went ahead and pushed the ordinance anyway – hoping to generate at least \$750,000 in revenue for the financially struggling city.

Exposito had warned Regalado to steer clear of the machines. He said they had been tied in the past to organized crime and even more troubling, the machines were designed to exploit the poorest segments of the community. These video slot machines are most often found in bars and convenience stores catering to low-wage immigrant communities.

In 2003, then Miami Mayor Manny Diaz announced a major crackdown on the *maquinistas*, arguing that they were affecting the quality of life in the city. Not only did the machines foster illegal gambling, Diaz said, they also led to other crimes, such as strong-arm robbery, prostitution, and domestic violence.

"We are going to clean up our city," Diaz said during a 2003 press conference in front of Miami City Hall. Joining Diaz was Miami Dade State Attorney Katherine Fernandez Rundle, then Police Chief John Timoney, and all of the members of the Miami City Commission, including Tomas Regalado.

"This is a concerted effort that is going to last certainly as long as I am here," Diaz declared. "And I'm certain as long as the commissioners behind me are here."

But as Diaz prepared to leave office at the end of 2009, the company's behind the *maquinistas* began to pump thousands of dollars into Regalado's mayoral campaign. And after becoming mayor, Regalado abandoned the hard line against the *maquinistas* and decided instead to embrace them as a way of generating revenue for the city.

The city passed Regalado's plan on October 14. And eleven days later Exposito and Alvarez were launching their raid.

The raid started at 7 a.m., and once it was underway, Major Alvarez said he called Regalado on the mayor's cell phone to let him know what was taking place.

“He was angry,” Alvarez recalled. “He told me to stop [the raid].”

Alvarez said he refused.

“I’m a police officer,” he explained, “and I have to enforce the laws of the state.”

Regalado denies ordering Alvarez to stop. Under the city charter, the mayor is not allowed to give orders to any department heads. Only the city manager can do that.

Regalado does admit to calling then City Manager Carlos Migoya and asking him to stop the raids. Migoya refused.

“I was asking him to see if they can talk to the police so they can postpone the operation until the after the Miami Parking Authority election,” Regalado said, although it was unclear why an obscure city election two weeks later would have anything to do with a police operation against illegal gambling machines.

Since the raid, and Regalado’s alleged attempts to stop it, the relationship between the chief and the mayor have worsened. The mayor argues Exposito is creating the controversy to take attention away from the recent spate of police shootings in the black community and the calls for the chief to be fired.

The chief’s supporters counter that it was only after the chief began speaking out against the *maquinitas* and the mayor’s campaign contributors that the mayor began to lobby for the chief’s firing.

Regardless, the controversy now threatens to move beyond the city of Miami. In an interview with CBS4’s Jim DeFede, Regalado took responsibility for Miami’s plan to tax the video slot machines. But he also admitted the idea came to him after talking to folks in Hialeah, who had passed a similar measure in 2008.

And who did he talk to in Hialeah?

“I spoke to Mayor Robaina,” Regalado explained.

Hialeah Mayor Julio Robaina is now the frontrunner in the race to replace Carlos Alvarez as mayor of Miami Dade County.

When we approached Robaina after a recent Hialeah City Commission meeting, he seemed happy to see CBS4 News. But his mood quickly changed when CBS4 News tried to ask him questions about the *maquinitas*? We wanted to talk to him about the 2008 ordinance he championed that critics say attempted to legitimize more than 1,600 illegal slot machines.

“Submit your questions,” he told CBS4’s Jim DeFede. “You know that. Submit your questions.”

Robaina raced onto an elevator. But when a reporter and photographer got on with him he finally

relented and agreed to answer a few questions.

“We can talk about them sure,” he said of the gambling machines. “The city council passed an ordinance that regulates and makes sure that the machines are not being used in an illegal manner.”

Well how does the ordinance make sure they are not used in an illegal manner? How is that even possible?

“They can not be used for anything that is not an entertainment machine,” he replied.

Unfortunately, that’s not the experience in Miami. Police argue the sole purpose of these machines is to promote illegal gambling.

“Hialeah is doing it wrong,” said Alvarez, the Miami police major who the department’s expert on gambling machines is. “Hialeah is actually allowing these machines by not allowing law enforcement to pick them up.”

Alvarez said during one recent raid in Miami, his men followed a truck filled with illegal machines from Miami to a warehouse in Hialeah. Alvarez said that warehouse is one of the bases where the machines were being made.

What does that tell you about the nature of the operation you are dealing with?

“It is all being hidden,” Alvarez maintained. “And they have found a haven to be at where nobody messes with them. None of those warehouses could exist here in Miami.”

And that haven is Hialeah?

“That’s what I’ve noticed, yes,” he said.

Hialeah Police Chief Mark Overton bristled at the suggestion he is not doing his job properly. He said he doesn’t routinely pick up the machines because it’s too hard to tell if they are illegal.

“If it’s a game of skill or has some element of skill in it then it isn’t illegal,” Overton explained. “And that basically is what the statute says.”

But where is the skill to hitting a button marked “credits” and then hitting a button marked “play”?

“I don’t know, that’s part of the issue,” Overton said.

Alvarez says it is common sense.

“You saw me play, there is no skill whatsoever,” Alvarez said, standing next to one of the

machines he had recently seized in Miami.

Alvarez says it defies common sense to believe that someone would play this style of machine – which is nothing more than a video style slot machine – in a bar or corner market if the players weren't getting paid.

“You have individuals who profit from these illegal machines,” Alvarez said. “They profit a lot of money and all of that money is tax free. It's all cash. There are no records kept.”

How much cash are we talking about? Miami Police officials estimate the average *maquinita* takes in \$1,000 a week. That would mean the 1,600 machines in Hialeah alone are generating \$1.6 million a week in cash — or more than \$83 million a year.

Despite the recent concerns raised by Miami police, Robaina continues to defend having the *maquinitas* in Hialeah.

CBS's DeFede asked Robaina: “You've seen these machines. You think they are actually being used purely for entertainment? You don't think these machines are part of some effort to foster gambling here in your city?”

“No, absolutely not,” Robaina said. “If they are used illegally they will be taken away and those businesses will be shut down. That is what the ordinance says and that is what the city of Hialeah does.

So how many Hialeah businesses have been shut down for illegal gambling? Two. Just two businesses have been closed since the ordinance went into effect in 2008.

<http://miami.cbslocal.com/2011/04/18/i-team-gambling-machine-controversy-grips-two-mayors/>

Thursday, 29 December 2011

Operation Lucky 7 unlucky for some



Operation Lucky 7 saw the confiscation of several gambling machines most of which were found in Little Havana and Allapattah. A police statement claimed that these machines were all about "ripping off customers and generated untaxed earnings for businesses in violation of state law and local ordinances".

The police of Miami Police said they had received several complaints about the machines, and so they partnered with the Department of Business and Professional Regulations and other agencies for a successful Operation Lucky 7. They also stated that the police remains committed to eliminate any machines that victimize customers into illegal gambling practices and that decrease the quality of life of the citizens of Miami.

These illegal and unregulated machines are games of chance, some of which pay out replays or points that can be redeemed for cash at the establishment. About 25 merchants were given notices to appear in court during the sweep. Some machines carried what appeared to be valid license stickers, which were improperly put on the machines. Police said some of those merchants had been deceived into believing that the games are actually legal. All the confiscated machines will be destroyed.

<http://www.worldtocasinos.com/gambling-news/item/1263-operation-lucky-7-unlucky-for-some>

Wednesday, September 14, 2011

From Poder Magazine, Aug-Sep 2011

Quality of Vice

Voters may not have known it, but the recent mayoral election was kind of a referendum on illegal gambling

by Kirk Nielsen

I pulled the lever for him, but I'm not sure I'd put money on Carlos Gimenez's chances for success. To close a quarter of a million dollar deficit, the new Miami-Dade mayor will have to orchestrate radical cuts in county spending. He might have to invent creative new revenue streams, because he's also pledged to lower property taxes. But I'd double down on this bet: Gimenez will never go for one new cash source that Hialeah and the City of Miami have tapped in recent years: licenses for video slot machines.

"If I were mayor, I'd definitely propose an ordinance to outlaw them throughout Miami-Dade County," Gimenez said on political reporter Michael Putney's Sunday morning talk show during the run-off campaign. "Because frankly, Michael, I believe that there's organized crime behind this." Which was to suggest that organized crime was behind his opponent, Julio Robaina, since slots purveyors contributed heavily to his campaign.

Robaina denied having ties to mobsters, of course, but he had to admit that slots suppliers had also donated heavily to his winning bid for mayor of Hialeah in 2008. And that he pushed through an ordinance licensing the devices, popularly known as *maquinitas tragamonedas* (little money-swallowing machines).

Picking up on Robaina's gambit, Tomas Regalado followed suit in Miami. Video slots suppliers donated thousands of dollars to his successful mayoral campaign in 2009. He, too, sponsored a measure to license the machines.

It was creative municipal financing at its strangest. Police have estimated the average *maquinita* swallows \$1,000 per week, or \$52,000 annually. So the estimated 1,500 *maquinitas* in Miami bring their owners \$78 million per year. By issuing a \$500 license for each machine, Regalado stood to generate just \$750,000 in new revenue. Enough for about two fire department executive salaries plus benefits.

But there was a larger problem: the slots are illegal. Florida law permits video slots only in authorized establishments, like Calder Casino & Race Course, Gulfstream Park, and Magic City Casino (whose owners contributed heavily to Gimenez's campaign).

So, two weeks after the new law passed, Miami police seized about 400 *maquinitas* from bars and cafes, and charged about 30 people with illegal gambling. "The confiscations were conducted as a part of Operation Lucky 7, an ongoing operation designed to rid Miami of these devices that are often rigged to rip off customers and generate untaxed

earnings for businesses in violation of state law and local ordinances,” an October 2010 MPD press release stated. Miami police chief Miguel Exposito is “committed to the elimination of these devices that do a disservice to the customers, who fall victim to illegal gaming,” and the machines “diminish the quality of life of all Miami’s citizens,” it said.

Of course, even legal casinos rip you off and can even corrupt your quality of life. Any nicotine-saturated, chain-smoking slots addict can attest to that. But Miami’s maquinita industry has an added luster: a connection to The Corporation, the deadly Cuban exile outfit who waged an arson war with Italian mobsters in New York City in the 1980s, killed a few dozen people, and made almost a billion and a half dollars over a four-decade run. The racket included bolita (numbers), bookmaking, and video slot machines.

In March 2004, a task force of Miami-Dade police, FBI agents, and other agencies, arrested 25 people, including The Corporation’s top boss Jose Miguel Battle and his son Jose Miguel, Jr. The former died in 2007, a year after changing his plea to guilty; the latter is a third of the way through a 15-year prison sentence. Two hit men who pled not guilty are serving 20-year and life terms. Most others plea bargained, served short sentences, and are now free. Among the crimes in a 2005 racketeering indictment in the case were four arsons in Brooklyn, Manhattan, and the Bronx in the mid-1980s that resulted in eight deaths; and five premeditated murders in NYC, as recently as 1992.

In the end, federal prosecutors focused on the bolita side of The Corporation. But information I obtained in 2007 while reporting on the case, and which the U.S. Attorney has now sealed, indicated that Miami-Dade detectives surveilled several maquinita suppliers and monitored their phone calls because they were associates of Corporation members. Some of those same suppliers are now suing Chief Exposito to get their confiscated machines back. I hope they keep their retaliations in the legal system and off the streets.

While campaigning Carlos Gimenez said that as mayor he’d call for a task force to determine “who’s behind” the maquinita enterprise. But such an effort seemed already in full swing. Miami police seized more maquinitas this past March and April, as did Miami-Dade cops in June in the Westchester section of Miami. Odds are the crackdown will continue, which could only make big corporate casino owners flush with appreciation. The House always wins.

<http://nicholsonreadings.blogspot.com/2011/09/from-pepper-magazine-aug-sep-2011.html>

Miami police, arcade owners at odds over video gaming machines

January 16, 2011 | By David Ovalle, The Miami Herald

At Cafe Raul in Hialeah, diners can feed dollars into an All Fruit Bonus video gaming machine. Though it looks like a traditional slot machine, the game — allowed by the city — gives winners nothing more than a free game or two and a few minutes of amusement, says Miguel Rotella, owner of the machines.

But in Miami, police say the machines are illegal and the owners subject to arrest.

"Everything is legal. We're not delinquents," said Rotella, who had 10 similar machines seized by police in Miami cafes in October. "They're lumping us in with the mafia."

Whether the video game machines are legal is at the heart of an escalating conflict between Miami police and City Hall.

Miami police say the games are based on pure chance dressed up as "amusement." But the adult arcade industry insists the machines are legal because they are programmed differently from casino slots and can be mastered by skilled players.

The flash point came last month when Miami Police Chief Miguel Exposito publicly accused Mayor Tomás Regalado of attempting to interfere with an October raid on establishments that operate the machines.

Last year, the mayor successfully championed an ordinance, modeled after a Hialeah ordinance and crafted with help from the arcade industry, that allows the machines to run as long as operators pay a registration fee. The ordinance stresses the machines cannot be used for gambling.

But police in Miami still say all the machines are contraband. They've had mixed success pursuing misdemeanor cases but have destroyed hundreds of the machines since 2003.

Said Regalado: "I don't care any more about the machines. For all I care they can seize the machines and we'll have a hole in the budget."

Miami Maj. Alfredo Alvarez, who commanded the October "Lucky 7" raid that seized more than 400 machines across the city, said the games "are illegal everywhere."

"People get addicted to them, especially the senior citizens who live on Social Security," he said. "It's immoral to have these machines out there the way they're hurting the lower to middle class."

Other jurisdictions, like Hialeah, see the machines as inherently legal and target owners only if police can prove illicit cash payouts.

"For law enforcement to spend scarce resources to look into the little cafeterias and their machines is misguided," said defense attorney David O. Markus, who in 2006 successfully defended a Pompano Beach penny arcade owner accused of running an illegal gambling house.

State law, which allows gambling only in Indian casinos and some pari-mutuels, is murky on so-called amusement machines. A 1984 law allows machines that operate by "insertion of a coin," require "an application of skill" and limit winnings to merchandise worth no more than 75 cents per game — no cash or alcohol.

But by the mid-1990s, machines geared toward adults, resembling video versions of traditional casino slot machines, began popping up across the state.

In Broward County, that has resulted in so-called senior arcades catering to the elderly. In Miami, the machines often wind up in cafeterias, markets and even barbershops, catering to an older, blue-collar Latin crowd; revenue is split between the machine owner and the businesses.

Players insert money, receive credits and win when they land certain icons like a cherry or star. The industry insists the machines differ significantly from slots.

The internal computer programming does not generate random plays like slots, said Michael Wolf, compliance director of the Florida Arcade and Bingo Association.

Wolf says the machines usually boast a "hold" feature — a player can elect to keep a symbol or two and spin again. Unlike slots, the games are programmed to pay out a certain percentage of the time, meaning players can gauge when they are due to win.

But some police departments construe the machines as "games of chance" under state law, saying no skill is involved. And therefore, any credits, even for more free games, make the machine illegal.

Bob Sertell, a gambling expert who testifies for Florida prosecutors, says the machines are programmed to cheat players and can't be mastered by skill unless programmed to do so.

"The 'application of skill' is bull," Sertell said. "In actual practice, none of the machines do that."

Statewide, law enforcement's approach is scattershot. Some jurisdictions largely ignore the machines. Others aggressively bust operators.

In Pinellas County, deputies have used expensive outside experts to examine machines before making arrests. Recently, the department began sending letters to merchants explaining the law, warning they could face a probe if the machines are used illegally.

In a widely watched case in 2006, jurors acquitted Gail Fontaine, owner of the Tropicana Rec Room in Pompano Beach, of keeping an illegal gambling house.

The jury foreman told reporters he believed the machines offered games of skill.

http://articles.sun-sentinel.com/2011-03-16/news/fl-video-game-gambling-20110114_1_arcade-owners-machines-free-game-or-two

Florida's neighborhood casinos: The sweepstakes cafe boom



Scott Pinkus, owner of The Winners 777 Circle, Video Gaming and Sweepstakes in Sarasota, says he is thinking of opening a second location.

Staff Photo by Thomas Bender

By [Zac Anderson](#)

Staff writer

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SARASOTA - At The Winners Circle, billed as “the largest and best Adult Arcade in the area,” waitresses hustle among the simulated slot machines to hand out \$12,000 worth of free food and drinks every month.

The attentive service keeps gamblers in their seats and focused on hitting the next \$20,000 jackpot.

More than 200 machines are spread throughout an old bank building along U.S. 301 north of downtown Sarasota, creating a mini-casino environment. Up to 1,000 customers come on a good day, downing more than 50 kegs of free beer monthly, along with multiple cases of wine and hard liquor.

Forget about the failed push for “destination casinos” that consumed Florida politicians this year: Casino-style gambling has already arrived in Sarasota and much of the state.

That The Winners Circle and other such businesses exist in Florida — where conservatives dominate the Legislature and gambling is supposedly restricted — is one of the more surprising political stories in Florida over the last few years. It may constitute the largest unregulated expansion of gambling statewide since the Indian casino movement.

The so-called “Internet cafes” or “sweepstakes cafes,” once operating in the shadows, have rapidly expanded to roughly 1,000 to 1,500 locations statewide, generating an estimated \$1 billion in annual revenue.

The industry now cuts top lawmakers big campaign checks, and rivals more traditional gambling venues like racetracks and jai alai — which collect \$1.2 billion annually — and the state's \$2 billion Indian casino business. Lottery proceeds bring in another \$4 billion statewide.

Local operators say 25 to 50 of the “strip-mall casinos” have opened in Sarasota County, with dozens more in Manatee County and other nearby communities.

Legislative stalemate

After another year of legislative inaction, the industry is becoming more firmly entrenched.

Some counties are still fighting for local bans, but there has been little appetite in the Florida Senate for a statewide crackdown.

Legislation that would outlaw the simulated slot parlors passed the more conservative state House of Representatives this year, but senators rejected it.

Instead, a Senate committee voted 8-1 for a bill to legitimize and regulate the industry.

Four Democrats and four Republicans approved the plan, but it never reached the full Senate for a vote.

The stalemate means that operations like The Winners Circle can continue to claim legal status under a 1971 state law that allows sweepstakes promotions.

Customers sit in front of large, flat-screen computer monitors and play video games that imitate spinning slot machine wheels.

Promoters argue that the games qualify as sweepstakes because the winners and losers are “predetermined.”

Critics say the businesses are exploiting a legal loophole, but the industry has successfully defended itself in court, and some law enforcement agencies are backing off.

