

Copyright 2003 The Charlotte Observer  
All Rights Reserved  
Charlotte Observer (North Carolina)

December 21, 2003 Sunday ONE-THREE EDITION

**SECTION:** MAIN; Pg. 1A

**LENGTH:** 2169 words

**HEADLINE:** VIDEO POKER GENEROUS TO BLACK IN LAST ELECTION

**BYLINE:** SCOTT DODD, JIM MORRILL and RICHARD RUBIN, STAFF WRITERS

**BODY:**

The embattled video poker industry pumped more than \$100,000 into the campaign coffers of N.C. House Co-Speaker Jim Black during the last election cycle, according to a political watchdog group.

The donations came at a time when opponents, including the N.C. Sheriffs' Association, were fighting to outlaw the gaming machines. The state Senate passed a ban twice, but both attempts stalled in the House.

Black, who helps control which legislation reaches the House floor, received far more video-poker related donations in 2001-02 than any other N.C. lawmaker, according to Democracy North Carolina, which tracks campaign contributions.

Black said money from video poker interests has not affected legislation. He said a bill that would tighten regulations on the industry will be considered during next year's session.

"I never, never do anything for money," said the Mecklenburg County Democrat. "If that's being implied, that's a bald-faced lie."

Owners of truck stops, strip clubs, bars and convenience stores were among more than 100 Black contributors identified by Democracy North Carolina with connections to video poker. Black received 30 percent of the \$393,980 the industry and its lobbyists gave to candidates and committees in 2001-02.

Among the contributors were half a dozen donors contacted by The Observer who said they weren't aware they had given.

"Is he Democrat, Republican or what?" said Jean Jarvis of Wilkesboro, whose husband is in the amusement machine business. Records show she gave Black \$500 on Nov. 12,

2002.

"Five hundred?" she asked. "And who is this guy?"

Black says he's aware of no irregularities among his campaign contributions, and said donations from video poker are no different from banking, health care or any of the other industries that give heavily to political candidates.

"That's the way our system works," he said.

The industry's contributions represent 9 percent of Black's overall fund raising of \$1.3 million during the last election. But they account for almost a quarter of the money he raised outside the Charlotte area, according to Democracy North Carolina.

Among the \$1,000-plus donors on Black's list are video poker operators who have been charged with illegally storing machines and making illegal payouts.

Video poker is legal in North Carolina, although machines cannot pay out more than \$10 in merchandise or replays. No cash prizes are allowed.

Across the state, sheriffs say they don't have the resources to enforce the law, so criminals run the games and offer big payouts with little fear of being caught.

After years of trying to regulate the games, S.C. lawmakers banned them in 2000. The N.C. Senate approved a ban in 2002 and again in 2003. Gov. Mike Easley says he would sign it.

"I'm convinced that if we could get it to the House floor, it would be banned overwhelmingly," said Mecklenburg County Sheriff Jim Pendergraph, a Democrat. "We never could get the speaker to put it on the House floor."

The debate comes amid a two-year federal investigation of N.C. video poker operators, dubbed Double Black Diamond, which has netted 16 indictments and convictions, including a former state transportation secretary.

The investigation, focused mainly on bribery and corruption, has included interviews of current and former public officials, said Chris Swecker, special agent in charge of the FBI's N.C. office. "We are focused on where the money's going."

FBI and state Alcohol Law Enforcement agents have seized more than 600 machines and \$10 million in cash, property and bank accounts, Swecker said.

### **Diverse donor list**

Black received video poker industry money from across the state. Donors range from Robert Huckabee III, owner of Southland Amusements, a video poker machine supplier,

to small convenience store owners who say the gaming machines help keep them in business.

"I think it's an example of special interests using their influence to gain advantage," said Democracy North Carolina's research director, Bob Hall. "They think by sending their money to the big house, they can gain special favors, whether it's true or not."

Hall called for an investigation into possible violations of campaign-finance laws.

"We can't let gambling interests hijack our elections," he said.

Wanda Ripa, a Wilmington real estate broker, said she opposes efforts to ban video poker. But she says she didn't donate to Black.

"I didn't make any contributions to him, not directly," Ripa said. Black's campaign finance reports show her contributing \$400 on July 28, 2002.

Ripa said she's a Republican and usually donates to Republican candidates. But she did give money, she said, to Huckabee's company, Southland Amusements, which supplies three machines in a building she owns.

"I don't know who I wrote the check out to," Ripa said. "They come around every year for a political donation, and I give. If (Black) received a donation from me, it was probably through Southland Amusements. I donate when they ask me to."

Asked about Ripa's donation, Black said, "If her name was listed on the campaign report, the money came from her."

Donations from corporate bank accounts and giving in someone else's name are illegal.

Several other convenience store owners that Huckabee's company supplies also gave to Black, according to campaign reports, as did other associates of the Wilmington businessman.

Huckabee is also legislative chairman for the N.C. Amusement Machines Association. He gave Black \$4,000.

The amusement association referred questions to Huckabee and its attorney, Rep. Leo Daughtry.

Huckabee did not return calls last week to his office.

Daughtry, R-Johnston, said he does not lobby on the industry's behalf and recuses himself from votes on video poker. He said he could not comment on the political action committee's donations.

Lobbyists for the association also said they could not comment and referred calls to Huckabee.

### **Donations up since S.C. ban**

Since South Carolina banned the machines in 2000, video poker operators have stepped up their contributions to N.C. lawmakers. Of the 170 current legislators, 36 received \$1,000 or more from the N.C. Amusement Machine Association in 2002.

