

HB

44

HFIN

FILE

REPRESENTATIVE
TERRY MARTIN
CHAIRMAN
BUDGET & AUDIT COMMITTEE
MEMBER
HOUSE FINANCE COMMITTEE

Alaska State Legislature



MAY 15 - JAN 15 254-8169
716 W. 4TH, SUITE 650
ANCHORAGE, AK 99504

JAN 15 - MAY 15 465-3783
STATE CAPITOL
JUNEAU, AK 99801-1182

HOME 333-6990
355 DONNA DRIVE, #11
ANCHORAGE, AK 99504

SECTIONAL ANALYSIS CSHB44 (STA)

Providing that a Political Use is not an Authorized Use of Charitable Gaming Proceeds

Section 1:

Adds (1) to AS05.15.060, requiring reports of all donations or contributions by permittees, licensees, or vendors to political candidates or their campaign organizations or to political groups.

Section 2:

Allows for the issuance of a charitable gaming permit to a political organization to conduct a raffle only, but no other form of charitable gaming. Restricts a political organization from holding a multiple-beneficiary permit.

Section 3:

Disallows a political permittee conducting a raffle from entering into a contract with an operator.

Section 4:

Eliminates "political uses" as a designation or beneficiary of gaming proceeds. Prohibits any contribution raised from charitable gaming activity, other than raffles, to be distributed to a public office candidate, political subdivision of the state, or a political party, club, or organization. (b) requires net proceeds derived from raffles to be devoted within one year to the required uses designated under AS05.15.155.

Section 5:

Defines "political uses" as uses benefiting persons through aiding candidates for public office or groups that support candidates for public office.

Section 6:

Requires raffle proceeds to be distributed to educational, civic, public, charitable, patriotic, or religious uses. Allows for special permission to be applied for if a political organization holding raffle proceeds has not distributed its earnings within a year.

Section 7:

Defines "qualified organization".

Section 8.

Effective January 1, 1996



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SPONSOR STATEMENT CSHB 44 (STA)

Providing that a Political Use is not an Authorized Use
of Charitable Gaming Proceeds.

In August of 1994 before the Primary Election, the Anchorage Daily News published an informative article disclosing where candidates for the governorship were receiving financial support. Lawyers became very prominent, as did construction and the oil industries, as well as the fishing industry who flapped its wings to get candidates' attention. Five days later the Voice of the Times brought into focus two other major players who financed political campaigns - unions and state employee groups.

Both articles missed the real *Motherload*. The newest, most prolific motherload to fill Alaska's campaign coffers is Gam(b)ling - or more specifically, pull-tab permits. Alaska is the only state that allows political parties and local political districts to maintain gambling permits while also allowing a limitless contributory ability from political units and pull-tab permittees to candidates. The lack of restrictions on gambling dollars directed to political campaigns has given those in control over permits an incalculable influence and control over elected officials who are beholden to them for special voting and political generosity. The process is one in which the operators and political district officers decide who will receive the largest gambling receipts, thus gaining the highest level of control. The operators of the permits can and do use the political permits at the most profitable places and at the most prolific times, while the true charitable permittees suffer accordingly.

There should be an outcry of public disdain for this practice in Alaska, but it will not be heard until the facts of gambling's influence are exposed. The gurus of ethics who, for the last ten years, have been shouting the virtues of reform of special interests in political campaigns, have developed a scam of the worst kind involving political parties posing as charitable organizations in the name of reform.



What we have seen guised as a 'charity' is nothing less than raw political abuse of influence peddling and powers to corrupt the minds of the innocent for personal gains. This misuse of charity is no longer to be concealed. Rather it should be brought to bear before the public, in its true form, as an instrument of power that attracts the greed of elected officials.

Since the passage of legislation orchestrated through several Spenard lawyer/legislators and gam(b)ling operators that legalized pull-tabs and licensing (monopolizing) operators under the guise of "reform", we see the industry's growth escalate from an annual gross revenue of \$60 million dollars in 1988 to over \$227 million in 1993.

When zeroing in on just political permits we see a phenomenal growth of gross revenues in 1989 of \$874,958 to \$3,978,179 in 1993. There are currently 11 distinct political organizations, including Democrat and Republican district organizations, that have pull-tab permits.

Labor organizations also depend on gam(b)ling activities, especially pull-tabs, to fuel their political machinery. During 1993, 21 labor unions received \$4,269,972 in gross revenues through their permits. By holding gaming permits, politicians, political parties and precincts strip millions of dollars away from the true charities.

True charities serve a purpose in that they assist those who require aid, whether by training to work, or by clothing and feeding. The gaming process in-turn reduces state expenditures and services. Those who own gaming permits for reasons other than charity control the distribution to political groups and candidates, and end up controlling the legislature in a more sinister way than true advocates of ideologies in a democratic-representative government. This new motherload that fills political coffers must be eliminated. As evident by the 1994 Primary and General Elections, the amount of political contributions and proceeds originating from charitable gaming (pull tab) receipts distributed to Alaskan political candidates is overwhelming. House Bill 44 is the vehicle through which to change this problem. I urge your support.

AMENDMENT 5

Adopted

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: CSHB 44(JUD)

1 Page 1, line 5, following "groups;":

2 Insert "relating to bingo games;"

3 Page 5, following line 8:

4 Insert a new bill section to read:

5 "** Sec. 7. AS 05.15.180(f) is amended to read:

6 (f) A person under the age of 19 years may not play a bingo game. Before
7 a bingo game begins, the identity of each permittee that will benefit from that
8 game shall be announced to the public."