After losing a 2007 court case, the Sarasota County Sheriff's Office no longer raids the gambling parlors.

Sheriff Tom Knight said the operations have not been crime magnets, and he does not want to spend taxpayers' money on expensive lawsuits during lean budget times.

“My decision as sheriff was, do I want to continue on something we can't win if the legislative body hasn't given us the tools to enforce it?” Knight said. “For me, it's about public safety and spending resources where we can get a measurable result.”

Other sheriffs continue to treat the businesses as illegal and work to shut them down. In the absence of statewide regulations, some counties have passed local ordinances regulating or banning the operations.

One closely watched lawsuit, in Seminole County, could help determine how much discretion local governments have over the industry.

The Seminole County Commission passed an ordinance in January 2011 banning the gambling parlors. The industry is fighting the ban in federal court, claiming a violation of free speech.

A federal appeals court ruled in March that Seminole can enforce the ban while the case winds its way through the system.

Lobbying and donations

In the meantime, the industry has beefed up lobbying efforts and political activity.

The leading Republican candidate for state attorney in the district that covers Seminole County recently received \$2,500 from an Oklahoma gamemaker.

In August, a political committee controlled by Sen. Miguel Diaz de la Portilla, R-Miami, received \$15,000 from another company, whose owner is involved in operating the gambling parlors and creating software for the industry.

Diaz de la Portilla sponsored the industry-supported bill favoring new regulations instead of an outright ban.

Other industry groups gave a combined \$25,000 in contributions to a political committee controlled by Sen. Jack Latvala, R-St. Petersburg. Latvala is a major Senate power broker with ambitions to lead the chamber.

But all the political maneuvering may not be enough to keep the pressure off.

Gov. Rick Scott received \$25,000 from a top industry player for his inauguration event, but the governor has since come out in favor of a statewide ban.

The next two Senate presidents are both strong anti-gambling lawmakers who co-sponsored the failed legislative ban this year.

Rep. Scott Plakon, the Longwood Republican who steered a statewide ban through the House, pledges not to let the issue fade away.

He plans to keep filing identical legislation until he is term-limited in four years.

“On so many levels, these are just bad for our state,” said Plakon, who accuses the operations of preying on the poor and the elderly.

Favorite hobbies

Winners Circle owner Scott Pinkus, a 54-year-old Philadelphia native, prides himself on running a “world-class” operation that caters to people of all backgrounds.

Pinkus has a private security guard, up to five waitresses working on a busy night, and a chef who makes breakfast, lunch and dinner from scratch.

“It's safe, it's clean, exceptional service, it's harmless,” Pinkus said from his office inside the bank building's old vault. “It's like a social club.”

Sarasota retiree Larry Curtis, 76, lives in a nearby mobile home park. His favorite hobbies: playing shuffleboard and gambling at The Winners Circle.

“It's relaxing,” Curtis said. “I can sit down for a few hours and be entertained. And the food is great.”

Pinkus does not understand why the state would want to eliminate thousands of jobs and millions in potential revenue. Business is so good, he is thinking of opening a second location.

“Our potential for growth is unlimited,” he said.

<http://www.heraldtribune.com/article/20120512/ARTICLE/120519835?full&tc=pgall>

Regalado Vs. Exposito Makes National Headlines

January 14, 2011 8:45 PM



City of Miami Police Chief Miguel Exposito and Mayor Tomas Regalado during a press conference in April of 2010 (Photo Credit: Miami Herald).

MIAMI (CBS4) – It is enough to make Magic City leaders cringe and they are. The feud between Miami Police Chief Miguel Exposito and Mayor Tomas Regalado closes the week where it began- with no end in sight.

Exposito has a “no comment” for reporters this week, clearly eager to focus on his job and leave the spotlight. But Mayor Regalado has clearly lost confidence in the chief because of six police involved fatal shootings over the past year, a botched corruption probe and a dispute over a gaming machine law.

On top of all that Commissioner Richard Dunn called for a no confidence vote on Exposito Thursday. He said, “He does not possess the competence.” The criticism only got worse from there and Exposito defended his department. He said it does not support overly aggressive tactics on the streets of Miami but is committed to battling violent crime on behalf of citizens asking for just such help.

Suffice it to say the political drama has earned Miami headlines it would rather not have. That includes a story in the New York Times Friday about the decaying relationship between Regalado and his police chief, men who were allies a year ago.

Other city leaders say it is time to give the feud a rest. Commissioner Marc Sarnoff said, “We simply need to act maturely, get to the business of the people, get to the business of the city of Miami and move forward.”

It is a nice sentiment, but the war of words won't be forgotten and the police chief's future is in the hands of the city manager. He's the only person, it seems, who is keeping his opinion to himself for now but everyone is waiting to see when he will weigh in on Exposito's future. Until then, and beyond, the soap opera will go on.

<http://miami.cbslocal.com/2011/01/14/regalado-vs-exposito-makes-national-headlines/>.

McClatchy Washington Bureau

Posted on Fri, Dec. 31, 2010

Miami chief accuses mayor of interfering in gambling probe

Patricia Mazzei, Scott Hiaasen, Jay Weaver, and David Ovalle

Miami Herald

last updated: December 31, 2010 06:51:03 AM

MIAMI — Embattled Miami Police Chief Miguel Exposito, in a sharply worded letter, has accused Mayor Tomás Regalado of meddling in police investigations of illegal gambling at city cafeterias and bodegas.

In a letter delivered to the mayor late Wednesday, Exposito said: "Through the Mayor's office there was a concerted effort to interfere with the gambling enforcement operation. You, as the Mayor have gone beyond the legal bounds of your office."

Regalado responded Thursday: "What I think is that the chief is spending a lot of time trying to keep his job instead of doing the work a police chief should do."

Exposito's volley comes as he tries to fend off increasing political heat from the mayor over his job performance. Regalado appointed Exposito to the position 13 months ago, and soon after, they stood together trumpeting the success of a series of public corruption arrests -- most which quickly fizzled under prosecutorial scrutiny.

Observers have speculated that Exposito could be ousted as early as next week, when new city manager Tony Crapp Jr. takes office.

In the letter, Exposito does not specify what exactly Regalado did to exceed his authority. The mayor said he didn't know what "interference" meant.

But in a letter dated two days earlier to Regalado, Exposito points to the mayor championing an October ordinance regulating coin-operated machines that can be used for illegal gambling. Eleven days after the ordinance passed, Miami police raided a series of businesses, arresting scores of people and seizing 400-plus machines.

The mayor defended the ordinance, which requires city merchants to pay up to \$500 in fees for every gaming machine on their premises -- potentially generating \$750,000 in extra revenue for the city every year. Critics, including Exposito, worry that the law, in essence, condones illegal storefront gambling. "We're talking about an ordinance that was vetted by the law department, that was approved by the city commission, that had the intent of raising money," Regalado said.

Exposito, through a spokesman, declined to comment Thursday.

His Wednesday letter was copied to the FBI, the Miami-Dade state attorney's office and the U.S. attorney's office. Federal law prohibits elected officials from conspiring to obstruct state gambling statutes.

The chief appears to be setting up a potential lawsuit. A decade ago, Exposito filed a whistleblower complaint against the city, claiming he was unfairly demoted for complaining about dossiers police kept on politicians.

<http://www.msnbc.com/2010/12/31/story/106029:miami-chief-accuses-mayor-of-interfering.html>

Miami mayor tried to stall raids, two officials say

By DAVID OVALLE, CHARLES RABIN

The Miami Herald Thursday, Jan. 6, 2011

Hours after Miami police started seizing hundreds of video gaming machines and arresting store clerks in October, Mayor Tomás Regalado twice sought to delay the surprise raids, according to a ranking officer and the former city manager.

Miami police Maj. Alfredo Alvarez told The Miami Herald that Regalado angrily demanded that police postpone the operation, but his request was denied.

Eleven days earlier, Regalado had successfully championed a city licensing ordinance favored by the gaming industry, but that police feared would flood the city with more of the machines.

Shortly after the conversation with Alvarez, Regalado asked then-City Manager Carlos Migoya to contact Miami Police Chief Miguel Exposito and ask him to delay the raids because the mayor feared they would reflect poorly on the city just before the November elections, Migoya told The Herald.

Regalado, asked Tuesday if he ever told police to keep away from video gaming sites or halt the operation, responded: "No, no, no, no, not at all. Never, ever, ever."

Reached again Wednesday -- and told of Migoya's statement -- Regalado recalled telling Migoya there was an upcoming election and wondering aloud if the operation could be delayed.

But the mayor said he never told Migoya to call Exposito.

"I didn't ask him to speak with Exposito. I think it was his own initiative," Regalado said.

The new details emerged one week after Exposito, in a pair of sharply worded letters, accused Regalado of meddling with police investigations into illegal gambling, and improperly acting on behalf of the video gaming machine industry. Neither letter specified what Regalado did to interfere.

A DUEL

The allegations about the phone calls ratcheted up a public spat between Exposito and the mayor, who has questioned the chief's job performance. Also Wednesday: Miami Commissioner Richard P. Dunn II, frustrated by several botched public corruption arrests last spring, a series of police shootings this summer and Exposito's accusatory letter, said he will ask the chief to resign at the city's Jan. 13 commission meeting.

“If he doesn’t, I will lay out a whole litany of things. He’s trying to use intimidation [to save his job], that’s what the whole letter is about,” Dunn said. “I believe for the best interest of the city we need a mature, experienced veteran leader at that position.”

Exposito was appointed 13 months ago with the backing of the mayor. The chief declined to comment Wednesday.

His letters pointed to the mayor’s sponsorship of an ordinance regulating video gaming machines that police contend are illegal to possess or play -- an interpretation the city attorney’s office disagrees with. He also suggested Regalado is beholden to gaming interests that donated more than \$9,000 to the mayor’s 2009 campaign, which raised more than \$800,000.

‘GAMES OF CHANCE’

For years, the video machines have been seized and people arrested under a state misdemeanor law that prohibits the operation of “games of chance.”

The arcade industry maintains the machines are not games of chance like traditional slot machines, and can be mastered by skill if played long enough.

Eleven days before the raids, at dozens of cafeterias and stores around the city, the mayor pushed through an ordinance that requires merchants to pay up to \$500 in fees for every gaming machine on their premises, potentially generating \$750,000 in extra revenue a year for the city.

The new law represented a marked shift from previous years, when the city attorney’s office broadly interpreted all gaming machines to be illegal.

The new law says the games are legal, as long as they are used for amusement, not gambling.

Exposito’s position is that playing the game and winning something of value -- even a credit toward another game -- makes the device an illegal gambling machine.

TASK FORCE

Alvarez and Exposito headed up a task force created in 2003 that targeted “quality of life” crimes like gambling and prostitution.

The latest raid began Oct. 25. Dubbed “Lucky 7,” officers over two days seized more than 400 machines and arrested 28 people for illegally possessing gambling machines. Three have taken plea deals and the rest are pending trial.

The Miami-Dade state attorney’s office says the prosecutions will move forward after police turn over more documentation and other information. But in an e-mail Wednesday, Miami-Dade State Attorney Katherine Fernández Rundle chided Exposito for not notifying her agency of the raids, as is typically done with large-scale arrests for similar offenses.

"All of this could have been avoided if we had been consulted prior to the October 25, 2010 sweep," she wrote.

Alvarez, head of the police department's internal affairs unit who helped lead the raids, said Lucky 7 was in response to a flood of complaints from citizens and commissioners about the machines reappearing in the city. He said the machines will never be tolerated in Miami, "even with the ordinance designed to confuse people and a failed attempt to allow the machines back in the city."

A CALL

Alvarez said he called Regalado after the raid began as a courtesy. In a heated conversation, Alvarez said, the mayor told him to stop the raid. Alvarez said no.

Reached Wednesday, Migoya said he called Exposito that day at the mayor's request to ask for a delay until after the election for control of the Miami Parking Authority.

The mayor never explained why it was necessary, and Migoya never asked. Migoya said he then called Exposito, but was told the operation would not stop. "I said fine," Migoya recalled, "and that was it."

Asked why he called Exposito, Migoya said: "The mayor asked me, 'Look, we're in the middle of an election, that kind of stuff will hurt the MPA [Miami Parking Authority] vote. Will you ask him to hold off a few days?' So I spoke to Mike. I spoke to him when Tomás called me, right in the middle of it."

As for the chief's future, new City Manager Tony Crapp Jr. is the only one who can move to suspend and fire Exposito. The commission, however, can overrule the city manager.

Miami Herald staff writer Patricia Mazzei contributed to this report.

<http://www.palmbeachpost.com/news/news/miami-paparazzi-raid-raids-by-officials-say-01-08/>

September 12, 2011

Accused of Defying Orders, Miami Police Chief Is Fired

By HONNAN NALLA Jr.

MIAMI — Miami's embattled police chief was dismissed by the City Commission on Monday after being accused of failing to follow orders from a city official.

In a 3-to-2 vote, the commission ousted Chief Miguel A. Exposito from the job he had held since November 2009. A majority of commissioners concluded that Mr. Exposito had ignored two directives by the city manager about personnel matters in the 1,100-member police force.

Chief Exposito, a 37-year veteran who was suspended last week, defended himself against those accusations at a marathon City Commission meeting that began Friday morning and ended at 2 a.m. Saturday. He did not respond to messages seeking comment.

The dismissal concluded a yearlong feud between the police chief and Mayor Tomas P. Regalado. It began last fall after Mr. Regalado accused the Police Department of conducting surveillance on him. Chief Exposito later accused the mayor of improperly trying to curtail a covert police investigation into video gambling parlors.

The clashes between the two men had become a major distraction at City Hall, several city commissioners said.

During Chief Exposito's tenure, the police were involved in a series of shootings of unarmed black men. Last March, after Miami officers shot and killed a seventh black man in eight months, victims' relatives criticized the chief's leadership at a City Commission meeting. Some demanded the chief's dismissal.

But the dismissal on Monday had nothing to do with the feud or the shootings. The city manager, Johnny Martinez, recommended the chief's dismissal after concluding that he had ignored requests to reduce overtime spending and disobeyed an order to hold off on demoting three high-ranking officers.

Maj. Manuel Oroso, a 31-year police veteran, was appointed by Mr. Martinez last week to serve as acting chief. City officials will now begin a search for a permanent successor to Chief Exposito.

<http://www.miami.com/2011/09/13/us/13miami.html> 1/8

A Miami riddle: Who to believe

By Alvaro F. Fernandez

Wednesday, 02 February 2011

The words Miami and corruption turn up together often. The fact is, though, that corruption seems to be part of the fabric of most places around the globe - a plague possibly worse for who we are than even some diseases. Yet it still bothers me to read and hear about it on a daily basis here in my hometown.

But worse yet, the word corruption turns up even when we discuss those investigating the corrupt politicians and public officials in this town. Who knows, we may really be getting to the point of choosing between the better of two evils. In other words, at least in the world of politics, having no option but to choose among the less corrupt.

Scary thought, I know. But believe me, not so far-fetched.

Let me give you examples.

About 10 days ago we read that Miami-Dade State Attorney Katherine Fernandez Rundle had decided to remove one of her most experienced prosecutors and investigators from the corruption probe currently taking place, at several levels, against newly elected U.S. Rep. David Rivera. Fernandez Rundle also asked the Florida Department of Law Enforcement to take the lead in the Miami case, stating that another corruption case against a former City of Miami commissioner was being prioritized and keeping her staff too busy.

The reaction of most people in the know was to grimace and (at the very least) think: Here we go again, a connected politician getting favorable treatment from the state attorney's office. True or not, this thought was expressed by many and thought by most.

Mayor vs. Top Cop

For the past few weeks, Miami Herald readers have been treated to the ever widening fight between Miami Mayor Tomas Regalado and his police chief, Miguel Exposito. One of Mayor Regalado's first acts after being elected was ridding the city of its former chief of police and replacing him with Exposito.

Months after the naming, Mayor Regalado then rammed through an ordinance in the city that made video gaming legal in Miami. Following that decision the police department raided numerous shops around the city arresting 28 persons and hauling away almost 400 video machines.

As the Miami Herald explains, "The chief later called a news conference to announce the mayor had interfered with the bust by asking police to back off, and asked for FBI intervention. Regalado denies the allegation, and accused police of putting him under surveillance."

Those who question and observe these things might easily ask: Did the mayor expect a puppet or a chief of police?

Again, who and what to believe?

Top Cop takes on State Attorney

Then this past weekend we read in The Miami Herald that there is also an ongoing rift between Exposito and Fernandez Rundle. The spat deals with a number of controversial and fatal police shootings that have occurred in the Miami area over the past several months. Emails and nasty comments have been exchanged, and again, Miami and its people are the losers in this case.

But here's what has not been reported. A reliable source within one of the departments has told me that the Exposito-Fernandez battle is as a result of the Mayor Regalado-Exposito schism. I have been told that Chief Exposito has proof of major corruption and underworld-like ties in Miami's gaming situation. And those same gaming interests appear to have close ties to the mayor – they donated heavily to his election campaign.

It's no surprise, I was told, that Regalado pushed through the new video game ordinance when he was first elected.

Kathy's left out

There's more to this drama though. Exposito's investigations and his findings were turned over to federal authorities – not the state attorney's office. In other words, Kathy Fernandez Rundle was left out of the initial loop.

When I asked my source why. The answer was that Exposito does not trust the local authorities to do what's right.

Confusing, yes. Frustrating also. But typical Miami. I'm still digging. Cause a person close to both Regalado and Fernandez Rundle may be key to this Miami riddle.

http://progress-weekly.com/2/index.php?option=com_content&view=articles&id=2174:miami-riddle-who-to-believe&catid=34:our-pulse-florida&Itemid=53

Clash escalates between Miami's mayor and police chief over slot machines

January 7, 2011

A war over gaming machines is breaking out in Miami, and it's between Mayor Tomás Regalado and Police Chief Miquel Exposito, who was appointed by the mayor only 13 months ago.

The [Miami Herald](#) reported Wednesday on the escalating fracture between Regalado and Exposito, which is looking more like a power struggle every day.

Sources say that Exposito might be fired in the next few days by incoming City Manager Tony Crapp Jr. over the gaming machine flap, and other performance issues in the police department, including several controversial police shootings last summer and a number of mishandled corruption investigations in the early part of 2010.

The machines, long popular in cafeterias and bodegas, have been a thorn in the side of police and city officials, because some have been rigged in a fashion that makes them illegal gaming devices.

To be legal, the video gaming machines, which are designed to look like Las Vegas style slot machines, cannot be games of chance or provide any type of payback, even a credit for another play. As the machines began proliferating around Miami, some operators rigged them for cash payout or free drinks.

