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Abstract


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This dissertation examines social and political conflict over gambling policy in the United States and Brazil from 1960 to the present with a particular focus on New York City and Rio de Janeiro. The study accounts for the process by which illegal numbers gambling in New York and the jogo do bicho in Rio de Janeiro were determined to be the basis for widespread corruption and lawlessness. As policy makers proposed enhanced government lotteries as a solution for the problem of illegal gambling, numerous groups scrambled for position within shifting gambling frameworks. Tens of thousands of persons who had long worked in illegal numbers networks pressed for access to legal gambling jobs, corporate entities partnering with government lotteries pushed to secure monopoly concessions, while many citizens and religious groups opposed any and all forms of gambling legalization. As gambling workers, bettors, clergy, police officers, politicians and corporate lobbyists all struggled over how gambling would be conducted going forward, an intense debate unfolded in both Brazil and the United States with issues relating to police corruption, welfare, public safety, state sovereignty, personal liberty, and distribution of the tax burden all under examination. While there are many comparative elements of this study, it is ultimately transnational in that the narrative histories of gambling policy in Brazil and the United States eventually converge through the gambling technology corporation Gtech, which emerged as a powerhouse in the government lottery sectors of both nations. As the low
stakes illegal gambling games of the numbers and the jogo do bicho are suppressed in favor of legal government lotteries, a vast new array of gambling habits are introduced to the gambling public in both Brazil and the United States. Of particular importance to this study is the growth of multimillion-dollar jackpot games offered by governments and their corporate partners. As players leave behind the old games with their reasonable odds and their modest payouts, they take up new games with astronomical odds and obscene jackpots. In the argument of this study, jackpot style gambling has brought the gambling habits of the poor and working classes into accord with contemporary patterns of wealth distribution.
Table of Contents

Some Sophisticated Lotteries 1-38
General Introduction

An Open, Simple and Inexpensive Game of Chance 39-66
Introduction to Numbers Gambling in the United States

This Community is Being Criminalized 67-127
Numbers in New York, 1960-1970

A Reservoir of Confusion and Hypocrisy 128-189

A Return to the Old and Good Universe 190-208
Introduction to the Jogo do Bicho

Because the Police Live off the Game 208-275
Jogo do Bicho, 1960-1975

A True Public Calamity 276-340
Jogo do bicho 1975-82

Milk is Regressive 341-385
Global Corporate Gambling in the United States

What is Rotten and What is Healthy 386-421
Global Corporate Gambling in Brazil

Bibliography 422-433
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For Nello and Delfina
Some Sophisticated Lotteries

General Introduction

“They were talking about the lottery,” writes George Orwell in 1984, his novel exploring totalitarian social control. “The lottery with its weekly pay out of enormous prizes was the one public event to which the proles paid serious attention. It was probable that there were some million proles for whom the lottery was the principle if not the only reason for remaining alive. It was their delight, their folly, their anodyne, their intellectual stimulant.” Orwell’s fictional lottery was run by the “Ministry of Plenty,” and unfortunately “the prizes were largely imaginary…the winners of the big prizes being non-existent persons.”¹

George Orwell was by no means the first prominent thinker to explore the notion of the lottery as a mechanism of social control. More than two-thousand years earlier, Plato in his Republic, pointed to the lottery form as a useful instrument to appease the disfavored classes in a society. As Plato proposes a hypothetical city in which the people are rigidly divided into classes according to their qualities and abilities, he argues that the rulers will have to ensure that “the best men” and “the best women” are made to reproduce with one another, yet these arrangements must be made “without being noticed by anyone except the rulers.” To achieve this, according to Plato, “there will have to be

some sophisticated lotteries introduced, so that at each marriage the inferior people we
mentioned will blame luck rather than the rulers when they aren’t chosen.”

We do not currently live in Plato’s imagined Republic or George Orwell’s
totalitarian nightmare, but we are certainly confronted with “sophisticated lotteries,” and
it is worth recognizing the role of such lotteries in collaborating with contemporary
regimes of class dominance. The modern lottery is indeed the “delight” and the “folly” of
many millions of people. While current lotteries may not be “the only reason for
remaining alive,” they play a clear role in alleviating the impatience of the working class
so that they may toil in docility. Meanwhile the “enormous pay out” promised by the
modern lottery prods the consumer to consume aspirationally, endlessly, foolishly. The
prizes offered indeed remain “largely imaginary” in that they are practically never
experienced, only imagined. All the while the lottery stands as an effective palliative for
the excluded and marginalized, as the disfavored are inculcated by repeated lottery play
with a tendency “to blame luck rather than the rulers.”

The government lottery has proved socially powerful in bringing exclusion to feel
and seem like inclusion. Yet while lotteries have existed in many forms over many
centuries, the current lottery form stands as distinct, and it is worthy of particular
examination as a practice of governance. The study at hand examines the growth of the
contemporary jackpot lottery form and how this form evolved in relation to pre-existing
illegal numbers games, played for generations in many urban settings of North and South
America. The basic argument of this study is that gambling policy has been an important
site of social conflict. Furthermore, while such conflict has typically been understood as

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disputation over the moral acceptability of gambling, this study seeks to center the historical discourse of state gambling around the struggle over who will have access to taxed gambling, and who will be subjected to gambling as taxation. Embedded in such contestation is the question of how rights and obligations will be distributed in society.

A historical examination of illegal numbers gambling in New York City and Rio de Janeiro reveals that tens of thousands of people have traditionally found employment in the illegal numbers game networks that have been so deeply entrenched in those cities. As the presence of such illegal activities was conceptualized as a problem, expansion of the role of the state in the gambling field was posited as a reformist solution. Yet, ultimately the state has proved to be little more than a conduit for corporate interests in the gambling sector. As the state set about attacking illegal numbers gambling while promoting government lotteries, the many thousands of workers in the illegal sector voiced concerns. As both American and Brazilian society struggled with the question of how gambling should be conducted, many thousands of people were arrested, thousands took to the streets to demand their right to earn a living, pleas were made to governors and presidents, and several people lost their lives. Those who stood against emerging policy argued that if gambling was to be legitimate, then the many pre-existing gambling workers should be legitimized. But such possibilities were rejected and ignored in favor of government monopoly that empowered a narrow set of corporations while perpetuating the marginalization of the street level numbers worker. Access to taxed gambling, in the form of jobs and profits in a legal gaming sector, would be restricted to corporate interests, while the urban poor would see their access to gambling jobs and profits greatly diminished and the illegal worker would see the possibility of
legitimization evaporate. Meanwhile, the urban poor, having been rejected as producers of gambling, would be embraced as consumers, subjected to ever expanding taxation through gambling.

As control over production of gambling shifted hands, significant qualitative changes in how gambling is experienced took hold. Traditional illegal numbers games, popular since the beginning of the twentieth century in New York City, Rio de Janeiro, all of the cities of the American Northeast, and in numerous cities of Latin America, can be described as distributive in nature. The games have always been played at low odds, offering the consistent player moderate payouts at reasonably spaced intervals. While typically a player will tend to lose more than he or she gains, such gambling can rightly be described as a practice of saving at a negative interest, and for the poor and indebted such a mechanism has often been the only available means to accumulate a significant sum in order to make life changes. And although most lose more than they gain in the illegal numbers, the popularity of such games necessitated vast networks of employees in many cities. Such illegal numbers bureaucracies placed monies into the hands of many, rather than consolidating fortunes in the hands of the few. The odds and payouts for such games have changed little over the last one hundred years, and in many ways the relationship between winning and losing achieved popular consent as a life governing ratio and a mechanism of distribution, preferable to the ratios and patterns of distribution of capitalism itself.

During the 1960s in both Brazil and America, the widespread lawbreaking through gambling on the part of the poor, was increasingly characterized as a significant societal problem. Policy makers argued that the presence of such illegal networks
fostered a general disrespect for the law, while illegal gambling money served as a major source of police corruption and thus undercut the legitimacy of the state. As fears of urban crime grew during the period, addressing the presence of illegal gambling became an issue of police reform. Major intervention in the gambling market by the state was presented as a solution to the problems attached to the illegal games. As the state increasingly took hold of the gambling consumer, a growth imperative eventually took hold in the government lottery sector. The principle vehicle for expanding customer interest was the growth of outsized jackpot games from the late 1970s forward. As what was once a vice was recast as a virtue, gambling publics have found their interests shifted away from games with reasonable odds and moderate payouts, towards games with odds beyond experiential comprehension offering payouts of hundreds of millions of dollars. Thus old games, rooted in personal connection, distributive in nature, and built on acceptance of the basic odds, have been replaced by technologized games, rooted in the state’s legitimacy, concentrative in nature, and built on incomprehensible odds obscured in their near non-existence by fantasy and aspiration for great wealth. Such a shift in the everyday gambling experience of the urban poor and working classes has provided the pedagogical function of fostering loyalty to the state, while promoting the broad cultural acceptance of the accumulation of outrageous sums of money. The growth of the jackpot form at the expense of past gambling practices has created a lottery system by which the many may register their consent, even offer a tithe, in the name of much money being held in the hands of the few.

Contemporary lotteries, beyond their function of inculcating the ratios of late capitalism and beyond their role as sedative, are an aspect of the eroded welfare state, and
they have emerged as a principal tool in the age-old English task of differentiating between the deserving and the undeserving poor. Lotteries have proven to be an important feature in the set of arrangements that regulate the poor. They stand as a stealth and undeclared retrenchment, and an institutional form through which governments can recoup any transfer payments to those among the poor who inadvertently identify themselves through lottery play as irresponsible, impatient and foolish.

This examines the process by which illegal numbers gambling was defined as a problem, while high tech lotteries were proposed as a solution. The illegal numbers game of New York City and the jogo do bicho of Rio de Janeiro, and the confrontation of these two illegal games with the priorities of government lotteries is the object to be examined. The historical task undertaken is an excavation of the discourse on gambling and gambling policy from 1960 up to the present in both the United States and Brazil. The modern history of gambling in Rio and the modern history of gambling in New York are not treated as separate self-contained cases to be compared with one another. Rather they are treated as two parallel histories, which eventually converge as the globalizing imperatives of corporate gambling overtake the local practices of betting.

The basic similarities of the historical narratives confirm that such processes of change in the consumption habits of the poor and working classes are not particular or isolated to any given city, rather they are the results of forces operating on a global scale. Meanwhile the distinct differences between the two cases are revealing. While the legal lottery industry has taken broad credit for clearing away much of the criminal economy of gambling in the United States, the explosive growth of legal lotteries in Brazil, while it
has expanded the gambling habits of Brazilian citizens, has in fact done little to dislodge police corruption or criminal gambling enterprises. This divergence between these deeply similar narratives would seem to imply that a policy of lottery expansion is no solution to problems of crime and corruption in the developing world. Such a notable divergence between the two cases would also imply that the disappearance of systemic police corruption in much of the United States may be only minimally related to the embrace of government lotteries. Examining these cases side by side ultimately highlights the way in which globalized patterns of consumption relate differently to the law in advanced capitalist and developing capitalist nations.

While the growth of state gambling in both nations was justified by the fact that a legal, state run alternative to illegal games would be preferable to the criminality and corruption of the outlaw numbers operations, eventually state gambling would prove to be a wildly corrupt field. Ultimately, as the policemen’s bribe envelope was replaced with the multimillion dollar kickback scheme of the lottery contract procurement process, a historical process unfolded by which low corruption was traded in for high corruption.

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The growth of lotteries in the United States is a recent occurrence, and over the past 45 years we have seen the number of official lotteries go from zero to forty-two. In all cases the creation of a state lottery required legislative action, and in many cases it required amendments to state constitutions. The opponents of gambling expansion have typically been overmatched, as opposition usually emerged from church based groups with limited funding and little more than a morality based argument against pending
lottery bills. Such opposition movements found themselves confronting well-funded, sophisticated campaigns, deeply influenced by the small number of private companies that provide gambling services and reap the benefits of lucrative lottery contracts.

Yet in the earliest days of lottery growth, the most vocal opposition to gambling expansion did not come from rural church based organizations, rather the opposition came from those who were involved in the pre-existing gambling networks that were present in every major Northern industrial city. The political leadership of black and Latino communities in New York defended the illegal game as a cultural institution and pointed out the social and economic value of the game in the poorest neighborhoods of the city.