Session

9 Renumber the following bill sections accordingly.

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 8, 1995

FURTHER REFERRALS:

Date of Committee Action: 3/15/95

The FINANCE Committee considered:

HB 44

HOUSE BILL NO. 44

GAMING PROCEEDS/DEFINE CHARITABLE ORG'NS

"An Act providing that a political use is not an authorized use of charitable gaming proceeds; prohibiting the contribution of charitable gaming proceeds to candidates for certain public offices, their campaign organizations, or to political groups; providing that a political group is not a qualified organization for purposes of charitable gaming; relating to what is a qualified organization for the purpose of charitable gaming permitting; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 44 (Fin) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) Rev 2/22/95
 fiscal note(s) _____ fiscal note(s)

zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Mark Hanley</i>	Hanley	X			
<i>Gordon Mulder</i>	Mulder				X
<i>Chris Martin</i>	Martin	X			
<i>Seth Parnell</i>	Parnell				X
<i>Vic Kohring</i>	Kohring			X	
<i>Ben Grussendorf</i>	Grussendorf			X	
<i>Tay Brown</i>	Brown				X
<i>Mike Navarre</i>	Navarre				X
<i>Kelly Kelly</i>	Kelly	✓			
<i>Richard Theriault</i>	Theriault	X			
<i>Richard Foster</i>	Foster	X			

COY
 CHAIR'S SIGNATURE *Mark Hanley* *Richard Foster*
 Hanley Foster

FISCAL NOTE

No. 1
 Bill Vers# CS HB 44 (STA)
 (H) Publish Date: 2/22/95

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: 2/13/95 Dept. Affected: Revenue
 Title: Gaming proceeds/Define Charitable Gaming BRU: Revenue Operations
 Organizations: _____ Component: Charitable Gaming Division
 Sponsor: Representative Martin
 Requester: State Affairs COMPONENT SERIAL NO. 1883

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
--------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 SF Match						
1004 SF						
1005 SF/Program Receipts						
1006 SF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Department of Revenue, Charitable Gaming Division anticipates a slight decrease of program receipts due to a loss of pull-tab taxes and net proceeds tax for political permittees.

Prepared by: Jeff Prather, Acting Director Phone: 465-2279
 Division: Charitable Gaming Division Date: 2/13/95
 Approved by: _____ Date: 2/13/95
 Commissioner: Wilson L. Condon
 Agency: Department of Revenue

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A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE MULDER

TO: CSHB 44(JUD)

- 1 Page 1, line 1:
- 2 Delete "providing that"

- 3 Page 1, lines 2 - 4:
- 4 Delete all material.

- 5 Page 1, line 5:
- 6 Delete "campaign organizations, or to political groups;"

- 7 Page 3, line 20, through page 4, line 26:
- 8 Delete all material.

- 9 Renumber the following bill sections accordingly.

- 10 Page 5, line 2:
- 11 Delete "Educational"
- 12 Insert "Political, educational"

- 13 Page 5, lines 3 - 4:
- 14 Delete ""Political uses" has the meaning given in AS 05.15.150(c)."

AMENDMENT #1 Adopt

OFFERED IN THE HOUSE

BY REPRESENTATIVE MARTIN

TO: CSHB 44(JUD)

1 Page 3, line 5:

2 Delete "licensees, or vendors"

3 Page 3, line 6, following "groups:"

4 Insert a new paragraph to read:

5 "(12) the identification of all accounts that charitable gaming
6 proceeds are transferred into by permittees and providing for access by the
7 department to those accounts to ensure that proceeds are not diverted or
8 transferred to any purpose or use not permitted by this chapter;"

9 Page 3, line 7:

10 Delete "(12)"

11 Insert "(13)"

AMENDMENT 4

Adopted

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: CSHB 44(JUD)

1 Page 1, line 5, following "groups;":

2 Insert "relating to the sale of pull-tabs;"

3 Page 5, following line 8:

4 Insert a new bill section to read:

5 "* Sec. 7. AS 05.15.187 is amended by adding a new subsection to read:

6 (j) Each pull-tab in a series, or each jar or other receptacle containing a series
7 of pull-tabs, must clearly identify to the public the permittee that will benefit from the
8 sales of that pull-tab series."

9 Renummer the following bill sections accordingly.

Conceptional

9-LS0213G.5

Luckhaupt

3/15/95

Adopted

AMENDMENT 3

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: CSHB 44(JUD)

- 1 Page 3, line 4:
- 2 Delete "all"
- 3 Following "contributions"
- 4 Insert "in an aggregate amount of more than \$100 in a calendar year"

Concern that 3 50.00
Contributions would put over
intent that donations in
excess of 100.0 to a candidate
or party be Reported.
Same as under APOC

by certified mail to the department in contact with an operator with whom the activities subject to this chapter are conducted. The department shall review the contract. If the contract is disapproved, the department shall provide in writing to the operator the reasons for disapproval. Any subsequent amendments to an approved contract shall be approved by the department. (1988; am § 3 ch 24 SLA 1991; am § 14 ch 16 SLA 1994)

91 tences, and deleted the former last sentence, which required a permittee to submit a copy of the contract.