Last year, in attempt to regulate the machines and earn revenues for the city, Regalado sponsored a new city ordinance that would require a \$500 annual tax for each machine after the operator registered it with the city. The new regulation is expected to raise about \$750,000 annually for the city.

The new law makes the machines legal, as long as they are used just for amusement, and not gambling. The prior city law considered all machines to be illegal.

Police officials including Chief Exposito were vocally opposed to the ordinance, saying that it would only help proliferate illegal gaming throughout the city.

On October 25, 11 days after the ordinance took effect, the police department conducted a raid dubbed "Lucky 7" and seized 400 illegal machines and arrested 28 people, mostly store clerks. Neither city hall or the district attorney's office were told about the raids in advance.

Sources at the police department, including Maj. Alfredo Alvarez, told the Miami Herald that when Regalado heard of the raids, he demanded they be stopped, saying they would reflect badly on the administration in the upcoming November elections.

Regalado subsequently denied telling the police department to stop the raids.

In late December, Exposito [sent a letter](#) to Regalado saying “Through the Mayor’s office there was a concerted effort to interfere with the gambling enforcement operation. You, as the Mayor have gone beyond the legal bounds of your office.” The letter did not specify exactly what Regalado did to interfere with the police department.

Exposito’s letter also suggested that Regalado was beholden to gaming interests because donors connected to the group contributed \$9,000 to his reelection campaign. Regalado raised a total of over \$800,000 for his 2009 campaign.

On Wednesday, Miami Commissioner Richard P. Dunn II, said he will ask for Exposito’s resignation at the city’s Jan. 13 meeting. “If he doesn’t, I will lay out a whole litany of things. He’s trying to use intimidation [to save his job], that’s what the whole letter is about,” Dunn said. “I believe for the best interest of the city we need a mature, experienced veteran leader at that position.”

<http://corruptauthority.com/city-government-ethics-clash-escalates-between-miami/01/29/09/09s-mayor-and-police-chief-over-slot-machines>

Miami Police Raid Gaming Machines, Escalating Exposito-Regalado Feud

By [Tim Irlin](#) Wed., Mar. 2 2011 at 6:28 PM



Is Miguel Exposito thumbing his nose at the mayor?

Miami Police arrested eight business owners and confiscated 32 gaming machines this afternoon in an operation that seems certain to escalate the ugly feud between Chief Miguel Exposito and Mayor Tomás Regalado.

In January, the embattled chief accused the mayor of interfering with a similar sting days after Regalado had helped pass an ordinance trying to legalize the games.

The latest operation went down earlier this afternoon and targeted shops in Little Havana and Hialeah. Eight business owners were booked for operating illegal gambling machines, according to arrest reports released by the police department.

The officer's narrative in the arrest of Jose Marrero, the 73-year-old owner of a shop at SW 27th Avenue and West Flagler, is typical:

"A total of two chance gaming machines [were operating] in plain view," an officer writes. "No skills were used... to control the outcome of the game, making the operation a game of chance."

The sting comes months into a feud between Regalado and Exposito, who's been pressured by black community leaders to resign over his officers' fatal shootings of seven men since last summer.

In January, Exposito complained to the FBI that the mayor had tried to stop a similar raid in October. Former City Manager Carlos Migoya [said Regalado mentioned](#) that such raids would [look bad](#) shortly before an election and asked that they be postponed.

Gaming machines have long been seized under a Florida law against "games of chance," but just 11 days before Exposito's last raid, Regalado helped pass new regulations that seemed to allow the games if shop owners paid fees for them.

It's hard to see today's operation as anything less than the police chief flipping off the mayor on an issue both have already fought over.

In addition to Marrero, police also arrested 37-year-old Intesar Ismail, 55-year-old Abas Hamad, 34-year-old Yure Medina-Santana, 28-year-old Luis Arazazu, and 58-year-old Abdel Majid. (Police announced eight arrests overall -- the other two defendants' names have not been released yet.)

Riptide called Exposito and Regalado for comments, but both had already left the office for the day. Expect more fireworks tomorrow.

http://blogs.miamiherald.com/riptide/2011/03/miami_police_raid_gambling_mac.php

Commission: Don't let cities (read: Hialeah) tilt maquinita ban

Political Cortadito Miami Blog | January 23, 2013

There could be another big gaming showdown in Miami-Dade Commission Chambers today.

Copied this great picture from another maquinita critic blogger, The Straw Buyer. Hope you don't mind, Mike. Just loved it!

But it's not about "big gaming" as in casinos and Disney and Genting and all of *that* mess. It's a big showdown about *little* gaming.

It's about *maquinitas*.

Yes, those blinking, twirling, beeping cash vacuums that have proliferated like acne — or something on a lower part of the body — all over Hialeah and Miami and is even reaching into the pristine areas of, gasp, Kendall.

Commissioners **Sally Heyman** and **Juan Zapata** are introducing an ordinance this morning that would ban what everyone outside Hialeah knows are gambling devices. Only in Hialeah, do police and public officials consider them *family entertainment*.



Hialeah Police and Castro Hernandez call the maquinitas family entertainment.

That's why we may expect Hialeah Mayor **Carlos "Castro" Hernandez** to show up at the meeting Wednesday to cry about this rule. After all, his city — and his political campaigns — get thousands of dollars in revenue from the questionably shady industry with mob ties. And this is an *election year*! I can hear him now: "What do you expect me to *dooooo*?"

Hernandez has reportedly already been lobbying commissioners, calling to ask them to allow municipalities to opt out of the ban. Say *what*? Can I do that with laws Ladra disagrees with? Just call up and say, "Hey, I know the speed limit is 55 for everybody *else*, but not for me, okay? Just carve me out of this one."

Don't do it, commissioners. Do not allow Hialeah or any other city carve themselves out of having to comply with this necessary legislation. I mean, *especially* Hialeah. Have you been to a coin laundry in the City of Progress lately? There are more *maquinitas* than dryers.

Ladra is asking Heyman and Zapata and the rest to stand their ground Wednesday and not let Hernandez — no matter how buddy-buddy he is with Miami-Dade Mayor **Carlos “Not So Goldenboy” Gimenez**— tilt you on this.

Though, come to think of it, I'm sure Hernandez will not be the only one crying no fair. After all, there are elections in the city of Miami this year also.

<http://www.politicalcontact.com/2013/01/23/dont-hialeah-tilt-maquinita-ban>

Tomas Regalado's Slot Machine Expert Says Miami Maquinitas Are Gambling Machines

Miami New Times

By [Francisco Alvarez](#), Thursday, May 31 2012

You know those gambling *maquinitas* in convenience stores around Miami, Hialeah, [Opa-locka](#), and Miami Gardens? Turns out Miguel Exposito was right and then some about the racket. Last year, Miami's then-police chief fell out of favor with [Mayor Tomas Regalado](#) when cops confiscated 105 "video amusement" machines from dozens of markets, cafeterias, and laundromats. Exposito said the devices were being used for illegal gambling purposes.

When Regalado allegedly tried to stop the raids, the top cop reported the mayor to the [FBI](#) for meddling in a criminal investigation. Eventually, Exposito was forced out.

But three months before the chief's departure, a gambling machine expert hired by the Miami city attorney's office concluded the seized *maquinitas* were indeed for gambling purposes. What's more, D. Robert Sertell -- a former slot machine mechanic for an [Atlantic City](#) casino -- found that many of them were rigged to make sure the user always lost. Sertell's findings were never made public until recently.

After reading about it on [Mike Hatami's](#) blog the Strawbuyer, Riptide contacted the gambling expert. Sertell said he spent three days in June 2011 analyzing the machines seized by Miami police officers. "They were designed and manufactured specifically for the purpose of gambling," he said. "It's a slam dunk."

Furthermore, Sertell continued, most of the *maquinitas* were designed to cheat the customer. He explained that the confiscated machines would not be allowed inside establishments where gambling is legal in Florida. He should know. He has inspected gambling machines for 15 years and has a contract with the state to keep an eye on slots in Miami-Dade and Broward.

If the *maquinitas* held by Miami police were in a casino, Sertell said, they "would get immediately shut down and whoever was responsible for them would be subject to punitive action."

Even though he was paid \$5,221 by the city, no one asked him to provide a written report, Sertell said. He typed one up only after a former Miami police official recently requested a copy. He declined to name the official. (Hatami tells Riptide he obtained his copy from a concerned private citizen.) However, the city might still call on Sertell to give testimony in an ongoing lawsuit filed by the owners of the *maquinitas* who want their machines back.

Regalado and City Attorney [Julie Burg](#) did not reply to four phone messages seeking comment. [M. Millan](#) and Ricardo Merida, the lawyers for the store owners, declined to comment. However, one of their clients, [Miguel Exposito](#), scoffed at Sertell's assertions. "He doesn't know what he's

talking about," said Gonzalez, who lost ten machines in the raid. "I'm just a hard worker trying to make a living for my family."

<http://www.miamiherald.com/2012-05-31/news/tomas-regalado-s-slot-machine-expert-says-miami-maquinitas-are-gambling-machines/full>

Miguel Exposito, Former Miami Police Chief, Asks Judges Today To Give Him Job Back

By Tim Elfrink Thu., May 31 2012 at 9:10 AM

For two years, Miguel Exposito was the head honcho at the Miami Police Department. They were jolly times for the Magic City's muckrakers, who made an easy living as Exposito butted heads with Mayor Tomas Regalado and produced a too-crazy-to-be-true litany of scandals and shootings. When he was fired in September, Riptide poured out some whiskey for Expo.

Today, the *ex-jefe* is in Miami-Dade Court, where he'll petition a panel of judges to reinstate him as chief. Much as it pains us to say so, that would be a historically terrible idea. Let's recall why:

Police shootings

Under Exposito's leadership, Miami cops shot and killed seven black men in the city. A number of those killed were unarmed, and the spree was so pronounced that the U.S. Justice Department opened an investigation in November. The feds note that the NYPD averaged one fatal shooting per 4,313 officers in 2010; Expo's force's average? One deadly shooting per 220 cops.

Dirty cops

About those cops doing the shooting: One of them, a veteran named Roberto Martinez who pulled the trigger in two of the fatal shootings, was later arrested for trying to arrange a shipment of 100,000 stolen Bluetooth headsets. Another veteran cop, Charley Braynen, was arrested soon afterward for trading in fake police reports and protecting shipments of stolen property. Other officers were caught on tape beating partiers during Coconut Grove's Halloween parties and failing to control a rave party gone out of control on Biscayne Boulevard.

Reality show scandals

If there's one thing an embattled police chief really should avoid, it's allowing a reality TV crew into his department with cameras rolling. That's exactly what Exposito did, and a leaked promo captured him calling criminals "predators" and his cops talking about "hunting" perps during the city's worst string of police shootings in decades.

State attorney clashes

It's a fair bet that Exposito and State Attorney Katherine Fernandez Rundle haven't been meeting up for afternoon tea since his ouster. Exposito's term started with a botched corruption bust that left Rundle fuming that arrests were made without prosecutors' OK; he later leaked a chain of angry emails exchanged with the top prosecutor.

Nonstop drama

There's no question why a reality TV producer OK'd a show centered on Expo -- his department was a nonstop source of titillating drama. He reported the mayor to the FBI! He and Regalado almost ganged up to blow up a park full of spy cameras! His assistant chief is accused of nepotism! He's accused the mayor of trying to bribe him with \$400,000!

Of course, the judges hearing Expo's case today won't get to consider all the real-world reasons to keep him as far away as possible from the chief's office. They'll be hearing his argument that City Manager Johnny Martinez cooked up a bogus reason for firing him.

Martinez claimed the chief disobeyed direct orders by failing to restructure the department to reduce overtime and by demoting three officers after being told not to do so.

Exposito will argue his firing was politically motivated.

http://blogs.miamiherald.com/riptide/2012/05/miguel_exposito_former_miami_p.php

Tomas Regalado's Maquinitas Expert Says Those Gambling Maquinitas Are Probably Rigged

By Francisco Alvarado Wed., May 30 2012 at 8:00 AM

You know those gambling *maquinitas* in convenience stores around Miami, Hialeah, Opa-locka, and Miami Gardens? Turns out Miguel Exposito was right and then some about the racket. Last year, Miami's then-police chief fell out of favor with Mayor Tomás Regalado when cops confiscated 105 "video amusement" machines from dozens of markets, cafeterias, and laundromats.

Exposito said the devices were being used for illegal gambling purposes. When Regalado allegedly tried to stop the raids, the top cop reported the mayor to the FBI for meddling in a criminal investigation. Eventually, Exposito was forced out. But three months before the chief's departure, a gambling machine expert hired by the Miami city attorney's office concluded the seized *maquinitas* were indeed for gambling purposes.

What's more, D. Robert Sertell -- a former slot machine mechanic for an Atlantic City casino -- found that many of them were rigged to make sure the user always lost. Sertell's findings were never made public until recently.

After reading about it on Mike Hatami's blog [the Straightup](#), Banana Republican contacted the gambling expert. Sertell said he spent three days in June 2011 analyzing the machines seized by Miami police officers. "They were designed and manufactured specifically for the purpose of gambling," he said. "It's a slam dunk."

Furthermore, Sertell continued, most of the *maquinitas* were designed to cheat the customer. He explained that the confiscated machines would not be allowed inside establishments where gambling is legal in Florida. He should know. He has inspected gambling machines for 15 years and has a contract with the state to keep an eye on slots.

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Even though he was paid \$5,221 by the city, no one asked him to provide a written report, Sertell said. He typed one up only after a former Miami police official recently requested a copy. He declined to name the official. (Hatami tells Banana Republican he obtained his copy from a concerned private citizen.)

However, the city might still call on Sertell to give testimony in an ongoing lawsuit filed by the owners of the *maquinitas* who want their machines back.

Regalado and City Attorney Julie Bru did not reply to four phone messages seeking comment. Ricardo Merida, the lawyer for the *maquinitas* owners, declined to comment because he had not

read Sertell's report.

However, one of their clients, Miguel Gonzalez, scoffed at Sertell's assertions. "He doesn't know what he's talking about," said Gonzalez, who lost ten machines in the raid. "I'm just a hard worker trying to make a living for my family."

http://blogs.miamiherald.com/ripide/2012/05/those_gambling_machines_are.php

Miami PD's Seven Fatal Shootings Last Year Now Being Probed by U.S. Justice Department UPDATED

By [Jim Elfrink](#) Thu., Nov. 17 2011 at 8:47 AM

Miguel Exposito may be gone, but the blowback from his turbulent reign atop the Miami Police Department hasn't ended yet. Eight months after the last of seven fatal shootings of young black men by Exposito's force, the U.S. Justice Department is set to announce this morning that federal investigators will probe the deadly spree to see if any of the victims' constitutional rights were violated.

Already Miami prosecutors have determined that several of the shootings were justified, but the Miami Herald reports that the feds will be looking for systemic problems in the MPD that led to the deaths. (Pssst -- the feds might want to watch the video of Exposito calling his cops "predators.")

Update: U.S. Attorney Wilfredo Ferrer says the Miami cops shot and killed suspects at a far higher rate than the NYPD or the Washington, D.C. force. Exposito, meanwhile, has released a statement defending his tenure.

The probe, called a "pattern and practice" investigation, according to the *Herald*, will check out whether the MPD's institutional bias became tilted toward shooting black suspects.

Many on the force and in Overtown complained that Exposito had flipped the department -- which under previous chief John Timoney had once gone 22 months without firing a shot -- 180 degrees to the other extreme.

That attitude was most clearly on display in a leaked reality TV-show promo called *Miami's Finest: Special Operations Section*, in which Exposito calls his cops "predators", and another cop brags about how he likes to "hunt" criminals.

Making matters worse for MPD, some of the force's least decorated officers were the most trigger happy. Ricardo Martinez shot and killed two suspects during the department's deadly run and was later arrested for trying to sell 100,000 stolen Bluetooth headsets.

Will the federal probe change anything? Exposito is already gone, and the new interim chief, Manuel Orosa, is doing a "top-to-bottom review of everything," spokesman Delrish Moss tells the Herald. (Riptide left a message with Moss this morning, but we haven't heard back yet.)

U.S. Attorney Wilfredo Ferrer is expected to officially announce the probe later this morning. We'll update when we learn more details.

Update: Both Ferrer and Exposito have weighed in on the federal probe. Speaking at the downtown U.S. Attorney's Office, Ferrer says the high rate of fatal police shootings by Miami cops led the feds to check whether "systemic deficiencies" are to blame.

Here's what he says about the shootings (note that the feds are including an eighth fatal shooting that occurred nine months before the seven-men-in-seven-months stretch of killings):

In the past 16 months, we have seen nine police involved shootings that are of concern and are the premise of our investigation. Since July 2010, MPD officers shot and killed eight young men and critically wounded a ninth man. By comparison, the country's largest police force, the New York City Police Department had one fatal shooting for every 4,313 officers in 2010, while Miami had one fatal shooting for every 220 officers. Washington D.C., with a larger population and police force, had no fatal shootings by police in 2010, compared to five by the Miami Police Department.

Exposito sent out a long letter defending his time as police chief, suggesting that his aggressive approach led to significant drops in crime in Miami's most troubled neighborhoods.

Here's his letter in full:

On November 16, 2011, the US Attorney's office in Miami announced that they would be initiating a probe into the "patterns and practices" of the Miami Police Department in their police-involved shootings that occurred in the latter part of 2010 and in 2011. In this civil investigation, there would be an examination of police policies and training involving deadly force, with a goal of determining if there were any systemic flaws.

As I have stated in the past as Chief and since my separation from the Miami Police Department, I welcome any investigation into the actions of the officers, so much so, that I invited the US Justice Department, through the FBI's Civil Rights Division to participate in all of our post-shooting meetings where evidence and material facts were discussed at length.

This action on my part, which was unprecedented in the police department is a good practice, and was an example of my philosophy of transparency. FBI investigators actually participated in most of the aforementioned meetings pursuant to my initial request for their involvement, shortly after the first shooting in July 2010.

I also reached out to the family members of the deceased and met with those who accepted my invitation; the purpose of the meetings was to give a clear understanding of the investigative process and to explain the responsibilities of those involved in the probes. The only other Miami Police chief to even come close to meeting with the families was Donald Warshaw, who was present at meetings he held, but had the investigative supervisors speak with the family members.

Although I would have preferred to give specific details of the cases, it is unfortunate that I was unable to do so. This was due to the fact that I needed to maintain the integrity of the

investigations until a decision was made by the state attorney's office. In addition, classes were initiated under my administration, wherein the clergy and other community leaders such as Brian Dennis of Brothers of the Same Mind, Pastor Carl Johnson and dozens of other true community leaders were invited to observe and participate in training classes offered to entry-level officers.