The numbers game in New York City as it is still played, and as it has been played for decades, is a clandestine lottery sold in barber-shops, bars, bodegas, check cashing spots, and beauty salons. The game currently exists at a fraction of its former size, yet the basic structure remains the same. Three numbers are sold every day; the Brooklyn number, the New York number, and the Bronx number. The Brooklyn number, the most commonly played and easiest to identify, is taken by looking at the first three digits in front of the decimal point in the figure representing the total handle (intake) of whichever New York horse-race track is in season. The track handles appear in the New York Daily News and the New York Post everyday. So if, for example, Belmont track was in season, and the total handle for today came in at $76,129.87, then the Brooklyn number today would be 129. For a player who has bet exactly one dollar on the Brooklyn number, an exact hit pays out at $600. The New York number is also a three-digit number, yet this number comes out one digit at a time over the course of the day,
allowing people to bet on individual digits. This type of betting is referred to as a “single action” and it is exceedingly rare in present day New York. The payout on a single action bet is $6 for a $1 bet, yet at times it has been as high as $9. Once the entire three-digit number has been generated, the payout is identical to that of the Brooklyn number. The Bronx number is a four-digit number, also generated from racetrack totals, offering a payout of $6000 for an exact hit on a $1 bet.

Control over the New York City numbers game has been hotly contested over the years. The game has been popular since the beginning of the twentieth century, and during the 1920s many black numbers operators were viewed as respected businessmen within their communities. With the end of prohibition, larger organized crime rings, deprived of revenue from the illegal alcohol trade, took notice of the vibrant and lucrative numbers games going on in black communities. By the 1940s the mafia had its hands deep inside of the city’s numbers game. Yet by the early 1970s, although the mafia often demanded protection money while also functioning as the banker of last resort, many blacks and Hispanics were able to operate independently, particularly those who focused on the low odds, low stakes “single action” games.

Journalist Fred Cook examined the situation in Harlem in 1971, and recounted the way in which the numbers game shaped the pace of daily life.

“From the time the ‘lead’ number hits at about 2:50 in the afternoon, the activity is frenzied on the streets of Harlem. The single-action runner races up and down the block he is covering, ducking in and out of grocery stores, bars, beauty salons, and hallways. He has to let his players know the winning number; he has to pay off any hits; he has to get his action for the second number of the afternoon which will be coming up almost before he has a chance to catch his breath…The last single action number hits sometime after 5:00, and when it does, the business of the afternoon is finished, crowds

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thin out on the streets, and those frantic scurrying men stop running up and down, popping in and out of stores and hallways.

‘As you can see,’ says one Harlemite, ‘a single action guy has to work fast. There just isn’t time for him to cover more than a one-block area, two at the most. That is why there is a different single action man on almost every single block in Harlem. About the only time you’ll find a single action guy tied into a larger operation is when he gets too heavy a play on one number.’

Although not all numbers operators had to pay up to organized crime groups, most did have to make payoffs to the police. The NYPD was one of the many groups making a claim to a share of the monies circulated along numbers networks. Numbers corruption stood at the very center of the Knapp Commission hearings and the final report of the Commission provides a detailed description of the NYPD’s numbers “pad,” showing gambling cash to be a standard part of a police officer’s salary in the late 1960s and early 1970s. Interestingly, the Commission’s report also noted that there was a growing trend of localized black and Latino outfits operating independently of mob influence. In the wake of the hearings Police Commissioner Patrick Murphy declared a moratorium on numbers arrests (to prevent the possibilities of corrupt shakedowns), and in the late 1970s numbers games found themselves operating out in the open. Without the threat of harassment from corrupt police, independent black and Latino numbers runners and bankers flourished.

Yet despite this trend of increasing independence, a new player emerged to stake a claim on the numbers game; the New York State Lottery. The Lottery was created through a statewide public referendum in November of 1966. Yet, in its early years the Lottery had minimal impact, and the illegal numbers game remained the gambling form

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of choice for New Yorkers. The Lottery sold tickets with serialized numbers, and this found little favor with city players, whose preferences for gambling were connected to the ability to choose numbers based on dreams, birthdays, bowling scores, or Roberto Clemente’s batting average. In 1976, the weak and underperforming Lottery was shut down. The institution was later re-launched in 1977 by Governor Hugh Carey with the hopes of finally breaking into the city’s lucrative numbers gambling market. John Quinn, the former director of the Michigan State Lottery who had succeeded in bringing Michigan’s state game into direct competition with Detroit’s illegal game, was hired by Governor Carey to direct New York’s gambling enterprise. A proposal was sent to the state legislature to authorize the state lottery to replicate the traditional numbers game and offer an identical product to that sold by the rackets. Opposition was fierce. Some resistance came from upstate rural counties where there was little approval for state involvement in gambling. Yet the strongest opposition came from black and Latino political leaders representing the areas of Harlem, Bedford Stuyvesant and the South Bronx. These leaders pointed to the role of numbers operations as major employers in poor areas and they framed control over the game as an issue of economic self-determination. In 1971 similar arguments had been key to defending the numbers game against a takeover by New York’s Off Track Betting Corporation. But the Lottery proved to be a more aggressive and expansionist entity than the OTB, and the political atmosphere of the late 1970s, in the aftermath of the New York City fiscal crisis coupled with the looting and arson of the 1977 blackout, proved to be anti-urban and far less amenable to the demands and priorities of black New Yorkers.
Nonetheless, black and Latino numbers workers organized themselves behind a demand for amnesty for all previous numbers gambling related crimes and insisted that they be included in any new legal gambling framework. Black Nationalist James Lawson, speaking as the head of the Commission for Amnesty, Legalization and Community Control of Policy Numbers, went on the radio in May of 1977 and outlined a proposal from the city’s numbers bankers. The numbers men were prepared to pay $20 million to buy franchises for 4,000 locations, to pay taxes, to hire only community people, and to use 10% of all profits for community development. The Governor balked at the proposal.

The fate of numbers gambling was debated in print, on the airwaves, at the pulpit, and in the halls of the state legislature. Issues of taxation, welfare, law and order, and morality combined to produce heated and intense discourse. Despite impassioned pleas on behalf of the traditional game by representatives from Harlem and Brooklyn in the State Assembly, tax law 1612 was passed on April 2nd, 1980 and the state entered the numbers business. New York State Lottery numbers went on sale in September. On the day the first number was sold, there were only two locations in all of Harlem that sold New York State Lottery products. Yet the numbers game proved to be the beachhead that the state needed. By 1984, the Lottery had more than tripled its revenues and the New York State Lottery brand name increasingly became a feature of everyday life. The political question of who would control the city’s numbers game was answered in 1980, and one of the oldest and most widespread forms of economic activity in black communities of the urban North became the domain of the state.

The illegal game proved resilient, and many gambling customers continued to bet with their local numbers runners rather than with the state lottery. But with the entry of
the state lottery into the numbers business came the end of the police moratorium on low level numbers arrests that had prevailed since the Knapp Commission hearings in the early 1970s. The Koch administration also adopted a “padlock law” which attempted to use the tightening real estate market to curtail any illegal numbers activity in the city. As enforcement increased and customers were essentially shepherded by the police to the new legal gambling alternatives offered by the state lottery, the illegal game descended into increased violence and dozens of murders were committed in contestation over the shrinking available market share. The illegal game was ultimately reduced to near invisibility during the Giuliani era. The numbers runners of old were replaced with the machines of the lottery, and over time, the numbers game itself was replaced with new offerings. Scratch games, and multimillion dollar jackpot games with outrageous odds – games that could never have been sold illicitly, and jackpots that could never have been sustained by local networks – came to be the dominant forms of gambling in the city over the last twenty-five years. Players who, in the past, could have expected to win once every three years, are now playing games that they cannot expect to win in the next three lifetimes.

The lottery has become ubiquitous in the state of New York in both urban and rural areas. It has established itself as an accepted feature of the social and economic landscape despite the fact that its proposed benefits towards education have proven dubious and it’s function as a regressive tax has been clearly demonstrated.\(^6\) Tax law

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1612 was a crucial moment in American lottery history. The terms on which gambling would take place were determined, and the fourteen year old New York State Lottery which was struggling to survive, suddenly exploded with new life. State gambling was not the failed experiment that it had seemed to be in 1976, rather it was a cash cow and other states around the country took note of New York’s success with this convenient fiscal device. Meanwhile, a tiny industry of gambling service providers began to benefit handsomely from state contracts in New York, New Jersey, Massachusetts, Illinois, and Michigan.

This handful of corporations, having gained valuable experience during political battles over gambling in the Northeast, effectively marched across the country during the 1980s shaping the political process surrounding lottery adoption and bowling over the opposition in Western and eventually Southern states. Yet as early as the late 1980s, these companies were becoming aware that the American market would soon reach its limit and eventually new markets would have to be found. The result was a shift in focus to the developing world.

Nations with serious crime problems and limited tax revenues, often operating under the strictures of structural adjustment agreements, have proved to be fertile ground for lottery service corporations. The Gtech corporation, which operates the State of New York’s online numbers and Lotto games, and Scientific Games Incorporated, which manufactures New York State’s instant scratch game tickets, have both aggressively pursued lottery service contracts across the globe, often engaging in bare-knuckle tactics, as they insert themselves into the gambling politics of developing nations. The search for taxation see, Brent Kramer, “The New York State Lottery: A Regressive Tax,” *State Tax Notes*, March 29, 2010.
markets abroad was energized in 1988 when recently retired New York State Lottery Director John Quinn was hired by the Gtech corporation as special projects director for its international division. Gtech secured the contract to operate the Brazilian Federal Lottery in 1994. The chief competitor for the state lottery in Brazil has always been the jogo do bicho, an illegal lottery centered on animals that represent particular numbers.

The jogo do bicho in Brazil traces its origins to the late 19th century when it began as a daily raffle at a zoo in Rio de Janeiro. Admission tickets to the zoo featured images of animals on them, and every day a drawing was held to choose a winning animal. The popular raffle quickly spread beyond the confines of the zoo, and with the eventual disappearance of the zoo-based drawing, the game took on the characteristics of a numbers gambling form with twenty-five animals each assigned a set of four sequential numbers. To this day various permutations of bets offer odds ranging from 1 in 25 to 1 in 2,500, with all number outcomes being tied to the animals of the game. Payouts on winning have ranged over time from 12 to 1 at the low end, up to 20 to 1 at the high end. The animals and their corresponding numbers have come to be the basis for a vast system of dream interpretation practices, which have long guided people in making their bets. The day’s winning numbers have been generated in a variety of ways over the past century including piggybacking on the winning results for the national government’s Loteria Federal. Yet primarily, the winning numbers for the jogo do bicho have been decided through daily clandestine drawings. Like illegal numbers gambling in the urban United States, the jogo do bicho in Brazil gave rise to enormous employment structures. The bankers (banqueiros) who sit at the top of the game have in many cases become vastly wealthy, while the armies of tens of thousands of workers at the street level
(bicheiros) have earned a moderate but healthy living (the banqueiro can also be referred to as a bicheiro because his living comes from the bicho game, but the average bicheiro is not a banqueiro). The street level bicheiros have remained ever vulnerable to arrest and harassment out on the street, while the banqueiros have typically remained beyond the reach of the law.

From its earliest days the jogo do bicho has posed questions and challenges for the law. Despite the game’s widespread popularity it was outlawed by a variety of local ordinances during its first half century of existence. In 1941 it was declared illegal throughout the national territory by federal decree and the game took on its permanent designation as a “contravention,” a legal category comparable to a misdemeanor. Yet the game remained as popular as ever during the 1940s and 1950s, and the adaptable jogo do bicho survived through collaboration with underpaid police. Indeed, envelopes from the jogo do bicho became a standardized supplement to the working policeman’s salary.

The relationship between the jogo do bicho and the police in the big cities of the Brazilian South seemed of little importance prior to the onset of significant urban crime and violence. Yet as and crime became a growing challenge to the class order, calls for a reformed police became a common refrain in elite circles during the 1960s. Ultimately it was the Brazilian military dictatorship that mounted a substantial effort to sweep the streets of the jogo do bicho during 1969. Attacking the jogo do bicho fit neatly with the centralizing politics of the dictatorship, as arresting bicho bankers provided the ruling generals with information regarding state level corruption useful in neutralizing any governors or local politicians who could potentially pose a challenge to military rule. A highly publicized assault on illegal gambling also provided the dictatorship with a means
of justifying emergency declarations and draconian law enforcement tools. Meanwhile technocrats within the government, particularly at the Ministry of Finance, attempted to capitalize on the repression of the jogo do bicho, by offering a new Sporting Lottery to be sold alongside the government’s longstanding Loteria Federal. These technocrats hoped to direct all Brazilian gambling dollars toward the federal government.

Amazingly the jogo do bicho survived this combination of mass arrests and competition from the new Sporting Lottery. Yet survival required new arrangements of corruption to accommodate an expanded policing apparatus. The repression of 1969-1972 also drove a consolidation within the illegal game itself, giving birth to an oligarchy of gambling criminals who increasingly came to dominate smaller operators. The jogo do bicho also grew as a factor in financing Rio’s annual carnival festivities, and over time the big bicho bankers have transformed carnival into a vast commercial enterprise.

