

## EIR Feature

# Legalized gambling: Britain's Dope, Inc. subverts the U.S.

by John Hoefle

Poor governments are, as we everywhere see, driven to encourage gambling, drunkenness, and other immoralities, as a means of extracting revenue from their unfortunate taxpayers; and the greater the revenue thus obtained, the poorer become the people and the weaker the government.

—Henry Carey, *The Slave Trade, Domestic and Foreign*

The Lottery, with its weekly pay-out of enormous prizes, was the one public event to which [they] paid serious attention. . . . It was their delight, their folly, their anodyne, their intellectual stimulant.

—George Orwell, 1984

### **A money-laundering division of the Empire**

With \$550 billion in wagers reportedly placed in legal gambling facilities in 1995, gambling has become big business in the United States. Some form of gambling is now legal in 48 of the 50 U.S. states, with over 500 legal casinos, and 38 states are themselves participants in gambling, through lotteries. More money is spent in casinos, than is spent on tickets to spectator sports and movie tickets combined.

The myth has been spread, that organized crime has been run out of the gambling business, replaced by honest corporations. What this report will show, is that gambling remains the province of organized crime, and more importantly, will provide the reader with a look at the true nature of organized crime, and who actually runs it.

In 1978, *EIR* released its ground-breaking bestseller, *Dope, Inc.*, which detailed how the international narcotics trade was run, top down, by the British Empire. The book also showed how entire sections of the world's financial system, from the then-British colony of Hongkong to the British territories in the Caribbean, were organized explicitly to launder the hundreds of billions of dollars of annual



*A scene at the Taj Mahal in Atlantic City, New Jersey. Contrary to popular myth, gambling remains under the control of organized crime, as it always was. It's not your local street-corner mafiosi, but the top operatives of the British-run financial oligarchy.*

proceeds of the international drug trade, to keep the drug business from choking on its own cash. As the drug trade has grown, the demands upon its money-laundering arm have rapidly expanded. One major component of this money-laundering apparatus, is the gambling business; casinos, with their heavy and substantially anonymous cash flows, have long been used by organized crime to launder the proceeds from criminal operations.

The gambling business has indeed changed over the last three decades, but those changes reflect a decision by Dope, Inc. to upgrade the status of its gambling division, to make it more acceptable to the public, and thereby make its expansion easier. Gone, for the most part, is the violence which characterized the early years (the violence still exists, but much of that function has been transferred to Dope, Inc.'s street-gang arm). It has been replaced by modern corporate management techniques, shielded by armies of lawyers, accountants, and public relations flacks. But gambling remains the province of organized crime: The gambling business would not exist, on the scale it does today, were it not for its status as a money-laundering arm of Dope, Inc.

The modern gambling business, termed "U.S. Gambling, Inc." by *International Gaming and Wagering Business* magazine, was created by dirty money. The seed money came from Prohibition, out of which grew a network of violent whiskey-running gangs, behind which stood the Bronfman family of Canada and the British liquor lords. With the end of Prohibition in 1931, the British began the transformation of these

violent gangs, using their enormous criminal profits, both to create the Hollywood movie business and turn Las Vegas into a gambling center. The inside-the-mob case officer for this transformation into so-called legitimate business, was Meyer Lansky, the mob's financial officer and gambling tsar.

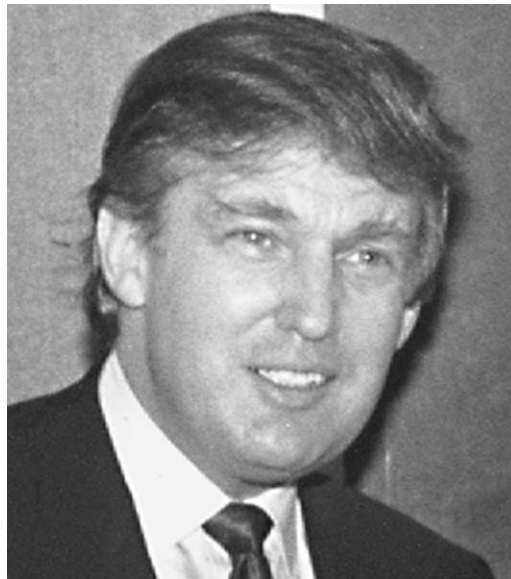
Enormous amounts of money and propaganda have been deployed to put a happy face on the gambling beast. Las Vegas has turned itself into a giant theme park, which some now call the "Orlando of the West," with pyramids, sphinxes, and Hollywood-style extravaganzas, luring in not just the gamblers, but their families as well, raking in the cash while addicting new generations of gamblers.

