

# The PUBLIC *i*

## Playing Political Roulette

**The gambling industry has moved quickly to accumulate influence and clout in national politics. In this year's presidential race, it's betting the house.**

BY MEREDITH OBRIEN

**T**he 1996 elections are still four months away, but the high rollers of the nation's gambling industry have been betting early and often. From the race for the White House on down, in fact, they've placed their biggest political wagers ever.

There's a lot at stake. Operators of various gambling enterprises, from the big casinos of Las Vegas and Atlantic City to the small jai alai frontons of Florida, fear that Washington will turn to their industry as a juicy source of new tax revenues. Two years ago, for example, President Clinton proposed a 4 percent tax on gambling revenues to help finance his welfare-reform plan. The fear of new taxes—as well as of tighter federal regulation—has been the driving force behind the industry's push to become a major political force in the nation's capital.

The gambling industry's clout in Washington is substantial and growing. For starters, gambling interests give mil-

lioner Capitol Hill lawmakers and former officials of the Republican Party

Democratic Senator Paul Simon of Illinois, the sponsor of legislation that would establish a Gambling Impact Study Commission, has called the industry "one of the big forces of political contributions in the nation today and getting bigger all the time."

By the end of April 1996, with seven months to go before the November 5 elections, gambling interests—mainly operators of casinos and racetracks and manufacturers of gaming equipment—had poured at least \$262,275 into the campaigns of President Clinton and former Republican Senator Robert Dole of Kansas, the two presumptive presidential nominees. That's at least eight times the total that gambling interests gave

that congressional or presidential candidates cannot legally accept—to the Democratic and Republican parties.

In 1995 and the first four months of 1996, gambling interests gave Dole's presidential campaign at least \$200,125. During the same period, gambling interests gave Clinton's campaign \$62,150.

These are among the chief findings of a four-month investigation by the Center for Public Integrity into the politi-

cal activities of the nation's \$480 billion gambling industry.

The Center's report, *Place Your Bets: The Gambling Industry and the 1996 Presidential Election*, found that since 1991, gambling interests have poured more than \$4.5 million into congressional and presidential campaigns and into the soft-money accounts of the Democratic and Republican parties.

Here's a breakdown:

**SOFT MONEY.** Since 1991, gambling interests have given more than \$2.6 million in soft money to both parties — \$1.4 million to Republican Party committees and \$1.2 million to Democratic Party committees.

---

**I strongly believe  
[gambling] should  
remain a question  
of state law.'**

---

PRESIDENT CLINTON, MARCH 1993

---

### S P E C I A L I S S U E

lions of dollars to political candidates and to the Democratic and Republican parties. They also employ a platoon of high-powered lobbyists, including for-

during the entire 1992 campaign to Clinton and President Bush. Meanwhile, the industry has stepped up its contributions of "soft" money—contributions

**CONGRESSIONAL CAMPAIGNS.** Since 1991, gambling interests have given more than \$1.5 million to candidates for the Senate and House, not counting contributions from individuals from 1993 to 1995, detailed information on which is not yet available from databases of the Center for Responsive Politics, which the Center for Public Integrity used for its report. The total since 1987 is more than \$2.1 million.

**PRESIDENTIAL CAMPAIGNS.** Since 1991, gambling interests have given Clinton and Dole more than \$294,125, and they gave Dole at least another \$57,250 from 1987 to 1990.

Since the 1994 congressional elections, the gambling industry has tilted strongly toward the GOP. Within the past two years, for example, Stephen Wynn, who's been called the most powerful figure in the gambling world, has hosted a series of major political fund-raising events at his posh Las Vegas casino and resort, the Mirage, featuring such GOP leaders as Dole, House Speaker Newt Gingrich, and national party chairman Haley Barbour.

Gingrich, on his recent trip to Las Vegas, dined privately with Wynn the night before he attended a fund-raiser at the Mirage for Republican Representative John Ensign of Nevada. The following day, even though the House had unanimously passed legislation to create a national gambling commission and give it broad subpoena powers, Gingrich vowed publicly that he would move to strip the commission of all subpoena power.