The status of the game as a seemingly permanent and tolerated illegality came up for question again in 1981 as the result of the dramatic murder of an ex-policemen deeply involved with the bicho. While thousands of bicheiros were arrested, intense debate regarding the future of the game gripped the nation. Journalists, politicians, policemen, and church figures all weighed in on the proper way to structure gambling in Brazil. Those who made their living off the game demanded the right to work out in the open without fear of arrest. Public support for the “legalization” of the jogo do bicho was relatively broad, but the key matter of who would operate a legal game proved to be the sticking point. The national government (now inching toward democracy) had intentions to operate its own game, while state level politicians wanted to see a version of legal bicho that simply blessed illegal workers with legitimacy and kept the revenues with
local governments. All the while the church stood staunchly against any legalization, and thus the presence of three distinct factions produced a triangulated paralysis. The status quo of unenforceable law prevailed, and the jogo do bicho continued on as a confused and ambiguous illegality. The national government expanded into a form of numbers gambling with an authorization of the game Loto, and the bankers of the jogo do bicho got to continue building their fortunes. Yet the armies of tens of thousands of street level gambling workers remained marginalized by the law and ever vulnerable out on the street as participants in an increasingly violent gambling business.

The transition to democracy in Brazil and the promulgation of the 1988 Constitution broadened the field of legal government gambling in Brazil as the individual states were authorized to expand their lotteries (which had been legally frozen for 21 years). While the dictatorship had sought to expand the national lottery in order to solidify the legitimacy of the state and tighten control over economic life, state level gambling was opened up in 1988 to enhance revenue sources for the individual states in a devolution of authority and responsibility by the national government. While on the surface such a development seemed like a new challenge confronting the jogo do bicho business, the growth of state level lotteries in fact expanded the field of action for many of the bicho bankers who quickly infiltrated and corrupted these weak institutions. While some high level bosses benefited from the spread of legal gambling, the street level bicheiros remained an excluded class. Meanwhile the betting habits of Brazilian gamblers underwent profound change. Brazil was inundated with instant scratch games as many state level lotteries began to partner with American and European companies for the latest in gambling products. Brazilian gamblers were also increasingly exposed to multi-
million dollar jackpot games offered by the national government. In 1993 a Brazilian company name Racimec partnered with the American company Gtech to bring the latest in lottery technology to Brazil. Racimec, established during the dictatorship, had long argued that growth of government lotteries could undercut the corrupting influence of the jogo do bicho, and in the years after 1993 the Racimec Gtech partnership brought the gambling games of the Brazilian national government to the forefront of modern lottery practice. Gtech, and its state of the art technology also transformed a number of state level lotteries across the country, leaving the Brazilian citizen enveloped in opportunities to gamble. Like the American bettor who once lived by the simple odds and steady rhythms of the numbers game, the Brazilian gambler who for so long trusted in the twenty-five animals of the jogo do bicho, has increasingly moved on to the impatience of the scratch game form and the unknowable odds of the jackpot form. Meanwhile the corruption related to illegal gambling has persisted, and in the legal gambling field Gtech has proved to be a deeply corrupt corporate actor in Brazil.

In Brazil, as in the United States, gambling among the poor and working classes has moved away from a faith in reasonable odds and frequent moderate payouts, towards ignorance of the odds and the acceptance of lifetimes of losing in exchange for fantasies of great wealth. Meanwhile, the employment base of the old fashioned illegal games has been eradicated in the United States, while it remains ever marginalized and excluded in Brazil. While the big bosses of the jogo do bicho have survived the growth of government lottery expansion they have only done so by taking on the characteristics of expansionist and murderous moguls, sitting at the top of leisure and entertainment empires. Gambling as taxation has proved to be a steadily growing feature of life under
global capitalism for large segments of the poor and working classes in the Americas, while access to the profits of taxed gambling has been reserved for multinational corporations, the neoliberal state, and in some cases, murderous gangster oligarchs.

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The historical material confronted in this study is assembled into nine chapters including this introduction. Chapter 2 offers an account of the early history of illegal numbers gambling in New York as well as other American cities. The account offered is built on the work of Harlem Renaissance writer Claude Mckay, the pioneering sociologists Drake and Cayton, and the scholarly work of Rufus Schatzburg. Chapter 3 examines struggles over the manner in which illegal gambling in New York was policed and regulated from 1960 to 1970, and how such struggles lead to the creation of the New York State Lottery. Chapter 4 reconstructs the political discourse of gambling in the United States from 1970 to 1982, with a particular focus on competition between illegal numbers games and emerging government lotteries. The chapter concludes with the decision by the New York State Legislature to replicate the illegal numbers gambling form in an attempt to capture the market. Chapter 5 shifts focus to Brazil, and offers an introduction to the early history of the jogo do bicho, built largely from the work of Brazilian anthropologists Roberto Damatta and Elena Soárez, and American scholar Amy Chazkel. Chapter 6 recounts struggles over the jogo do bicho in Rio and in Brazil more broadly during the period from 1960 to 1975. Chapter 7 examines the consolidation and enclosure of the jogo do bicho during the period from 1975 to 1982. This consolidation is driven and accelerated by attempts at repression by the government, as well as intensified competition from the national lottery. The chapter concludes with the jogo do bicho
having skirted destruction, ultimately to survive into the transition to democracy in Brazil. Chapter 8 returns to the United States and examines the growth of the corporate gambling sector from its early days in the late 1970s up through the late 1990s, when gaming corporations began to turn their attention to markets in the developing world. Of particular importance is the manner in which partnership between governments and gaming corporations radically altered the gambling habits of the public. The final chapter recounts the explosive growth of government gambling in Brazil from the late 1980s up through the present, with a particular focus on the Gtech corporation as an entity which drove the process and transformed Brazilian gambling habits, all the while engaging in corruption at the highest levels. The study is presented primarily in narrative form and does not maintain a running conversation with other scholarly literature. Yet the historical material assembled and the analysis offered interacts with and contributes to a variety of historiographies.

The historiography of state gambling is somewhat limited, but there have been a number of important books and articles written. Most scholarly examinations of state gambling have looked at the role of lotteries as fiscal devices. The most important gambling study, *Selling Hope* by Charles T. Clotfelter and Philip J. Cook, stands as the definitive work on the growth of state gambling in the United States. Clotfelter and Cook conclude definitively that lotteries are a form of taxation, and as such, lotteries are a highly regressive form of taxation. No serious scholars have attempted to disagree with this conclusion. Clotfelter and Cook also point to the role played by gambling service
companies in influencing the politics of gambling in the Western states, leading to
dramatic lottery expansion in the 1980s.\(^7\)

Scholar Robert Goodman explored this role further, writing “New gambling
ventures create powerful new political constituencies that will fight to keep gambling
legal and expanding. These operations can radically alter the balance of power in the state
and local political landscape.”\(^8\) Yet neither Goodman, nor Clotfelter and Cook explored
the global expansion of these operations, and a close examination of recent gambling
politics in Brazil shows that the Gtech corporation has employed, and even gone beyond,
many of the same political tactics it relied on in the United States.

Some scholars have looked at the political context that allowed for the recent
growth in state gambling. Mason and Nelson take a measured approach, and largely
ignore the ideological foundations of state lottery expansion. They write in 2001, “To
state governments, caught in a vise between greater revenue needs and widespread
opposition to taxes, the lottery seemed like an appealing way out: revenue without
taxation.”\(^9\) Meanwhile David Nibert sees quite a bit of ideology, as he writes on
gambling policy in 2000, “This public policy is best understood as a combination of the
state’s tendencies to protect wealth, to indoctrinate the public to accept economic
disparities, and to respond to the late-twentieth-century crisis of public finance – as
opposed to simply benignly promoting lotteries in order to fund good schools for kids.”\(^10\)

\(^7\) Charles T. Clotfelter and Philip J. Cook, *Selling Hope: State Lotteries in America*
\(^8\) Robert Goodman, *The Luck Business: The Devastating Consequences and Broken
\(^9\) John Lyman Mason and Michael Nelson, *Governing Gambling* (New York, The
Although Nibert makes an important attempt to conduct a Marxian analysis of contemporary lotteries, he does very little in the way of exploring the social relations of gambling, and there remains a great deal of work to be done in this area.

Ann Fabian has conducted the work on gambling that seems most relevant to the study at hand. In exploring gambling in the nineteenth century, Fabian looks at how gambling came to be incompatible with early twentieth century values. She writes, “Lotteries and gaming grew morally troublesome in capitalist America as citizens openly embraced the virtues of prudence, thrift, rationality, and productive labor…..Deluded by false hopes, those who would gamble menaced the very structures of trust and credit on which an expanding economy, and ultimately the republic, depended.”

Yet nineteenth century fears of lottery gambling as posing a threat to work habits have long since been put aside, and the modern lottery has now be seen as a tool for enabling work. Certainly nobody understands the role of lotteries better than the lotteries themselves. A recent television commercial flowing from the New York State Lottery’s 70 million dollar annual budget for advertising highlights the function of the lottery in facilitating work. The commercial makes use of the song “Daydreamin’.” New Yorkers are shown commuting to work on the subway, riding in office building elevators, and sitting in the middle of cubicle mazes. All the while, daydream bubbles appear over their heads, smiles cross their faces as lottery tickets are clutched in their hands, and the chorus sings along “what a day for a daydream.” While lotteries at the beginning of the twentieth century threatened work itself, at the end of the twentieth century, the state, through its advertising, is ironically acknowledging that we need lotteries to soldier on through the

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boredom and repetitiveness of the workaday life in the office factories of post-industrial America. We may not like our jobs, we may not like our economic circumstances, but rather than quit, or question the current political economy we can escape into daydream bubbles provided by the state.

Fabian also describes ideas about African American numbers (policy) players and the ways in which their irrational behavior could not be accommodated within early twentieth century capitalism.

“Now if we return to the description of exactly who was likely to play policy (the ignorant, the superstitious, and the stupid) we find ourselves in the midst of those defined outside of the quantitative culture that dominated life at the end of the last century. Numbers bettors were outsiders using quantification for their own ends and violating precisely the disjunction between the scientific calculation of the waking mind and the irrational associations of the sleeping.”\(^{12}\)

Yet irrationality has become a basic feature of state gambling in recent years. Players are increasingly spending money on games with odds that are stratospheric. Interest in games is no longer rooted in the likelihood of winning, rather interest is stimulated by the size of the jackpot. The contemporary impulse to gamble is also driven, directed and shaped by advertising and a larger culture of consumption and aspiration. Thus close study of the recent evolution of gambling practice contributes to our understanding of the way in which play and leisure have collaborated with political and economic conditions.

Gambling as a form has maintained a complicated status in the study of play, but it is undeniable that gambling is most often linked, at the very least linguistically (in both English and Portuguese), to “games” which are “played.” Nonetheless, Johan Huizinga,

\(^{12}\) Fabian, 150.
who initiated serious study of play in his text *Homo Ludens* excludes gambling from consideration as play. Huizinga defines play as “a free activity standing quite consciously outside ‘ordinary’ life as being ‘not serious,’ but at the same time absorbing the player intensely and utterly. It is an activity connected with no material interest, and no profit can be gained by it. It proceeds within its own proper boundaries of time and space according to fixed rules and in an orderly manner.”

Play for Huizinga is irreducible, “an absolutely primary category of life,” constitutive of culture itself. “Law and order, commerce and profit, craft and art, poetry, wisdom and science. All are rooted in the primaeval soil of play.” Before such structures and practices took shape, they were rehearsed in human play. Yet for Huizinga, gambling does not rise to this level. “In themselves, gambling games are very curious subjects for cultural research, but for the development of culture as such we must call them unproductive. They are sterile, adding nothing to life or the mind.”