The industry, including its political action committee, lobbyists and the Eastern Band of Cherokees, which has video poker interests, gave \$393,980 in 2001-02 and \$417,974 the cycle before, when Gov. Mike Easley was their top recipient, according to Democracy North Carolina.

Hall has identified \$118,500 in donations to Black from groups, lobbyists or individuals associated with video poker. That includes \$4,000 from the industry's political action committee - the largest check it gave to any legislator. The co-speaker uses his donations, in part, to help fund the campaigns of other Democrats.

In some cases, the donors' relationships to the gaming industry were hard to verify, Hall said, because contributors gave incomplete occupation information.

Such donors include David Breeden of Laurinburg and his wife, Betty Lee, who gave Black \$3,000 in 2002. Although Breeden owns a convenience store with three video poker machines, according to Scotland County records, he lists his other occupation - farmer - on his campaign contributions and his employer as "crop production." Reports list Lee as a teacher.

Breeden wouldn't comment about the couple's donations. But his sister, Mildred Hudson of Laurinburg, who operates another convenience store with three video poker machines, told The Observer she met Black through her brother.

Hudson gave Black two \$1,000 donations, on April 30, 2002 and again on July 28, 2002. Black visited Breeden's store while "passing through" town, Hudson said.

Black disputed some of Democracy North Carolina's findings. He said the Eastern Band of Cherokees, which donated \$4,000, and their lobbyist, who gave \$2,500, should be excluded because they were on both sides of the video poker debate, opposing one bill that would ban the games and supporting another.

And he said the other lobbyists on the list, who gave \$13,000, represent several interests besides video poker. Convenience store and truck stop owners have other concerns as well, Black said.

"They're trying to tie anything remotely connected to video poker to this," he said.

## **Why no House action on bill?**

As the House co-speaker, Black has substantial influence over what legislation gets considered. For the past year he has shared that position with Republican Richard Morgan of Moore County, who received \$1,500 from video poker interests in the 2002 election cycle, according to Democracy North Carolina.

The main Senate sponsor of the bill to ban video poker is frustrated that it hasn't been taken up in the House.

"I know that there've been a lot of people that have talked to (Black) about it," said Sen. Charlie Albertson, D-Duplin. "It hasn't been brought to a vote, so you have to draw your own conclusions."

But Rep. Paul Luebke, D-Durham, said there seems to be a lack of public support, at least in terms of what legislators hear.

"I'm sure the proponents of video poker are giving money to whoever would take it," he said. "But the advocates of the ban are not doing their homework. Part of what moves a bill at the General Assembly is public support. Very few people see this as a major policy problem in this state."

N.C. sheriffs and police chiefs say the problems are growing, however, and video poker operators are using their influence to keep themselves in business.

Sheriffs say poker machines come with a variety of problems that encourage illegal gambling. They can easily be made to pay out cash. Registration tags can be switched. Machines can be hidden. Few departments have the manpower to find them.

"The law was written in a manner that's very difficult to enforce," said Pendergraph, the Mecklenburg sheriff. "There's so much untaxed, unregulated money that goes through these machines. It causes corruption."

Rockingham Police Chief Robert Voorhees' department made cracking down on video poker a priority after receiving complaints from family members of people who lost their life savings gambling on the machines.

Rockingham police have made 15 video poker arrests during the past two years and seized more than 70 machines. Many moved into the state illegally from South Carolina after lawmakers banned the games there, Voorhees said.

Last month, Rockingham police seized 34 machines from Harrison Music Co., owned by Otis Harrison of Bennettsville, S.C. Harrison and his son were charged with possessing more than five video poker machines at the same location, a felony in North Carolina. Their court date is set for January.

Harrison is among Black's donors, listed as giving \$1,000 on Nov. 12, 2002.

Also on Black's list: Leon Johnson Sr., a convenience store owner arrested in July 2002 on charges of video poker-related violations. He pleaded guilty to one and two others were dismissed. Johnson gave a total of \$2,500 to Black during the 2002 election cycle.

Voorhees said he's disappointed that lawmakers won't get behind law enforcement on banning video poker.

"The video poker lobby in North Carolina is obviously a very powerful, well-funded lobby," he said.

### **Black worried about jobs**

Black said he's not opposed to tougher regulations of video poker and hasn't blocked past efforts to pass a ban. But he said getting rid of the games entirely could cost the state jobs.

"Not everybody running video poker machines in North Carolina is violating the law," Black said, "and anytime you pass a bill that puts maybe 5,000 people out of a job, that's pretty important."

He said he thought the implications need to be studied, which is why bills banning poker were referred to committee. He supports stricter regulations and more money for the sheriffs to police it.

"I prefer that to just wiping out the whole industry," he said.

Regardless, Black said it's wrong to infer that campaign contributions influenced him.

"The implication is that I didn't bring up the bill because I got all these contributions," he said. "I have clearly stated that I will bring it up in the next session."

Black, a Matthews optometrist, said he has made no effort to raise money from video poker interests and sees it as no different than any other industry that gives substantially to his campaign or other political candidates.

"I always tell everyone who gives to me, 'I don't do anything for money except examine and treat eyes,' " Black said. "I take great offense to anyone who says otherwise."

Albertson, the main sponsor of past attempts to ban the games, said Black has promised him that the House will consider a video poker bill when it reconvenes next spring.

"He has given his word," Albertson said, " that there'll be a vote on video poker in the House in May."

**GRAPHIC:** PHOTO:2;

1. LEE MCLEOD - SPECIAL TO THE OBSERVER. Video poker machines seized by police in Rockingham, about 60 miles east of Charlotte, fill a warehouse. Detectives in the city have made 15 video poker arrests in the past two years. 2. Black

**LOAD-DATE:** December 22, 2003

---