The 1994 amendment, effective April 30, 1994, inserted "canned salmon cans" in the second sentence in subsection (c).

for permit. An applicant shall be eligible for a permit. (§ 1 ch 27 SLA 1982)

TO DECISIONS

ry,

license. (a) A person, municipality, or qualified organization may not conduct an activity subject to this chapter unless the person, municipality, or qualified organization has received an approval from the department.

ue an operator's license to a natural person or a qualified organization that is approved by the department; (1990; am § 15 ch 70 SLA 1993)

persons employed by the applicant in a municipality; and (b) the insurance satisfactory to the department.

satisfactory to the department in the permit under which the operator operates; and (c) the operator has passed a test formulated by the department and the regulations adopted under this chapter and the regulations adopted under this chapter by the department at least four

times a year; or, if a municipality or qualified organization, has designated a municipal employee or member of the organization who has passed this test.

(c) [Repealed, § 37 ch 70 SLA 1993.]

(d) [Repealed, § 37 ch 70 SLA 1993.] (§ 14 ch 99 SLA 1988; am § 15, 37 ch 70 SLA 1993)

Effect of amendments. — Section 15, ch. 70, effective June 26, 1993, repealed subsections (c) and (d). Editor's notes. — Paragraph (b)(6) is not effective until January 1, 1995. 1995, added paragraph (b)(6), making related grammatical changes. Section 37 of ch 70, effective June 26, 1993, repealed subsections (c) and (d).

Sec. 05.15.124. Municipal regulation of operators or vendors. A municipality may by ordinance prohibit an operator or a vendor from conducting activities under this chapter within the municipality. (§ 14 ch 99 SLA 1988; am § 16 ch 70 SLA 1993)

Effect of amendments. — The 1993 amendment, effective June 26, 1993, inserted "or a vendor."

Sec. 05.15.128. Revocation of operator's license. (a) The department shall revoke the license of an operator who does not

(1) report an adjusted gross income of at least 15 percent of gross income annually based on the total operation of the operator; or

(2) pay to each authorizing permittee annually at least 30 percent of the adjusted gross income, as determined under (1) of this subsection, from a pull-tab activity or at least 10 percent of the adjusted gross income, as determined under (1) of this subsection, from a gaming activity other than pull-tabs, received from activities conducted on behalf of the authorizing permittee.

(b) A person, municipality, or qualified organization whose operator's license has been revoked under this section may appeal the revocation if the person, municipality, or qualified organization submits to and pays for a complete audit of the operator's financial records by the department. The results of the audit are conclusive. (§ 14 ch 99 SLA 1988; am § 17 ch 70 SLA 1993)

Effect of amendments. — The 1993 amendment, effective January 1, 1994, in subsection (a), substituted "annually" for "for two consecutive quarters" in two places and rewrote paragraph (a)(2).

Sec. 05.15.130. Department may impose additional requirements. The department may supplement the definitions of qualified organizations and activities by regulations adopted under this chapter adding to the definitions additional requirements that the department considers necessary for the best interests of the public or for the proper

Multi
Beneficiary
Permits
-
Amend 6
add

Charitable Gaming Task Force

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Fax 522-3212

CHARITABLE GAMING TASK FORCE

	PERMITEE	OPERATOR	DISTRIBUTOR
1. I ANNIE FLEISCHER, Chairperson	Executive Director, Big Brothers / Big Sisters, an Anchorage permittee who contracts with an operator.		
2. TED BOOM, C.P.A.	Provides accounting services for Anchorage nonprofit organizations with gaming permits.		
3. RUTH SHANNON		Fairbanks Operator.	
4. DAN COFFEY, Attorney	Provides legal services for several Anchorage area permittees.	Provides legal services for several Anchorage area operators.	
5. JAMES HARMON	President of Anchorage permittee -- Charitable Gaming Association of Alaska.	Former Operator, currently listed as a partner on James Stewart's 1995 Operator's License Application.	Former Distributor, currently listed as the manager on Perry Green's 1995 Distributor Application.
6. FATHER FRANCIS McGUIGAN	Primary Member in Charge of Fairbanks permittee -- the Monroe Foundation.		
7. GERALD RICHARDS, C.P.A.	Provides accounting services for several Fairbanks permittees.	Provides accounting services for several Fairbanks operators.	
8. KILSOO SEO		Bethel Operator.	
9. MARK HIGGINS Political Consultant, Lobbyist	Represents interests of Anchorage permittee -- Alaska Charitable Gaming Association.	Represents the interests of Anchorage Operator Sue Griffin.	Represents the interests of Anchorage Distributor Mark Griffin.
10. GEORGE WRIGHT	Primary and Alternate Member in Charge for Juneau ANB, Inc., and Juneau ANB Camp 2.		
11. ANN HAYES	Employee of the IBEW, an Anchorage permittee. Connection to gaming is not known. IBEW contracts with an operator.		
12. DIMITRI PHILEMONOF	Primary Member in Charge of Anchorage MBP -- Gold Cache Bingo.		
13. JOI IN MINNICK	Post Commander, Wasilla VFW.		
14. DICK SNYDER	Post Commander, Anchorage American Legion.		