Roger Caillois builds on the work of Huizinga, yet is insistent on the status of gambling as a basic form of play. Caillois offers four classifications of play: agon (competition), alea (chance), mimicry (simulation), and ilinx (vertigo). Caillois treats Huizinga’s exclusion of games of chance from the field of play as a significant shortcoming, noting “such an omission is not without consequence.” He argues that games of chance have a considerable influence on culture, “even if deemed unfortunate.” In the analysis of Caillois, competition and chance work hand in hand,

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14 Ibid., 3.
15 Ibid.,
particularly in “more complex” societies, as contradictory but nonetheless complimentary principles. He refers to them as “two opposing forms of justice” and argues that in modern societies “all collective life…rests on a precarious and infinitely variable equilibrium between agon and alea, or merit and chance.”\textsuperscript{17} For Caillois, it is clear that a modern complex democracy must feature an equilibrium that relies more heavily on merit and competition than on chance. The role of chance should function as a compliment to the prevailing ethos of competition, serving as a refuge for the disfavored under the competitive paradigm. “Recourse to chance helps people tolerate competition that is unfair or too rugged.”\textsuperscript{18}

According to Caillois, less complex societies are governed by the principles of mimicry and ilnyx, or the mask and vertigo. When people emerge from such a dynamic too quickly and are confronted by the modern dynamics of competition and chance, then it will not be competition that will be the dominant principle, rather in such cases chance “imposes its pattern upon the society undergoing change.” When confronted with modernity, “submission to what is decided by lot is agreeable to these indolent and impatient beings whose basic values are no longer operable.” He continues, “In the end games of chance determine the beliefs, knowledge, habits and ambitions of these nonchalant addicts, who no longer govern themselves and yet find it difficult to adapt themselves to another culture, so that they are left to vegetate on its periphery, eternal children.”\textsuperscript{19} There can be no doubt that Caillois had the Brazilian lower classes and the popular game the jogo do bicho in mind as he offered such a theory. He fancied himself a

\textsuperscript{17} Ibid., 110.
\textsuperscript{18} Ibid., 115.
\textsuperscript{19} Ibid., 146-147.
close observer of the game and he wrote about it extensively. Had he observed American illegal numbers gambling, it is fair to assume he would have arrived at a similar assessment. His analysis amounts to a remarkable underestimation of the social value of such gambling forms. Caillois failed to see the active critique of modernity and the challenge to the false claims of fairness in market based relations to be found within such games as jogo do bicho and the numbers.

More recently, play theorist Brian Sutton-Smith has taken up the task of trying to understand gambling as a form of play. Sutton-Smith acknowledges that gambling as play seems to be outside of the boundaries set by many other play theorists (starting with Huizinga). Within gambling “play and life interpenetrate” more than within any other play form. External considerations and even externally imposed rules often shape how, when, and why gambling is conducted. Yet gambling should not be ignored or excluded by play theorists. He writes, “The massive amounts of money spent on games of chance make them arguably the most important form of play in the modern world. They provide an underpinning of mass irrationality within our otherwise rationally structured urban societies.”

This study seeks to expand on the notion of mass irrationality, in the form of government jackpot lotteries, as an underpinning of global consumer capitalism.

Close consideration of lotteries in the context of the welfare state offers a compliment to the crucial work of Piven and Cloward, who highlight the historical role of relief and welfare policy in regulating the behavior and work habits of the poor. They argue that “periodically expanding and contracting relief roles” perform the function of

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“maintaining civil order and enforcing work.” The narrative at hand will highlight how illegal gambling was cast as a social problem responsible for undermining order while modern government lotteries have served to bolster allegiance to the law. As relief and welfare regulate the poor through expanding and contracting their incomes, government lotteries regulate the poor by guiding their expenditures.

More recent scholarship on the welfare state from Michael Katz, Herbert Gans, and others, has thoroughly documented the erosion of the social safety net in the United States as the nation has moved towards what Katz describes as “market models of human obligation and interaction.” Embedded in the attack on the social wage has been the notion of “the undeserving.” Increasing characterizations of the poor as pathological and culturally deficient have enabled reductions in benefits and a shrinking of government obligations. As for the poor, “their poverty is to some degree a matter of personal responsibility, and its alleviation requires personal transformation, such as the acquisition of skills, commitment to the work ethic, or the practice of chastity.”

Herbert Gans, in his text *The War Against the Poor*, also places emphasis on the notion of “undeservingness.” Gans argues that labeling the poor as undeserving has functions beyond simply undercutting any allocation of funds on their behalf. Among such functions are the normative processes of “moral legitimation” and “value

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23 Ibid., 7.
reinforcement.” By way of moral legitimation, “all institutions and social structures that stigmatize and exclude the undeserving concurrently offer moral legitimacy to the institutions and structures of the deserving,” as the “alleged immorality of the undeserving also surrounds the class hierarchy with a moral atmosphere.” On the matter of value reinforcement, as the undeserving poor violate “mainstream behavioral patterns and values, they help to reinforce and reaffirm the desirability of these patterns and values.” Yet, close observation of the growth of government lotteries, which has been concurrent with the growth of the contemporary war against the poor, would seem to complicate the analysis of Gans. In the case of gambling we have seen behaviors, once stigmatized as pathologies peculiar to the lower class, legitimized and normalized to be spread to broader swaths of the population. The sort of dynamic described by Oliver Cromwell Cox as cultural parallelism has been writ large, whereas once pathology and vice was tolerated and even fostered among a black minority in order to distinguish them from whites, now some of these same vices are being fostered widely among the working classes to distinguish between the rich minority and everyone else. Writing in 1948, long before the era of modern lotteries, Cox observed, “In America especially, fanatical gambling and the emergence of wealthy messiahs register somewhat the mental atmosphere of the colored community.” Certainly, such an atmosphere has become far more generalized in the current age of multi-million dollar jackpots.

26 Ibid., 369.
As people gamble for greater and greater amounts, new ideas and beliefs become involved in gambling exchanges. As Georg Simmel tells us, “The completely external and indeed, even the inner importance of a sum of money is different, depending on whether it lies below or above any dividing line…Changes in the quantity of money produce totally new qualities.”

It is difficult to know exactly where that dividing line is, but clearly state games have taken their jackpots above it. A reasonable assumption may be that there is a qualitative distinction between sums above and below the line marking the total amount of money that an individual can expect to earn in his or her lifetime. What does it mean when people begin gambling for sums above that line? Perhaps those who gamble for sums beyond this line are effectively granting their approval to the accumulation of such large amounts by those who accumulate their fortunes through the normal political economy. Gambling beyond such lines is a relation of consumption, mediated through technology and the state, within which the poor consent to the behavior of the rich. Jackpot lottery play brings the working classes, in the words of Adorno, to “force their eyes shut and voice approval, in a kind of self loathing, for what is meted out to them.”

The new relations of winning and losing embedded in the jackpot form have effected an alteration in the “habitus” of countless persons. Bourdieu offers the concept of the “habitus” as a set of “structuring structures” that are “internalized as a second nature” and serve to “organize practices and representations.” For Bourdieu a “social class” is a class of “individuals having the same habitus,” the habitus being “a set of dispositions”

common to all those who are the “products of the same conditionings.”

Lottery gambling has emerged as such a “conditioning” which functions to create a set of dispositions among particular social classes. Although Bourdieu never takes up the topic of gambling directly, in his analysis “calculation” and “forecasting,” and the “capacity to anticipate the future…or even to take a calculated gamble on the possible against the probable,” are all abilities and dispositions generated by social conditions, and thus are at the center of habitus. Social conditioning through lottery play creates a particular set of “dispositions towards the future” and embeds in the gambler confused understandings of the categories of the possible and the impossible, “of what is appropriated in advance by and for others and what one can reasonably expect for oneself.”

Meanwhile, technology plays an ever increasing role in the process of exclusion through incorporation. In the analysis of Osvaldo Sunkel, as people are displaced, excluded, and marginalized by globalization, they are simultaneously integrated into the symbolic and mental universe of “capitalist culture” as their lives are saturated with communications and new media. Ernest Mandel long ago identified such a dynamic, writing, “The satisfaction of needs by the technological mechanisms of production and consumption increases popular consent to incorporation and subordination.” Ultimately, “to the captive individual whose entire life is subordinated to the market, not only in the sphere of production, but also in the sphere of consumption, recreation, culture, art, education, and personal relations, it appears impossible to break out of the social

\[30\] Ibid., 59.
\[31\] Ibid., 64.
prison… All that is left is the dream of escape through sex and drugs, which in their turn are promptly industrialized.”

Had Mandel been writing twenty years later we can assume he would have included gambling on his list. Writing in 1971, Mandel was prescient in his observations on shifting political and economic relations. The growth of state lotteries in the US, and eventually around the world, was tied closely to the rise and spread of neoliberalism, and examination of lottery growth in New York and Brazil reveals the modern lottery to be a characteristically neoliberal institutional form. According to Kim Moody, “Restraint on social spending, privatization, deregulation, and, and most importantly, the reassertion of class power by the nation’s capitalist class are at the center of the neoliberal project.”

Moody goes on to describe the New York City fiscal crisis of the mid 1970s and the resulting implementation of neoliberal practice as a form of regime change, dramatically reordering power relations, shifting power from the working class to the capitalist class. Joshua Freeman also explores the fiscal crisis, highlighting the shift in power from the city to the outlying suburbs. The passage of tax law 1612 in 1980 was closely related to these shifts in power relations. Even a brief glance at the legislative debates over the law reveals demands from the representatives of Westchester and Long Island districts, that poor urban residents begin to subsidize their own public services. While Brooklyn and Harlem representative had successfully defended the city game from state takeover in 1972, they failed to do so in 1980. The weakened city saw its gambling market invaded by ascendant suburban politicians. Examination of the lottery politics in New York in the

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late 1970s may add an interesting layer to the literature on the New York fiscal crisis, while also highlighting the neoliberal origins of an institution that has become a basic part of everyday life in the city.

The New York City fiscal crisis was not simply a local affair. In many ways New York was a test case, and an early rehearsal for the implementation of neoliberal ideology elsewhere. According to theorist David Harvey, “The management of the New York fiscal crisis pioneered the way for neoliberal practices both domestically under Reagan and internationally through the IMF in the 1980s.”

Neoliberal ideology and its implementation can be understood as a response to the crisis of capitalism that arose in the early 1970s. The role of the large number of poor people living in the urban Northeast, numbers workers and numbers players, in contributing to this crisis of capitalism can be described as a failure to fulfill their proper role as an industrial reserve army. What Marx refers to as the “reserve army of labor” consists of the underemployed and the totally unemployed. The role of the “army” is to restrict the field of action of the law of supply and demand in the labor market to within “limits absolutely convenient to capital’s drive to exploit and dominate the workers.”

The tens of thousands of numbers workers in American cities were not the unemployed, whose mere existence applied downward pressure to wages, rather they were the otherwise employed, laboring outside of the capitalist mode of production. Meanwhile the many millions of bettors participating in the illegal game were consuming unproductively, outside of the capitalist mode of consumption as production. In many

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cases numbers bettors were consuming their lucky numbers using transfer payments from
the government, the very existence of which further allowed them to avoid their duties as
a properly functioning reserve army of labor. Once again, a quick glance at the lottery
debate in the New York State Legislature reveals abundant rhetoric pointed at “welfare
cheats” gambling away the tax payers money in the city’s illegal numbers game.

While numbers gambling employment could not persist in the United States, as it
undermined the function of the reserve army of labor in a historically tight labor market,
the jogo do bicho has played a somewhat opposite role in the slack labor market of
Brazil. The game absorbs hundreds of thousands of workers, balancing the traditional
function of the unemployed as a reserve army of labor (serving to drive down wages),
against the potential of this mass of unemployed to grow too large and ultimately become
a threat to safety, class order, and the sanctity of property relations. Yet jobs in the jogo
do bicho remain no jobs at all, as they are maintained ever outside the law. The illegal
status of bicho jobs reinforces what scholar Brodwyn Fischer refers to as the “weak
citizenship” of the poor in Brazil.\(^\text{37}\) The jogo do bicho worker plays the role of criminal
as producer. In the words of Marx, “the criminal produces the whole apparatus of the
police and criminal justice, detectives, judges, executioners, juries, etc., and all these
different professions, which constitute so many categories of the social division of
labour.” Ultimately, “the criminal therefore appears as one of those natural ‘equilibrating

\(^{37}\) Brodwyn Fischer, *A Poverty of Rights: Citizenship and Inequality in Twentieth Century
“Everywhere, poor people’s access to citizenship was curtailed by laws and processes
that outlawed critical aspects of their daily existence… The informal world thus created
became a functional part of Brazil’s economy and politics, no longer an incidental side
effect of legal modernization but rather a building block of power relations in nearly
every public arena.”(10)
forces’ which establish a just balance and open up a whole perspective of ‘useful’ occupations.” Indeed, in both Brazil and New York, attempts to eradicate illegal gambling have been deeply rooted in the perception that the illegal gambling economy is a source of disequilibrium in the arena of law and order, and in the larger dynamic of capitalist social and economic relations. Where illegal gambling could not be returned to an equilibrating role, it was repressed significantly, as in the case of New York. While in Brazil, when illegal gambling came under attack, it typically reestablished itself as an equilibrating force through new arrangements and new corruptions more amenable to the needs of the power structure, and thus illegal gambling has persisted more substantially. All the while, the law is written, broken, enforced or not enforced in the manner which best perpetuates the class order.