Behind this entertainment facade, however, lies a machine designed to ruthlessly separate people from their money, and destroy them and their country in the process.

Behind Gambling, Inc. stands Dope, Inc., and the international financial oligarchy, whose main power base is the British Empire, the largest criminal enterprise in the world. The real godfather is the Queen, and she's after you.

### **The British Empire today**

The presence of The Rt. Hon. Lord Moore of Lower Marsh, PC, a member of the Queen's Privy Council, on the board of GTECH, the leading operator of U.S. state lotteries, is no coincidence, given the way lotteries function as institutions of cultural warfare against the United States. The other major U.S. lottery operator, Automated Wagering International, has its own British connections, in the person of former



*Leading lights of Gambling, Inc., include (left) former State Department official Richard Burt and (right) Donald Trump.*

U.S. State Department official Richard Burt, who sits on the board of the Hollinger Corp., a British intelligence front which owns several media outlets. Behind them, stand the empire's dirty-money specialists, the Rothschilds.

In the 1970s, Lord Victor Rothschild, one of the British Empire's top spooks and dirty-money operatives, chaired a Royal Commission on gambling, which set up the British National Lottery, the proceeds of which were to be used to preserve Britain's imperial heritage. Lord Victor's son, Lord Jacob Rothschild, would later become a director of the British lottery.

"As the industrial base of this country has declined, so our past and the presentation of our past has become more important," Lord Jacob pontificated some years ago. "We are not like Venice, because we still have a producing economy. . . . We are aware of the risk that we could tilt too much in the direction of being a country whose past predominates."

The comparison with Venice is telling, since the British Empire represents the continuation of the Venetian Empire, which in turn was a continuation of the Roman and earlier empires, Britain being merely the latest in a series of capitals of the ancient oligarchical system. Britain's heritage is that of the Whore of Babylon, an ancient system of looting by powerful families, which sees the world and its population, as a plantation to be managed for the benefit of a few.

This British Empire was, and remains, committed to destroying its deadly enemy, the nation-builders, who created the United States and led a worldwide fight to destroy the power of the oligarchy, and to usher the world into a future of global economic development and prosperity for all men.

The explosion of gambling within the United States was not imposed entirely from the outside, however, because the oligarchy has tentacles deep within the cultural, political, and economic institutions of the United States. Among the foremost agents of the oligarchy in the United States are the fami-

lies known as the Boston Brahmins, and the families and institutions that dominate Wall Street, led by the House of Morgan, the Mellons, and others. Among the pushers of gambling in the United States, one will find Morgan, Crédit Suisse and its allied Weld family, the family of Sir George Bush, and others, all of whom *hate* and are committed to destroying, the United States of Benjamin Franklin, Alexander Hamilton, Henry Carey, Abraham Lincoln, and Lyndon LaRouche.

### **Political cover and financial ownership**

"It is time that the organized crime issue is put to rest. The myth that organized crime owns, operates or even influences casinos is a canard spread by political opponents without regard to facts," the American Gaming Association (AGA) claims, in a document entitled "Myths & Facts" about what it calls "gaming."

The AGA, one of the major lobbying fronts for the gambling business, pushes the line that gambling is good for the economy. Gambling, the AGA claims, creates jobs, pumps money into local economies, and pays taxes; its employees buy houses, cars, and refrigerators, spreading the wealth.

This argument is a fraud. By focussing on what it puts into the economy while hiding what it extracts, the gambling sector presents the illusion of prosperity. After all, drug dealers and pimps also provide jobs, and buy houses, cars, and refrigerators, but few would consider them assets to society.

One study, by Prof. John Warren Kindt of the University of Illinois at Urbana, estimates that, for every \$1 a state receives in gambling revenues, it spends \$3 for social services and criminal justice agencies to cover the damage done by gambling. Gambling, Kindt says, acts as "a regressive tax on the poor," and "makes poor people poorer."

What counts is how much of a bite Dope, Inc. takes out of the country and its people, not how many crumbs are left on the table after it has eaten its fill.

A look at the composition of the American Gaming Association provides a glimpse into how the protection racket for gambling is run.

The president of the AGA is a political insider, former Republican National Committee Chairman Frank Fahrenkopf.

The AGA board includes, in addition to gambling company representatives and a liquor distributor, representatives of two of the biggest investment banks in the United States, Goldman Sachs and Merrill Lynch.

