

TESTIMONY OF DAN E. MOLDEA
New Jersey Assembly Appropriation Committee
ACR-124 (on legalizing sports gambling)
May 19, 1993

My name is Dan E. Moldea. I am an independent journalist who has concentrated on investigations of organized crime since 1974. I have written numerous articles for a variety of publications, and I am the author of four books, including *Interference: How Organized Crime Influences Professional Football*. In this 1989 book, I took a hard line against the movement toward legalizing sports gambling in America, a view I still strongly maintain. I have attached to my written testimony the specific chapter that deals with this issue.

I appear before you today, speaking on behalf of the New Jersey Thoroughbred Horseman's Benevolent Association. I shall keep my remarks brief and have submitted a longer, written statement for your consideration.

In my book, *Interference*, I documented that no fewer than 26 past and present NFL team owners have had documented business ties to either the gambling community and/or the organized crime syndicate. I also provided evidence that over 70 NFL games have been fixed. And that no fewer than 50 legitimate investigations of corruption within the league have been either suppressed or flat-out killed as a result of a sweetheart relationship between NFL Security, which is the internal NFL police force, and a variety of federal, state, and local law enforcement agencies. I also charged that the illegal gambling economy has become an adjunct to the First Amendment because of the insistence by the sports media to print and broadcast the betting line; and to hire oddsmakers and handicappers for the purpose of predicting the outcomes of games. And, finally, I charged that the movement toward legalizing sports gambling will cause a proliferation of illegal gambling and organized crime activities.

It is my belief that state governments do not get into the bookmaking business, directly or indirectly, for eleemosynary purposes. They are doing so to make money by convincing their citizens that they can enrich themselves by gambling. Meantime, the states are going to teach the public how to gamble and how to use the point spread. Sooner or later, the betting public is going to realize that the state is taking a large skim of the handle--of the total pool of bets--and, eventually, the public is going to come to terms with the fact that they can get a bigger bang for the buck, betting with Charlie the Bookie, the friendly local bookmaker at the corner bar, who is going to make them put up \$11 to win \$10 and is only taking a ten percent commission on the losing bets he books. He is also going to extend credit to his customers and be willing to loan them money--which are services the state will not do.

In my brief remarks, I would like to concentrate on NFL game-fixing, as a means of convincing you to vote down the proposed legalization of sports gambling. Game-fixing is the ultimate nightmare of legalized sports gambling. I believe that the more gambling that revolves around any contest, the greater the likelihood that attempts will be made to fix such contests.

Let me remind you of two important facts: One, the Mafia's number one money-making activity--after drug trafficking--is gambling on NFL games. Over \$10 billion is wagered illegally every year. More money is bet in a single month of NFL games than on an entire season of major league baseball. And, two, whenever an NFL game is televised, the gambling on it goes up 600%. I believe that both the NFL and the television networks want you to have a bet down on the game, because there is a greater likelihood that you will watch the game, as well as the beer commercials and the car commercials. That means higher ratings for the networks and ultimately greater revenues for the NFL team owners. To me, this relationship among the networks, the NFL, and the gambling community is nothing less than symbiotic.

On the surface, the NFL's opposition to legalized sports gambling appears to be sheer hypocrisy, particularly since its fortunes have been so enhanced by any form of gambling, legal or illegal. It is not. The NFL has a proprietary interest here and does not want someone else profiting from the sale of its product. As television revenues decline and NFL owners continue paying over \$100 million for their franchises, other forms of income will become necessary in order for these franchises to remain viable. I believe that the NFL team owners want those new revenues to come from the gambling operations that they, themselves, will control. But that is another discussion for another time. (Emphasis added)

Regarding game fixing, please allow me to preface this by telling you a story that has never been told publicly. Everything I am about to tell you is contained in a sealed court file.

In December 1989, *Washingtonian* magazine published an article about Jack Kent Cooke, the owner of the Washington Redskins. The article was written by Harry Turner, a former chauffeur for Cooke. Immediately after the story ran, Cooke filed a \$30 million libel suit against the magazine. The first and most significant count in the three-count case was a challenge to a statement Cooke had allegedly made to Turner, indicating that NFL games "can be fixed."

In the midst of discovery, incredibly enough, information was revealed, indicating that Turner had once claimed to have been kidnapped by space aliens and

taken to another planet. Thus, the sole source for the article and the key witness for *Washingtonian* in its defense against this \$30 million libel suit had self-destructed. In order to have any hope of winning, the magazine's attorneys had to use other people evidence and sources to make Turner's claims credible, especially that NFL games "can be fixed."

