



Carmage Walls
Commentary Prize

2017 Entry Form

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Our circulation is less than 50,000.

Please give a brief explanation of issues discussed and the results achieved. (This space will expand as you type in your comments.)

These editorials are about a loophole in Texas law that allows gambling halls to operate in a state where gambling is illegal. The editorials motivated county government seek special authority to combat the problem, to finally attempt to use the authority and to rethink how it was going about that after doing it badly the first time.

Commissioners are stalling on tighter game-room rules

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Authors: michael.smith@galvnews.com

Byline: By MICHAEL A. SMITH

Content

The arrest Monday of a Harris County sheriff's deputy accused of using his work time and official equipment to protect a video slot machine operation managed by his wife underscores the continuing failure of state and county officials to take effective steps to combat illegal gambling halls and why their failure matters.

The Harris County Sheriff's Office arrested and fired Jose J. Ramirez, a patrol deputy, after a Houston Police Department vice and internal affairs investigation compiled evidence of misuse of official information, a felony.

Houston police investigators allege Ramirez had from his patrol car been checking license plate numbers of vehicles that frequented a Houston game room managed by his wife.

They alleged the checks were being conducted to provide his wife with information about whether her patrons were really law enforcement officers.

So, not only are these places using all sorts of methods — from blacked-out windows to closed-circuit TV — to defeat law enforcement efforts, they're running counterintelligence operations.

That and the official corruption alleged in the case are things we've come to expect in the drug trade, and the similarity is no coincidence.

The eight-liner industry is built on the dizzying fiction that people are feeding money into slot machines in hopes of winning nothing worth anything; but there's a more subtle fiction at play as well.

It's that the rooms are mom-and-pop operations that may be technically illegal but aren't really causing any harm.

If that was ever true, it's becoming less and less true.

Game rooms are cash cows, earning statewide by some estimates \$1.9 billion a year, and they are handy for laundering money.

They are the retail interface between organized crime and the consumers of vice, no different in some very important ways than somebody selling crack from a street corner or methamphetamine from a cheap motel room.

In fact, while the people working in the game rooms may be just folks trying to make a living, the people banking the money are the very same people trying to sell dope to your kids.

Galveston County Commissioners have for almost a year had special power granted by the state legislature to better combat illegal gambling operations. They haven't chosen to use that power. When

last we asked about it, the court said the situation was complicated, new rules would be controversial, and they'd begin talking about what to do in March.

We're past the middle of May now and they still haven't even begun the talking.

The odds are far better than even that the court, fearing backlash from constituents, has been stalling the implementation of any new rules until after the election for the Precinct 1 spot, which will be settled in a runoff Tuesday.

That, of course, is a case of putting politics above the public good and putting what's personally best for politicians above what's professionally best for law enforcement officers.

It's a leadership failure, but no worse than the leadership failure among state lawmakers that has been playing out on the same issue for years now.

• **Michael A. Smith**

Tagline

Contact Editor Michael at 409-683-5206 or michael.smith@galvnews.com.

Game room charges spin up interesting numbers

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Authors: michael.smith@galvnews.com

Byline: By MICHAEL A. SMITH

Content

A couple of interesting numbers arise from the arrest last week of a game room operator charged with money laundering and engaging in organized criminal activity after a La Marque police investigation into his business.

Neither number is known precisely, but both should be of interest to anyone concerned with such things as the rule of law and how tax money is spent.

The first number is something more than \$300,000.

Something more than \$300,000 is what Paul Martin White, 65, is accused of laundering through the Night Moves Game Room at 310 state Highway 3 in La Marque.

It's important to state outright that White is merely accused of money laundering and has not been convicted of the charges.

The number already is interesting, however, no matter how the charges against White are ultimately disposed of, because it's so large.

So-called game rooms are able to operate video slot machines, which are gambling devices, in a state where gambling is illegal thanks to a grand fiction that nobody believes and nobody except the Texas Legislature even pretends to believe.

The law allows people to possess and operate gambling machines, so long as they don't operate them as gambling machines. The grand fiction is that game rooms, which are all over the state, are paying off with novelty prizes worth less than \$5.

Under the law, these gambling devices are the same as those mechanical claw games you see at truck stops and diners.

Police began investigating the game room and White in April 2015.

About seven months later, officers executed a search warrant at the game room, White's residence and a bank, authorities said.

Seven months, \$300,000. That's about \$43,000 a month, about \$1,400 a day. Healthy cash flow, no matter how you slice it. Could a room full of mechanical claw games generate that?

The other interesting number is unknown, but concerning nonetheless.

The La Marque Police Department, the Galveston County District Attorney's Office major fraud division, the Galveston County Sheriff's Office and the U.S. Department of Homeland Security all

participated in the investigation.

How much money are the taxpayers on the hook for this investigation and for the adjudication of the charges — \$500,000? \$1 million?

Given that there was evidence enough to convince a judge to issue a search warrant, and for a grand jury to return an indictment, law enforcement officers were right to pursue the case.

They should never have had to, however.

The only reason law enforcement officers have to mount long, expensive investigations into game rooms is the grand fiction that allows them to exist in the first place.

