

HOUSE COMMITTEE ON JUDICIARY

SUBCOMMITTEE ON CRIMINAL LAW

March 25, 1997 Hearing Room 357

1:00 PM Tapes 63 - 65

MEMBERS PRESENT:

Rep. JOHN MINNIS, Chair

Rep. JO ANN BOWMAN, Vice-Chair

Rep. PETER COURTNEY

Rep. FLOYD PROZANSKI

Rep. LANE SHETTERLY

Rep. RON SUNSERI

Rep. LARRY WELLS

STAFF PRESENT:

NIKOLA JONES, Counsel

JULIE CLEMENTE, Administrative Support

MEASURE/ISSUES HEARD:

PUBLIC HEARING: HB 2195

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

Tape/#	Speaker	Comments
TAPE 63, A		
001	Chair Minnis	Calls meeting to order at 1:10 p.m.
<u>OPENS PUBLIC HEARING ON HB 2195</u>		
		Governor, State of Oregon. Offers testimony in support of HB 2195.

005	John A. Kitzhaber	<p>Discusses that gambling in this state has grown at a dramatic pace since the passage of the original lottery. Important that a clear vision be developed in a statutory police framework as a guide for the future. HB 2195 is a step in achieving that concept. Speaks of the task force appointed last year which reviewed all forms of gambling presently allowed in Oregon. Finally, speaks to the fact that we cannot develop a clear vision of the roll we want gambling to play in our lives until we have first gained regulatory control over gambling as currently sanctioned.</p> <ul style="list-style-type: none"> >this bill is not about whether gambling is good or bad or about expanding gaming >attempts to get control over those gambling operations that currently exist in Oregon >introduces a regulatory framework for agencies to screen those who operate social gambling under local option ordinances >extends wire tap and phone tap authority >reorganizes our charitable gambling statutes >creates the crime of cheating >creates penalties for selling lottery products to intoxicated persons and minors
063	Theodore R. Kulongoski	<p>Chair, Governor's Task Force on Gaming. Final report issued in October of '96 [Exhibit O] Speaks of the complexity of the issue of gambling. Report's underlying theme was that the state had little information to quantify many of the issues that people discuss regarding gambling. Task force believed it to be in Oregon's best interest to hold off until the gathering of information was complete to allow the state to develop a policy toward gambling instead of gambling developing a policy.</p> <ul style="list-style-type: none"> >criminal statutes do not reflect reality
106	Kulongoski	<p>Continues - Speaks of amendments to task force report [Exhibit P]</p> <ul style="list-style-type: none"> >time to get in front of this issue as far as the regulatory side
113	LeRon Howland	<p>Superintendent, Department of Oregon State Police. Presents written testimony in support of HB 2195 [Exhibit B] and a copy of the Governor's Task Force on Gaming Subcommittee on Crime, Regulation and Law Enforcement's final report. [Exhibit A]</p>
172	Howland	Continues testimony
223	Howland	Continues testimony

270	Hardy Myers	<p>Attorney General, State of Oregon. Testifies in support of HB 2195. States this is a law enforcement bill. Asks Committee to give close consideration to each section which are designed to cover specific problems.</p> <p>>changes proposed by the bill in regard to laws to charitable gaming activities</p> <p>>eliminates questions concerning the lawfulness of certain charitable games that are now occurring - explains</p> <p>>extremely well thought through bill</p>
300	Rep. Prozanski	Discussions conversations with numerous people regarding charitable casino-type night activities and the bill's impact. Have the -1 amendments [Exhibit P] looked to that issue?
	Myers	Yes. There will be amendments that address that question.
323	Chip Lazenby	Governor's Legal Counsel. Submits written testimony in support of HB 2195. [Exhibit Q]
436	Lazenby	Continues testimony.
TAPE 64, A		
016	Mike Holden	Police Chief, Lincoln City. Submits written testimony in support of HB 2195. [Exhibit E]
042	Brenda Rocklin	<p>Assistant Attorney General, Criminal Justice Division, Department of Justice. Presents Summary of Gaming Task Force Report [Exhibit D] and an outline of the Task Force Presentation [Exhibit C] Will be discussing the four particular areas mentioned in Mr. Lazenby's presentation. Starting with Social Gaming - Sections 10 & 11. Directs Committee to pages of the Task Force Final Report [Exhibit O]</p> <p>>eliminate blackjack (21) as a social game - Section 10</p> <p>>any other game banked by a dealer</p>
060	Rep. Bowman	Why?
060	Rocklin	<p>Next four witness will give you specific reasons.</p> <p>>blackjack is the type of game that presents abuses that do not occur in other games like poker - explains</p> <p>>minimum state-wide standards for social gaming should be established - Section 11</p>
096	Larry Kochever	<p>Lieutenant, Portland Police Bureau. Testifies in support of HB 2195. Speaks of why it is a good idea to have a gaming ordinance.</p> <p>>there is a need to be regulated - speaks of success in Portland</p>