At this point, I was brought in by the magazine as an expert witness for the defense. I also brought in three respected former law enforcement officials to address the issue of NFL game-fixing. In short, all of us testified in our sworn depositions that NFL games not only "can be fixed" but that they have been fixed. The NFL has constantly claimed that *no* NFL game has ever been fixed since the creation of the league in 1920. The league does officially acknowledge that there were two attempts to fix NFL games: the 1946 NFL Championship Game between the New York Giants and the Chicago Bears and a 1971 NFL game between the Houston Oilers and the Pittsburgh Steelers. Actually, there have been many more incidents--some successful--which the NFL refuses to acknowledge.

Here are some of the highlights about NFL game-fixing from our sworn depositions in *Cooke v. Washingtonian*:

In 1988, several members of the Minnesota Vikings were poisoned by persons unknown in a post-game meal in the locker room. Neither the Vikings nor the NFL reported the incident in its weekly injury and illness reports, even though a dozen players had contracted food poisoning--which had affected them for the next couple of weeks. Consequently, the following week, the Vikings failed to cover the spread in its game against a weak Tampa Bay team; the week after that the Vikings, which were ten-point favorites, lost to the Green Bay Packers by twenty points. Because of movement in the betting line, it was determined that a handful of people scored a betting coup because of this inside information--which, once again, had been concealed by the NFL and the Vikings' team management.

Going back through history in my sworn deposition, I described three attempts, two of which were successful, to fix NFL games by Mafia figure-turned-federal witness James Fratianno in 1951.

I also described an allegedly successful attempt to fix a 1953 Baltimore Colts game by the owner of the NFL team.

I chronicled the federal investigations of three alleged fixed games--the Chicago Bears vs. Los Angeles Rams in 1961, the Chicago Bears vs. San Francisco 49ers in 1962, and the Green Bay Packers vs. Detroit in 1962--which led to the creation of NFL Security, the NFL's private police force.

I also provided the court with a document from the North Carolina Bureau of Investigation, which stated that a top bookmaker, who had already been implicated in fixing college basketball games, indicated that professional football games were also being fixed.

Further, I provided documentation of allegations by a Nassau County District Attorney in New York who alleged that nineteen professional football games had been fixed by the Mafia's top layoff bookmaker, Gilbert Beckley, in 1966--while Beckley was being employed by the NFL to help monitor betting line movements.

I had also uncovered an allegedly successful attempt to fix a 1966 NFL game between the Rams and Chicago Bears, which was followed by an investigation of this game by the Los Angeles County Sheriff's Office. In the midst of this probe, the department conducted a series of raids on known bookmaking operations. During one of these raids, three prominent members of the Rams' team were found in a bookmaker's office, holding betting slips that confirmed their wagers on an upcoming Rams' game. The county sheriff's office immediately contacted NFL Security--after which the investigator in charge of the NFL probe was ordered by the county sheriff to destroy all the records of the case. The sheriff explained that the NFL was going to handle the matter internally.

I also provided the court with details of sports bribery investigations opened by the FBI with regard to no fewer than three professional football games, which were believed to have been fixed: the Chicago Bears vs. San Francisco 49ers in 1966, the Kansas City Chiefs vs. Oakland Raiders in 1967, and the Kansas City Chiefs vs. New York Jets in 1968.

I also detailed the causes for the suspicions revolving around the Kansas City Chiefs during their frequent periods of being taken "off the boards" by oddsmakers during the mid-to-late 1960s.

I identified a top midwestern bookmaker, Donald Dawson, who had been linked to several NFL players in 1970, who admitted to me on the record that he had participated in the fixing of new fewer than 32 NFL games. Among the three law enforcement officials who testified along with me on behalf of defense in *Cooke v. Washingtonian* was Herbert Hinchman, a former top agent for the Internal Revenue Service who concentrated on gambling and bookmaking investigations. In 1969-1970, he conducted a lengthy physical surveillance on Dawson and concluded that Dawson was indeed engaging in NFL game-fixing. However, the extended IRS's investigation of Dawson's relationships with several NFL players was thwarted by the U.S. Department of Justice, which refused to provide Title III wiretap authorization.