A general attack on the social wage has been at the core of the neoliberal project, yet other mechanisms were needed to create a new and properly functioning regime of accumulation. According to Harvey, the task of any particular regime of accumulation is to “bring the behaviors of all kinds of individuals – capitalists, workers, state employees, financiers, and all manner of other political – economic agents – into some kind of configuration that will keep the regime of accumulation functioning.” In order to accomplish this task, regimes of accumulation rely on what Lipietz refers to as a particular “mode of regulation.” A mode of regulation refers to a “body of interiorized rules and social processes,” which take “the form of norms, habits, laws, regulating networks and so on.” As a new regime of accumulation shaped by the ideology of

neoliberalism emerged in the wake of the crisis of the mid 1970s, state lotteries became important institutions in the new mode of regulation. Technologized state lotteries can be understood as “regulating networks” shaping people’s norms and habits. The habits of obeying the law and of pledging daily confidence in the state are spread among the poor. And as the poor seek recreation through play, the process through which the contributions of the many are concentrated in the hands of the few, becomes the accepted norm.

The private companies that benefited from lottery growth were well aware of the changing political and economic conditions. Writing in the industry journal *Public Gaming International*, Vice President of Gtech, Victor Markowitz, explains the company’s role in the economy for 1988 and the future.

“We are seeing more and more people working for others in America, as opposed to being self employed. We are seeing fewer and fewer “mom and pop” type stores and other family and self owned businesses. Big companies are getting bigger and they are forcing the little guys out. The country is becoming more monopolistic. This trend, generally speaking, will contribute to the growth of the lottery industry for many years to come…. Everybody needs a dream. The lottery is a vehicle for the realization of that dream. Because of the downward trend in self-made wealth, there is less and less competition with the lottery to be the potential provider of the dream. Gtech is cognizant of this and other trends that affect the industry and has positioned itself to service an ever-growing and changing demand.”

Gtech is quite clear; what’s bad for the “little guys” is good for lotteries. As Gtech and other companies began to focus on markets outside of the US, they sought to take advantage of similar changes in political and economic circumstances, often riding into new markets on the coattails of neoliberal reform. Gtech’s partnership with the Brazilian government in 1994 came upon a wave of neoliberal policies and practices implemented by President Fernando Henrique Cardoso. Some scholars have taken a generous view of Cardoso’s reforms. Riordan Roett writes, “It is fair to say that the Cardoso government

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did as much as it could during its eight years in power to move Brazil forward.” In the analysis of Mauricio Font, the Cardoso regime is to be credited for “recognizing the importance of stable macroeconomic conditions,” and more generally for its effort at “balancing the independent roles of state, market, and civil society.” Others are far less forgiving and see elevation of the market above all else, and the attendant inequality of such a dynamic, as central to the neoliberal project in Brazil. According to Luna and Klein, “The neoliberal ideology…dictated the freedom of the market and placed itself against ‘the state of social well being’ that previously dominated economic and political thought… For neoliberals, inequality is a basic and necessary part of capitalism and should be preserved.” Petras and Veltmeyer write of Cradoso, that his “success in carrying out fundamental economic reforms for the dominant class and elite is a major cause for the deep crisis that confronts Brazil today. Never in the history of twentieth-century Brazil has a president done so much, and so quickly, in the service of capital and imperialism.” This study does not rise to give an assessment of particular key actors in the political and economic history of Brazil, and it offers no new theory on neoliberalism. Yet the historical material here assembled on the partnership between governments and global corporate gambling would seem to offer further evidence of the stratifying processes of fiscal policy under the neoliberal order. The fact that government lottery

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growth has continued at a torrid pace under the Lula regime, nominally committed to expanding the social wage, only speaks to the stealth and intractable nature of the lottery device as a regressive tax.

Lottery growth provides crucial tools for governance under contemporary capitalism. As inequality increases and opportunities for advancement dry up, the state is able to pacify its citizens and mute the discontent of the working class. The opportunity to wager a dollar for a jackpot of millions creates the illusion that social relations are fluid when they are in fact congealed. Lottery tickets provide the daily ambiguity needed to make contemporary working life bearable. As Henri Lefebvre observes, “Social relations have for a long time, if not always, been relations of force, authority and power, dependency, inequality in power and wealth. Such relations are tolerable only when masked. Stripped of all veils, they would be unbearable.”

The role played by lottery institutions in masking the true nature of social relations is at the very center of this project. In following the process of government lottery expansion and the related suppression of illegal numbers games, we can observe an attempt to transform dissent into consent and challenge into obedience.

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An Open, Simple and Inexpensive Game of Chance

Introduction to Numbers Gambling in the United States

“My father also dreamed of numbers,” writes former Secretary of State Colin Powell, as he reflects back on his days in the Bronx during the late 1950s. “He bought numbers books at the newsstands to work out winning combinations. And he still went in every day with Aunt Beryl. They usually played quarters. Then one Saturday night, my father dreamed a number, and the next morning at St. Margaret’s the number appeared on the hymn board. This surely was God taking Luther Powell by the hand and leading him to the Promised Land. Somehow, Pop, and Aunt Beryl managed to scrape up $25 to put on the number. And they hit it straight.

I still remember the atmosphere of joy, disbelief, and anxiety when the numbers runner delivered the brown paper bags to our house. Pop took them into his room and dumped the money on his bed, $10,000 in tens and twenties, more than three years’ pay. He let me help him count it. The money was not going into any bank. This strike was nobody’s business. The bills were stashed all over the house, with my mother terrified that the tax man or thieves would be coming through the door any minute.

And that was how the Powells managed to buy 183-68 Elmira Avenue in the community of Hollis in the Borough of Queens.” 1

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“Who knows?” responds his friend Javier Guzman. “But I didn’t win,” he explains after passing a lottery ticket under a bar code scanner.

The winning numbers have come out, but “who knows” what they are. According to the bar code scanner Javier Guzman is not the winner. The jackpot of many millions will be for someone else, in another city, in another state. A great deal has changed since the days of Luther Powell, Aunt Beryl and $10,000 jackpots in brown paper bags.

Although the questions of “Que salio?” or “what came out?” is still asked everyday in

New York City, just as it has been for almost a century, people are gambling in different ways, on different terms, and for different reasons.

The story of Colin Powell’s exit from the Bronx is not one of boot-straps, rather it is a story of illegal gambling, tax evasion, and superstition. But Powell’s story contains all of the elements of the old numbers game that led people to defend the game as a social institution; faith in dreams, a number on a hymn board, families playing together, reasonable odds, jackpots equivalent to three years pay, and actually winning. Yet the social institution of the New York City clandestine numbers game fell in the face of the New York State Lottery on April 2nd, 1980.

Javier Guzman’s losing ticket contains all of the elements of the contemporary lottery; players allowing computers to pick their numbers for them, barcodes to read the tickets, playing with the state, astronomical odds, jackpots beyond the conception of working people, and constantly losing. A popular institution built on human networks has been replaced with a state institution built on computerized networks, and it is worth investigating what has been lost and what has been gained.

What has been lost is clearly revealed through an examination of the early history of the numbers game. While this game, with its daily play and 1 in 1,000 odds continues to exist in both legal and illegal forms, the role of the game in New York life has been greatly diminished since the days of Colin Powell’s move from the Bronx to Queens. For several consecutive generations the numbers game stood as the dominant lottery style gambling game in New York City and in much of the urban Northeast of the United States. The attributes of the game as a gambling form have always been its simplicity, its consistency and its offer of a reasonable chance to turn small change into a sum of
modest but significant value. Beyond the numbers game as a betting form, the early history of the numbers from the turn of the century up through the 1950s reveals the game to have been something of a social and economic institution, particularly in black urban communities. Vast numbers gambling networks provided a substantial amount of employment in chronically underemployed areas, and the cash circulating along these human networks passed through a remarkable number of hands. Meanwhile profits from the numbers business often functioned as the capital for legitimate enterprises. The social practice of betting revolved around reflecting on one’s dreams, and interpreting the events of everyday life and the relationship of placing a bet was built on trust.

While there were numerous struggles between black numbers operators, white organized crime groups, and corrupt police over control of the top levels of the numbers business, the basic features of a business model that prioritized maximizing employment (rather than efficiency) in order to generate goodwill, a set of social practices centered on connecting with the dream world and interpreting symbols in everyday life, and a set of relationships built on trust in neighbors and familiar faces were all characteristic of numbers gambling from the dawn of the twentieth century up through the 1950s.

Gambling practices in New York can be traced back to the lotteries of the colonial period, yet the daily practices of guessing lucky numbers began to take shape during the late 19th century. The famed 1895 Lexow Commission on Criminal and Political Corruption pointed to a significant number of “policy” operations in New York. The term “policy” is often applied to a wide variety of gambling practices, and it is frequently used in reference to “the numbers,” and in some ways it has come to function as an
umbrella term to refer to all illegal, daily, number-based gambling games, particularly those games played in black communities. Indeed, in its 19th century origins “policy” seems to have been an expansive term, meant to refer to any betting activity that was ancillary to an existing lottery. Those who could not afford an actual lottery ticket, could buy a sort of insurance policy on a number-guess for a tiny amount. According to Ann Fabian, “When lotteries became too expensive or after they had been abolished in the Northeast, poor adventurers gave their patronage to policy dealers, who let them wager pennies or nickels on the numbers drawn in official and unofficial lotteries.”

Although early use of the term could have referred to any number of gambling games, a distinct game called “policy” emerged by the early twentieth century. The game centered on “policy wheels” that featured the numbers from 1 to 78. A bettor could make a series of guesses on a variety of combinations, to be matched against twelve spins of the wheel over the course of the day. Sometime around the end of the First World War, a distinct game, known as “the numbers” emerged in New York City. The “numbers,” rather than relying on a wheel, relied on published statistics to be found in newspapers. Early on the “numbers” used figures from the Federal Reserve Clearing House and the New York Stock Exchange. Later the game would shift to using the intake totals from race-tracks. One simply needed to know where in the newspaper to look in order to find the winning number. The presumption was that these numbers, unlike a policy wheel drawing, could not be “fixed.” They were neutral, random, and unrelated in their origins to any gambling activity. The “numbers” took hold in New York City and Philadelphia, while “policy” remained the game of choice in Chicago and many cities of the Midwest.

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Regardless of the distinction, the terms “policy” and “numbers” are frequently used interchangeably in both Chicago and New York. While a distinction between the two is both valid and informative, the fusion of the two games for the purpose of historical analysis is not a matter of negligence. Both games feature similar odds and have derived their staying power from the opportunity to bet small change as well as dollars. Both games provided the daily rhythm of gambling in black communities of the urban North, both games gave rise to large employment structures of remarkably similar organizational form, and both games were connected to similar patterns of police and political corruption. Thus, during the twentieth century Chicago Policy and New York Numbers can be seen as equivalent phenomena.

Numerous accounts of Harlem life during the 1920s place the numbers game at the center of social activity. The period between the end of the First World War and the repeal of prohibition was without a doubt the heyday of black-controlled numbers gambling, and Harlem was the principal theater in which the game was played. In his text *Harlem: Negro Metropolis*, renowned Jamaican-born poet Claude McKay devotes an entire chapter to “The Business of Numbers.” Writing in 1940, McKay notes that the for black operators the game “is not so enormously profitable today as in its halcyon period” of the 1920s, “when its foundations were laid and it spread with impunity, not fearing white competitors and the action of the law.” Nonetheless, in 1940 it remained “the most flourishing clandestine industry in Harlem.” Although McKay himself is a bit conflicted about the role of the game in Harlem life, he claims, “Numbers is a people’s game, a community pastime in which old and young, literate and illiterate, the neediest folk and

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the well to do participate.” McKay offers an account of the origins of the numbers in Harlem, and while his history is not verifiable, it is certainly as good as any. He writes, “In the first decade of the Negroes’ big trek to Harlem, 1910-1920, a few Puerto Ricans and Cubans joined them and established barbershops in the black belt. They had a large patronage among the British West Indians, many of whom had worked in Cuba and Central and South America, and thus were familiar with Latin American customs.” In the account of McKay the practice of numbers was passed from Spanish speaking Caribbeans to English speaking Caribbeans. “The numbers game had its first start in these Spanish barber shops. Originally it was known as bolita or paquerita. The British West Indians called it ‘numbers’ and popularized it.” As the game developed “the common people became enchanted by lucky numbers and Harlem a huge factory humming with the alluring activity of the game.”