112	Ed Taber	<p>Chief of Police, Pendleton Police Department. Testifies in support of HB 2195. Discusses ordinance in effect in Pendleton prohibiting blackjack, giving some background. Speaks of reasons why the game is not allowed and of the pressure from bar owners.</p> <p>>it is inherently a house game - not a social game - someone has to bank the game</p> <p>>people are buying the tables - paying a percentage to bar owner - illegal for establishment to receive any money other than for drinks and food</p> <p>>state needs to step in and stop all house games from being a part of social games</p>
144	Rep. Bowman	How does blackjack differ from poker or any other card game?
	Taber	<p>Explains the differences.</p> <p>>either legalize it or get rid of it - cannot enforce the law the way it is written</p>
160	Mark Adams	<p>Chief, Coos Bay Police Department. Testifies in support of HB 2195. Speaks of experiences with social gaming in Coos Bay. It is a business. Continues.</p> <p>>all cash business</p> <p>>charges go no where in court because of the social acceptability</p> <p>>all cash business that is not regulated - do whatever they can to make a profit</p>
210	Buddy Young	<p>Lieutenant, North Bend Police Department. Testifies in support of HB 2195. Speaks of an ordinance in North Bend against any social gaming - impossible with current laws to enforce fairness</p> <p>>manpower intensive to investigate cheating</p> <p>>asks for help in bringing fairness to social gaming</p>
230	Chair Minnis	Asks for examples of specific corruption.
	Adams	<p>Explains the operation.</p> <p>>owns tables, rents to bar for kick-back, banks the game</p>
	Rep. Bowman	Asks for a definition of bank.
	Adams	Replies.
257	Chair Minnis	Questions for clarification. Why not enforce what we already have?

264	Kochever	Replies. Jurisdictions are different all over the state.
	Chair Minnis	State-wide uniformity. Questions "it is already illegal"
	Kochever	In my opinion, the law is clear. Continues.
	Chair Minnis	Continues for clarification.
	Tabor	Replies. The way the law interpreted now, you can legally play blackjack. Continues. >allowed to use social gaming laws to run their blackjack tables
300	Chair Minnis	Comments on personal experience. >District attorneys chose not to prosecute - is this the problem here?
	Taber	Certainly not the problem in our area. Continues.
	Kochever	In Multnomah County, by definition 21 is illegal. Continues.
330	Chair Minnis	No value to create a new law if the prosecutors are not on board. Continues.
334	Rep. Shetterly	Prefer the blanket prohibition?
	Taber	That is definitely what I'm after. Continues.
	Young	Get rid of the game entirely.
360	Chair Minnis	Do you think you could get convictions?
	Adams	Replies. Not sure of attitudes today. Continues. >cash deal - needs to be regulated or outlawed
372	Rep. Bowman	How big of a problem is this?
	Adams	I see it as a problem. Explains.
	Rep. Bowman	Continues for clarification.
	Adams	Not a social game - running a business
398	Greg Willeford	Director, Department of State Police Gaming Enforcement Division. Presents written testimony in support of HB 2195. [Exhibit F]
478	Rockland	Talks about a specific gambling investigation and her involvement.
TAPE 63, B		
031	Rockland	This is just a game that can't be played legally. Continues. >undercover operations that are timely and costly
039	Chair Minnis	You helped prosecute several people for cheating?