The membership roster of the AGA likewise includes a rash of investment bankers and accountants, in addition to gambling companies and their suppliers. The bankers include Bear Stearns, Deutsche Morgan Grenfell, Donaldson Lufkin & Jenrette, Goldman Sachs, Merrill Lynch, Montgomery Securities, Oppenheimer & Co., Salomon Brothers, and Schroeder Wertheim & Co., several of which own big chunks of gambling companies and which are integral to the money-laundering process.

Bear Stearns officials, for example, sit on the boards of Mirage Resorts and Carnival Corp. The company sold bonds to fund Donald Trump's move into Atlantic City, and represented the notorious Resorts International, Meyer Lansky's flagship.

There's more. AGA board member Merrill Lynch owns 10% of Scientific Games, while AGA member Oppenheimer owns 8.5% of Harrah's Entertainment. Other financial institutions, including Bankers Trust, Lazard Frères, Morgan Stanley, Chase Manhattan's Texas Commerce Bank, First Union, Wells Fargo, Crédit Suisse First Boston, Riggs National Bank, First Tennessee National, Prudential Insurance, Mutual of New York, and the Bank of Montreal, also show up, either as owners, with representatives on the boards, or both.

The accountants, whose job it is to keep the books sparkling clean, include Arthur Andersen & Co. and Coopers & Lybrand LLP. Andersen has authored several studies for the AGA, on the alleged benefits of gambling.

The political class is also well represented, proving the ease with which political influence can be bought:

- Two top Republican operatives are consultants for GTECH: Charles Black, who ran national campaigns for Sir George Bush, Ronald Reagan, Jack Kemp, and Phil Gramm; and Paul Manafort, who ran the 1988 and 1996 Republican conventions.

- The chairman of Video Lottery Technologies, parent of Automated Wagering International, is former Reagan-Bush State Department official Richard Burt. Burt is also a director of the Hollinger Corp., the British intelligence front (and successor to Permindex) whose board also includes former Secretary of State Sir Henry Kissinger; a director of the food cartel firm Archer Daniels Midland; and a member of the international advisory board of the Bank of Montreal.

- Former Secretary of State Alexander Haig sits on the board of Kirk Kerkorian's MGM Grand.

- Former Democratic National Committee Chairman

Paul Kirk (1985-89) sits on the board of ITT Corp., whose Sheraton subsidiary owns the Caesar's World casinos.

- Former Undersecretary of the Treasury Bette Anderson (1977-81) also sits on the board of ITT.

## Popular culture

Harrah's, in its 1997 Survey of Casino Entertainment, claims that polls show that 92% of Americans see casino gambling as acceptable for themselves and others, including 62% who see it as acceptable for anyone, and 30% who see it as acceptable for others but not for themselves. Only 8% of Americans say casino gambling is "not acceptable for anyone."

While these numbers are open to question, given the ability of modern pollsters to shape their questions to produce the desired answers, many Americans do indeed either support, or accept, gambling.

Moral arguments, as Tom Grey's National Coalition Against Legalized Gambling and others have found, are no longer sufficient to defeat gambling referenda, but the anti-gambling forces have had significant success over the last few years by debunking the alleged economic benefits of the gambling business.

During the research for this report, the author visited several casinos in Atlantic City, where the casinos go to great lengths to entice people into their gambling dens, and to keep them there once they do. The casinos are designed in a style that has been called "gangster glitz," lots of flashing lights, bells, and whistles; the noise level is high, thanks to acres of slot machines, each designed to hold a player in rapt attention.

The overwhelming impression is that of lambs being led to the slaughter. The casinos are designed to separate people from their money, and they are quite efficient at doing so. Casinos routinely "rate" regular players, according to the frequency of their visits, and the amount they gamble, and offer an escalating series of bonuses (termed compensations, or "comps") to keep the suckers coming back. While the gamblers, and even the casino operators, may believe in luck, the edge the casino has is mathematical: The odds vary according to the game being played, but in all cases they favor the house, and over the long run, the house always wins. There have also been claims, from regulatory agents and slot machine manufacturers, that the slot machines are rigged to show an artificially high percentage of "near wins," to entice players to keep feeding the one-armed bandit.

The atmosphere is not one of fun, but rather one of desperation, of people looking for the big score. Faced with a collapsed economy, more and more people are turning to gambling, pouring their money into casinos and lotteries, in the vain hope of hitting the jackpot.

Finally, although the term "gambling industry" is widely used, we will not use that term in this report. Gambling is *not* an industry: Steel is an industry, aerospace is an industry; gambling is a parasite.