There were several significant figures, known as Kings and Queens, at the top of Harlem’s numbers business, yet McKay focused on the West Indian born Casper Holstein as emblematic. “He was outstanding and upstanding in the community…Prominent in Negro Elkdom, he was exalted ruler of one of the best lodges. He was known as Harlem’s philanthropist – the only one! He donated money to Negro colleges and charitable institutions. He provided scholarships for brilliant Negro students, who were too poor to enter high school and college.” In the account of McKay, these acts of generosity by Holstein were not part of an exhibition of wealth, rather they were true acts of generosity by a reserved and conservative man. “Although he used personal income, he did not

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4 Ibid., 101.
5 Ibid., 107.
6 Ibid., 109.
attach his name to such gifts…There was also an artistic side to Holstein’s extraordinary activity…He gave pecuniary assistance to struggling and aspiring writers. In collaboration with the Negro Magazine, Opportunity, he set up a fund for literary prizes.”\(^7\) Given Claude McKay’s status as an eminent figure of the Harlem Renaissance, perhaps we can assume that McKay himself received patronage from the numbers baron Holstein. It was the kidnapping and attempted ransoming of Holstein by white gangsters, which brought the Harlem numbers game to the attention of outsiders.

Bootleggers came to notice that there was great deal of money being made in the Harlem numbers business, and they went to great lengths to muscle in on the activity. The repeal of prohibition only heightened the interest of white gangsters in the numbers, given that the market for illegal alcohol had dried up. The bootlegger who proved most successful at asserting himself in the numbers was Dutch Schulz. Sociologist Rufus Schatzburg has examined the transition from black control to white control that took place in the Harlem numbers business at the end of the 1920s. According to Schatzburg, “Before the Schultz gang seized much of Harlem’s policy racket and consolidated its control, it was not a criminal monopoly or cartel operation. It consisted of many independent bankers who conducted the game, each for themselves.” Yet these operators were simply not prepared for the violence unleashed by the white gangsters. “Violence and political clout enabled Schultz through equal opportunity mayhem to win the keys of the black policy kingdom…There were forty murders and six kidnappings as a result of policy gambling wars in New York City during the early 1930s.”\(^8\)

\(^7\) Ibid., 102.
The black numbers bosses of Harlem described by Shatzburg had little in common with Dutch Shultz. These “black bankers did not have the criminal toughness or use criminal resources to compete with assertive white racketeers.”9 Their orientation was towards business rather than crime. “When examining black number operators of the 1920s it is apparent that they did not evolve out of criminal backgrounds before starting in the numbers racket. They were entrepreneurial people who saw an opportunity to make money in a milieu that offered them limited economic opportunities.”10 Schatzburg cites the typology of modes of adaptation offered by sociologist Robert K. Merton. Merton’s notion of *Innovation* can be quite fairly applied to the numbers business. In Merton’s conception of innovation “a deviant group invents unconventional methods of employment to sustain themselves. This reaction occurs when the individual has assimilated the cultural emphasis upon the goal without equally internalizing the institutional norms governing methods to achieve them.”11 Yet this “innovation” of black Harlem came to interact with the larger political economy, and despite its illegality, evolved into something of a structural feature. In the words of Shatzburg, “One-way to think about the process is to imagine that various government officials and agencies responsible for enforcing laws against illegal activities, have *de facto* power to grant a *license* to illegal enterprises against the threat of arrest.”12

Yet these authorities were far from evenhanded in the use of their de facto power to regulate the function of the illegal game. The police often harassed black numbers bankers, while allowing white bankers to operate freely, thus solidifying white

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9 Ibid., 27.
10 Ibid., xv.
11 Ibid., 6.
12 Ibid., 73.
dominance over the game. There was significant resistance to these practices and particularly vocal in criticizing the police was numbers “Queen” Madam St. Claire. According to Shatzburg, “Saint Claire publicly protested against the police. She alleged that the police were taking her money to protect her policy operation but continued to arrest her runners. To protest this she placed a number of paid advertisements in a local Harlem newspaper making drastic charges of graft and venality among the police.” Yet these accusations came at a cost. She was arrested “almost immediately on what she termed a framed charge and upon conviction was sent to the workhouse on Welfare Island for eight months. She alleged that her arrest and sentence, were because of her whistle blowing about the police.”

Police attentiveness to the numbers game was heightened by pressure from good government groups and reforming politicians and prosecutors. Some expressed concern that numbers workers and players were receiving relief and jobs through New Deal programs such as the WPA, and the WPA eventually made efforts to purge its rolls of those known to be involved in the numbers. Others in reform circles decried the numbers as an exploitation of the poor and ignorant. These reformers, hoping to bring an end to what they perceived to be an economy of exploitation, often ended up increasing the amount of exploitation attendant to the numbers. Essentially, “the police had been prodded into action against Harlem policy operators, with the consequence that if the game was to remain viable, it would have to reach out for protection and that meant white protection.”

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13 Ibid., 116-117.
14 “Relief and WPA May Drop Digit Players,” Afro-American, August 23, 1941.
15 Ibid., 20.
Whether under the thumb of Dutch Schulz or the police, the numbers game had clearly slipped from the control of its original black bankers by the early 1930s, and this transition had significant consequences for those involved. “The early black and Hispanic policy bankers in Harlem were entrepreneurial people that saw an opportunity to make money in a new racket. The game appealed to Harlem’s residents and became a positive economic factor in the community in that it gave employment to many otherwise unemployed blacks.”¹⁶ For Shatzburg numbers activity was not to be dismissed as a mere game. “The numbers racket from its start had been and continues to be the largest single employer in the Harlem community. It gave employment to many blacks. Although it is an illegal enterprise, the racket in the 1920s appears to have stimulated black capitalism more than any other activity at the time.”¹⁷ Yet at the hands of gangsters and corrupt police, what had been a “community pastime” became a “vehicle to extort money out of the Harlem community.”¹⁸ Ultimately, in the analysis of Shatzburg, the early black numbers operators of Harlem “did not command violence or have the political force to oppose other criminal organizations that entered the racket that commanded these strengths. Ultimately Harlem’s black policy bankers, in the pastime they invented, give in and accept, grudgingly, to be controlled by white gangsters.”¹⁹

Although black bankers, had to give way to white dominance, the rank and file workers in the numbers business, the “collectors,” remained predominantly black. In Claude McKay’s account of the numbers game the collectors had substantial power despite the overlording of Dutch Schultz. When Schultz tried to cut the percentages owed

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¹⁶ Ibid., 123-124.
¹⁷ Ibid., 137.
¹⁸ Ibid., 8.
¹⁹ Ibid., 123-124.
to the collectors, these black workers refused. “They went on strike and paralyzed the playing of numbers in Harlem.” Schultz tried to replace the black collectors with white workers, “but the whites couldn’t make the machinery work.” For McKay, this was due to the intimate nature of numbers transactions. “Most people play with friends and relatives only. Sometimes the collector is someone out of work, who picks up numbers from his friends. The friends get others to play, and so the person is helped collectively.”

The white replacement workers put up by Dutch Schultz simply did not have these interpersonal connections with the Harlem community. “Most collections are made in the privacy of the players’ homes. And excepting bohemian and courtesan circles, colored folk are not comfortable with whites penetrating into their homes. The strikers were supported by the players.” According to Mckay, Dutch Schultz was “powerless to take action against them,” and finally he “consented” to a return to standard arrangements of payment.20

Beyond the matters of business and economics, the numbers game was also a cultural phenomenon that shaped social and spiritual life for many Harlem residents. The object world became a text to be read for its numbers. According to Mckay, “Harlem was set upon a perpetual hunt for lucky numbers. House numbers, car numbers, letters, telegrams, laundry, suits, shoes, hats, every conceivable object could carry a lucky number.” Also, mundane events were infused with meaning as possible signs of where luck was to be found. “Any casual thing might become unusual with the possibility of being endowed with a lucky number: a horse in the street, the first person you meet, an automobile accident, a fire, a fight, a butterfly fluttering on the air, a funeral, even a dog

posing against a wall! And dreams! Harlem is haunted by numbers.” And as Mckay points out, writing with beautiful irony, and critical love, “Dreaming of numbers is an inevitable condition of the blissful state of sleeping.”²¹ Although Mckay sees his fellow Harlem residents as being “asleep” they are no mere dupes being taken in by a fools game. “The numbers game has gripped all of Harlem precisely because there is no obvious trickery in it,” he writes. “It is an open, simple and inexpensive game of chance.”²² In Mckay’s view, given the other options for consumption available at hand, placing a bet on a number was a perfectly reasonable act. “And the average Harlemite reasons that he may as well invest a dime on a lucky number as he might in a glass of beer or a piece of candy.”²³

In his chronicle of Harlem life from 1900 to 1950, writer Jervis Anderson also devotes significant attention to numbers gambling. Like McKay, Anderson sees a logic in the decision of the average Harlem resident to bet on a number, because “hitting was about the only chance they had at a real payday.” While the decision to bet certainly had a worldly rationale, Anderson also describes the other-worldly spiritual quest for numbers “invested with significance – a number that had occurred in a dream; a number that cropped up in a casual conversation and remained in memory as though it held a latent message.” Some players even fused this search for lucky numbers with Christianity as “churchgoers took numbers from the Bible, from hymnals, and even from the mouths of their preachers.” The church organizations themselves, like so many institutions in Harlem, could not ignore the numbers. Anderson recounts a story of a preacher who, “on

²¹ Ibid., 106.
²² Ibid., 107
²³ Ibid., 108.
a Sunday in 1924,” made clear to his congregation that “he wanted no numbers money put into the plate.” The congregation complied and when the collection plate “returned to the pulpit it held eight honest dollars.” The preacher reconsidered, and “after revoking his earlier edict, the preacher directed that the plate be passed around once more. This time when it was returned to him, it bore a harvest of four hundred dollars.”

Accounts of pre-war Chicago feature a policy game with a similar economic and social profile to the game in Harlem. In their landmark sociological investigation *Black Metropolis*, St Clair Drake and Horace R. Cayton devote substantial attention to policy gambling in Chicago. Drake and Cayton maintain a skeptical stance towards policy and subtly point to an exploitive business practice that has fused with a mislead customer base in the throes of false beliefs in the supernatural. In their words, “Policy is not only a business - it is also a cult. It has a hold on its devotees, which is stronger than the concrete gains from an occasional winning would warrant. It has an element of mystery and anticipation. It has developed an esoteric language. It organizes, to some extent, the daily lives of the participants.” In surveying Chicago, they describe the same never-ending quest for lucky numbers that McKay had described in his chronicle of Harlem. “Lucky numbers may be obtained from the license plates of a car involved in an accident; from hymns announced in a church service; from streetcar transfers; from newspapers; or by asking a child.” Drake and Cayton observe, “numbers and combinations of numbers derived from ‘lucky’ situations are more powerful, have more of what anthropologists

call *mana*, than ordinary run-of-the-mill, garden variety numbers.”

The game that Drake and Cayton looked in on in 1938 was controlled at the top by a “syndicate” of fifteen persons, and twelve of the persons were black. As a response to increased police pressure, the syndicate was organized in 1931 with the purpose of bringing “order into a tangled and extensive business” and to arrange legal services for those arrested for policy activity. The syndicate also maintained relations with politicians, and even functioned to “deliver the vote at election time.” Overall, “the main function is to make necessary political alignments so that neither the police, a crusading state’s attorney, nor pressure from reform groups can jeopardize the smooth running of business.”

In the analysis of Drake and Cayton, patterns of segregation had left gambling as something of a race institution. “Highly important in strengthening the policy racket is the fact that Negroes are spatially separated and socially isolated from the remainder of the community, and are denied full participation in the economic life of Chicago. This permits every attack on South-Side gambling to be interpreted as an attack on The Race.” And like the early black bankers of Harlem, the policy kings of Chicago were often respected members of the community. “The policy kings have, almost without exception, invested a portion of their ‘take’ in legitimate businesses. Taverns, shoe-stores, food markets, and real estate businesses are among the enterprises based on this unorthodox form or primitive accumulation.”

Although Drake and Cayton brand policy with the Marxist term “primitive accumulation” they nonetheless allow the positive sentiments towards policy offered by

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26 Ibid., 474.
27 Ibid., 482.
28 Ibid., 486.
29 Ibid., 487.
their respondents to shine through. Many interviewed by Drake and Cayton offer an account of the “policy complex as a kind of informal cooperative.” The descriptions collected by Drake and Cayton tell of a game that functioned as a key source of work that allowed people make a living, although they were under constant threat of police action. In the words of one respondent “The few pennies that the public loses in policy can hardly be missed by them. Yet it amounts to thousands of dollars a day and goes to make it possible for many a family to survive.” Another respondent who was a worker in the policy game explained, “I don’t think that I would have been living if I had stayed at the coal yard. Long hours and short pay for common labor is too much for me…I don’t know what we’d do if the heat [police pressure] was turned on; I suppose we’d eventually have to go on relief. Sometimes the girls could make $20 a week. There isn’t a laundry in the city or a kitchen in Hyde Park where a girl without learning could earn $20 for a week’s work.” Another informant imagined what would happen if the policy game was brought to a halt. “If the heat were turned on, 5,000 people would be unemployed and business in general would be crippled.”