More recently, however, Wynn and the gambling industry have been covering their partisan bets. Wynn has pledged to raise or contribute "a six-figure amount" to the Democratic Party to support Clinton's re-election campaign, according to a story in *The Wall Street Journal*. Soon after Democratic fund-raisers learned of Wynn's interest in Clinton, Wynn played golf with the President at Congressional Country Club in Potomac, Maryland.

**T**he gambling industry has struggled for years to overcome the perception that it's controlled by an assortment of shady and unsavory characters right out of *The Godfather*. "Our industry is known by movies," Alan Feldman, a spokesman for Wynn's Mirage Resorts Inc., told the Center for Public Integrity. "People know our industry by stereotypes."

These days, though, some of the biggest players in the gambling industry are firmly ensconced on the Fortune 500. Shares in scores of gambling-related enterprises are traded on the major stock exchanges, and Wall Street closely follows the gambling industry. All told, gambling may be more than a trillion-dollar industry. By one estimate, Americans spent \$482 billion on legal wagers in 1994—an increase of 2,800 percent since 1974.

The meteoric rise both in gambling revenues and in the number of casinos has drawn the attention of politicians and public officials from coast to coast. In the past few years, they have considered imposing excise taxes on bets, clamping down on various types of wagering, and enacting other measures to slow the spread of legalized gambling.

The industry's big wake-up call came in 1994, when Clinton proposed a 4 percent excise tax on gambling revenues to finance welfare reform. "That was probably the moment when people knew that something had to be done," Feldman told the Center for Public Integrity. "That was the moment when action became urgent."

So, in the spring of 1994, the American Gaming Association was born. With a multimillion-dollar budget and Frank Fahrenkopf, a former chairman of the Republican National Committee, at the helm, the AGA set out to represent the industry in Washington. Meanwhile, many casino executives began making big contributions to political candidates and party organizations.

---

**Let's face it, everyone has the right to have their own view of what's moral and what's not moral.'**

---

FRANK FAHRENKOPF, MAY 1996

---

*The Public i* is the newsletter of the Center for Public Integrity.

The Center for Public Integrity was established in 1989 to create a mechanism through which important national issues can be investigated and analyzed by talented, responsible journalists over a period of months and the written material can be presented in full form without the traditional time and space limitations. Published Center studies then become resources for journalists, academics, and other researchers.

A membership to the Center, which includes a subscription to *The Public i*, is \$30 a year.

*The Public i*

1634 I Street, N.W.

Suite 902

Washington, D.C. 20006

(202) 783-3900

<http://www.essential.org/cpi>

## THE CENTER FOR PUBLIC INTEGRITY

FOUNDER AND  
EXECUTIVE DIRECTOR  
**Charles Lewis**

BOARD OF DIRECTORS  
**Josie Goytisolo, Charles Lewis,  
Susan Lowenberg,  
Charles Piller, Allen Pusey,  
Marianne Szegedy-Maszak,  
Paula Walker**

MANAGING DIRECTOR  
**Alejandro Benes**

DIRECTOR OF  
INVESTIGATIVE PROJECTS  
**Bill Hogan**

DIRECTOR OF DEVELOPMENT  
**Barbara W. Schecter**

SENIOR ASSOCIATES  
**Margaret Ebrahim  
Diane Renzulli**

THE PUBLIC I  
FOUNDING EDITOR  
**Marianne Szegedy-Maszak**

The AGA's first organizational meeting was held in Beverly Hills, California, at the behest of Barron Hilton, the chairman of Hilton Hotels Corporation. Executives of at least 20 companies in the gambling industry including Mirage Resorts and Las Vegas-based Circus Circus Enterprises, Inc., were there. "They had billion-dollar investments in casinos . . . and they had no representation," Fahrenkopf told the Center for Public Integrity.