Texas lawmakers could solve the problem, one of two ways, if they had the political courage to do so.

They could make gambling legal in Texas, get it out in the open, regulate and tax it like other states do.

Or they could end the grand fiction and make the possession of video gambling devices a serious felony.

• **Michael A. Smith**

Tagline

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Only the legislature could create such absurdity

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Byline: By MICHAEL A. SMITH

Content

We have to sympathize with the city of Hitchcock in its efforts to deal with a growing number of video slot-machine operations.

And while we're sure the city is doing all it can, we have to point out that its efforts illustrate how one perverse decision in Austin can have far-reaching, absurd consequences for local governments.

The Hitchcock City Commission last week approved a two-year moratorium on video game-room licenses.

The moratorium means people wanting to open video slot-machine parlors in Hitchcock won't be able to secure licenses for at least the next two years. If a game room is shut down because of code or other violations, it won't be able to get a new license.

The ordinance is aimed at limiting the number of game rooms operating in Hitchcock. It doesn't ban game rooms, but the city wants to eventually try to limit the number of operating game rooms to eight, Mayor Anthony Matranga said.

The city has about 14 game rooms now. As those are either shut down by law enforcement for violating rules or through businesses closing, the city hopes to get that number lower, Matranga said.

"We want to get down to eight through attrition," he said. "I just think there are too many coming in, and we don't need to have that many in Hitchcock."

Police Chief John Hamm brought the idea to the city commission after his department shut down four establishments in the past two years.

The game rooms were closed for violating code enforcement and city ordinances, such as serving alcohol, which is not allowed in video gaming establishments, and putting chains on the doors for secrecy, he said.

"We haven't done it through elbow grease and police work, we do it through code enforcement and fire inspections," Hamm said. "If I develop a complaint based on what's called in, I can go in and do an inspection anytime. We've used the municipal ordinances. It's not my intent to put a game room out of business, it's my intent to respond to complaints."

Hitchcock has city ordinances that require game room operators to do background checks before allowing an operator to open an establishment. The Hitchcock police department has the authority to inspect the game rooms, which it does once a month at each location.

The situation is perverse for two reasons. The state assumes that some people may own a bunch of gambling machines, but not operate them as gambling devices in gambling halls.

Because of that preposterous assumption, state law, which generally outlaws the possession of gambling devices, allows them if the owners agree to lie by claiming they pay off only with a small cash prize, limited to \$5 or 10 times the cost of playing the game, whichever is smaller.

Because of that, local governments are forced to apply regulatory rules as if they were managing a legitimate industry, rather than battling crime.

The absurdity of the situation becomes clearer, perhaps, by changing a few words. The state forbids the possession and use of marijuana, for example, but allows large-scale cultivation of marijuana as long as growers claim to use their harvest only to make potpourri and decorative wreaths.

That's nonsense, and everybody knows it is.

As we argued before, the state legislature needs to look for the courage to take this burden off local officials by either legalizing gambling or making possession of gambling devices illegal.

• **Michael A. Smith**

Tagline

Contact Editor Michael at 409-683-5206 or michael.smith@galvnews.com.

Video slots situation weirder than we knew

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Byline: By MICHAEL A. SMITH

Content

We could not have imagined the situation with video slot machines could get any weirder, but it did.

The weirdness we knew about was that video gambling halls operate fairly openly all over Texas, a state in which gambling ostensibly is illegal.

We knew this was allowed to happen because state lawmakers pretend some people may invest in a bunch of gambling machines, but not operate them as gambling devices in gambling halls.

And conversely, that lots of people will feed real money into gambling machines for the chance to win things that aren't worth anything.

Because of these preposterous assumptions, state law, which generally outlaws the possession of gambling devices, allows them if the owners agree to lie by claiming they pay off only with a small cash prize, limited to \$5 or 10 times the cost of playing the game, whichever is less.

Because of that grand fiction perpetrated by the Texas Legislature, some local governments are forced to spend time, effort and tax money applying regulatory rules as if they were managing a legitimate industry.

At the same time, some law enforcement agencies, the Galveston County Sheriff's Office, for example, are forced to devote money and manpower toward policing illegal activities allowed to flourish because of the legislature's lack of fortitude.

The weirdness we didn't know about until recently was this: When the sheriff's office, at great expense to the taxpayers, conducts a successful investigation into one of these state-sponsored casinos, it seizes and stores the gambling machines.

When the office begins running out of space to store the illegal machines it has seized from illegal casinos allowed to exist by a loopy state law, it sells them whole or in parts to people who, for some reason, are willing to buy gambling machines in a state where gambling is illegal.

Since January 2011, county law enforcement has sold off 244 gambling machines for about \$28,000, roughly \$115 per machine.

And so it could be that Galveston County, and probably other Texas counties, has become a discount wholesale distributor of the illegal machines that county taxpayers spend their tax dollars to combat.

Granted, the district attorney and sheriff require the people who buy machines from the county to sell the machines to people who can provide proof of an out-of-state address. The point is to keep the machines from returning to Texas.

This stipulation would be more impressive if not for the fact that the whole endeavor at issue is predicated on people being willing to lie.