I must point out several facts that are important to note in reference to the police-related shootings that occurred under my administration. First, the number of fatal shootings in my first year at the helm of the police department was no more than the number of fatal shootings in last year of the previous Chief.

The number of police shootings remained constant even though we took more than 400 firearms off the street from the year prior. The shooting policy in place when I took over the department, which is possibly the most restrictive in the state of Florida, was still in effect when I left the department and the training did not change.

What did change was the frequency with which deadly force training took place; we provided annual training, with tactical unit officers receiving deadly force training every three months, wherein the state mandate was every four years.

The prevalence of crime in certain areas may have impacted on the number of police-involved shootings. When I took over the department, the community requested an increase of police presence. I doubled the number of tactical officers, whose primary function was crime suppression from 65 to 130. Due to this increase of violent crime as a result of drug sales, gang activity and other factors, these tactical officers were assigned to work around the clock and on weekends, something that they had not done prior.

As a result, violent crimes such as robberies and sexual assaults dropped to levels not seen in Miami in over 40 years. Recent editorials in local newspapers and newscasts have already alluded to an increase of violence in some of the city's neighborhoods partly due to a significant reduction of tactical officers on the city's streets.

The dismantling of an effective Miami Police Department has begun at the behest of the city's administrator and other politicians who have no police experience and are simply doing what is politically expedient. I trust that this is not an attempt by the U.S. Attorney's office to politicize what should otherwise be an apolitical process.

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<http://blogs.miamiherald.com/ricjdc/2011/11/miami-pds-seven-fatal-shooting.php>

Miami Police Raid Gaming Machines, Escalating Exposito-Regalado Feud

By [Tim Elfrink](#) Wed., Mar. 2 2011 at 6:28 PM

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"A total of two chance gaming machines [were operating] in plain view," an officer writes. "No skills were used... to control the outcome of the game, making the operation a game of chance."

The sting comes months into a feud between Regalado and Exposito, who's been pressured by black community leaders to resign over his officers' fatal shootings of seven men since last summer.

In January, Exposito complained to the FBI that the mayor had tried to stop a similar raid in October. Former City Manager Carlos Migoya said Regalado mentioned that such raids would look bad shortly before an election and asked that they be postponed.

Gaming machines have long been seized under a Florida law against "games of chance," but just 11 days before Exposito's last raid, Regalado helped pass new regulations that seemed to allow the games if shop owners paid fees for them.

It's hard to see today's operation as anything less than the police chief flipping off the mayor on an issue both have already fought over.

In addition to Marrero, police also arrested 37-year-old Intesar Ismail, 55-year-old Abas Hamad, 34-year-old Yure Medina-Santana, 28-year-old Luis Arazazu, and 58-year-old Abdel Majid. (Police announced eight arrests overall -- the other two defendants' names have not been released yet.)

Riptide called Exposito and Regalado for comments, but both had already left the office for the day. Expect more fireworks tomorrow.

http://blogs.miaminewtimes.com/riptide/2011/03/miami_police_raid_gambling_mac.php

Possible gambling video fuels fight between mayor and police chief

By [Francisco Alvarado](#) Thursday, Jan 20 2011

As the saga of [Miami Police Chief Miguel Exposito's](#) war with [Mayor Tomás Regalado](#) rages on, a new development could fuel the battle between the two estranged friends over illegal gambling in the city's bodegas and cafeterias. *New Times* has obtained video footage of what looks like a man winning a stack of cash after playing a coin-operated machine game.

The 45-second clip, recorded with an iPhone camera owned by a source who wishes to remain anonymous, shows a man sitting on a stool in front of a machine located inside [El Capitan Cafeteria](#) at 3061 South River Dr. The man — who sports a short haircut and wears a white, long-sleeved shirt and dark jeans — opens the machine's cash box and hands several bills of what look like U.S. currency to a heavysset man with eyeglasses standing next to him.

On January 13, late in the afternoon, *New Times* played the footage for El Capitan's owner, a man who identified himself as German. He declined to provide his last name. German's cafeteria was empty except for a buxom middle-aged woman behind the lunch counter. He explained that his seven machines, which include electronic poker, black jack, and horse races, are for entertainment purposes only. "My customers play to pass the time," German insisted. "It's all for fun."

He acknowledged being the individual in the clip who paid the bespectacled player, but vehemently denied the cash was winnings. "The machine had a malfunction," German explains, "so I was just giving the customer a refund."

Machines like the ones German operates have been the lynchpin of Exposito's accusations against Regalado. The embattled police chief claims the mayor meddled in criminal investigations and raids involving illegal gambling at city cafeterias and bodegas. In October, Regalado championed an ordinance that would fine merchants \$500 and allow them to keep the machines, instead of arrest them on state misdemeanor charges of illegal gambling.

German complained that the police are making it hard for small businessmen like him to earn a living. "We are not breaking the law," German says. "We are just providing entertainment for people who choose to eat a meal here."

<http://www.miamiherald.com/2011/01/20/news/possible-gambling-video-fuels-fight-between-mayor-tomas-regalado-and-miami-police-chief-miguel-exposito>

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CITY OF MIAMI
STATE OF FLORIDA
EXPERT REPORT of D. Robert Sertell

I. **Introduction**

In early June, 2011, I was retained by the Office of the City Attorney of Miami, Florida, to investigate and examine the evidence, and the circumstances that exist regarding certain alleged illegal gambling devices. The following expert report details my opinion regarding those devices that were seized as alleged illegal gambling devices in The City of Miami.

II. **Summary of opinions**

My opinions are:

- A. The machines that were being operated in this case are standard video gambling devices that are commonly referred to within the industry as *Cherry Masters*, *Eight-Liners*, or *Gray-Area Machines*.
- B. The machines at issue in this case exhibit the same physical, electrical, electronic and operational characteristics as all other games of this type that I have previously examined; both here in Florida, and in several other states and jurisdictions.
- C. The machines at issue in this case appear to be adapted for use in such a way that, as a result of the insertion of any piece of money, coin, or other object, such machine or device is caused to operate or may be operated.
- D. The user of these machines, by reason of an element of chance or of an outcome of such operation unpredictable by him or her, may receive or become entitled to receive money, credit, allowance, or some other thing of value.

1 E. The machines at issue in this case may also offer the customer additional chances
2 or rights to use these machines, even though they may, in addition to an element
3 of chance or unpredictable outcome, also sell, deliver, or present some
4 merchandise, or other thing of value.

5 F. Persons who patronize these machines appear to play or engage in a game of
6 chance for money, or some other thing of value.

7 G. The machines at issue in this case appear to match the definitions of Florida
8 statute 849.16 as both "Gambling Devices" and "Slot Machines". They also
9 appear to match the language in 15 U.S.C., 1171 as a Gambling Device and a Slot
10 Machine.

11 H. The machines at issue in this case were designed and manufactured specifically
12 for the purpose of gambling; they have no other logical commercial use.

13 I. I have, on several occasions, personally observed gambling being conducted via
14 machines identical to these at many other locations throughout the State of
15 Florida.

16
17 **III. Basis for my opinions**

18
19 **A. Operational inspections**

20 1. On June 17, 2011 I visited a City of Miami Police Department warehouse
21 where seized evidence was stored. I was accompanied during this visit by
22 Detective Orlando Benitez of the Anti-Corruption Unit of the Miami Police
23 Department.

1 2. This inspection had been requested by Major Al Alvarez of the City of
2 Miami Police Department. A total of 97 seized machines were inspected by
3 me during that visit. Each machine was, in its turn, connected to a power
4 outlet and was permitted to play if possible. A series of 123 digital
5 photographs was taken by me during the course of both days of this
6 inspection. A complete set of those photographs is included with this report
7 in Attachment 1. Certain selected photographs from among that group are
8 included as full page enlargements in Attachment 2 to this report.

9
10 3. I recognized these machines as a result of their physical design and because
11 of my prior training and experience in this field. I was also able to confirm
12 positive identification of the machines by comparing them to a
13 computerized data base which my company maintains for this purpose.

14
15 B. Photos #1 through #4 of Attachment 1 depict the storage arrangements inside the
16 warehouse. Those photos, among others in that group, show the machines in line,
17 with their front and back doors opened for inspection. An overview of the
18 findings of the video analysis of these eight games is included below; and more
19 detailed explanations of each machine and its' characteristics follow.

20 C. Most of these machines exhibit identical mechanical, hardware, and operational
21 characteristics, regardless of their brand of manufacture, age, color, or physical
22 size. Typical internal components are seen in photos #2 & #7. The machine's
23 computer logic board is visible at the left wall of the cabinet. Several of the
24 board's "DIP" switches are visible as blue plastic blocks on the board with bright
25 white "toggle levers" (each dip switch has 8 of them) lined up in a vertical row.

1 The electro-mechanical "in and out" meters are visible at the right front of the
2 cabinet. These meters register coins inserted by customers, and coins paid out to
3 customers. Legitimate amusement machines only need an "in" meter, since there
4 is no payout. Photos #7 clearly shows that most of these machines had originally
5 been supplied with a mounting hole where a traditional "knockoff" switch had
6 been installed. Knockoff switches are used on gambling machines in order for an
7 employee to reach underneath, or behind the cabinet and *KNOCK OFF* winning
8 totals prior to paying the customer. Knockoff switches are never needed on
9 legitimate amusement games since their "score display" always resets to 0 at the
10 beginning of the next play. This photo demonstrates that the machines examined
11 here had been modified to permit the "knockoff" function to be performed from
12 the front of the cabinet. (This is more efficient, and allows employees to pay off
13 winners faster without having to reach around to the back of the cabinet.) Photos
14 #2 and #16 also clearly show the front "control panels" of these machines. Each
15 control panel offers the customer a variety of pushbutton switches that allow
16 multiple credits to be bet, start and stop the spinning reels, choose "big" or
17 "small" when playing a *Double or Nothing* feature, or select a "bonus" prize in
18 case one is offered. Each machine was configured to accept US paper currency,
19 and had been pre-wired at the factory to allow the installation of a coin acceptor
20 device if desired by the machine's owner. Each of these hardware and computer
21 items is consistent with the internal layout of a video gambling machine,
22 regardless of the game's name or manufacturer.

23 **D. The use of video analysis**

24 Every state and jurisdiction which has attempted prosecution of these machines as
25 illegal gambling devices has been forced to contend with assertions from game

1 operators that they are "*games of skill*", and that a "*skilled player*" can somehow
2 control the outcome by using the machine's skill stop buttons, or by memorizing
3 the string of video symbols or icons that scroll past. Courts have been presented
4 with testimony from experts and from reputed *skilled players* that maintain they
5 can catch winning combinations by memorizing the icon string, by pressing the
6 stop buttons after certain "trigger" symbols pass, or by timing their reactions to
7 the background sounds of each game. Surprisingly, none of these methods would
8 work in live courtroom demonstrations.

9 A breakthrough in methodology was achieved by the FBI laboratory after a
10 Florida case titled "*State of Florida vs. Broward Vending Reels of Skill*", which
11 was heard as a bench trial before Judge Leroy Moe. During that case, Judge Moe
12 complained about the lack of scientific evidence to aid the court. Shortly
13 thereafter, the FBI laboratory pioneered the use of a process called video analysis.
14 In short, video analysis uses high speed digital recording of a game's play screens
15 and attract mode screens to provide laboratory quality evidence of what actually
16 goes on during the play of each of these games.

17 Casino Horizons Corporation was trained in these techniques by FBI lab
18 personnel, and has been using them for more than 14 years. Video analysis of the
19 games at issue in this case, makes it possible for us to provide the finder of fact
20 with clinical, laboratory quality answers about the *skill versus chance* question.
21 [NOTE: A 7 page graphic explanation of the video analysis procedure is found
22 after the signature page of this report.]

23 I examined 97 different machines during this assignment. There were 19 game
24 titles represented. Of those 19 games, Casino Horizons Corporation had already

1 completed laboratory reports on 15. Those results are presented in the following
 2 chart.

GAME ANALYZED	FINDINGS
Pot Of Gold (Respin 777)	9 video reels show no apparent pattern within 300+ icons; No way for player to manually stop any reels once spin button is touched and reels have kicked off; Reels automatically stop without player intervention. CONCLUSION - Game of Chance
Pot Of Gold (Triple Sevens)	9 video reels show no apparent pattern within 300+ icons; "play speed" is adjustable from 0-7; Reels automatically stop without player intervention. CONCLUSION - Game of Chance
Western Venture	Main Game Rate = 98; Payout Rate = LOW; 15 video reels show no apparent repeating pattern; Reels automatically stop without player intervention; Coasting icons present. CONCLUSION - Game of Chance
Skill Cherry 97	Main Game Rate = 55%, Has Auto-Stop feature, 41 - icon pattern, Morphing icons present. CONCLUSION - Game of Chance
Royal 5	Main Game Rate = 75%, Has Auto-Stop feature, 32 - icon pattern, Morphing icons present. CONCLUSION - Game of Chance
Captain Jack	15 video reels that are indistinguishable for analysis while spinning, Has Auto-Stop feature. CONCLUSION - Game of Chance
Crazy Bugs	Main Game Rate = Level 6 = 90% payout rate, 64 - icon pattern, Morphing icons present. CONCLUSION - Game of Chance
Queen Bee	Main Game Rate = 55%, Video reel speed set to "FAST", Has Auto-Stop feature, changing 8-icon patterns, Coasting & transitioning icons present. CONCLUSION - Game of Chance
Jungle King	Main Game Rate adjustable via on-screen menu selection, 7 - icon pattern, Has Auto-Stop feature, Morphing & coasting icons present. CONCLUSION - Game of Chance
Fruit Bonus 96	Difficulty Level = 6 = 65% Payout Rate, Has Auto-Stop feature, 41 - icon pattern, Morphing icons present. CONCLUSION - Game of Chance
Monkeyland	Payout Rate = Level 6 (1-8 available), No apparent repeating pattern found within 1080 icons analyzed, Has Auto-Stop feature. CONCLUSION - Game of Chance
Golden Treasure Island	Payout Rate = 55% Payout Rate, Reel Speed = FAST, Has Auto-Stop feature, 8 - icon pattern(s), Missing icons, Morphing icons present. CONCLUSION - Game of Chance
Tarzan	4 video reels which each use a different 7 - icon pattern, Morphing & coasting icons present. CONCLUSION - Game of Chance
Cherrymaster	Payout Rate = 70%, Has Auto-Stop feature, 81 - icon pattern, Morphing & coasting icons present, Reel Speed = SLOW. CONCLUSION - Game of Chance
Magic Bomb	Payout Rate = 68%, 9 video reels which show no apparent repeating pattern, Coasting icons, Staggered indexing of video reels. CONCLUSION - Game of Chance
Captain Cannon	Difficulty level = 8(hardest), Staggered indexing of video reels, 8 - icon pattern, Morphing & coasting icons present. CONCLUSION - Game of Chance

1
2
3 **E. Game Origins and Characteristics**

4 **Pot of Gold**, was made by the *Leisure Time Technology Co.*, and a contact
5 sheet of the digital still photos taken during the examination of this game is
6 included in Attachment 1 of this report. Those include **photos # 14 and**
7 **#15**. This machine's microprocessor "*Logic Board*" is shown in **photo #15**.
8 This machine's "*Attract Mode*" screen is shown in **photo # 14**. This
9 machine is essentially identical to all other Pot of Gold machines that I have
10 encountered in the State of Florida, and throughout the rest of the country.

11
12 **Common Characteristics of Pot of Gold**

13 Pot of Gold is a frequently encountered video gambling machine. Casino
14 Horizons Corporation has conducted a formal laboratory report examining
15 the features of this machine on several occasions. A copy of the front page
16 of one of those reports is submitted as Attachments 3 and 4 to this
17 document. High speed video analysis of the play of this game reveals that
18 there are 14 separate icons, or symbols, on each of the machine's 9 reels.
19 High speed video analysis of the play of this game also reveals that the icons
20 on each of the machines 9 reels are deliberately programmed as being
21 blurred. The result is that no human eye could possibly distinguish specific
22 icons in order to predict and then catch a winning combination. This
23 blurring permits the machine's computer to defeat any attempt at skill, and
24 to deliver an outcome that was chosen in advance by the computer. Not
25

1 only is this machine designed and manufactured specifically for the purpose
2 of gambling; it is also designed to **cheat** the customer.

3 Please note that Pot of Gold has been prosecuted as an illegal slot machine
4 and as an illegal gambling device since approximately 1994 in a large
5 variety of states and jurisdictions. An example of a laboratory report that
6 was produced for the federal government's National Indian Gaming
7 Commission as early as 2001 is included as Attachment 38 to this report.
8 The findings from our lab reports are virtually identical to the findings from
9 the report from 2001. It is evident that a player cannot control the outcome
10 of all nine reels on the Respin 777, Spinball Bonus, and Triple Sevens
11 games. The player is forced to stop a column of three reels at a time, and
12 has no control over two of the three reels. It is clear that the player has
13 absolutely no control over the stopping of the remaining six reels. It is also
14 evident that a player cannot affect the outcome of game play, as the player
15 cannot anticipate the reel symbol sequence. This has the effect of
16 preventing the player from skillfully stopping the spinning reels. This is
17 proof that the game's outcome is determined by the computer, and that skill
18 plays no role in whether the player wins or loses.

19
20 Western Venture, was made by the *Astro Company*, and a contact sheet
21 of the digital still photos taken during the examination of this game is
22 included in Attachment 1 of this report. Those include photos # 26
23 through #29. This machine's "Bonus" screens are shown in photos#27
24 and #28. This machine's "Attract Mode" screen is shown in photo # 29.
25 An example of a typical game play screen is shown in photo#26. This

1 machine is essentially identical to all other Western Venture machines that
2 I have encountered in the State of Florida, and throughout the rest of the
3 country.

4
5 **Common Characteristics of Western Venture**

6 Western Venture is a frequently encountered video gambling machine.
7 Casino Horizons Corporation has conducted a formal laboratory report
8 examining the features of this machine on several occasions. A copy of the
9 front page of one of those reports is submitted as Attachment 5 to this
10 document. High speed video analysis of the play of this game reveals that
11 there are 10 separate icons, or symbols, on each of the machine's 15 reels.
12 Also revealed is a computer software program which cheats the player
13 whenever they press the "Skill Stop" buttons. As the string of 10 icons spins
14 in front of the player, the pressing of the skill stop button causes the last
15 icon to *morph*, or change into a different symbol than the one which is
16 supposed to be displayed. This morphing permits the machine's computer
17 to defeat any attempt at skill, and to deliver an outcome that was chosen in
18 advance by the computer. Not only is this machine designed and
19 manufactured specifically for the purpose of gambling; it is also designed to
20 cheat the customer.