While Drake and Cayton seem to have had there doubts about policy, portraying it as crude capitalism relying on “cult” like behavior for its success, they allow for the honesty of the game, and they do not dismiss it as a racket run by gangsters. They conclude, “Finally, there have been no scandals involving murder and few instances of hooliganism. The game is thought to be ‘on the level.’ All these factors combine to make it easy for Bronzeville to accept the policy racket as a community institution.”

30 Ibid., 493-494.
economy of the pre-war era. Drake and Cayton go as far as to declare, “about twenty percent of the largest Negro business enterprises, and those most conscious of the value of public good will, are owned by policy people.” Such an assertion is seconded by Juliet E.K. Walker in her 1998 comprehensive history of black business and entrepreneurship. She writes, “access to black policy dollars provided black communities with a privately funded, informal cash subsidy, which was used as venture capital in the promotion and support of black business.”

Although it is impossible to truly quantify the impact of policy and policy people on the economic life of black America, the money and the organizational skills from the numbers game can be easily seen when one scratches the surface of the histories of many “legitimate” enterprises. Perhaps the most socially significant of these numbers-backed enterprises was the business of black baseball. Policy people were deeply involved in the so-called Negro Leagues. And while it is easy to dismiss their involvement in baseball as born out of the need to launder money, a close look at the history shows that many of these numbers bankers displayed a true commitment to building black baseball. And while the social value of the numbers can be contested, the fact that conducting and operating a baseball league to give black players a chance to ply their trade was a positive social good hardly needs to be proven.

Black baseball struggled from the beginning, suffering from a lack of access to capital and a lack of facilities. In order to survive, all-black teams spent most of their time and energy playing exhibition games against semi-professional white teams, for which

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31 Ibid., 487.
the black teams received a flat fee and the white teams received the gate receipts. These circumstances left black baseball with a reputation that played into stereo-types of unseriousness and inconsistency. Many understood that in order to be taken seriously, and in order to demonstrate that black players were on par with their white Major League counterparts, black baseball would need a coherent league with set schedules, standings and statistics. The first significant attempt at establishing a league came from veteran black pitcher Rube Foster, and Foster had several numbers men involved. With the demise of Foster and with the onset of the depression the prospects for the continuation of black league baseball were dim. Yet several energetic individuals, many of them numbers bankers, filled the void, tided baseball over through the 1930s, and built a quality of play that ultimately forced a smashing of the color line in the all-white Major Leagues. Absolutely essential to the survival and eventual success of the Negro National League was black Pittsburg numbers banker Gus Greenlee.

Unlike the Harlem entrepreneurs described by Shatzburg, Gus Greenlee did have something of an underworld background. According to journalist Mark Ribowsky, “The young Greenlee worked as a fireman, a cab driver, and an undertaker. Serving in World War I with the black 367th Regiment, he was wounded in the leg in the Battle of St. Mihiel in France. When he reached home, he used his cab to bootleg liquor to gambling dens and brothels around Pittsburgh and Homestead.”33 Yet, despite his origins as a bootlegger, by the late 1920s, his success in the numbers had turned him into a prominent business figure in Pittsburgh’s Hill district. In the words of Ribowski, “When the Steel City Bank, the only bank on the Hill, collapsed in 1925, Greenlee in effect became the

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district’s bank, making numerous interest-free loans to small black businesses and large social causes. People who came to him in need left with money in their wallets.”34 Such generosity coupled with Greenlee’s involvement in baseball served to legitimize him as a prominent community figure, despite his abundant illegal activities. Scholar Brian Carol, in his examination of the relationship between the black press and the Negro Leagues, points to the favorable treatment that Greenlee received from major black newspapers. Carol writes, “The Defender and Courier frequently mentioned Greenlee’s proprietorship of the Grill and his involvement in boxing, but without exception avoided reference to his numbers businesses. In the black press, its as if they did not exist.”35

In his book Negro League Baseball, Neil Lanctot offers a “scholarly non-nostalgic” account of “the black baseball industry,” and in so doing Lanctot places the figure of Gus Greenlee at the center of the business of black baseball.36 According to Lanctot, “Greenlee, like other numbers operators, enjoyed considerable support from urban blacks” and won “local approval through his contributions to the National Association for the Advancement of Colored People.”37 After Greenlee came to own the Pittsburg Crawfords in 1931, he transformed the team into a magnet for talented players

34Ibid., 159. In the assessment of Ribowski, the light skinned Greenlee was comfortable moving in white circles, and he benefited from his connections with prominent whites. Unlike the black numbers bankers in Harlem, Greenlee had significant connections with both black and white political figures. “His in crowd consisted of white ward heelers and corrupt politicians who had a hand in the numbers rackets. One of his more notable cronies was Art Rooney, who ran the numbers game on the white North Side before he bought a team of his own, the Pittsburgh Steelers, to play in the seminal National Football League. Gus’s most important ally was State Senator James Coyne, a Republican from Allegheny County.”
37 Ibid., 10.
such as Josh Gibson and Satchel Paige. Greenlee also provided the fledgling Negro National League with his business sense and organizational acumen. The onset of the depression had left black baseball hobbled, yet Greenlee “emerged as the one figure both capable and motivated enough to transcend the current difficulties and potentially revive the industry.” Other owners in the league rallied around Greenlee and elected him league president, on the basis that his “successful involvement in the numbers lottery had demonstrated his ability to build prosperous, albeit illegal, businesses.” Greenlee loaned money to other owners who were struggling with the depressed economy, and in the assessment of Lanctot it was “only through the efforts of Greenlee,” that the Negro National League survived the year 1933.

Gus Greenlee also promoted and financed a key innovation in black baseball, putting on the first East-West all star game, held at Comisky Park in Chicago in 1933. The annual game came to be the Negro League’s most successful and celebrated undertaking. Greenlee was the only team owner willing to put up the money to secure Comisky Park, as “perhaps more than any other owner, Greenlee realized the importance of presenting black baseball in a major league venue, transcending the usual white perception of black baseball as semi-professional in character.” Lack of facilities was a problem that plagued Negro League baseball, and black owners were constantly at the mercy of white booking agents who arranged the rentals of ballparks. Greenlee, was able to build his own ballpark, and although the lack of a roof at the field undermined its success, Greenlee field was nonetheless a point of pride for Pittsburgh’s black

38 Ibid., 19.
39 Ibid., 22.
40 Ibid., 38.
community. Although Greenlee ultimately had a falling out with the other owners and was no longer involved in baseball at the time of his death in 1951, in the assessment of Neil Lanctot “Greenlee had played an undeniably crucial role in rebuilding black baseball’s foundations during the 1930s, leading to eventual financial stability in the early 1940s.”

Gus Greenlee’s cross-town rival, the somewhat genteel Cumberland Posey seemed to have at least an arms length involvement with the numbers. Posey even penned an article in the Chicago Defender calling for the legalization, regulation, and taxation of the numbers business. Regardless of whether Posey was involved in the rackets, his principal partner in the ownership of the Homestead Grays, Rufus Jackson, was without a doubt a numbers operator. Tom Wilson owner of the Baltimore Elite Giants, which groomed future Hall Of Fame Catcher Roy Campanella, also seemed to have been involved in the numbers. Abe Manley, owner of the Newark Eagles, operated a substantial numbers business in Brooklyn. Manley’s wife Effa was also deeply involved in the running of the team. According to Lanctot, “Effa Manley’s background as an energetic and active civic leader in the Harlem community had anticipated her increased league participation, particularly her work in the 1934-35 ‘Don’t Buy Where You Can’t Work Campaign,’ and her commitment to the NAACP.” The Manley’s team, the Newark Eagles was the Negro League home of Larry Doby, later to become the first black player in the American League, when he signed with the Cleveland Indians. Alex

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41 Ibid., 291.
42 Carroll, When to Stop the Cheering, 80.
43 Lanctot, Negro League Baseball, 79.
44 Ibid., 86.
Pompez, owner of the New York Cubans, was also a well know numbers operator, who transformed his numbers money into a career in baseball ownership, and ultimately left the numbers game behind.\textsuperscript{45} Also involved in the numbers business were Robert A. Cole of the Chicago American Giants, Ed Semler of the New York Black Yankees, and Tenny Blount of the Detroit Stars.\textsuperscript{46}

For these numbers bankers the Negro Leagues served as an opportunity to launder money, to establish legitimacy in the community, to pursue interests, and to extend employment to a significant number of people. For the Negro Leagues, these numbers bankers provided the necessary operating capital to withstand the depression, the startup capital for creating new teams, and the necessary money for gaining access to facilities. Ultimately the bankers provided a forum in which black players, excluded and discriminated against by Major League owners, could play organized baseball and receive a salary for their efforts. Black baseball went into a dramatic decline after Jackie Robinson began playing for the Brooklyn Dodgers in 1947. With the demise of black baseball, came the disappearance of the best opportunity that the early numbers bankers had for converting their money into legitimacy. By the 1950s black baseball was insignificant, and black control over numbers gambling in most Eastern and Mid-Western cities was a thing of the past. With no legitimate industry in which to hide, black bankers were increasingly beset by police on one side, and Italian mobsters on the other side. The process of the assertion of white dominance at the top of the numbers industry, begun in New York in the 1930s had taken hold by the early 1950s. During the 1950s the numbers game continued to feature a great deal of local autonomy, as it continued to employ a

\textsuperscript{45} Ibid., 81.
\textsuperscript{46} Carroll, \textit{When to Stop the Cheering}, 37.
large number of blacks, with some black bankers able to operate independently. Yet the revenue from the game had become a standardized supplement to police salary in countless American cities, and involvement in the game had become a mainstay of the Mafia.

As white involvement in the upper levels of the policy business increased, the playing of the daily numbers increased among poor and working class whites in big cities. Eventually white racketeers went from extorting what was a black practice, to operating a game with a substantial white customers base and a significant number of white workers at all levels. William Foote Whyte, in his study of a poor white urban community *Street Corner Society*, makes abundant note of the “policy rackets.” He does not frame the transition in the numbers that took place after prohibition in racial terms, yet the process that he describes in “Eastern City,” is the same process that McKay and others have pointed to in Harlem. According to Whyte, “As the end of Prohibition approached, the racketeers needed to find an alternative field into which to expand their activities. The policy racket seemed to provide this opportunity. Since bets of a dime, a nickel, even a cent were taken, the racket appealed particularly to the poor man. At the height of prohibition profits, few of the top racketeers had paid attention to the exploitation of the numbers, but now many were beginning to see that small change would be worth collecting if it came in fast enough.”

47 The numbers business described by Whyte’s informants is highly centralized and tightly controlled. According to one low level worker interviewed by Whyte, “They set up the office in Eastern City, and they control the racket all over the ----- states. They got their representatives in every city, and

you can’t write numbers unless you belong to the organization.”\textsuperscript{48} While there certainly were multi-state numbers operations, the pattern of exclusive control described by Whyte’s informant is contradicted by numerous other assessments (including McKay’s) that offer a picture of far more local autonomy. Nonetheless, the fame and recognition of William Foote Whyte’s \textit{Street Corner Society}, served to contribute to the lasting impression that numbers gambling in the United States amounted to a vast, tightly controlled mafia conspiracy.

The notion of the daily numbers as a national conspiracy was greatly enhanced by the findings of a Senate committee lead by Estes Kefauver that investigated organized crime in the context of Interstate Commerce. The final report of the Committee issued in 1951 was over-laden with fears of a growing drug epidemic, yet it acknowledged gambling to be the basic field of activity for organized crime. Interestingly, the report repeatedly expressed anxiety that, once driven out of gambling, organized crime syndicates would turn their energy and acumen to the narcotics business. The report was nonetheless adamant that gambling must be curbed. Still, it did not offer any possible route by which gambling could be curbed while preventing this transference of efforts from the gambling business to the drug business. While narcotics activity was the key issue driving the committee, illegal gambling was portrayed as a crucial threat to American Democracy. The final report stated that gambling while seemingly harmless on an individual basis, “could become in the hands of monopolistic gangster syndicate operating across state lines, a cause of general breakdown in law enforcement leading not

\textsuperscript{48} Ibid., 120.
only to laxity in all branches of crime prevention but also to a decline in the quality and integrity of local government."\(^{49}\)

While this language from the Kefauver Committee stands as a succinct expression of how gambling was problematized in post-war America, the potential for problems in the field of law enforcement and governance had already become manifest. In New York the police in partnership with syndicates, were involved in gambling in an organized and systematic way. The leadership role within the partnership shifted back and forth between the police and mob elements, depending on prevailing circumstances. In the late 1940s, during the mayoralty of William O’Dwyer, the police were particularly assertive, ensuring that all forms of gambling paid tithe to the police department. O’Dwyer, himself a former policemen, was also the brother of a policemen, and during his tenure the police were given a free hand in the gambling field, provided that order was maintained in the city at large. Early in his second term, O’Dwyer was dogged by a series of gambling related scandals. In 1950, as the extent of police interconnection with illegal gambling became increasingly obvious, the Mayor sent a special message to the New York State Legislature, pressing for the legalization and regulation of gambling under state control. The Governor of the State, Thomas Dewey sent his own message to the legislature in response. Earlier in his career, Dewey had prosecuted many members of the Dutch Schultz gang, and in his 1950 message to the legislature Governor Dewey predictably voiced strong opposition to any legalization of gambling. Dewey pointed to gambling as

a corrosive element in society and warned against any state sanctioned venture in the gambling field.\textsuperscript{50}

Dewey’s arguments prevailed, and gambling remained illegal in the state. Mayor O’Dwyer, in his call for legalization had stressed the matters of unenforceability of the law, invitation to corruption, and erosion of police morale. Yet his seemingly solid arguments were undermined by the fact that he and his administration were under a cloud of suspicion. By calling for legalization of gambling, with scandal at his heels, O’Dwyer employed a tactic that has proved useful to countless politicians implicated in gambling corruption. By pointing to a mis-calibration of the line between legal and illegal, O’Dwyer sought to deflate any charges of impropriety. He also pointed to the problematic position that this mis-alignment between the law and common practices created for the working policemen. While the toleration of corruption under O’Dwyer can be seen as a demonstration of class solidarity with his fellow police, his call for legalization of gambling, belated though it was, can be seen as a call for reform of the police profession. With no serious political will for legal gambling evinced by Albany, O’Dwyer was forced to resign before being further marred by scandal. President Truman appointed him to serve as ambassador to Mexico, thus removing him from the site of the problem.