(1993)

Department of Commerce and Economic Development
Division of Occupational Licensing
Games of Chance and Skill
Permittee Activity
1909

Political Parties Raffles

Report Date: 02/09/95

Page: 1

Annual Totals for game type : RAFFLES & LOTTER

Gross Receipts	50,380.01
Taxes	(271.49)
Prizes Awarded	(20,740.00)
Expenses	(644.68)

Net Proceeds 28,723.74

Percent Net Proceeds is of Gross Receipts: 57.0

Break down of expenses:

Rent	0.00	Ticket printing	290.56
Janitorial	0.00	Pull-Tab Purchase	0.00
Utilities	0.00	Singo Supplies	0.00
Building Repair	0.00	Supplies	75.65
Bldg Depreciation	0.00	Other Printing	0.00
Bldg Insurance	0.00	Postage	93.06
Contract Services	0.00	Equipment Purchas	0.00
Accounting	0.00	Equipment Repairs	0.00
Wages	0.00	Non Alcoholic	70.66
Payroll Taxes	0.00	Door Prizes	0.00
Services	0.00	Advertising	0.00
Init Fees	60.00	From Operator	0.00
Pull-Tab Tax	0.00	Door Prizes	0.00
Other Expenses	54.75		

* All numbers are as reported by the Permittees.

Total Number of reco 6

(1993)

Department of Commerce and Economic Development
Division of Occupational Licensing
Games of Chance and Skill
Permittee Activity

Report Date: 02/09/95

1909

Page: 1

Annual Totals for game type :

PULL-TABS

TRUE POL. ORGANIZATIONS

Gross Receipts 2,035,396.82

Taxes (3,736.94) (CITY/FED TAXES)

Prizes Awarded (1,508,491.30)

Expenses (332,086.94) (RENT, WAGES, ET.)

Net Proceeds 181,031.94

Percent Net Proceeds is of Gross Receipts: 3.3

Break down of expenses:

Rent	564.75	Ticket printing	0.00
Janitorial	0.00	Pull-Tab Purchase	1,432.94
Utilities	0.00	Singo Supplies	0.00
Building Repair	0.00	Supplies	0.00
Build Depreciation	0.00	Other Printing	0.00
Build Insurance	0.00	Postage	0.00
Contract Services	0.00	Equipment Purchas	0.00
Accounting	0.00	Equipment Repairs	0.00
Pages	0.00	Non Alcoholic	0.00
Payrol. Taxes	0.00	Door Prizes	0.00
Prof. Services	0.00	Advertising	0.00
Permit Fees	30.00	From Operator	329,926.00
Photo Tax	0.00	Door Prizes	0.00
Other Expenses	133.25		

(PAID TO OPERATOR)

POLITICAL
PARTIES
PULLTABS

All numbers are as reported by the Permittees.

Total Number of recs 7

WONT GET 1994 INFO. UNTIL MARCH.

(1993)

Political Parties Bingo

Department of Commerce and Economic Development
Division of Occupational Licensing
Games of Chance and Skill
Permittee Activity

Report Date: 02/09/95

1909

Page: 1

Annual Totals for game type : BINGO

Gross Receipts	1,375,517.20
Taxes	(25.34)
Prizes Awarded	(1,228,945.12)
Expenses	(276,439.60)

Net Proceeds - 129,856.86

Percent Net Proceeds is of Gross Receipts: 9.4

Break down of expenses:

rent	564.75	Ticket printing	0.00
amortial	0.00	Pull-Tab Purchase	0.00
ilities	0.00	Bingo Supplies	0.00
uilding Repair	0.00	Supplies	0.00
og Depreciation	0.00	Other Printing	0.00
ldg Insurance	0.00	Postage	0.00
ontract Services	0.00	Equipment Purchas	183.60
ccounting	0.00	Equipment Repairs	0.00
ages	0.00	Non Alcoholic	0.00
payroll Taxes	0.00	Door Prizes	0.00
Services	0.00	Advertising	0.00
st: Fees	30.00	From Operator	275,528.00
ill-Tab Tax	0.00	Door Prizes	275,528.00
ther Expenses	133.25		

* All numbers are as reported by the Permittees.

Total Number of reco 6

House Democratic Campaign Committee

<u>Gaming Operator</u>	<u>Date</u>	<u>Amount</u>
Northern Lights Bingo	Feb. 14, '94	\$2,462.00
Northern Lights Bingo	Mar. 11, '94	\$2,000.00
Northern Lights Bingo	Apr. 14, '94	\$2,000.00
Northern Lights Bingo	May. 10, '94	\$2,000.00
Northern Lights Bingo	Jun. 15, '94	\$1,000.00
Northern Lights Bingo	Jul. 14, '94	\$4,000.00
Northern Lights Bingo	Aug. 16, '94	\$8,000.00
Northern Lights Bingo	Oct. 7, '94	\$4,000.00
Northern Lights Bingo	Oct. 21, '94	\$3,000.00
<hr/>		
	1994 TOTAL	\$28,462.00

Alaska Democrat Party

<u>Gaming Operator</u>	<u>Date</u>	<u>Amount</u>
Northern Lights Bingo	Jan. 29, '93	\$5,664.00
Northern Lights Bingo	Feb. 17, '93	\$3,427.00
Northern Lights Bingo	Mar. 30, '93	\$3,172.00
Northern Lights Bingo	May. 3, '93	\$3,043.00
Northern Lights Bingo	May. 17, '93	\$2,225.00
Northern Lights Bingo	Jun. 16, '93	\$2,513.00
Northern Lights Bingo	Jul. 26, '93	\$1,531.00
Northern Lights Bingo	Aug. 30, '93	\$1,032.00
Northern Lights Bingo	Sep. 30, '93	\$798.00
Northern Lights Bingo	Oct. 30, '93	\$3,894.00
Northern Lights Bingo	Nov. 28, '93	\$2,705.00
Northern Lights Bingo	Dec. 31, '94	\$2,780.00
<hr/>		
	1993 TOTAL	\$32,784.00
Rippie World	Aug. 12, '94	\$1,827.00
Rippie World	Oct. 7, '94	\$4,000.00
Rippie World	Nov. 9, '94	\$6,000.00
<hr/>		
	1994 TOTAL	\$11,827.00