21 The *ASTRO* Company, makers of Western Venture, distributes a printed
22 operator's manual for use with these machines. These manuals are
23 frequently found inside machines that have been seized by law
24 enforcement, and may also be downloaded from various websites that
25 offer Western Venture for sale. All copies of this manual, from whatever

1 source, are essentially identical. A copy of this manual is submitted as
2 Attachment 20 to this document. The electrical wiring diagrams found in
3 this manual on pages 31 and 32 shows that all Western Venture machines
4 are pre-wired at the factory so that they are able to have an actual casino-
5 type coin hopper plugged in by the machine's operator if desired. Pre-
6 wired connections are also available to permit the machine to dispense
7 pre-printed cardboard tickets to the winner; or to plug in a dot-matrix
8 printer that will dispense exact-value paper printed tickets to the winning
9 customer. A section of the manual also contains the on-screen menu
10 ranges that are used to control various aspects of the play of the game.
11 Because of its' newer design, Western Venture employs an on-screen
12 menu by which the operator can set the payout percentage. The manual
13 describes a procedure whereby the operator must first enter an 8 digit
14 password, and then proceed to a menu screen called "*SYSTEM SETTING*".
15 Once within that system setting screen, the manual shows the operator
16 how to enter the "*LEVEL OF DIFFICULTY*" mode. The Level of
17 Difficulty screen permits the operator to select from among 8 different
18 percentage choices. This is the equivalent of having the operator utilize a
19 dip switch for this purpose; simply a more modern technique. The
20 existence of such an arrangement, generally called *reflexive percentaging*,
21 whereby the operator may command the computer to deliver a specific
22 payout percentage to the customer, and may change it by simply flipping
23 some switch levers, or by making an on-screen menu selection, is proof
24 that the game's outcome is determined by the computer, and that skill
25 plays no role in whether the player wins or loses. In a legal gambling

1 jurisdiction, such as Nevada, New Jersey, or Mississippi, the discovery of
2 a reflexive percentaging scheme in an *acknowledged slot machine*, would
3 cause Gaming Inspectors to turn that machine off immediately, and would
4 result in fines and disciplinary action for the casino responsible.

5
6 **Skill Cherry '97**, was made by the *Amuchine Company*, and a contact
7 sheet of the digital still photos taken during the examination of this game
8 is included in Attachment 1 of this report. An example of a typical game
9 play screen is shown in photo#45. This machine is essentially identical to
10 all other Skill Cherry'97 machines that I have encountered in the State of
11 Florida, and throughout the rest of the country.

12
13 **Common Characteristics of Skill Cherry '97**

14 Skill Cherry '97 is a frequently encountered video gambling machine.
15 Casino Horizons Corporation has conducted a formal laboratory report
16 examining the features of this machine. A copy of the front page of one of
17 those reports is submitted as Attachment 6 to this document. High speed
18 video analysis of the play of this game reveals that there are 41 separate
19 icons, or symbols, on each of the machine's 9 reels. Also revealed is a
20 computer software program which cheats the player whenever they press the
21 "Skill Stop" buttons. As the string of 41 icons spins in front of the player,
22 the pressing of the skill stop button causes the last icon to *morph*, or change
23 into a different symbol than the one which is supposed to be displayed. This
24 morphing permits the machine's computer to defeat any attempt at skill, and
25 to deliver an outcome that was chosen in advance by the computer. Not

1 only is this machine designed and manufactured specifically for the purpose
2 of gambling; it is also designed to cheat the customer.

3 The *AMUCHINE* Company, makers of Skill Cherry '97, distributes a
4 printed operator's manual for use with these machines. These manuals are
5 frequently found inside machines that have been seized by law enforcement,
6 and may also be downloaded from various websites that offer Skill Cherry
7 '97 for sale. All copies of this manual, from whatever source, are
8 essentially identical. A copy of this manual is submitted as Attachment 21
9 to this document. The electrical wiring diagram found in this manual shows
10 that all Skill Cherry '97 machines are pre-wired at the factory so that they
11 are able to have an actual casino-type coin hopper plugged in by the
12 machine's operator if desired. Pre-wired connections are also available to
13 permit the machine to dispense pre-printed cardboard tickets to the winner;
14 or to plug in a dot-matrix printer that will dispense exact-value paper printed
15 tickets to the winning customer. A section of the operator's manual also
16 contains the "*Dip Switch*" settings used to control various aspects of the play
17 of the game. The Skill Cherry '97 manual shows that on Dip Switch # 1,
18 switches 1, 2, and 3 are labeled "Game Percentage", and may be used by the
19 machine's operator to set the payout percentage to any one of eight different
20 choices ranging from 55% to 90%. The existence of such an arrangement,
21 generally called *reflexive percentaging*, whereby the operator may
22 command the computer to deliver a specific payout percentage to the
23 customer, and may change it by simply flipping some switch levers, is proof
24 that the game's outcome is determined by the computer, and that skill plays
25 no role in whether the player wins or loses. In a legal gambling jurisdiction,

1 such as Nevada, New Jersey, or Mississippi, the discovery of a reflexive
2 percentaging scheme in an *acknowledged slot machine*, would cause
3 Gaming Inspectors to turn that machine off immediately, and would result in
4 fines and disciplinary action for the casino responsible.

5
6 Royal 5, was made by the IGS Company, and a contact sheet of the
7 digital still photos taken during the laboratory examination of this game is
8 included in Attachment 1 of this report. This machine's microprocessor
9 "Logic Board" is shown in photo #10. This machine's "Attract Mode"
10 screen is shown in photo #9. An example of a typical game play screen is
11 shown in photo#8. This machine is essentially identical to all other Royal
12 5 machines that I have encountered in the State of Florida, and throughout
13 the rest of the country.

14 15 Common Characteristics of Royal 5

16 Royal 5 is a frequently encountered video gambling machine. Casino
17 Horizons Corporation has conducted a formal laboratory report examining
18 the features of this machine on several occasions. A copy of the front page
19 of one of those reports is submitted as Attachment 7 to this document. High
20 speed video analysis of the play of this game reveals that there are 8
21 separate icons, or symbols, on each of the machine's 5 reels. Also revealed
22 is a computer software program which cheats the player whenever they
23 press the "Skill Stop" buttons. As the string of 32 icons spins in front of the
24 player, the pressing of the skill stop button causes the last icon to *morph*, or
25 change into a different symbol than the one which is supposed to be

1 displayed. This morphing permits the machine's computer to defeat any
2 attempt at skill, and to deliver an outcome that was chosen in advance by the
3 computer. Not only is this machine designed and manufactured specifically
4 for the purpose of gambling; it is also designed to cheat the customer.
5 The I.G.S. Company, makers of Royal 5, distributes a printed operator's
6 manual for use with these machines. These manuals are frequently found
7 inside machines that have been seized by law enforcement, and may also be
8 downloaded from various websites that offer Royal 5 for sale. All copies of
9 this manual, from whatever source, are essentially identical. A copy of this
10 manual and the machine's sales poster is submitted as Attachment 22 to this
11 document. The electrical wiring diagram found in this manual shows that all
12 Royal 5 machines are pre-wired at the factory so that they are able to have
13 an actual casino-type coin hopper plugged in by the machine's operator if
14 desired. Pre-wired connections are also available to permit the machine to
15 dispense pre-printed cardboard tickets to the winner; or to plug in a dot-
16 matrix printer that will dispense exact-value paper printed tickets to the
17 winning customer. A section of the manual also contains the dip switch
18 settings and on-screen menu ranges that are used to control various aspects
19 of the play of the game. Because of its' older design, Royal 5 does not
20 employ an on-screen menu by which the operator can set the payout
21 percentage. The manual instead lists dipswitch settings whereby the
22 operator can adjust the payout percentage. Dipswitch 3, positions #4, #5,
23 and #6 offer the operator a range of eight different payout percentages
24 labeled "game rate". These percentages range from a low of 55% to a high
25 of 90%. The existence of such an arrangement, generally called *reflexive*

1 *percentaging*, whereby the operator may command the computer to deliver
2 a specific payout percentage to the customer, and may change it by simply
3 flipping some switch levers, or by making an on-screen menu selection, is
4 proof that the game's outcome is determined by the computer, and that skill
5 plays no role in whether the player wins or loses. In a legal gambling
6 jurisdiction, such as Nevada, New Jersey, or Mississippi, the discovery of a
7 reflexive percentaging scheme in an *acknowledged slot machine*, would
8 cause Gaming Inspectors to turn that machine off immediately, and would
9 result in fines and disciplinary action for the casino responsible.

10
11 Captain Jack, was made by the IGS Company, and a contact sheet of the
12 digital still photos taken during the laboratory examination of this game is
13 included in Attachment 1 of this report. This machine's microprocessor
14 "*Logic Board*" is shown in photo #13. An example of a typical game play
15 screen is shown in photo#12. This machine is essentially identical to all
16 other Captain Jack machines that I have encountered in the State of
17 Florida, and throughout the rest of the country.

18
19 Common Characteristics of Captain Jack

20 Captain Jack is a frequently encountered video gambling machine. Casino
21 Horizons Corporation has conducted a formal laboratory report examining
22 the features of this machine on several occasions. A copy of the front page
23 of one of those reports is submitted as Attachment 8 to this document. High
24 speed video analysis of the play of this game reveals that the icons on each
25 of the machines 15 reels are deliberately programmed as being blurred. The

1 result is that no human eye could possibly distinguish specific icons in order
2 to predict and then catch a winning combination. Also revealed is that there
3 is a computer software program which cheats the player whenever they
4 press the "Skill Stop" buttons. As the string of blurred icons spins in front of
5 the player, the pressing of the skill stop button causes the last icon to *morph*,
6 or change into a different symbol than the one which is supposed to be
7 displayed. This morphing permits the machine's computer to defeat any
8 attempt at skill, and to deliver an outcome that was chosen in advance by the
9 computer. Not only is this machine designed and manufactured specifically
10 for the purpose of gambling; it is also designed to cheat the customer.
11 The IGS Company, makers of Captain Jack, distributes a printed operator's
12 manual for use with these machines. These manuals are frequently found
13 inside machines that have been seized by law enforcement, and may also be
14 downloaded from various websites that offer Captain Jack for sale. All
15 copies of this manual, from whatever source, are essentially identical. A
16 copy of this manual is submitted as Attachment 23 to this document. The
17 electrical wiring diagrams found in this manual on page 1 shows that all
18 Captain Jack machines are pre-wired at the factory so that they are able to
19 have an actual casino-type coin hopper plugged in by the machine's operator
20 if desired. Pre-wired connections are also available to permit the machine to
21 dispense pre-printed cardboard tickets to the winner; or to plug in a dot-
22 matrix printer that will dispense exact-value paper printed tickets to the
23 winning customer. A section of the manual also contains the dip-switch
24 settings and the on-screen menu ranges that are used to control various
25 aspects of the play of the game. Because of its' newer design, Captain Jack

1 employs an on-screen menu by which the operator can set the payout
2 percentage. The manual describes a procedure whereby the operator must
3 first enter an 8 digit password, and then proceed to a menu screen called
4 "SYSTEM SETUP". Once within that system setting screen, the manual
5 shows the operator how to enter the "CHANCE ADJUSTMENT" mode. The
6 Chance Adjustment screen permits the operator to select from among 6
7 different percentage choices. This is the equivalent of having the operator
8 utilize a dip switch for this purpose; simply a more modern technique. The
9 existence of such an arrangement, generally called *reflexive percentaging*,
10 whereby the operator may command the computer to deliver a specific
11 payout percentage to the customer, and may change it by simply flipping
12 some switch levers, or by making an on-screen menu selection, is proof that
13 the game's outcome is determined by the computer, and that skill plays no
14 role in whether the player wins or loses. In a legal gambling jurisdiction,
15 such as Nevada, New Jersey, or Mississippi, the discovery of a reflexive
16 percentaging scheme in an *acknowledged slot machine*, would cause
17 Gaming Inspectors to turn that machine off immediately, and would result in
18 fines and disciplinary action for the casino responsible.

19
20 Crazy Bugs, was made by the IGS Company, and a contact sheet of the
21 digital still photos taken during the laboratory examination of this game is
22 included in Attachment 1 of this report. This machine's microprocessor
23 "Logic Board" is shown in photo #63. This machine's "Attract Mode"
24 screen is shown in photo #6. An example of a typical game play screen
25 is shown in photo#5. This machine is essentially identical to all other

1 Crazy Bugs machines that I have encountered in the State of Florida, and
2 throughout the rest of the country.

3
4 **Common Characteristics of Crazy Bugs**

5 Crazy Bugs is a frequently encountered video gambling machine. Casino
6 Horizons Corporation has conducted a formal laboratory report examining
7 the features of this machine on several occasions. A copy of one of those
8 reports is submitted as Attachment 9 to this document. High speed video
9 analysis of the play of this game reveals that there are 12 separate icons, or
10 symbols, on each of the machine's 9 reels. Also revealed is a computer
11 software program which cheats the player whenever they press the "Skill
12 Stop" buttons. As the string of 64 icons spins in front of the player, the
13 pressing of the skill stop button causes the last icon to *morph*, or change into
14 a different symbol than the one which is supposed to be displayed. This
15 morphing permits the machine's computer to defeat any attempt at skill, and
16 to deliver an outcome that was chosen in advance by the computer. Not
17 only is this machine designed and manufactured specifically for the purpose
18 of gambling; it is also designed to **cheat** the customer.

19 The *I.G.S.* Company, makers of Crazy Bugs, distributes a printed operator's
20 manual for use with these machines. These manuals are frequently found
21 inside machines that have been seized by law enforcement, and may also be
22 downloaded from various websites that offer Crazy Bugs for sale. All
23 copies of this manual, from whatever source, are essentially identical. A
24 copy of this manual and the machine's sales poster is submitted as
25 Attachment 24 to this document. The electrical wiring diagram found in this

1 manual shows that all Crazy Bugs machines are pre-wired at the factory so
2 that they are able to have an actual casino-type coin hopper plugged in by
3 the machine's operator if desired. Pre-wired connections are also available
4 to permit the machine to dispense pre-printed cardboard tickets to the
5 winner, or to plug in a dot-matrix printer that will dispense exact-value
6 paper printed tickets to the winning customer. A section of the manual also
7 contains the dip switch settings and on-screen menu ranges that are used to
8 control various aspects of the play of the game. Because of its' newer
9 design, Crazy Bugs employs an on-screen menu by which the operator can
10 set the payout percentage. The manual describes a procedure whereby the
11 operator must first enter an 8 digit password, and then proceed to a menu
12 screen called "SYSTEM SETUP". Once within that system setup screen, the
13 manual shows the operator how to enter the "CHANCE ADJUST" mode.
14 The chance adjust screen permits the operator to select from among 8
15 different percentage choices that are labeled "MAIN GAME RATE". This
16 is the equivalent of having the operator utilize a dip switch for this purpose;
17 simply a more modern technique. The existence of such an arrangement,
18 generally called *reflexive percentaging*, whereby the operator may
19 command the computer to deliver a specific payout percentage to the
20 customer, and may change it by simply flipping some switch levers, or by
21 making an on-screen menu selection, is proof that the game's outcome is
22 determined by the computer, and that skill plays no role in whether the
23 player wins or loses. In a legal gambling jurisdiction, such as Nevada, New
24 Jersey, or Mississippi, the discovery of a reflexive percentaging scheme in
25 an *acknowledged slot machine*, would cause Gaming Inspectors to turn that

1 machine off immediately, and would result in fines and disciplinary action
2 for the casino responsible.

3
4 Queen Bee, was made by the *Subsino Company*, and a contact sheet of the
5 digital still photos taken during the examination of this game is included in
6 Attachment 1 of this report. This machine's "Bonus" screens are shown
7 in photos#95. An example of a typical game play screen is shown in
8 photo#94. This machine's microprocessor "Logic Board" is shown in
9 photo#96. This machine is essentially identical to all other Queen Bee
10 machines that I have encountered in the State of Florida, and throughout
11 the rest of the country.

12 13 Common Characteristics of Queen Bee

14 Queen Bee is a frequently encountered video gambling machine. Casino
15 Horizons Corporation has conducted a formal laboratory report examining
16 the features of this machine on several occasions. A copy of the front page
17 of one of those reports is submitted as Attachment 10 to this document.
18 High speed video analysis of the play of this game reveals that there are 11
19 separate icons, or symbols, on each of the machine's 9 reels. Also revealed
20 is a computer software program which cheats the player whenever they
21 press the "Skill Stop" buttons. As the string of 8 icons spins in front of the
22 player, the pressing of the skill stop button causes the last icon to *morph*, or
23 change into a different symbol than the one which is supposed to be
24 displayed. This morphing permits the machine's computer to defeat any
25 attempt at skill, and to deliver an outcome that was chosen in advance by the

1 computer. Not only is this machine designed and manufactured specifically
2 for the purpose of gambling; it is also designed to cheat the customer.

3 The *Subsino* Company, makers of Queen Bee, distributes a printed
4 operator's manual for use with these machines. These manuals are
5 frequently found inside machines that have been seized by law
6 enforcement, and may also be downloaded from various websites that
7 offer Queen Bee for sale. All copies of this manual, from whatever
8 source, are essentially identical. A copy of this manual is submitted as
9 Attachment 25 to this document. The electrical wiring diagram found in
10 this manual on page 7 shows that all Queen Bee machines are pre-wired at
11 the factory so that they are able to have an actual casino-type coin hopper
12 plugged in by the machine's operator if desired. Pre-wired connections
13 are also available to permit the machine to dispense pre-printed cardboard
14 tickets to the winner; or to plug in a dot-matrix printer that will dispense
15 exact-value paper printed tickets to the winning customer. A section of
16 the manual also contains the on-screen menu ranges that are used to
17 control various aspects of the play of the game. Because of its' newer
18 design, Queen Bee employs an on-screen menu by which the operator can
19 set the payout percentage. The manual describes a procedure whereby the
20 operator must first enter a password, and then proceed to a menu screen
21 called "SETUP". Once within that setup screen, the manual shows the
22 operator how to enter the "WIN RATE" mode. The Win Rate screen
23 permits the operator to select from among 8 different percentage choices.
24 This is the equivalent of having the operator utilize a dip switch for this
25 purpose; simply a more modern technique. The existence of such an

1 arrangement, generally called *reflexive percentaging*, whereby the
2 operator may command the computer to deliver a specific payout
3 percentage to the customer, and may change it by simply flipping some
4 switch levers, or by making an on-screen menu selection, is proof that the
5 game's outcome is determined by the computer, and that skill plays no
6 role in whether the player wins or loses. In a legal gambling jurisdiction,
7 such as Nevada, New Jersey, or Mississippi, the discovery of a reflexive
8 percentaging scheme in an *acknowledged slot machine*, would cause
9 Gaming Inspectors to turn that machine off immediately, and would result
10 in fines and disciplinary action for the casino responsible.