	Rockland	Prosecuted for the crime of racketeering. Explains. >attempted theft in third degree
054	Bob Watson	Chair, Grand Ronde Gaming Commission. Submits written testimony in support of HB 2195. [Exhibit G] >wants to level the playing field >submits proposed amendments to HB 2195 [Exhibit H] >urges passage of bill even if not amended - keep essential policies
102	Williford	Comments with regard to the cheating statute. His office was involved with the investigation of the case mentioned in Watson's testimony. [Exhibit G] Discusses the cumbersome way in which they had to investigate. >cheating statute in HB 2195 provides efficiencies and saves money in investigations - continues >starting to see professional cheats and scams coming into the state stopping at various tribal casinos for the purpose of cheating
138	Williford	Continues reviewing scams for the Committee.
150	Rep. Prozanski	Assumed that once cards were used, they wouldn't be used again.
	Williford	Up to the house to decide on the procedures. >social gaming environment - difficult to reconstruct the value of a loss >amends ORS 164.115 - value of chip or token face value - explains
181	Fred Avera	Polk County District Attorney. Continues on Cheating & Theft. Testifies for clarification regarding video poker machines prior to the lottery assuming responsibility. >problems with investigating and proof - continues with example >after hours of undercover police time and thousands of dollars spent - not really getting the people who profit - continues >solution - ban machines - put them under the control of the Lottery
244	Avera	officer knows that there is illegal activity - can't prove without a significant investment of funds
	Chair Minnis	Uniformity in the statutes and the ability to prosecute the appropriate person.
254	Avera	Give us a law that is workable.

259	Rep. Bowman	States that her concern is giving state police more authority for wire taping and phone taps. Why is broadening a good thing?
271	Rockland	Those particular provisions would be limited to felony gambling offenses. A tool for all law enforcement to use if the courts give permission to do so. Continues.
296	Larry Kochever	Lieutenant, Portland Police Bureau, Drugs and Vice Division. (Electronic Interception & Players) Discusses why they would like to have the authority to do pen registers and wire tapping.
	Rep. Bowman	Pen register?
	Kochever	Explains - Method of telling what phone numbers have been called from or called into a location. >Wants Committee to understand how extensive the gambling problem is especially with bookmaking. Discusses the problem giving examples.
362	Rep. Bowman	What would this authority allow you to do what you currently cannot do?
	Kochever	Give us the evidence that we need. Explains.
402	Rep. Prozanski	Explain the procedure for getting a wire tap today and the impact this bill would have on that.
	Kochever	No impact. Explains the procedure.
435	Rep. Prozanski	Allows for checks and balances.
TAPE 64, B		
015	Kochever	pen registers - Used much more frequently. >also need court authorization
023	Rep. Courtney	Questions for clarification. >organized crime
049	Kochever	Replies: Asian organized crime? Continues Discusses making it a crime to engage in illegal gambling. >gives reason to detain and hold
077	Chair Minnis	Asks of commitment by the Portland Police Bureau
080	Rep. Shetterly	Is it typical to find illegal gambling at the center of other peripheral activities?
	Kochever	In the gambling operations that are based out of a business or house there are lots of associated problems. Continues. >bookmaking operations - embezzlement