Anchorage Republican Woman's Club

<u>Gaming Operator</u>	<u>Date</u>	<u>Amount</u>
Alaska Bingo Management	Mar. 24, '94	\$2,000.00
Alaska Bingo Management	Apr. 25, '94	\$1,841.00
Alaska Bingo Management	Jun. 1, '94	\$1,000.00
Central AK Fund Raising Activities	Jun. 26, '94	\$4,000.00
Central AK Fund Raising Activities	Aug. 10, '94	\$5,000.00
Central AK Fund Raising Activities	Sep. 15, '94	\$3,151.00
Central AK Fund Raising Activities	Oct. 19, '94	\$5,000.00
1994 TOTAL		\$21,992.00

District 25 Democrats

<u>Gaming Operator</u>	<u>Date</u>	<u>Amount</u>
State Fair Bingo proceeds	Sep. 2, '94	\$1,545.00
State Fair Bingo proceeds	Sep. 8, '94	\$2,270.00
State Fair Bingo proceeds	Sep. 8, '94	\$1,571.05
State Fair Bingo proceeds	Sep. 8, '94	\$330.00
1994 TOTAL		\$5,716.05

Valdez Democratic Precinct

<u>Gaming Operator</u>	<u>Date</u>	<u>Amount</u>
Rippie World	Jan. 17, '94	\$5,000.00
Rippie World	Feb. 22, '94	\$9,000.00
Rippie World	Mar. 17, '94	\$9,000.00
Rippie World	Apr. 20, '94	\$4,000.00
Rippie World	May. 16, '94	\$6,000.00
Rippie World	Jun. 27, '94	\$8,000.00
Rippie World	Jul. 19, '94	\$8,000.00
Rippie World	Sep. 2, '94	\$3,500.00
1994 TOTAL		\$52,500.00

Alaska Ironworkers PAC

<u>Gaming Operator</u>	<u>Date</u>	<u>Amount</u>
Rippie World	Aug. 10, '94	\$7,000.00
Rippie World	Sep. 8, '94	\$11,000.00
Rippie World	Oct. 7, '94	\$9,000.00
Ripioie World	Nov. 11, '94	\$11,000.00
<hr/>		
	1994 TOTAL	\$38,000.00

Mat-Su Democrats

<u>Gaming Operator</u>	<u>Date</u>	<u>Amount</u>
State Fair Bingo/Pulltab proceeds	Aug. 25, '94	\$8,599.00
State Fair Bingo/Pulltab proceeds	Sep. 6, '94	\$6,104.01
<hr/>		
	1994 TOTAL	\$14,703.01

1994 TOTALS \$173,200

SPENARD LAWYER-PROTECTOR, PROMOTER AND PROFITEER OF GAM(BL)ING

When wealthy attorney Max Gruenberg moved from Spenard to the East Anchorage district to run for State House, he claimed it was only to get rid of the current representative. But is Gruenberg's expensive move actually being financed and orchestrated by the people who have the most to gain by Terry Martin's defeat, those who run gaming activities in Alaska. In fact, the major reason for Gruenberg's move across town to "get rid of Terry Martin" (as stated in the Anchorage Daily News) is a partisan political fight to preserve gambling contributions to political candidates and parties.

Martin has long been a thorn in the side of the gaming associations, which would prefer to operate without regulations governing how gaming permits are distributed and what is done

with the money. Gruenberg, on the other hand, has over the years gone out of his way to protect the gaming industry and has profited greatly from his alliance accepting thousands of dollars for campaign and personal use.

Gruenberg's cozy relationship with the gaming industry has led to the development of committees which receive huge contributions from pull tab sales and in turn purchase the votes and allegiances of legislators and lobbyists throughout Alaska. Martin has fought against the unregulated use of the gaming money, acquired under the guise of charitable contributions, which has been buying political favors

and votes favoring an industry that has seen unbelievable growth over the past six years.

To understand exactly why the gam(bl)ing industry may have encouraged Gruenberg to move into Martin's district, it is important to return to the days just before pull-tabs "paper slot machines" were made legal in Alaska in 1988.

Pull tabs existed in Alaska prior to 1988, but were not legal and thus went unregulated. In 1987, gaming receipts, derived from Bingo parlors and other forms of legal gaming, totaled less than \$60 million state wide. Following a so-called

reform effort that resulted in the legalizing of pull-tabs, gaming receipts jumped in 1988 to more than \$87 million. Today, gross receipts are well over \$227 million annually. During

"Avoid gaming. This is a vice which is productive of every possible evil; equally injurious to the morals and health of its votaries. It is the child of Avarice, the brother of Iniquity, and the father of Mischief. It has been the ruin of many a mans honor, and the cause of suicide. The successful gamester pushes his good fortune till it is overtaken by a reverse; the losing gamester, in hopes of retrieving past misfortunes, goes on from bad to worse, till grown desperate, he pushes at everything and loses his all."