11
12 **Jungle King**, was made by the IGS Company, and a contact sheet of the
13 digital still photos taken during the laboratory examination of this game is
14 included in Attachment 1 of this report. An example of a typical game
15 play screen is shown in photo#39. This machine is essentially identical to
16 all other Jungle King machines that I have encountered in the State of
17 Florida, and throughout the rest of the country.

18
19 **Common Characteristics of Jungle King**

20 Jungle King is a frequently encountered video gambling machine. Casino
21 Horizons Corporation has conducted a formal laboratory report examining
22 the features of this machine on several occasions. A copy of the front page
23 of one of those reports is submitted as Attachment 11 to this document.
24 High speed video analysis of the play of this game reveals that there are 7
25 separate icons, or symbols, on each of the machine's 4 reels. Also revealed

1 is a computer software program which cheats the player whenever they
2 press the "Skill Stop" buttons. As the string of icons spins in front of the
3 player, the pressing of the skill stop button causes the last icon to *morph*, or
4 change into a different symbol than the one which is supposed to be
5 displayed. This morphing permits the machine's computer to defeat any
6 attempt at skill, and to deliver an outcome that was chosen in advance by the
7 computer. Not only is this machine designed and manufactured specifically
8 for the purpose of gambling; it is also designed to **cheat** the customer.
9 The I.G.S. Company, makers of Jungle King, distributes a printed operator's
10 manual for use with these machines. These manuals are frequently found
11 inside machines that have been seized by law enforcement, and may also be
12 downloaded from various websites that offer Jungle King for sale. All
13 copies of this manual, from whatever source, are essentially identical. A
14 copy of this manual and the machine's sales poster is submitted as
15 Attachment 26 to this document. The electrical wiring diagram found in this
16 manual shows that all Jungle King machines are pre-wired at the factory so
17 that they are able to have an actual casino-type coin hopper plugged in by
18 the machine's operator if desired. Pre-wired connections are also available
19 to permit the machine to dispense pre-printed cardboard tickets to the
20 winner; or to plug in a dot-matrix printer that will dispense exact-value
21 paper printed tickets to the winning customer. A section of the manual also
22 contains the dip switch settings and on-screen menu ranges that are used to
23 control various aspects of the play of the game. Because of its' newer
24 design, Jungle King employs an on-screen menu by which the operator can
25 set the payout percentage. The manual describes a procedure whereby the

1 operator must first enter an 8 digit password, and then proceed to a menu
2 screen called "SYSTEM SETUP". Once within that system setup screen, the
3 manual shows the operator how to enter the "CHANCE ADJUST" mode.
4 The chance adjust screen permits the operator to select from among 8
5 different percentage choices that are labeled "MAIN GAME RATE". This
6 is the equivalent of having the operator utilize a dip switch for this purpose;
7 simply a more modern technique. The existence of such an arrangement,
8 generally called *reflexive percentaging*, whereby the operator may
9 command the computer to deliver a specific payout percentage to the
10 customer, and may change it by simply flipping some switch levers, or by
11 making an on-screen menu selection, is proof that the game's outcome is
12 determined by the computer, and that skill plays no role in whether the
13 player wins or loses. In a legal gambling jurisdiction, such as Nevada, New
14 Jersey, or Mississippi, the discovery of a reflexive percentaging scheme in
15 an *acknowledged slot machine*, would cause Gaming Inspectors to turn that
16 machine off immediately, and would result in fines and disciplinary action
17 for the casino responsible.

18
19 **Fruit Bonus 96**, was made by the *Amuchine Company*, and a contact
20 sheet of the digital still photos taken during the examination of this game
21 is included in Attachment 1 of this report. An example of a typical game
22 play screen is shown in photo#32. The machine's microprocessor "*Logic*
23 *Board*" is shown in photo#31. An example of the machine's "*Attract*
24 *Mode*" screen is shown in photo#109. This machine is essentially

1 identical to all other Fruit Bonus 96 machines that I have encountered in
2 the State of Florida, and throughout the rest of the country.

3
4 **Common Characteristics of Fruit Bonus 96**

5 Fruit Bonus 96 is a frequently encountered video gambling machine. Casino
6 Horizons Corporation has conducted a formal laboratory report examining
7 the features of this machine. A copy of the front page of one of those
8 reports is submitted as Attachment 12 to this document. High speed video
9 analysis of the play of this game reveals that there are 41 separate icons, or
10 symbols, on each of the machine's 9 reels. Also revealed is a computer
11 software program which cheats the player whenever they press the "*Skill*
12 *Stop*" buttons. As the string of 41 icons spins in front of the player, the
13 pressing of the skill stop button causes the last icon to *morph*, or change into
14 a different symbol than the one which is supposed to be displayed. This
15 morphing permits the machine's computer to defeat any attempt at skill, and
16 to deliver an outcome that was chosen in advance by the computer. Not
17 only is this machine designed and manufactured specifically for the purpose
18 of gambling; it is also designed to **cheat** the customer.

19 The *AMUCHINE* Company, makers of Fruit Bonus 96, distributes a printed
20 operator's manual for use with these machines. These manuals are
21 frequently found inside machines that have been seized by law enforcement,
22 and may also be downloaded from various websites that offer Fruit Bonus
23 96 for sale. All copies of this manual, from whatever source, are essentially
24 identical. A copy of this manual is submitted as Attachment 27 to this
25 document. The electrical wiring diagram found in this manual shows that all

1 Fruit Bonus 96 machines are pre-wired at the factory so that they are able to
2 have an actual casino-type coin hopper plugged in by the machine's operator
3 if desired. Pre-wired connections are also available to permit the machine to
4 dispense pre-printed cardboard tickets to the winner; or to plug in a dot-
5 matrix printer that will dispense exact-value paper printed tickets to the
6 winning customer. A section of the operator's manual also contains the
7 "Dip Switch" settings used to control various aspects of the play of the
8 game. The Fruit Bonus 96 manual shows that on Dip Switch # 1, switches
9 1, 2, and 3 are labeled "Game Percentage", and may be used by the
10 machine's operator to set the payout percentage to any one of eight different
11 choices ranging from 55% to 90%. The existence of such an arrangement,
12 generally called *reflexive percentaging*, whereby the operator may
13 command the computer to deliver a specific payout percentage to the
14 customer, and may change it by simply flipping some switch levers, is proof
15 that the game's outcome is determined by the computer, and that skill plays
16 no role in whether the player wins or loses. In a legal gambling jurisdiction,
17 such as Nevada, New Jersey, or Mississippi, the discovery of a reflexive
18 percentaging scheme in an *acknowledged slot machine*, would cause
19 Gaming Inspectors to turn that machine off immediately, and would result in
20 fines and disciplinary action for the casino responsible.

21
22 Monkeyland, was made by the *Astro Company*, and a contact sheet of the
23 digital still photos taken during the examination of this game is included in
24 Attachment 1 of this report. This machine's microprocessor "*Logic*
25 *Board*" is shown in photo#24. This machine's "*Attract Mode*" screen is

1 shown in photo #82. An example of a typical game play screen is shown
2 in photo#80. This machine is essentially identical to all other Monkeyland
3 machines that I have encountered in the State of Florida, and throughout
4 the rest of the country.

5
6 **Common Characteristics of Monkeyland**

7 Monkeyland is a frequently encountered video gambling machine. Casino
8 Horizons Corporation has conducted a formal laboratory report examining
9 the features of this machine on several occasions. A copy of the front page
10 of one of those reports is submitted as Attachment 13 to this document.
11 High speed video analysis of the play of this game reveals that there are 10
12 separate icons, or symbols, on each of the machine's 9 reels. Also revealed
13 is a computer software program which cheats the player whenever they
14 press the "Skill Stop" buttons. As the string of icons spins in front of the
15 player, it becomes obvious to the examiner that there is no repeatable icon
16 pattern within more than 1100 icons analyzed. If there is no apparent
17 repeating pattern, then the human player has no opportunity to memorize
18 and use skill in catching a winner. This absence of a repeating pattern
19 permits the machine's computer to defeat any attempt at skill, and to deliver
20 an outcome that was chosen in advance by the computer. Not only is this
21 machine designed and manufactured specifically for the purpose of
22 gambling; it is also designed to cheat the customer.

23 The *ASTRO* Company, makers of Monkeyland, distributes a printed
24 operator's manual for use with these machines. These manuals are
25 frequently found inside machines that have been seized by law

1 enforcement, and may also be downloaded from various websites that
2 offer Monkeyland for sale. All copies of this manual, from whatever
3 source, are essentially identical. A copy of this manual is submitted as
4 Attachment 28 to this document. The electrical wiring diagrams found in
5 this manual on pages 1 and 2 shows that all Monkeyland machines are
6 pre-wired at the factory so that they are able to have an actual casino-type
7 coin hopper plugged in by the machine's operator if desired. Pre-wired
8 connections are also available to permit the machine to dispense pre-
9 printed cardboard tickets to the winner; or to plug in a dot-matrix printer
10 that will dispense exact-value paper printed tickets to the winning
11 customer. A section of the manual also contains the on-screen menu
12 ranges that are used to control various aspects of the play of the game.
13 Because of its' newer design, Monkeyland employs an on-screen menu by
14 which the operator can set the payout percentage. The manual describes a
15 procedure whereby the operator must first enter an 8 digit password, and
16 then proceed to a menu screen called "*SYSTEM SETTING*". Once within
17 that system setting screen, the manual shows the operator how to enter the
18 "*PAYOUT RATE*" mode. The payout rate screen permits the operator to
19 select from among 8 different percentage choices. This is the equivalent
20 of having the operator utilize a dip switch for this purpose; simply a more
21 modern technique. The existence of such an arrangement, generally
22 called *reflexive percentaging*, whereby the operator may command the
23 computer to deliver a specific payout percentage to the customer, and may
24 change it by simply flipping some switch levers, or by making an on-
25 screen menu selection, is proof that the game's outcome is determined by

1 the computer, and that skill plays no role in whether the player wins or
2 loses. In a legal gambling jurisdiction, such as Nevada, New Jersey, or
3 Mississippi, the discovery of a reflexive percentaging scheme in an
4 *acknowledged slot machine*, would cause Gaming Inspectors to turn that
5 machine off immediately, and would result in fines and disciplinary action
6 for the casino responsible.

7
8 **Golden Treasure Island**, was made by the *Subsino Company*, and a
9 contact sheet of the digital still photos taken during the examination of this
10 game is included in Attachment 1 of this report. This machine is
11 essentially identical to all other Golden Treasure Island machines that I
12 have encountered in the State of Florida, and throughout the rest of the
13 country.

14
15 **Common Characteristics of Golden Treasure Island**

16 Golden Treasure Island is a frequently encountered video gambling
17 machine. Casino Horizons Corporation has conducted a formal laboratory
18 report examining the features of this machine on several occasions. A copy
19 of the front page of one of those reports is submitted as Attachment 14 to
20 this document. High speed video analysis of the play of this game reveals
21 that there are 11 separate icons, or symbols, on each of the machine's 9
22 reels. Also revealed is a computer software program which cheats the
23 player whenever they press the "*Skill Stop*" buttons. As the string of 8 icons
24 spins in front of the player, the pressing of the skill stop button causes the
25 last icon to *morph*, or change into a different symbol than the one which is

1 supposed to be displayed. This morphing permits the machine's computer
2 to defeat any attempt at skill, and to deliver an outcome that was chosen in
3 advance by the computer. Not only is this machine designed and
4 manufactured specifically for the purpose of gambling; it is also designed to
5 cheat the customer.

6 The *Subsino* Company, makers of Golden Treasure Island, distributes a
7 printed operator's manual for use with these machines. These manuals are
8 frequently found inside machines that have been seized by law
9 enforcement, and may also be downloaded from various websites that
10 offer Golden Treasure Island for sale. All copies of this manual, from
11 whatever source, are essentially identical. A copy of this manual is
12 submitted as Attachment 29 to this document. The electrical wiring
13 diagram found in this manual on page 7 shows that all Golden Treasure
14 Island machines are pre-wired at the factory so that they are able to have
15 an actual casino-type coin hopper plugged in by the machine's operator if
16 desired. Pre-wired connections are also available to permit the machine to
17 dispense pre-printed cardboard tickets to the winner; or to plug in a dot-
18 matrix printer that will dispense exact-value paper printed tickets to the
19 winning customer. A section of the manual also contains the on-screen
20 menu ranges that are used to control various aspects of the play of the
21 game. Because of its' newer design, Golden Treasure Island employs an
22 on-screen menu by which the operator can set the payout percentage. The
23 manual describes a procedure whereby the operator must first enter a
24 password, and then proceed to a menu screen called "SETUP". Once
25 within that setup screen, the manual shows the operator how to enter the

1 "WIN RATE" mode. The Win Rate screen permits the operator to select
2 from among 6 different percentage choices. This is the equivalent of
3 having the operator utilize a dip switch for this purpose; simply a more
4 modern technique. The existence of such an arrangement, generally
5 called *reflexive percentaging*, whereby the operator may command the
6 computer to deliver a specific payout percentage to the customer, and may
7 change it by simply flipping some switch levers, or by making an on-
8 screen menu selection, is proof that the game's outcome is determined by
9 the computer, and that skill plays no role in whether the player wins or
10 loses. In a legal gambling jurisdiction, such as Nevada, New Jersey, or
11 Mississippi, the discovery of a reflexive percentaging scheme in an
12 *acknowledged slot machine*, would cause Gaming Inspectors to turn that
13 machine off immediately, and would result in fines and disciplinary action
14 for the casino responsible.

15
16 Tarzan, was made by the IGS Company, and a contact sheet of the digital
17 still photos taken during the laboratory examination of this game is
18 included in Attachment 1 of this report. An example of an "Attract
19 Mode" screen is shown in photo#48. This machine is essentially identical
20 to all other Tarzan machines that I have encountered in the State of
21 Florida, and throughout the rest of the country.

22 23 Common Characteristics of Tarzan

24 Tarzan is a frequently encountered video gambling machine. Casino
25 Horizons Corporation has conducted a formal laboratory report examining

1 the features of this machine on several occasions. A copy of the front page
2 of one of those reports is submitted as Attachment 15 to this document.
3 High speed video analysis of the play of this game reveals that there are 7
4 separate icons, or symbols, on each of the machine's 4 reels. Also revealed
5 is a computer software program which cheats the player whenever they
6 press the "Skill Stop" buttons. As the string of icons spins in front of the
7 player, the pressing of the skill stop button causes the last icon to *morph*, or
8 change into a different symbol than the one which is supposed to be
9 displayed. This morphing permits the machine's computer to defeat any
10 attempt at skill, and to deliver an outcome that was chosen in advance by the
11 computer. Not only is this machine designed and manufactured specifically
12 for the purpose of gambling; it is also designed to **cheat** the customer.
13 The *I.G.S.* Company, makers of Tarzan, distributes a printed operator's
14 manual for use with these machines. These manuals are frequently found
15 inside machines that have been seized by law enforcement, and may also be
16 downloaded from various websites that offer Tarzan for sale. All copies of
17 this manual, from whatever source, are essentially identical. A copy of this
18 manual and the machine's sales poster is submitted as Attachment 30 to this
19 document. The electrical wiring diagram found in this manual shows that all
20 Tarzan machines are pre-wired at the factory so that they are able to have an
21 actual casino-type coin hopper plugged in by the machine's operator if
22 desired. Pre-wired connections are also available to permit the machine to
23 dispense pre-printed cardboard tickets to the winner; or to plug in a dot-
24 matrix printer that will dispense exact-value paper printed tickets to the
25 winning customer. A section of the manual also contains the dip switch

1 settings and on-screen menu ranges that are used to control various aspects
2 of the play of the game. Because of its' newer design, Tarzan employs an
3 on-screen menu by which the operator can set the payout percentage. The
4 manual describes a procedure whereby the operator must first enter an 8
5 digit password, and then proceed to a menu screen called "*SYSTEM*
6 *SETUP*". Once within that system setup screen, the manual shows the
7 operator how to enter the "*CHANCE ADJUST*" mode. The chance adjust
8 screen permits the operator to select from among 8 different percentage
9 choices that are labeled "MAIN GAME RATE". This is the equivalent of
10 having the operator utilize a dip switch for this purpose; simply a more
11 modern technique. The existence of such an arrangement, generally called
12 *reflexive percentaging*, whereby the operator may command the computer
13 to deliver a specific payout percentage to the customer, and may change it
14 by simply flipping some switch levers, or by making an on-screen menu
15 selection, is proof that the game's outcome is determined by the computer,
16 and that skill plays no role in whether the player wins or loses. In a legal
17 gambling jurisdiction, such as Nevada, New Jersey, or Mississippi, the
18 discovery of a reflexive percentaging scheme in an *acknowledged slot*
19 *machine*, would cause Gaming Inspectors to turn that machine off
20 immediately, and would result in fines and disciplinary action for the casino
21 responsible.

22
23 Cherrymaster, was made by the *Dyna Company*, and a contact sheet of
24 the digital still photos taken during the examination of this game is
25 included in Attachment 1 of this report. An example of a typical game

1 play screen is shown in photo#45. This machine is essentially identical to
2 all other Cherrymaster machines that I have encountered in the State of
3 Florida, and throughout the rest of the country.

4
5 **Common Characteristics of Cherrymaster**

6 Cherrymaster is a very frequently encountered video gambling machine.
7 Casino Horizons Corporation has conducted a formal laboratory report
8 examining the features of this machine on several occasions. A copy of the
9 front page of one of those reports is submitted as Attachment 16 to this
10 document. High speed video analysis of the play of this game reveals that
11 there are 10 separate icons, or symbols, on each of the machine's 9 reels.
12 Also revealed is a computer software program which cheats the player
13 whenever they press the "Skill Stop" buttons. As the string of 81 icons spins
14 in front of the player, the pressing of the skill stop button causes the last
15 icon to *morph*, or change into a different symbol than the one which is
16 supposed to be displayed. This morphing permits the machine's computer
17 to defeat any attempt at skill, and to deliver an outcome that was chosen in
18 advance by the computer. Not only is this machine designed and
19 manufactured specifically for the purpose of gambling; it is also designed to
20 cheat the customer.