Aside from the AGA, which has 38 members (Mirage Resorts among them); at least 17 law and lobbying firms — including some of the most high-powered in Washington — represented gambling interests in the nation's capital in 1995. And the gambling industry has backed up its lobbying muscle with some major political cash.

Fahrenkopf said that the gambling industry used to lean Democratic in its contributions but turned toward the GOP after the 1994 elections, in which Republicans captured control of Congress. "Folks give to the guys who are running the ship," Fahrenkopf told the Center.

To Stephen Wynn, a 54-year-old casino magnate and registered Democrat, Dole may have seemed like a winner. Why else would Wynn have gathered a group of Las Vegas's movers and shakers, including many casino executives and employees, at his \$48 million private golf course last spring and personally raised a half-million dollars for Dole?

But lately, Wynn, the chairman and chief executive officer of Mirage Resorts Inc., has been hedging his bets. In late May, Wynn and Clinton played golf together, and on June 9, Wynn appeared with Clinton at a fund-raising event in Las Vegas that raised some \$500,000.

Wynn's background and early role in the Dole campaign have bothered some anti-gambling activists, religious conservatives, and newspaper editorial writers, who say that Dole should stay away from gambling — and Wynn — altogether.

For years, Wynn has been dogged by press accounts of allegations linking him

and associates to organized-crime figures. In *Running Scared*, an unauthorized biography of Wynn published last year, author John L. Smith, a columnist for the *Las Vegas Review-Journal*, points to what he calls "a daunting mound of documents raising troubling questions about [Wynn's] relationship with organized crime."

Wynn has sued Smith and the book's publisher for libel. "Unfortunately, as a society," Feldman told the Center, "once charged, always charged — once exonerated, always charged." Feldman declined to comment directly on the suit or on the contents of Smith's book.

Over the years, Dole has had little to say — publicly, at least — on the topic of gambling. Dole, like Clinton, has said that gambling should remain a matter of states' rights, but he has opposed attempts to impose new taxes on gambling.

Dole supports Senator Simon's proposal to establish a commission to study the impact of gambling on the nation, but he has said that the commission's mandate should not include taxes. In April, Simon's bill, a version of which has passed the House, was gutted by the Senate Governmental Affairs Committee. Simon has said that the changes were made to "cater . . . to gambling interests."

Following the committee's action, its chairman, Republican Ted Stevens of Alaska, pulled the bill to rewrite it. Supporters of the measure, including William Safire of *The New York Times*, urged Dole not only to make sure that the issue came to a vote, but also to restore the subpoena powers. Dole didn't bring the measure to a vote before he left the Senate on June 11.

In October 1995, Dole opposed a proposal to tax Indian casinos that would have raised more than \$300 million to help balance the federal budget.

Dole's most intimate connection to the gambling industry came in June 1995 at Shadow Creek golf course in Las Vegas, where Wynn and his family live in a gated and guarded home. The golf course was Wynn's brainchild. After

being denied membership in California's Vintage Country Club because he was "deemed an inappropriate candidate for membership," Wynn resolved to build a golf club that was so prestigious and so grandiose that everyone — not just golfers, but the social jet set — would want to play there. He plowed millions into the 320-acre course, which is plush with foliage, exotic birds, and even a wallaby. Forbes magazine called it "the kind of golf course God

---

**I'm not encouraging people to gamble. I certainly discourage it, but my view is, if it is regulated and controlled as it is in Nevada, the state has certainly done a good job, and that ought to be left to the state.'**

ROBERT DOLE, DECEMBER 1995

---

would design."

But there's a catch: Wynn is the only member. Only Wynn, or Bobby Baldwin, Mirage's manager, determine who plays there. Those who get the nod are likely to be very powerful or high rollers who carry a minimum \$100,000 credit line at Wynn's Mirage Casino.

On June 1, 1995, Dole went to Shadow Creek for a fund-raising luncheon organized by Wynn, whose company also owns the Treasure Island casinos and the Golden Nuggets in Las Vegas and Laughlin — all in Nevada — and the Casino Iguazu in Argentina.