- **Michael A. Smith**

Court's game room
inaction smelling sinister

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Byline: By MICHAEL A. SMITH
The Daily News

Content

With just weeks until the 85th session of the Texas Legislature convenes in Austin, the Galveston County Commissioners Court has yet to have a meaningful discussion about using power to police illegal gambling halls it was given two years ago during the 84th session.

In two years, the court hasn't even talked seriously about using the new powers, much less implemented them.

That's at least bad form, given that local law enforcement officials and state Sen. Larry Taylor spent time, effort and political capital to get the bill passed.

And the court's stalling is beginning to look a lot worse than just sort of rude. It's beginning to look sinister.

The law at issue gave Galveston County the same rule-making authority lawmakers gave Harris County in 2013.

Commissioners there required game rooms in the unincorporated county to apply for permits and be open to law enforcement searches.

The game rooms had to have clear windows and unlocked doors, be open to the public without memberships and operate between the hours of 8 a.m. and 10 p.m., among other constraints.

A single infraction can result in a \$10,000 fine for each day.

Harris County law enforcement reported game rooms in unincorporated areas had tripled to about 300 before the 2013 regulations. After the rules, a total of 99 game room permit requests were submitted and 30 were granted, according to the Harris County Sheriff's Office.

From June 1, 2014, to Nov. 7, 2014, about \$300,000 and just more than 1,600 devices were seized through the regulations, according to the office.

Predictably, however, as the number of game rooms plummeted in Harris County, the numbers soared in neighboring counties, including this one.

That migration led Galveston County to ask for similar power, which it got, but hasn't used in almost two years.

Why would the county seek power and then decline to use it? It's almost as if someone on the commissioner's court had an interest in protecting this illegal industry.

Wild speculation?

Game rooms are the retail interface between organized crime and the consumers of vice. It's not just the editors saying that, ask around among county law officers.

Game rooms are cash cows, earning statewide by some estimates \$1.9 billion a year, they are handy for laundering money and they are magnets for armed robbers.

One of the defining aspects of organized crime, of course, is that it attempts to corrupt government in order to protect its illegal activities.

Another thing law enforcement officers have told us for years about game rooms is that the money trail is exceedingly hard to follow from bottom to top. It tends to disappear in complex corporate mazes, which also is a typical characteristic of organized crime.

And so we have a well-funded illegal industry with links to, or at least the earmarks of, organized crime on one hand, and inexplicable government inaction on the other.

A cause for concern? We think so.

- **Michael A. Smith**

Tagline

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County plays wait, wait, hurry with game room rules

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Byline: By MICHAEL A. SMITH

Content

At the risk of seeming unfair to the majority bloc on the Galveston County Commissioners Court, we're inclined to agree with the two commissioners who dissented on the vote last week to approve new rules regulating so-called game rooms, which typically are in fact low-rent illegal casinos.

The risk lies in the fact that Daily News editors had criticized the court for not acting on authority state lawmakers in 2015 granted the county to better regulate game rooms, which operate video slot machines under the ridiculous notion they aren't paying off with anything worth winning, such as cash money.

Months passed, then a year from the time the court had been granted the new authority and the commissioners hadn't even talked much in public about the details of new regulations, such as how they would work in application.

With the lag approaching two years, and after an especially harsh editorial, the court in early December unveiled a draft set of regulations meant to define the exercise of the new power it granted in 2015. A week later, the court passed the new rules.

Commissioners Ryan Dennard, Ken Clark and County Judge Mark Henry voted in favor of the new regulations. Commissioners Joe Giusti and Stephen Holmes voted against.

The court had flipped the old army joke about hurry up and wait onto its head by waiting, and waiting and hurrying.

We, and others following the issue, had expected some sort of wide discussion about how the county would go about applying the new power.

Among that group, we thought, was Dennard, who in February told a Daily News reporter to expect debate:

"I think we'll enjoy some robust public discussion," Dennard said at the time.

Dennard, who said he had been drafting the rules, wanted to begin discussions by March and vote on rules later that spring.

If there was any robust discussion it didn't happen during a public meeting and didn't include the county's top peace officer — Sheriff Henry Trochesset, who was at least involved and some would argue instrumental in getting the new power in the first place.

Giusti apparently voted no because he thought the county was moving too fast with the regulations after having waited for a long time.

And the county did disclose 10,000 words of proposed regulation one week and then asked commissioners to make an informed decision about it the next.

Holmes said he voted against because the new rules place the main enforcement responsibility with an administrative code officer, rather than with a law enforcement officer such as the sheriff.

The new regulations are an improvement. They give law enforcement easier access to game rooms, and as Dennard pointed out, they prevent operations that have been shut down for violations from popping up again.

The way they came to be is odd, however. There should have been public discussion involving the sheriff and the public should have had more than a week to vet the proposed rules.

A suspicious person might think the court kept the new power from the sheriff because he's an elected official with a lot of autonomy and a lot of deputies who cover a lot of ground.

It would be far easier to control a single code officer who works directly for the court.

It's more likely, though, that this process was just another example of the general dysfunction marking the county's operation for several years.

• **Michael A. Smith**

Tagline

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