The second law enforcement official to testify in the *Cooke* case was Carl Shoffler, a former detective in the Intelligence Division of the Washington, D.C. Metropolitan Police Department who had concentrated on organized crime investigations. He led several probes into the relationships between traditional organized crime and figures and professional athletes. He was responsible for conducting a gambling probe of several members of the Washington Redskins in 1974. Shoffler described situations during the 1970s in which credible informants involved in local bookmaking operations alleged that they had been betting with a top Redskins' player, who was allegedly shaving points while playing in NFL games. One of Shoffler's sources, a New Jersey bookmaker, stated that prior to an NFL game between the Washington Redskins and the New York Giants, the bookmaker had accepted a \$25,000 bet personally from the player--in which the player bet that the Redskins would not cover the point spread.

Like so many other cases, this investigation was derailed by NFL Security.

I also detailed a Los Angeles Police Department investigation of a 1979 murder of a sports agent--described by police officials as a "bagman" for Los Angeles Rams owner Carroll Rosenbloom. This probe, according to LAPD police officials, also yielded evidence that points had been shaved during several Rams games in 1978. The last known person to have seen the "bagman" alive was Washington Redskins owner Jack Kent Cooke, who was in the midst of selling his interest in the Los Angeles Lakers and other West Coast sports holdings. (For the record, Cooke cooperated with police and was under no suspicion.)

The "bagman" was also implicated in a separate federal investigation in which allegations had been made by a credible informant that no fewer than eight NFL games that had been allegedly fixed by NFL game officials during the 1979 NFL season. Allegedly in return for their cooperation, the referees were paid \$100,000 by a New York Mafia figure for each of the fixed games. Based on the information received by the IRS, the witness, who had an inside source and passed a polygraph examination, gave federal investigators the results of these games--in advance of the games being played.

To corroborate this information, I brought Leo Halper, the third expert witness into *Cooke v. Washingtonian*. Halper is a former top agent for the Internal Revenue Service's Criminal Intelligence Division in Las Vegas. Halper created and directed "Operation Layoff" for the IRS, a major sports gambling and bookmaking investigation in Nevada. Among Halper's informants was the one who alleged that several NFL games had been fixed through NFL referees. Once again, Halper said that the informant provided him with the outcomes of NFL games in advance of the games being played. After receiving this information, Halper began monitoring the betting line on NFL games cited by his informant and discovered significant line movements, which resulted

from bets placed in Las Vegas sports books, which were coming from bettors allegedly involved with the NFL referees. Even though Halper filed reports to the IRS about the game-fixing scheme, there was no interest in pursuing the case by his superiors.

For the record, I provide all of this information and my documentation to a top NFL official in August 1989, including the names of the two NFL game officials. Instead of an active investigation of these charges, the NFL replied by publicly trying to discredit me and my sources.

Is game fixing still going on in the NFL? The means, opportunities, and motives continue to exist. Since 1981, there have been no fewer than ten NFL teams that have been investigated because their players were receiving drugs from people who were gambling on NFL games. Tony Vaccarino, the FBI's national coordinator for gambling and sports bribery investigations, stated during a seminar at the National Association of Collegiate Directors of Athletics convention in June 1983 that cocaine had become an epidemic in college and professional sports and could cause players to participate in fixed games. Vaccarino said, "I think there is a strong likelihood it does exist. It can be easily done--especially in the over-under where a bettor bets on the total points scored."

What happened to *Cooke v. Washingtonian*? The judge hearing this libel case dismissed the NFL game-fixing count on summary judgment, saying that although he would allow Cooke to put on a case he would consider a directed verdict on behalf of the magazine even before *Washingtonian* had to put on its defense. It appeared to be a clear victory for the magazine.

Soon after, snatching defeat from the jaws of victory, *Washingtonian* settled the case, incredibly paying Cooke \$50,000 and publishing an apology. The following week, the executive editor of *Washingtonian* magazine, who negotiated the settlement, was spotted sharing the owner's box with Cooke at RFK Stadium where the two men enjoyed the Washington Redskins' home opener together.

Place variables such as the NFL and all of its components, Mafia figures and their bookmakers, sports reporters who cover and are beholden to the league, and legalized sports gambling in the same equation, and it can only add up to a bad bet for New Jersey. Simply speaking, the vig for the state is too high.

Once again, on behalf of the New Jersey Thoroughbred Horseman's Benevolent Association, I thank you for your time and attention.