George Washington

May 2, 1778



Continued to pg. 2...

this time, however, net proceeds to charities had barely changed. In 1987, charities collected less than \$10 million and today receive little more than \$20 million. (See Graph)

With legislation being written that would legalize pull tabs, Gruenberg and the gaming industry, supported by lobbyists, moved to capture the money they knew would be available for their own gain by establishing the House Democratic Campaign Committee in 1987. Gruenberg solicited the aid of fellow democrat Johnny Ellis to co-chair the committee and encouraged Mark Begich to come on as Treasurer. The committee was set up as a way to channel unregulated amounts of gaming dollars into the campaign coffers of legislators sympathetic to the Alaska Charitable Gaming Association.

When the vote came to legalize pull tabs in 1988, Martin fought hard to defeat it. He knew the money generated from pull tabs would be come from the people who could least afford

"Max and his co-horts are cheaters. They are taking thousands of dollars away from those who can least afford it. They are literally taking bread from the mouths of babies just to put money in the bank and inflate their campaign coffers..."

it, hoping to turn a buck into much more, despite the odds.

"Max Gruenberg and the other Spenard lawyer-politicians take what little others have to lose through gambling without giving anything back of value for their pay off," Martin said. "This is stealing... or taxing the poor by giving them false hopes. Max and his co-horts are cheaters. They are taking thousands of dollars away from those who can least afford it. They are literally taking bread from the mouths of babies just to put money in the bank and inflate their egos." They are also buying protection, votes and a stable of legislators eager to vote in favor of gaming while knowing they will directly and indirectly benefit for campaign dol-

lars and other laundered support activities.

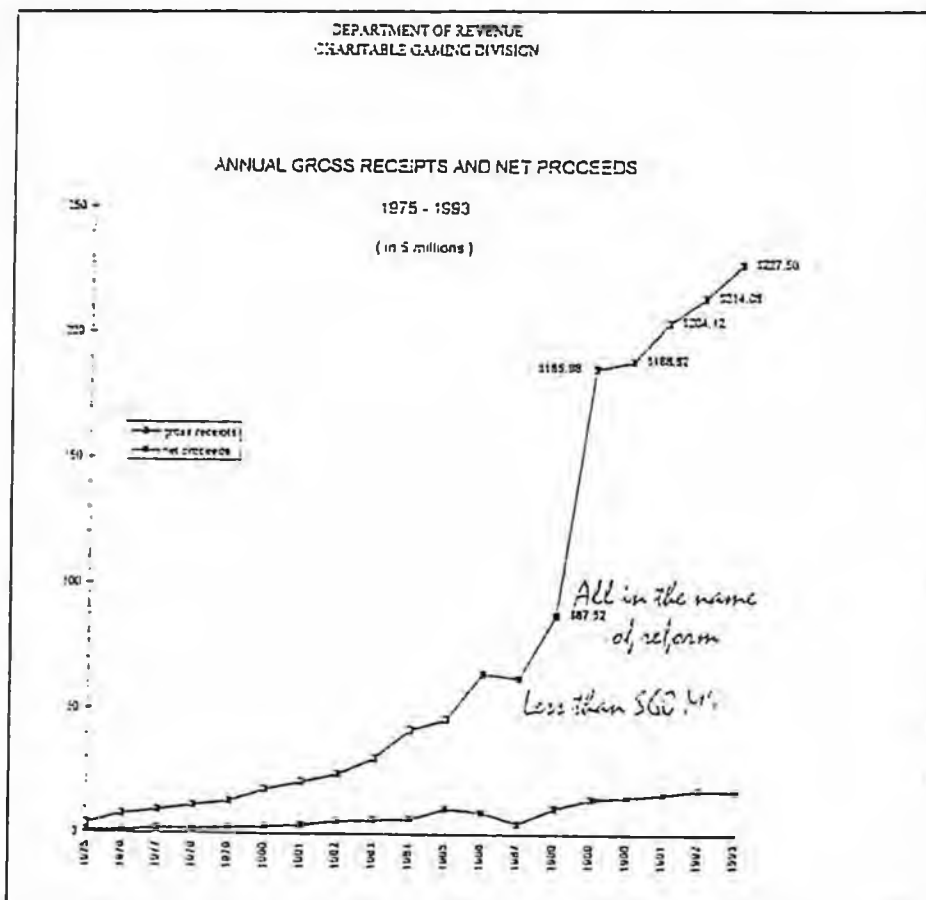
The argument in favor of allowing pull tabs was strongly supported by charities that saw the gambling slips as a key way to earn money without a huge cash outlay. The people behind charitable gaming claimed they were in favor of Alaska charities and that Alaskans would give freely to these charities if there was a chance they could win something. Hidden behind the industry's message was a desire to chip away at the barriers blocking the path to open gambling in Alaska.

The gaming industry knew, particularly after giving campaign contributions to legislators like Gruenberg, that once pull tabs were legalized, more money would be available to spend on candidates who favored gambling in Alaska. Today, pull tabs represent "the new Motherload for Alaska's campaign coffers."

(See Graphic)

The legislation that passed in 1988 was full of flaws and included wording that made Alaska the only state in the union to allow political groups to obtain gambling permits. Martin fought hard against the legislation, but the lure of campaign contributions made it a difficult fight to win. In the end, he was the only legislator not swayed by the gaming industry's promise of money.

Since that vote in 1988, abuses that could be characterized as graft and corruption, all supported by Alaska law, have become commonplace. Alaska law limits the amount of campaign contributions by individuals and corporations to \$1000 per year, but does



not regulate the amount of money contributed to or from political action committees. So when Gruenberg and the others formed the House Democratic Campaign Committee, members from the gaming industry, like Alaska Bingo Supplies, were able to direct large sums of money on their behalf. In 1991, for example, during legislative session, the operators of Northern Lights Bingo paid more than \$24,000 to the group. In all, the bingo operators gave more than \$100,000 to Gruenberg's committee, during legislative session. Once in the committee's hands, the money can then be laundered to other legislators and candidates without restriction.