100	Rep. Bowman	Decrease in illegal gambling.
	Kochever	No. Continues.
123	Ross Laybourn	Attorney-In-Charge, Charitable Activities Section, Department of Justice. Testifies in support of HB 2195. Offers Conceptual Amendments [Exhibit J] Discusses the Casino Nite/Monte Carlo issue. Refers to the Happy Canyon Act and states that it needs to be updated for a number of reasons: >No civil mechanism of regulations of these events >No clear what social policy is being fulfilled by the current law
163	Laybourn	Continues: shares task force's conclusions >bill abolishes Happy Canyon law as it is known >extends civil oversight >deletes the archaic requirements that inhibit the current operation of the games >puts limits on frequency of operations >Discusses amendments - [Exhibit J]
200	Rep. Prozanski	References Amendment #1. - still paid a set flat fee
	Laybourn	Refers to language in (b)
212	Rep. Bowman	References Amendment #2 - What does the dollar figure represent?
	Laybourn	Replies. Figure would represent the total amount of script sold during the course of a year.
	Rep. Bowman	Extreme limit for those kind of games?
	Laybourn	Referring to private operators, no. Applies to particular non-profit licensee
245	Rep. Bob Jenson	House District 57. Presents written testimony in support of the amendments just described. [Exhibit I]
336	Geri Windecker	Wild Bills Northwest, Seattle. Specializes in interactive entertainment for corporate and charitable events. Describes her company's history and activities as it relates to professional casino parties. States that their corporate events are non-gambling activities. No cash involved, use script. Prizes are given by random drawings. Submits brochures, client lists and letters from non-profit organizations who use their services. [Exhibit K]
	Joan H.	Executive Director, Washington County Historical Society. Submits

422	Smith	written testimony neutral to HB 2195. [Exhibit L]
TAPE 65, A		
050	Bill Cross	Wild Bills Northwest, Inc. Submits written testimony indicating their concerns regarding the impact of the "monte carlo" provisions of HB 2195. [Exhibit M]
082	Cross	Refers to Department of Justice amendments [Exhibit P] which address some of the concerns raised regarding how casino night events are typically conducted in Oregon.
089	Rep. Prozanski	Opportunity to look at those amendments?
	Cross	Support those amendments but feel they don't go far enough.
108	John Geraghty	President, Video Lottery Retailers of Oregon. Submits written testimony in opposition to HB 2195. [Exhibit N] Discusses two subjects of concern to VLRO. The issue of the proposed ban of blackjack and the proposal to prohibit video lottery retailers selling lottery products to visibly intoxicated people.
172	Rep. Bowman	Refers to law enforcement statements that there was no way to do blackjack legally. Would you respond?
	Geraghty	Replies. There are methods to operate the game of blackjack legally. Explains.
210	Chair Minnis	How do you operate that blackjack table.
	Geraghty	Operated independently. Continues
	Chair Minnis	No cut - what is your interest?
	Geraghty	Collateral sales - continues.
259	Rep. Bowman	Questions his opposition to sales of lottery products to visibly intoxicated persons.
	Geraghty	Strictly prohibiting video lottery retailers. Continues.
	Rep. Bowman	Continues for clarification.
289	Geraghty	That is what a lottery commission is for. Continues.
	Chair Minnis	Declares meeting adjourned at 3:29 p.m.

Submitted by, Reviewed by,

JULIE CLEMENTE, NIKOLA JONES,

Administrative Support Counsel

EXHIBIT SUMMARY

A - Governor's Task Force on Gaming Subcommittee Report - LeRon Howland - 50 pgs

B - Testimony in Support of HB 2195 - LeRon Howland - 4 pgs

C - Task Force Presentation - Brenda Rocklin - 2 pgs

D - Summary of Gaming Task Force Report - Brenda Rocklin - 3 pgs

E - Testimony in Support of HB 2195 - Mike Holden - 2 pgs

F - Testimony in Support of HB 2195 - Greg Willeford - 2 pgs

G - Testimony in Support of HB 2195 - Bob Watson - 4 pgs

H - Proposed Amendments to HB 2195 - Bob Watson - 7 pgs

I - Testimony in Support of HB 2195 - Bob Jenson - 1 pg

J - Proposed Amendments to HB 2195 - Ross Laybourn - 2 pgs

K - Brochures, Letters, Comments - Geri Windecker - 11 pgs

L - Testimony on HB 2195 - Joan H. Smith - 1 pg

M - Testimony on HB 2195 - Bill Cross - 6 pgs

N - Testimony in Opposition to HB 2195 - John Geraghty - 7 pgs

O - Governor's Task Force on Gaming, Final Report - Theodore R. Kulongoski - 83 pgs

P - Proposed HB 2195-1 Amendments - Department of Justice - 4 pgs

Q - Testimony in Support of HB 2195 - Chip Lazenby - 2 pgs