21 The *DYNA* Company, makers of Cherrymaster, distributes a printed
22 operator's manual for use with these machines. These manuals are
23 frequently found inside machines that have been seized by law enforcement,
24 and may also be downloaded from various websites that offer Cherrymaster
25 for sale. All copies of this manual, from whatever source, are essentially

1 identical. A copy of this manual is submitted as Attachment 31 to this
2 document. The electrical wiring diagram found in this manual shows that all
3 Cherrymaster machines are pre-wired at the factory so that they are able to
4 have an actual casino-type coin hopper plugged in by the machine's operator
5 if desired. Pre-wired connections are also available to permit the machine to
6 dispense pre-printed cardboard tickets to the winner; or to plug in a dot-
7 matrix printer that will dispense exact-value paper printed tickets to the
8 winning customer. A section of the operator's manual also contains the
9 "Dip Switch" settings used to control various aspects of the play of the
10 game. The Cherrymaster manual shows that on Dip Switch # 2, switches 1,
11 2, and 3 are labeled "Main Game Pay Rate", and may be used by the
12 machine's operator to set the payout percentage to any one of eight different
13 choices ranging from 55% to 90%. The existence of such an arrangement,
14 generally called *reflexive percentaging*, whereby the operator may
15 command the computer to deliver a specific payout percentage to the
16 customer, and may change it by simply flipping some switch levers, is proof
17 that the game's outcome is determined by the computer, and that skill plays
18 no role in whether the player wins or loses. In a legal gambling jurisdiction,
19 such as Nevada, New Jersey, or Mississippi, the discovery of a reflexive
20 percentaging scheme in an *acknowledged slot machine*, would cause
21 Gaming Inspectors to turn that machine off immediately, and would result in
22 fines and disciplinary action for the casino responsible.

23
24 **Magic Bomb**, was made by the *Astro Company*, and a contact sheet of
25 the digital still photos taken during the examination of this game is

1 included in Attachment I of this report. This machine's microprocessor
2 "*Logic Board*" is shown in photos#78 & #79. An example of a typical
3 game play screen is shown in photos#75, 76 & 77. This machine is
4 essentially identical to all other Magic Bomb machines that I have
5 encountered in the State of Florida, and throughout the rest of the country.

6 7 Common Characteristics of Magic Bomb

8 Magic Bomb is a frequently encountered video gambling machine. Casino
9 Horizons Corporation has conducted a formal laboratory report examining
10 the features of this machine on several occasions. A copy of the front page
11 of one of those reports is submitted as Attachment 17 to this document.
12 High speed video analysis of the play of this game reveals that there are 13
13 separate icons, or symbols, on each of the machine's 9 reels. Also revealed
14 is a computer software program which cheats the player whenever they
15 press the "*Skill Stop*" buttons. As the string of icons spins in front of the
16 player, it becomes obvious to the examiner that there is no repeatable icon
17 pattern within more than 1000 icons analyzed. If there is no apparent
18 repeating pattern, then the human player has no opportunity to memorize
19 and use skill in catching a winner. This absence of a repeating pattern
20 permits the machine's computer to defeat any attempt at skill, and to deliver
21 an outcome that was chosen in advance by the computer. Not only is this
22 machine designed and manufactured specifically for the purpose of
23 gambling; it is also designed to cheat the customer.

24 The *ASTRO* Company, makers of Magic Bomb, distributes a printed
25 operator's manual for use with these machines. These manuals are

1 frequently found inside machines that have been seized by law
2 enforcement, and may also be downloaded from various websites that
3 offer Magic Bomb for sale. All copies of this manual, from whatever
4 source, are essentially identical. A copy of this manual is submitted as
5 Attachment 32 to this document. The electrical wiring diagrams found in
6 this manual on pages 1 and 2 shows that all Magic Bomb machines are
7 pre-wired at the factory so that they are able to have an actual casino-type
8 coin hopper plugged in by the machine's operator if desired. Pre-wired
9 connections are also available to permit the machine to dispense pre-
10 printed cardboard tickets to the winner; or to plug in a dot-matrix printer
11 that will dispense exact-value paper printed tickets to the winning
12 customer. A section of the manual also contains the on-screen menu
13 ranges that are used to control various aspects of the play of the game.
14 Because of its' newer design, Magic Bomb employs an on-screen menu by
15 which the operator can set the payout percentage. The manual describes a
16 procedure whereby the operator must first enter an 8 digit password, and
17 then proceed to a menu screen called "*DATA SETTING*". Once within
18 that system setting screen, the manual shows the operator how to enter the
19 "*PAYOUT RATE*" mode. The payout rate screen permits the operator to
20 select from among 8 different percentage choices. This is the equivalent
21 of having the operator utilize a dip switch for this purpose; simply a more
22 modern technique. The existence of such an arrangement, generally
23 called *reflexive percentaging*, whereby the operator may command the
24 computer to deliver a specific payout percentage to the customer, and may
25 change it by simply flipping some switch levers, or by making an on-

1 screen menu selection, is proof that the game's outcome is determined by
2 the computer, and that skill plays no role in whether the player wins or
3 loses. In a legal gambling jurisdiction, such as Nevada, New Jersey, or
4 Mississippi, the discovery of a reflexive percentaging scheme in an
5 *acknowledged slot machine*, would cause Gaming Inspectors to turn that
6 machine off immediately, and would result in fines and disciplinary action
7 for the casino responsible.

8
9 Captain Cannon, was made by the *ASTRO* Company, and a contact sheet
10 of the digital still photos taken during the laboratory examination of this
11 game is included in Attachment 1 of this report. This machine's "*Attract*
12 *Mode*" screen is shown in photo #112. An example of a typical game
13 play screen is shown in photo#113. This machine is essentially identical
14 to all other Captain Cannon machines that I have encountered in the State
15 of Florida, and throughout the rest of the country.

16 17 Common Characteristics of Captain Cannon

18 Captain Cannon is a frequently encountered video gambling machine.
19 Casino Horizons Corporation has conducted a formal laboratory report
20 examining the features of this machine on several occasions. A copy of the
21 front page of one of those reports is submitted as Attachment 18 to this
22 document. High speed video analysis of the play of this game reveals that
23 there are 9 separate icons, or symbols, on each of the machine's 15 reels.
24 Also revealed is a computer software program which cheats the player
15 whenever they press the "*Skill Stop*" buttons. As the string of 8 icons spins

1 in front of the player, the pressing of the skill stop button causes the last
2 icon to *morph*, or change into a different symbol than the one which is
3 supposed to be displayed. This morphing permits the machine's computer
4 to defeat any attempt at skill, and to deliver an outcome that was chosen in
5 advance by the computer. Not only is this machine designed and
6 manufactured specifically for the purpose of gambling; it is also designed to
7 **cheat** the customer.

8 The *ASTRO* Company, makers of Captain Cannon, distributes a printed
9 operator's manual for use with these machines. These manuals are
10 frequently found inside machines that have been seized by law enforcement,
11 and may also be downloaded from various websites that offer Captain
12 Cannon for sale. All copies of this manual, from whatever source, are
13 essentially identical. A copy of this manual is submitted as Attachment 33
14 to this document. The electrical wiring diagrams found in this manual on
15 pages 1 and 2 shows that all Captain Cannon machines are pre-wired at the
16 factory so that they are able to have an actual casino-type coin hopper
17 plugged in by the machine's operator if desired. Pre-wired connections are
18 also available to permit the machine to dispense pre-printed cardboard
19 tickets to the winner; or to plug in a dot-matrix printer that will dispense
20 exact-value paper printed tickets to the winning customer. A section of the
21 manual also contains the on-screen menu ranges that are used to control
22 various aspects of the play of the game. Because of its' newer design,
23 Captain Cannon employs an on-screen menu by which the operator can set
24 the payout percentage. The manual describes a procedure whereby the
25 operator must first enter an 8 digit password, and then proceed to a menu

1 screen called "SYSTEM SETTING". Once within that system setting screen,
2 the manual shows the operator how to enter the "LEVEL OF DIFFICULTY"
3 mode. The Level of Difficulty screen permits the operator to select from
4 among 8 different percentage choices. This is the equivalent of having the
5 operator utilize a dip switch for this purpose; simply a more modern
6 technique. The existence of such an arrangement, generally called *reflexive*
7 *percentaging*, whereby the operator may command the computer to deliver
8 a specific payout percentage to the customer, and may change it by simply
9 flipping some switch levers, or by making an on-screen menu selection, is
10 proof that the game's outcome is determined by the computer, and that skill
11 plays no role in whether the player wins or loses. In a legal gambling
12 jurisdiction, such as Nevada, New Jersey, or Mississippi, the discovery of a
13 reflexive percentaging scheme in an *acknowledged slot machine*, would
14 cause Gaming Inspectors to turn that machine off immediately, and would
15 result in fines and disciplinary action for the casino responsible.

16
17 All Stars, was made by the IGS Company, and is one of the games for
18 which no formal laboratory examination had yet been performed. I have,
19 however, personally played this game many times, and am familiar with
20 its' operating characteristics. This machine is essentially identical to all
21 other All Stars machines that I have encountered in the State of Florida,
22 and throughout the rest of the country.

23
24 Common Characteristics of All Stars
25

1 All Stars is a frequently encountered video gambling machine. Casino
2 Horizons Corporation has examined this game in several prior
3 jurisdictions, states, and investigations. Those examinations have revealed
4 that all examples of this game which use the "All Stars" name are identical
5 in design and operation. Not only is this machine designed and
6 manufactured specifically for the purpose of gambling; it is also designed
7 to **cheat** the customer.

8 The *I.G.S.* Company, makers of All Stars, distributes a printed operator's
9 manual for use with these machines. These manuals are frequently found
10 inside machines that have been seized by law enforcement, and may also
11 be downloaded from various websites that offer All Stars for sale. All
12 copies of this manual, from whatever source, are essentially identical. A
13 copy of this manual and the machine's sales poster is submitted as
14 Attachment 34 to this document. The electrical wiring diagram found in
15 this manual on page 3 shows that All Stars machines are pre-wired at the
16 factory so that they are able to have an actual casino-type coin hopper
17 plugged in by the machine's operator if desired. Pre-wired connections
18 are also available to permit the machine to dispense pre-printed cardboard
19 tickets to the winner; or to plug in a dot-matrix printer that will dispense
20 exact-value paper printed tickets to the winning customer. A section of
21 the manual on page 8 shows the on-screen menu ranges that are used to
22 control various aspects of the play of the game. Because of its' newer
23 design, All Stars employs an on-screen menu by which the operator can
24 set the payout percentage. The manual describes a procedure whereby the
25 operator must first enter an 8 digit password, and then proceed to a menu

1 screen called "SYSTEM SETUP". Once within that system setup screen,
2 the manual shows the operator how to enter the "CHANCE ADJUST"
3 mode. The chance adjust screen permits the operator to select from
4 among 6 different percentage choices that are labeled "MAIN GAME
5 LEVEL". This is the equivalent of having the operator utilize a dip switch
6 for this purpose; simply a more modern technique. The existence of such
7 an arrangement, generally called *reflexive percentaging*, whereby the
8 operator may command the computer to deliver a specific payout
9 percentage to the customer, and may change it by simply flipping some
10 switch levers, or by making an on-screen menu selection, is proof that the
11 game's outcome is determined by the computer, and that skill plays no
12 role in whether the player wins or loses. In a legal gambling jurisdiction,
13 such as Nevada, New Jersey, or Mississippi, the discovery of a reflexive
14 percentaging scheme in an *acknowledged slot machine*, would cause
15 Gaming Inspectors to turn that machine off immediately, and would result
16 in fines and disciplinary action for the casino responsible.

17
18 Classic Edition, was made by the *Amcoe Company*, and is one of the
19 games for which no formal laboratory examination had yet been
20 performed. I have, however, personally played this game many times, and
21 am familiar with its' operating characteristics. This machine is essentially
22 identical to all other Classic Edition machines that I have encountered in
23 the State of Florida, and throughout the rest of the country.

24
25 Common Characteristics of Classic Edition

1 Classic Edition is a frequently encountered video gambling machine.
2 Casino Horizons Corporation has examined this game in several prior
3 jurisdictions, states, and investigations. Those examinations have revealed
4 that all examples of this game which use the "Classic Edition" name are
5 identical in design and operation. Not only is this machine designed and
6 manufactured specifically for the purpose of gambling; it is also designed
7 to cheat the customer.

8 The AMCOE Company, makers of Classic Edition, distributes a printed
9 operator's manual for use with these machines. These manuals are
10 frequently found inside machines that have been seized by law enforcement,
11 and may also be downloaded from various websites that offer Classic
12 Edition for sale. All copies of this manual, from whatever source, are
13 essentially identical. A copy of this manual is submitted as Attachment 35
14 to this document. The electrical wiring diagram found on page 1 in this
15 manual shows that all Classic Edition machines are pre-wired at the factory
16 so that they are able to have an actual casino-type coin hopper plugged in by
17 the machine's operator if desired. Pre-wired connections are also available
18 to permit the machine to dispense pre-printed cardboard tickets to the
19 winner; or to plug in a dot-matrix printer that will dispense exact-value
20 paper printed tickets to the winning customer. A section of the operator's
21 manual on page 3 also contains the on screen settings used to control various
22 aspects of the play of the game. The Classic Edition manual shows that the
23 "Level Of Difficulty" default setting is 6. That indicates that the operator of
24 the machine can select from among at least 6 different payout percentage
25 settings. The existence of such an arrangement, generally called *reflexive*

1 *percentaging*, whereby the operator may command the computer to deliver
2 a specific payout percentage to the customer, and may change it by simply
3 flipping some switch levers, is proof that the game's outcome is determined
4 by the computer, and that skill plays no role in whether the player wins or
5 loses. In a legal gambling jurisdiction, such as Nevada, New Jersey, or
6 Mississippi, the discovery of a reflexive percentaging scheme in an
7 *acknowledged slot machine*, would cause Gaming Inspectors to turn that
8 machine off immediately, and would result in fines and disciplinary action
9 for the casino responsible.

10
11 **Game Show**, was made by the IGS Company, and is one of the games for
12 which no formal laboratory examination had yet been performed. I have,
13 however, personally played this game many times, and am familiar with
14 its' operating characteristics. This machine is essentially identical to all
15 other Game Show machines that I have encountered in the State of
16 Florida, and throughout the rest of the country.

17
18 **Common Characteristics of Game Show**

19 Game Show is a frequently encountered video gambling machine. Casino
20 Horizons Corporation has examined this game in several prior
21 jurisdictions, states, and investigations. Those examinations have revealed
22 that all examples of this game which use the "Game Show" name are
23 identical in design and operation. Not only is this machine designed and
24 manufactured specifically for the purpose of gambling; it is also designed
25 to **cheat** the customer.

1 The I.G.S. Company, makers of Game Show, distributes a printed
2 operator's manual for use with these machines. These manuals are
3 frequently found inside machines that have been seized by law
4 enforcement, and may also be downloaded from various websites that
5 offer Game Show for sale. All copies of this manual, from whatever
6 source, are essentially identical. A copy of this manual and the machine's
7 sales poster is submitted as Attachment 36 to this document. The electrical
8 wiring diagram found in this manual on page 3 shows that Game Show
9 machines are pre-wired at the factory so that they are able to have an
10 actual casino-type coin hopper plugged in by the machine's operator if
11 desired. Pre-wired connections are also available to permit the machine to
12 dispense pre-printed cardboard tickets to the winner; or to plug in a dot-
13 matrix printer that will dispense exact-value paper printed tickets to the
14 winning customer. A section of the manual on page 8 shows the on-screen
15 menu ranges that are used to control various aspects of the play of the
16 game. Because of its' newer design, Game Show employs an on-screen
17 menu by which the operator can set the payout percentage. The manual
18 describes a procedure whereby the operator must first enter an 8 digit
19 password, and then proceed to a menu screen called "*SYSTEM SETUP*".
20 Once within that system setup screen, the manual shows the operator how
21 to enter the "*CHANCE ADJUST*" mode. The chance adjust screen permits
22 the operator to select from among 6 different percentage choices that are
23 labeled "*MAIN GAME LEVEL*". This is the equivalent of having the
24 operator utilize a dip switch for this purpose; simply a more modern
25 technique. The existence of such an arrangement, generally called

1 *reflexive percentaging*, whereby the operator may command the computer
2 to deliver a specific payout percentage to the customer, and may change it
3 by simply flipping some switch levers, or by making an on-screen menu
4 selection, is proof that the game's outcome is determined by the computer,
5 and that skill plays no role in whether the player wins or loses. In a legal
6 gambling jurisdiction, such as Nevada, New Jersey, or Mississippi, the
7 discovery of a reflexive percentaging scheme in an *acknowledged slot*
8 *machine*, would cause Gaming Inspectors to turn that machine off
9 immediately, and would result in fines and disciplinary action for the
10 casino responsible.

11
12 **Magic Show**, was made by the *IGS* Company, and is one of the games for
13 which no formal laboratory examination had yet been performed. I have,
14 however, personally played this game, and am familiar with its' operating
15 characteristics. This machine is essentially identical to all other Magic
16 Show machines that I have encountered in the State of Florida, and
17 throughout the rest of the country.

18
19 **Common Characteristics of Magic Show**

20 Magic Show is a frequently encountered video gambling machine. Casino
21 Horizons Corporation has examined this game in several prior
22 jurisdictions, states, and investigations. Those examinations have revealed
23 that all examples of this game which use the "Magic Show" name are
24 identical in design and operation. Not only is this machine designed and
25

1 manufactured specifically for the purpose of gambling; it is also designed
2 to cheat the customer.

3 The I.G.S. Company, makers of Magic Show, distributes a printed
4 operator's manual for use with these machines. These manuals are
5 frequently found inside machines that have been seized by law
6 enforcement, and may also be downloaded from various websites that
7 offer Magic Show for sale. All copies of this manual, from whatever
8 source, are essentially identical. A copy of this manual and the machine's
9 sales poster is submitted as Attachment 37 to this document. The electrical
10 wiring diagram found in this manual on page 3 shows that Magic Show
11 machines are pre-wired at the factory so that they are able to have an
12 actual casino-type coin hopper plugged in by the machine's operator if
13 desired. Pre-wired connections are also available to permit the machine to
14 dispense pre-printed cardboard tickets to the winner; or to plug in a dot-
15 matrix printer that will dispense exact-value paper printed tickets to the
16 winning customer. A section of the manual on page 8 shows the on-screen
17 menu ranges that are used to control various aspects of the play of the
18 game. Because of its' newer design, Magic Show employs an on-screen
19 menu by which the operator can set the payout percentage. The manual
20 describes a procedure whereby the operator must first enter an 8 digit
21 password, and then proceed to a menu screen called "SYSTEM SETUP".
22 Once within that system setup screen, the manual shows the operator how
23 to enter the "CHANCE ADJUST" mode. The chance adjust screen permits
24 the operator to select from among 6 different percentage choices that are
15 labeled "MAIN GAME LEVEL". This is the equivalent of having the

1 operator utilize a dip switch for this purpose; simply a more modern
2 technique. The existence of such an arrangement, generally called
3 *reflexive percentaging*, whereby the operator may command the computer
4 to deliver a specific payout percentage to the customer, and may change it
5 by simply flipping some switch levers, or by making an on-screen menu
6 selection, is proof that the game's outcome is determined by the computer,
7 and that skill plays no role in whether the player wins or loses. In a legal
8 gambling jurisdiction, such as Nevada, New Jersey, or Mississippi, the
9 discovery of a reflexive percentaging scheme in an *acknowledged slot*
10 *machine*, would cause Gaming Inspectors to turn that machine off
11 immediately, and would result in fines and disciplinary action for the
12 casino responsible.