Since this so-called reform legislation passed, gaming permits have also proliferated among political action and district committees, allowing politicians to profit from the money Alaskans thought were being spent on charities. In fact, most Alaskans do not know what charities they are giving money to when playing, and the pull tab operators make sure the political groups get favored placement in the various locations. Today, there are nearly 20 such gaming permits held by political groups, permits that should have gone to real charities. The revenues from these political permits alone, because of their proliferation and favored placement have seen phenomenal growth in recent years, increasing from \$874,958 in 1989 to nearly \$4 million in 1993. And of the 19 political permits operating in Alaska today, 13 are owned by Democrats, five by Republicans, one by Alaska Independence Party.

And Gruenberg, who twice managed to get himself elected as majority leader in the house while serving his Spenard district, purchased votes and legislators with the money derived from such permits (i.e. \$5,000 to Rep. George Jacko).

Indeed, once the Spenard District

11 Democrats started pull tabs, money really began to flow into Gruenberg's campaign account. Between 1987 and 1992, Gruenberg received over \$18,000 from gaming proceeds, once the money was laundered through the political organization. (See Graphic)

The lack of restrictions on gambling dollars directed to political campaigns has given those in control over permits an incalculable influence over new candidates and elected officials who are beholden to them for special voting and political generosity. The process is one in which the operators and political district officers decide who will get the largest gambling receipts, thus controlling the candidates. The operators of the permits can and do use the political permits at the

most profitable places and at the most prolific times, while the true charitable permittees suffer accordingly.

"It is most disappointing to witness the abominable selfishness of these politicians who take thousands of dollars from legitimate charitable organizations that legally should receive gaming contributions. Every dollar taken by political parties is a dollar less for seniors, families and youth activities," Martin said. "Gruenberg was buying power over new legislators by channeling thousands of dollars to their campaigns in turn for getting their vote for 'leadership' status."

All this gaming promotion and profiteering had one thing in common, none of it was voted on by the Alaskan people. In a statewide vote in

Authorized Games of Chance and Skill

Name of Permit Holder	Permit Number
Alaska Charitable Gaming Assn.	91-1186

SCHEDULE D.
DONATIONS OF NET PROCEEDS

Net proceeds from gaming activities must be dedicated within one year to the awarding of prizes, and to political, educational, civic, public, charitable, patriotic or religious uses in Alaska. (See AS 05.15.150) List below all dedications of net proceeds. Use additional pages as necessary, or any reasonable form which contains all of the requested information.

RECIPIENT	PURPOSE	AMOUNT	DATE	CHECK NO.
NEW LAW PROHIBITS THIS KIND OF MISUSE OF GAMING PROCEED LOBBYING	Lobbyist	5000.00	1/14	1090
	Copying	15.00	1/15	1092
	Lobbyist	5000.00	2/25	1093
	Lobbyist	3000.00	2/26	1095
	Lobbyist	7000.00	4/17	1096
	Lobbyist	5000.00	5/07	1097
	Lobbyist	5000.00	5/23	1098
	Biannual report	15.00	6/29	1099
	Lobbyist	5000.00	7/22	1102
	1991 19 fee	122.61	5/27	1100
	Due on '91 gross est.	150.00	5/27	1101
	Contribution	200.00	3/06	1104
	Lobbyist	5000.00	3/15	1105
	Lobbyist	3500.00	9/31	1106
	Lobbyist	5500.00	10/21	1107
	Lobbyist	5000.00	11/13	1108
	1992 Permit Fee	100.00	11/19	1109
	Lobbyist	5000.00	12/07	1110
	Contribution	5000.00	12/27	1112
Johnny Ellis	Political Contribution	1000.00	12/31	1114
Max Gruenberg	Political Contribution	1000.00	12/31	1115
Mark Begich	Political Contribution	1000.00	12/31	1116
David Finkelstein	Political Contribution	1000.00	12/31	1117
TOTAL AMOUNT. Enter here and on page 1, line 9		74,602.61		

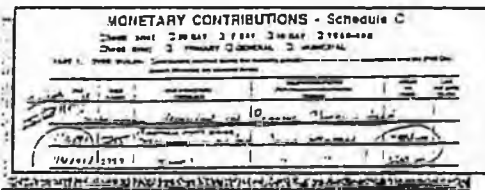
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ness these dol-gani-gam-en by s for ties," ying han-their vote

SAMPLES OF PULL-TAB AND BINGO CHECKS GOING TO SPENARD DISTRICT DEMOCRATS.