The luncheon raised nearly \$480,000 for the Dole campaign. Wynn's family, and employees of his casinos and their spouses; chipped in at least \$94,450. That's in addition to the \$45,000 Wynn gave in soft money to the Republican Party from 1993 to 1995. And in 1994, after Clinton withdrew his proposed 4 percent tax on gambling revenues, Wynn hosted a fund-raiser for the Republican Party that raised \$540,000.

Feldman told the Center that Wynn was originally approached by John Moran, the Dole campaign's national finance chairman, to host the fund-rais-

ing luncheon. For the past several years, Wynn has been a director and financial patron of the University of Utah's John A. Moran Eye Center, which is named in honor of Moran. Wynn, who has a degenerative eye disease, gave the center \$1 million in 1993.

Dole's trip to the Mirage came the day after his celebrated "Hollywood speech," in which he attacked Hollywood executives for producing valueless and immoral material. "You have sold your souls, but must you debase our nation and threaten our children for the sake of corporate profits?" Dole asked in a May 31, 1995, speech in Century City, California. "Shame is a powerful tool. Let's put the heat on the entertainment industry where it belongs."

Dole's speech drew accolades from religious conservatives for its strong tone on moral issues. Ralph Reed of the Christian Coalition called it "a defining moment" for Dole's campaign.

Dole's trip to Las Vegas wasn't the first time that he has received a financial hand from the gambling industry. Since 1981, gambling interests have given more than \$257,375 to Dole's presidential and Senate campaigns, as well as to Campaign America, the political action committee (PAC) he formerly headed, and the Better America Foundation, his now-defunct think tank.

Dole's campaign did not respond to numerous requests by the Center for Public Integrity for interviews or comments on this study.

**G**ambling interests have given at least \$62,150 to Clinton's 1996 reelection campaign. They gave at least \$12,050 to his 1992 presidential campaign.

The Center's examination of contributions to Clinton's gubernatorial campaigns in Arkansas from 1981 to 1990, to the President's Legal Expense Trust, and to the Clinton-Gore Transition Fund show that Clinton's total contributions from gambling interests since 1981 amount to at least \$74,200.

Gambling interests — particularly Indian tribes that operate casinos — have also given the Democratic Party at least \$1.2 million in soft money since 1991.

Although Clinton has repeatedly expressed his desire to keep the issue of gambling a local one, in 1994 he enraged Wynn and others in the industry by proposing a 4 percent tax on gambling revenues to finance welfare reform.

Wynn backed Clinton in 1992 but, after his falling out with the Administration over the gambling tax proposal, joked that its motto was "Ready, fire, aim."

Clinton supports the proposal for a federal commission to investigate the gambling industry but he has said that its subpoena powers should be limited to preclude "a witch hunt" for gambling-industry executives.

Questioned recently by reporters about whether Clinton had any concerns over the Democratic National Committee accepting money from the

gambling industry, White House Press Secretary Michael McCurry replied: "No, that's an important part of the economy of the state of Nevada, to be sure. And it is also an important part of economies elsewhere around the country in which legalized gambling is allowed."

The Clinton campaign did not respond to written questions from the Center for Public Integrity for this study.

**T**he gambling industry has moved quickly to accumulate influence and clout in the national political arena. When it speaks, politicians listen. And when it makes political contributions, politicians listen even more carefully.

In a recent interview with CBS News, Wynn said that giving money and lending political support to candidates is all about getting access. "If you've supported them," he said, "they'll give you five minutes to present your case."

In politics, money chases power. And the gambling industry provides a illuminating case study of how the pursuit can pay off.

*Meredith OBrien is Research Associate on the Center's Presidential Campaign Project. Christopher Adasiewicz and Helen Gao contributed to the report.*

*Copies of Place Your Bets are available from the Center for \$5.*

---

## THE CENTER FOR PUBLIC INTEGRITY

---

1634 I Street, N.W.  
Suite 902  
Washington, D.C. 20006