13
14
15 **D. The three elements of gambling are present in these machines**

16 I believe that each of these machines is a gambling device because: (a)
17 consideration is present in that the customer is required to pay something in
18 order to play the game; (b) chance is present in that the customer is not able to
19 actually predict or control the outcome of the game, the outcome of these games
20 is determined overwhelmingly by chance; and (c) reward is present in that the
21 customer may become entitled to receive something of value as a result of the
22 outcome of the game.

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E. Materials upon which I rely

1. My opinions are based on the documents and evidence identified in this report, my general education, training, and experience in the field of slot machines and gaming devices that began in June, 1956.
2. I have on several occasions been provided copies of those Florida statutes which pertain to gambling. I have accepted the verbal representations of the providers that the statutes are the current version.

F. Qualifications

1. I am a professional electronics instructor, certified by the NJ Department of Education for more than 42 years. I am also a professional slot machine instructor, licensed continuously by the New Jersey Casino Control Commission for more than 33 years. Currently, I serve as Chairman of Casino Horizons Corporation, which is a training and consulting firm specializing in gaming. Prior to my retirement on November 1, 1997, I served for approximately 18 years as the Assistant Director of Atlantic Community College's Casino Career Institute. In total, I have more than 54 years experience in the coin machine industry, wherein I am regarded as an expert.
2. I have been qualified as an expert on gaming machines and their operating characteristics on several dozen occasions, and have testified as such in federal, state, and local courts in this country, and before administrative tribunals in The United States and Canada since approximately 1980.

1
2
3 3. I was retained on an annual basis by the United States Department of Interior,
4 National Indian Gaming Commission, to serve as its consultant/expert on
5 gaming machines. I served continuously in this capacity for approximately
6 three years. A true and correct copy of my current curriculum vitae,
7 providing more detail as to my experience, background, and publications is
8 attached to this document as Attachment 39.

9
10 4. I have previously been retained by the State Of Florida to serve as an expert
11 on their behalf in cases involving whether games operated in the state are
12 illegal gambling devices. I have also given testimony in a number of legal
13 proceedings brought in various circuit courts in Florida involving the issue of
14 whether adult video games operated in this state are illegal gambling devices.

15
16 **H. Compensation**

17 I am being paid for my work in accordance with my standard fee schedule.
18 My payment in this case is in no way contingent upon the outcome.

19
20 **I. Prior Testimony**

21 My case participation log is submitted as part of Attachment 40 to this
22 report.
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J. Revision or Supplementation

I reserve the right to modify or supplement this report as additional information becomes available to me.

K. Demonstrative Exhibits

If called to testify at trial, I may prepare demonstrative exhibits, such as charts and graphs, or other visuals to further explain my opinions.

Dated this 12th day of March, 2012.



D. Robert Sertell



PATTI M. FENIMORE
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES MARCH 30, 2018
I.D. #2394616



VIDEO ANALYSIS PROCEDURE



ORIGIN OF VIDEO ANALYSIS

Video analysis is the process of recording the play of a gaming device and then playing back that tape in very slow motion (called *Jog & Shuttle* play) on commercial grade playback equipment so that the items that are displayed to the customer can be manually fed for laboratory examination at a speed where one frame equals 1/30" of a second.

This process was first developed by the Video Enhancement Department of the FBI Laboratory in Washington, DC. It was used by the FBI's "Racketeering Records Analysis Unit" to provide courtroom evidence during prosecutions of allegedly illegal gambling devices such as Cherry Master and Dwarf's Den machines.

During the late 1990's, the RRAU unit utilized this technique to assist other federal-level entities. For example, it was provided to the National Indian Gaming Commission during their deliberations about whether to classify the machine *Reels and Deals* as a gambling device or as an amusement device. Video analysis enabled the NIGC to determine that all outcomes of the game were beyond the ability of a player to predict or control, just like an acknowledged slot machine.

Jurisdictions which regulate and supervise legal gambling, such as Nevada, New Jersey and Mississippi, require machine manufacturers to supply computer software "source codes" before approving a game for use, and so do not need to conduct video analysis. Operators of Cherry Master type machines have been unwilling or unable to supply source codes, and so law enforcement has had to rely on video analysis to determine how a machine operates.

Casino Horizons Corporation has been involved with these techniques for more than a dozen years, and has utilized them in analysis, testimony and laboratory reports. Since the events of 9-11, the FBI facilities have been assigned to much higher-priority national security tasks, and so Casino Horizons Corporation has developed the equipment and the personnel to conduct video analysis within our own laboratory. We continue to pioneer new techniques and procedures, and we now furnish these results to a number of federal, state and local law enforcement units.

Over the past five years, the country has experienced a dramatic increase in the numbers and the sophistication of illegal "Grey Area" and "Cherry Master" type gambling machines. Video analysis results have proven themselves to be extremely accurate in case after case. They continue to provide "Finders Of Fact" with laboratory quality evidence on which to base their decisions.

- 1) Physical examination of game board
- 2) Connection of game board to tester and power-up
- 3) Recordation of game settings at initial power-up
 - *payout percentage
 - *auto stop
 - *reel speed
 - *DIP switch settings
- 4) Digital still photos taken
 - * game board
 - * screen shots
- 5) Digital video footage filmed
 - *attract mode
 - *1 min. infinite spin
 - * 10 games
- 6) Transfer digital video to VHS format
- 7) Slow motion analysis of all video footage
- 8) Physical recordation of all video footage
- 9) Analysis of infinite spin for recognition of repeating icon pattern
- 10) Analysis of 10 games for anomalies / cheating
- 11) Final recordation of all segments of game play analysis
- 12) Creation of expert report

PHYSICAL EXAMINATION OF GAME BOARD



EPROM chips present and tight in sockets?

Game version stickers on EPROM chips?

AAI sticker or other game serials present?

DIP switches present?

Any noticeable circuit board components damaged?

Any visible damage to edge connectors?

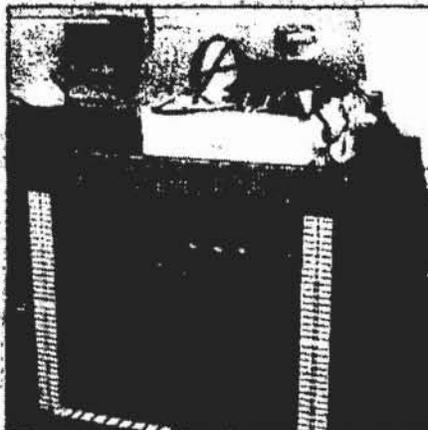
Any noticeable add-on devices?

IE: Cop switch, Reed switch, Jumpers, etc.

CONNECTION OF GAME BOARD TO TESTER AND POWER-UP



Cherry Master-type tester



Touch-screen game tester

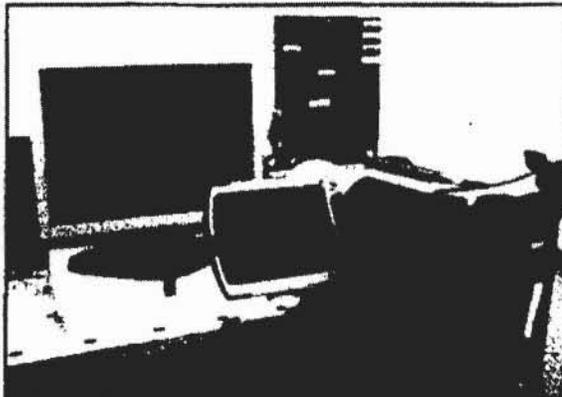
RECORDATION OF GAME SETTINGS AT INITIAL POWER-UP

- ✓ *Game manufacturer*
- ✓ *Confirm game version on EPROM sticker matches version shown on-screen*
- ✓ *Current payout percentage setting? Is this adjustable through DIP switches or on-screen selection?*
- ✓ *Was the game set to automatically stop reel spin? Is this adjustable?*
- ✓ *Is reel speed adjustable? If so, what is current setting?*
- ✓ *If DIP switches are present, what are current settings?*
- ✓ *Is display of game or title adjusted via DIP switch setting?*

DIGITAL STILL PHOTOS TAKEN



DIGITAL VIDEO FOOTAGE FILMED



- 1) *Attract Mode*
- 2) *1 minute of Infnlte reel spin*
- 3) *10 games played*

SLOW MOTION ANALYSIS OF ALL VIDEO FOOTAGE



Through the use of professional video editing equipment, each segment of game footage is viewed in slow motion by manual advancement of video frames in 1/30 second increments



PHYSICAL RECORDATION OF ALL GAME FOOTAGE

TIME	PHASE OF BALL	IN PLAY	SCORE
00	TV	DO	DO
01	TV	DO	DO
02	TV	DO	DO
03	TV	DO	DO
04	TV	DO	DO
05	TV	DO	DO
06	TV	DO	DO
07	TV	DO	DO
08	TV	DO	DO
09	TV	DO	DO
10	TV	DO	DO
11	TV	DO	DO
12	TV	DO	DO
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18	TV	DO	DO
19	TV	DO	DO
20	TV	DO	DO
21	TV	DO	DO
22	TV	DO	DO
23	TV	DO	DO
24	TV	DO	DO
25	TV	DO	DO
26	TV	DO	DO
27	TV	DO	DO
28	TV	DO	DO
29	TV	DO	DO
30	TV	DO	DO
31	TV	DO	DO
32	TV	DO	DO
33	TV	DO	DO
34	TV	DO	DO
35	TV	DO	DO
36	TV	DO	DO
37	TV	DO	DO
38	TV	DO	DO
39	TV	DO	DO
40	TV	DO	DO
41	TV	DO	DO
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99	TV	DO	DO
100	TV	DO	DO

TIME	PHASE OF BALL	IN PLAY	SCORE
00	TV	DO	DO
01	TV	DO	DO
02	TV	DO	DO
03	TV	DO	DO
04	TV	DO	DO
05	TV	DO	DO
06	TV	DO	DO
07	TV	DO	DO
08	TV	DO	DO
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71	TV	DO	DO
72	TV	DO	DO
73	TV	DO	DO
74	TV	DO	DO
75	TV	DO	DO
76	TV	DO	DO
77	TV	DO	DO
78	TV	DO	DO
79	TV	DO	DO
80	TV	DO	DO
81	TV	DO	DO
82	TV	DO	DO
83	TV	DO	DO
84	TV	DO	DO
85	TV	DO	DO
86	TV	DO	DO
87	TV	DO	DO
88	TV	DO	DO
89	TV	DO	DO
90	TV	DO	DO
91	TV	DO	DO
92	TV	DO	DO
93	TV	DO	DO
94	TV	DO	DO
95	TV	DO	DO
96	TV	DO	DO
97	TV	DO	DO
98	TV	DO	DO
99	TV	DO	DO
100	TV	DO	DO

ANALYSIS OF INFINITE SPIN FOR RECOGNITION OF REPEATING ICON PATTERN

1	TF
2	OR
3	7
4	BB
5	WM
6	BB
7	BE
8	RB
9	PL
10	OR
11	CH
12	WM
13	BB
14	OM
15	RB
16	PL
17	OR
18	WM
19	BB
20	DM
21	BE
22	PL
23	OR
24	WM
25	DM
26	PL
27	OR
28	CH
29	DM
30	PL
31	OR
32	7
33	CH
34	CH
35	7
36	BB
37	WM
38	DM
39	BE
40	BB
41	PL

Recorded data from 1 minute of infinite video reel spin is analyzed to determine if a repeating pattern exists.

Past examinations have revealed repeating icon patterns containing 7 - 256 icons. Some games have shown no repeating pattern at all.

Note: This is the master icon list for Fruit Bonus '96 games. Each of the 9 reels uses this same 41 icon repeating cycle. In an "honest" game, where no cheating or morphing takes place, players should be able to expect this sequence to cycle past over and over again.

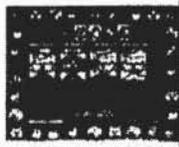
ANALYSIS OF 10 GAMES FOR ANOMALIES / CHEATING

Game	Reel 1	Reel 2	Reel 3	Reel 4	Reel 5	Reel 6	Reel 7	Reel 8	Reel 9
1	OR								
2	OR								
3	OR								
4	OR								
5	OR								
6	OR								
7	OR								
8	OR								
9	OR								
10	OR								
11	OR								
12	OR								
13	OR								
14	OR								
15	OR								
16	OR								
17	OR								
18	OR								
19	OR								
20	OR								
21	OR								
22	OR								
23	OR								
24	OR								
25	OR								
26	OR								
27	OR								
28	OR								
29	OR								
30	OR								
31	OR								
32	OR								
33	OR								
34	OR								
35	OR								
36	OR								
37	OR								
38	OR								
39	OR								
40	OR								
41	OR								

Recorded data from 10 games is analyzed to determine what methods are used to cheat the player or to defeat attempts at "skillful play".

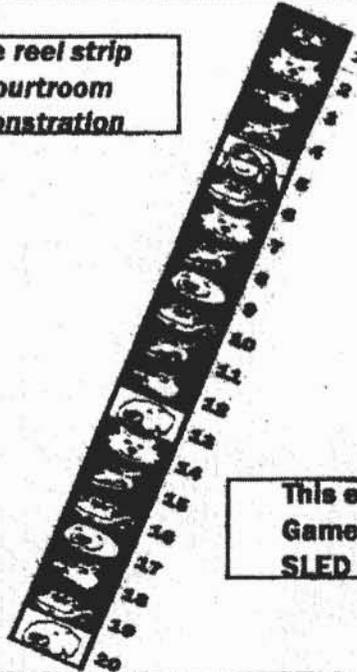
- *MORPHING ICONS
- *MISSING ICONS
- *TRANSITION ICONS
- *COASTING ICONS
- *GRAPHICALLY BLURRED ICONS
- *STAGGERED SPIN
- *KICK-OFF MORPHING
- *HIGH SPIN SPEED
- *VARIABLE SPIN SPEED
- *STUTTER-STEP SPINNING

CREATE REFERENCE SHEET FOR COURTROOM USE

Icon/Abbreviation	Occurrences during 42-foot reel strip	Attract mode screen shots
 DG = DOG	9	  
 ZB = ZEBRA	6	
 MN = MONKEY	8	
 EL = ELEPHANT	4	
 BR = BEAR	5	
 WF = WOLF	7	
 LN = LION	2	
 GL = GIRL	2	

Sample from games "Safari" & "Jungle"

Large reel strip for courtroom demonstration



This example from Game "Safari" for SLED in SC.

CourtSmart Tag Report

Room: EL 110

Caption: Senate Gaming Committee

Case:

Judge:

Type:

Started: 3/18/2013 10:04:32 AM

Ends: 3/18/2013 11:57:34 AM

Length: 01:53:03

10:05:12 AM Meeting called to order
10:05:21 AM Comments by the Chair
10:11:54 AM Senator Galvano commenting
10:15:48 AM Senator Thrasher commenting
10:17:50 AM Senator Thrasher explaining PCS
10:22:28 AM Senator Thrashes moves PCS - Passed
10:22:50 AM Senator Latvala questioning
10:24:27 AM Senator Thrasher responding
10:29:48 AM Senator Richter commenting
10:30:48 AM Senator Dean questiioning
10:32:11 AM Senator Thrasher responding
10:33:27 AM Senator Benacquisto questioning
10:35:42 AM Late Filed Amendment - Senator Sachs
10:36:05 AM Senator Sachs withdraws her amendment
10:37:38 AM Richard Pinsky, Florida Arcade and Bingo Association
10:40:28 AM Senator Gardiner questioning
10:42:15 AM Gale Fontaine, Senior Arcades
10:43:28 AM Jason Fischer, Boardwalk Brothers/Play it again Arcade
10:45:55 AM Michael Wolf, FL Arcade & Bingo Assoc.
10:48:30 AM Pierre Marcoux, Electromatic International Inc.
10:49:35 AM Ray House, American Legion
10:50:51 AM Michael McDaniel, American Legion
10:52:32 AM Charles LeCroy, American Legion
10:55:13 AM Dennis Boland, American Legion
10:57:25 AM Senator Margolis questioning
10:57:56 AM Senator Richter responding
10:59:13 AM Lori Ann Chinsano, Jacks Are Wild and Pong Marketing
11:01:08 AM Dustin Luer, Jacks Are Wild & Pong Marketing
11:02:16 AM John McFerguson
11:04:05 AM Claude Gaucher, Treaschest Internet Cafe
11:05:37 AM Linda Radsick
11:07:07 AM James Chamney, Customers
11:08:33 AM Edwin Walls, Internet Cafe
11:09:56 AM Peter Bouzianis, Tel-Connect
11:11:45 AM Robbie Morgan
11:12:13 AM Kathy Courtany
11:13:12 AM Father Coudell, Soup Kitchen
11:15:16 AM Adam Giery, Florida Chamber
11:16:10 AM Mark Sills, That Great Place, Largo, Florida
11:18:54 AM Marc Dunbar, Stronach Group
11:20:34 AM William Bunkley, The Florida Ethics & Religious Liberty Commission, Inc.
11:22:07 AM Brian Pitts, Justice-2-Jesus
11:24:25 AM Brian Barlware, Security
11:26:14 AM Karen Kopp, Arcade Owner
11:26:51 AM Ron Book, Magic City Casion/Flagler Dog Track
11:31:57 AM Frank Messersmith, Seminole County Sheriffs Office
11:33:05 AM Mary Lucas, Shooting Star Sweepstakes
11:34:13 AM Tami Patel, Advocate
11:38:39 AM Senator Richter commenting
11:38:52 AM Senator Sachs commenting
11:42:24 AM Senator Montford commenting
11:44:37 AM Senator Gardiner commenting

11:48:03 AM Senator Dean commenting
11:50:54 AM Senator Benacquisto commenting
11:52:30 AM Senator Richter commenting
11:53:06 AM Senator Thrasher to close on PCS
11:56:29 AM Moved as a CS by Senator Galvano
11:56:49 AM CS/SB 1030 - Passes
11:57:22 AM Meeting adjourned