Gruenberg's Gambling Contributions (Direct/Indirect)			
Date	Check #	Amount	Contributor
10/8/87	101	\$1,000	District II, Democrats
12/29/87	108	\$2,000	District II, Democrats
		Total	\$3,000
3/5/88	113	\$450	District II, Democrats
1/19/89	126	\$1,000	District II, Democrats
3/10/89	137	\$1,000	District II, Democrats
9/19/89	156	\$1,500	District II, Democrats
10/17/89	1051	\$250	AK Charitable Gaming Assoc.
12/15/89	No Report	\$507.97	District II, Democrats
		Total	\$4,057.97
7/23/90	185	\$1,000	District II, Democrats
10/10/90	3729	\$1,000	AK Bingo Supplies/Sue Griffin
10/17/90	1007	\$120	District II, Democrats
10/23/90	185	\$4,000	District II, Democrats
11/13/90	1546	\$1,000	AK Bingo Supplies/Sue Griffin
		Total	\$7,120
9/31/91	1115	\$1,000	AK Charitable Gaming Assoc.
9/31/91	4684	\$1,000	AK Bingo Supplies/Sue Griffin
		Total	\$2,000
9/3/92	5252	\$1,000	AK Bingo Supplies/Sue Griffin
9/3/92		\$500	Northern Lights Build. Property
		Total	\$1,500
		Total	=\$18,127

These represent some of the monetary payments that have been made to the House Democrat Campaign Committee during legislative sessions. Max Gruenberg Johnny Ellis - Co-chairman, Mark Begich - Treasurer. The only Legislative group to have a Pull-Tab Permit # 94-1132. Gross receipts in 5 years exceed \$600,000.



NAME	ADDRESS	CITY	STATE	ZIP	AMOUNT	DATE	REMARKS
John	1234	...	...	...	4416		
John	1234	...	...	...	32,217	10/21/87	
John	1234	...	...	...	157		
					TOTAL		

NAME	ADDRESS	CITY	STATE	ZIP	AMOUNT	DATE	REMARKS
John	1234	...	...	...	1,000		
John	1234	...	...	...	1,000		
John	1234	...	...	...	1,000		
John	1234	...	...	...	1,000		
John	1234	...	...	...	1,000		
John	1234	...	...	...	1,000		
John	1234	...	...	...	1,000		
John	1234	...	...	...	1,000		
John	1234	...	...	...	1,000		
John	1234	...	...	...	1,000		
					TOTAL		

1990, when voters were finally able to vote for or against gambling in Alaska. Alaskans soundly rejected the gaming industry with a 64% no vote. While the vote did not involve pull tabs, the voters heeded the words of Martin and others who fought against open gambling in Alaska.

Gruenberg's connection to gambling finally caught up to him in 1992, when the voters in his Spenard district threw him out of office. With gambling's biggest supporter out of the way, Martin worked hard for more reform.

"The good people of Spenard and Downtown Anchorage got rid of Gruenberg," Martin said. "Only because of their action were we able to pass true reform action to control gam(bl)ing in Alaska. What will happen if East Anchorage, Elmendorf Air Force Base and Government Hill return him to Juneau?"

"Since the Spenard legislator has been out of the legislature for two years, the tide has turned so gaming operators must convince their favored politician to move to districts of legislators who have cost them dearly through the new legislation that gives more money to the charities and prohibits paid lobbyists from receiving gaming receipts."

Stopping Terry Martin from encouraging any further gaming reform is exactly the motivation behind Gruenberg's recent move to East Anchorage.

Most likely orchestrated by the Alaska gaming industry's top lobbyist, and pull-tab operators, Gruenberg (who owns as many as seven residential properties in Anchorage and could easily have moved into any one of them) purchased an old house in Martins district in September 1993 at a cost of about \$79,000. He then spent another \$48,000 remodeling the old home. Prior to that, Gruenberg rented a room at a bed & breakfast in the district on

May 31, 1993, the last day to qualify for residency according to State law. Instead, Gruenberg lived primarily at his three-story District 11 Spenard condominium with his girl friend. He even went so far as to rent a vacant apartment for \$550 a month on DeBarr Road and seldom slept there. Gruenberg finally moved into the newly purchased home in May 1994, more than a year after he claimed to have moved into the district. All totaled, Gruenberg has spent somewhere around \$135,000 relocating to District 14.

Lobbyists and operators have been key players for the gaming industry and have received tens of thousands of dollars to use for purchasing votes. They have also been close friends to

Gruenberg for many years and their relationship has cost honorable charities unbelievable amounts of money. In fact, one lobbyist has over the years used gaming receipts from politically held permits to defeat Terry Martin in every campaign. So far, good has always prevailed.

"What do you think is in it for the Spenard lawyer?" Martin questioned. "There's an awful lot of money being spent just to get rid of Terry Martin. Max is going to expect something in return for doing what the gaming industry may have encouraged him to do. Most likely its going to be that new house."

"This contest with Gruenberg should be on philosophical grounds," Martin said. "However the real battle is the survival of the gambling and political profiteering from pull tabs - paper slot machines. Gruenberg is always willing to cut deals in order to protect the operators who contributed to his past campaigns and regain control over the House Democrats Campaign Committee pull tab permit.

"They (*the gaming industry*) realize the protection they will gain from Gruenberg and their purchase is not too great a price to pay for the bonanza in

the immediate coming session," Martin said. "They'll shoot for repeal of last years reform of the gaming law. I will stand by the principle that politics and gaming equal corruption. What they are doing is fundamentally wrong and takes away in so many ways the positive revenues to true charities.

True charities serve a purpose in that they assist those in need, whether by training them to work, providing needed clothing or offering food. The charitable gaming process was designed to provide this aid which in turn would supplement the decreased state spending on these vital services. The lack of gaming regulations regarding the ownership of permits by organizations other than true charities has corrupted the entire gaming process and is on the verge of controlling the very process of electing legislators and the type of legislation they produce. This new motherload that fills political coffers must be stopped, whether through the legislative process or by the initiative of the public. If it is not, all that remains honest in your state government will be traded for the sinister acts of the political permit holders.