Yet, O’Dwyer’s travels abroad did not change the fact that there was a deeply rooted problem of gambling corruption in the New York City Police Department. With O’Dwyer’s resignation, City Council President Vincent Impellitteri became acting Mayor.

\textsuperscript{50} The request by Mayor O’Dwyer, and the message from Governor Dewey were reprinted together in, “Legalized Gambling in New York?,” \textit{The Annals of the American Academy of Political and Social Science, Vol. 269, Gambling} (May, 1950) 35-38.
Impelliteri was subsequently elected in his own right, but events related to crime and policing were being driven by an aggressive Brooklyn District Attorney. Revelations of large scale corruption among police forced Impelliteri’s hand, and in 1951, several hundred police officers were either fired, or forced into retirement. This sweeping away of so many police with so much experience in corruption left the field relatively open to the Italian Mafia, the most organized criminal group positioned to exploit the situation.

During the years of the relatively weak and somewhat incompetent Impelliteri administration, patterns of police corruption were driven and shaped by the Mafia, rather than by the police themselves. In particular a group of mobsters based on Pleasant Avenue in East Harlem, used strong relations of corruption with a new generation of police to control the New York numbers game more effectively than anyone before or since.

During the Mayoralty of Robert Wagner in the late 1950s, the relations between police and the mob moved towards an equilibrium, with both exercising significant powers to influence and shape the business of gambling in New York City. Mayor Wagner, the Yale-educated son of a Senator was far removed from the experience of patrolling the beat, or collecting bets on street-corners, and thus had little connection with the prevailing practices of gambling corruption. Yet Wagner approached gambling payoffs as a matter to be treated with benign neglect, and essentially looked the other way in exchange for police maintenance of order. Thus, the late 1940s through the early 1960s can be recalled as the heyday of mob-police cooperation in the numbers gambling industry in New York. This arrangement was frequently maintained at the expense of black and Hispanic numbers bankers who had once been able to operate with far more
independence from the mob and far less harassment from the police. Eventually during the 1960s and 1970s gambling in New York would be reorganized and recast, as it was confronted with prevailing discourses of fair treatment of the races, technocratic reform of governance, anxieties over the erosion of order in American cities, and eventually gambling would be subsumed in the debate over distribution of the tax burden.

Yet from the glory period of black controlled gambling of the 1920s and 30s, through the mob-controlled period of the 1940s and 50s, up to the tumultuous reckoning with gambling that took place during the 1960s and 70s, the paramount gambling related issue for black city dwellers in the United States remained access to jobs in the gambling business. Such jobs had been most abundant and generous in situations of black autonomy in the numbers game, and while work relations in gambling were often characteristic of the uneven relations of clientelism, cooperative elements were ever present in the day to day operations of illegal gambling in black areas. Redundancy was a feature of most outfits, and part of the numbers game’s staying power in black communities hinged on the game’s ability to provide large numbers of people with jobs.

An anecdote from Negro league ballplayer Ted Page serves to capture how the numbers business functioned to spread jobs around, often without regard to efficiency. Page recalled a winter in the 1930s when he found himself without a job for the off-season and he relied on Gus Greenlee to tide him over. Speaking for a collection of oral histories on Negro League baseball, Page recounted, “They had an old vacant house, or the second floor of it, in Hazelwood. They had a long space up there where they had tables where they turned in all the numbers each day. This was the headquarters for it. Gus gave me a chair. My job was to sit right downstairs on the sidewalk and ring a bell.
Anybody who was coming in who wasn’t supposed to be there, I would just push a button to alert them upstairs to get rid of all that money. That’s all I did.” And for Page this was no difficult job at all. “I remember so well my pay: $15 a week. I sat down in this chair from about one o’clock till about 3:30 when they had finished counting up all the money, sacked it and put it in the bank. That’s all I did. I never pushed the button. I did practically nothing all winter for $15 a week.”

This Community is Being Criminalized

Numbers in New York, 1960-1970

In early January of 1960, Harlem Congressmen Adam Clayton Powell Jr. opened the new year by tying the conduct of everyday gambling in New York to larger forces of racial discrimination. Speaking to a crowd of several thousand at the Abyssinian Baptist Church on West 138th street, Powell asserted that corrupt officers in the New York City Police Department were working in conjunction with the East Harlem Mafia to drive black numbers bankers out of business, thus serving to consolidate control of the gambling business in the hands of the mob. Small time black operators were constantly being harassed, while big time white bakers went unmolested. Powell declared that every week he would publicly announce the name and address of a numbers banker that has been willfully ignored by the police, thus challenging the police to take on the white numbers operators. Police Commissioner Stephen P. Kennedy immediately announced that an inquiry would be opened into Powell’s charges, declaring “The law is color-blind. If Mr. Powell has evidence of such discrimination I would like to hear about it.”

The emerging dispute between Congressman Powell and Police Commissioner Kennedy marked the beginning of a period of politicized contestation over the status of gambling in urban America. The discourse on gambling intersected with a variety of other issues, in particular the emerging set of demands for racial justice, a growing body of thought on the relationship between the law and personal liberty, elite anxiety regarding public safety and the erosion of order, and a crisis of policing that demanded

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significant police reform. Such questions of justice, morality, liberty, order and law, were further shaped by the ever present class conflicts at the root of disputation over the bearing of the tax burden. Ultimately, a decade that began with Powell’s demands for racial justice in the policing of the numbers, ended with a massive transformation of the state’s posture towards gambling, as New York State moved to establish a government lottery.

The historical narrative of conflict during the 1960s over illegal numbers gambling and the establishment of the New York State Lottery reveals that the need for police reform as it related to fears of disorder ultimately enabled the entry of government into the gambling sector. The perceived opportunity to undercut a longstanding source of police corruption intersected with the political impulse to defray the tax burden, and thus the New York State Lottery was born. By 1970 the New York State Lottery was by no means a success, yet its mere establishment can be taken as pivot in the American approach towards gambling. Even as the new lottery stumbled and floundered, in the words of Brooklyn Congressman Emanuel Celler, “a pattern of legalized gambling” was emerging.

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Just two days after Powell made his accusations of bias in gambling enforcement, “two hundred plainclothes policemen staged all-day raids on policy betting haunts” in Harlem. Yet the police chose not to disclose the racial breakdown of the persons who were arrested in these raids. Deputy Police Commissioner Walter Arm explained, “We are not playing Mr. Powell’s game. We have not and will not issue crime statistics by race or creed. We are not interested in a criminal’s color, only his crime.” Congressman
Powell called the arrests a “phony round-up,” and claimed that they only confirmed his original charges of bias. Noting that no East Harlem mobsters had been taken in, he stated, “Until action begins in that area and higher up, it is apparent that today’s arrests are an attempt to embarrass the Negro community, while continuing to let the higher-ups go scot-free.” The news-conference at which Powell spoke, was also attended by Chief for Eastern Manhattan Thomas L. Burns. For his part Burns claimed that during the previous year 4,120 persons had been arrested in Harlem on policy charges, and of that group “82 percent of them were Negroes,” which approximated percentage of Negroes in the area.2

As Powell and his top aides began to receive death threats he intensified the pressure on city and state government to take action. Once again speaking from the pulpit at Abyssinian Baptist Church, Powell stated, “I have this day sent a wire to the Governor of New York State, asking him to institute a special investigation of numbers in this city through state law enforcement agencies, through a special commission, through the State Attorney General or all three.” He discouraged his parishioners from engaging in gambling, yet noted that the true shame was to be found in sending so much money outside of the community. “Here we find a community lower in income than any other in the city, and yet we spend $50,000,000 a year to support Italian and Jewish policy bankers.” As for the threats that he had been receiving, Powell pronounced, “I don’t want

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any bodyguard around. I don’t need anyone dressed in blue next to me as long as I have God at my side.”

Police Commissioner Kennedy responded with a rebuke of Powell, arguing that race had no place in the discussion of gambling enforcement. Speaking at police headquarters, he stated, “Surely it is not necessary to appeal to anti-semitic or anti-Italian feeling to demonstrate that policy is evil.” He also noted that it was “ridiculous” for Mr. Powell to speak of Harlem gambling money going to support “another community.” In the words of Kennedy “The only community the racketeer money supports is the criminal community.”

But Powell continued to press the issue, publicly announcing the names and addresses of white gambling bankers who operated in Harlem. In order to avoid subpoena or libel suit for his statements, Powell read the names and addresses on the floor of the United States Congress, because a member of Congress cannot be sued for statements made from the House floor. Powell’s goal was to pressure law enforcement at all levels to “bring about a clean up of numbers racketeering.”

Many of the names that he read into the Congressional record were not new to the authorities. In March of 1959, a former police Sergeant Joseph Luberda was arrested for drunk driving, and was found to be traveling with nearly 20 thousand dollars in cash. Luberda was also found with “pay-off lists” accounting for the origins and the eventual destinations of the money. Yet, beyond simply rehashing the information obtained in the Luberda affair, Powell was giving both a federal and racial dimension to the issue. While bias in harassing black

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illegal numbers operators did not seem to carry the same moral weight of the various charges of police misconduct emerging from the American South, the simultaneous racialization and federalization of the numbers issue did fit basic patterns of the early civil rights movement. A black community leader, unable to appeal to the local police for justice, was instead appealing to federal authority. Powell got some limited results in this appeal when the Intelligence Division of the Treasury Department contacted Powell to assure him that they would pursue the matter from the angle of tax evasion. Yet, ultimately, the existence of unfair police practices in gambling would remain a local matter.

At the local level Powell met personally with Mayor Robert F. Wagner and suggested a major shakeup in the city police force, in particular calling for the reassignment of three senior Manhattan police officials. Police Commissioner Kennedy scoffed at the notion of reassigning these top men. He sent Powell a telegram stating, “You have just recently established yourself as a political district leader and therefore you are perhaps under some misapprehension. Under my administration, district leaders do not under any circumstances, make transfers, promotions or appointments either directly or indirectly to the Police Department of the City of New York.” In the telegram Kennedy also pointed out that if Powell had any “evidence of a crime committed by a police officer,” he had “a duty as a federal officer and as a citizen to voluntarily produce such evidence to a grand jury under oath.”

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While the political results of Adam Clayton Powell’s accusations were clearly limited, Powell did succeed in spurring New York journalists to take a closer look at the city’s numbers business. In the wake of Powell’s claims, The New York Post, (then a respected liberal newspaper) began an in-depth investigation of the policy rackets, and the result was a series of ten substantial articles on the topic. The articles by Ted Poston, with reporting from Alfred Hendricks, Irving Lieberman, and Richard Montague, centered on the so-called “pad.” The Post began by asking, “What is the pad?” And answering its own question stated, “the pad is the police-approved list of spots or locations where ‘official protection’ is guaranteed in the six-day a week operations of the numbers rackets.” At such locations, a person can rest assured that they can place a bet without any chance of police action. “A spot might be a grocery store or a tailor shop, a luncheonette or a poolroom. It might be a bank of elevators in a Wall Street office building. It might be an elevator or a newsstand in the Garment Center…It might even be a specified hallway in a Harlem tenement.” Each location had to be approved by the police and each location had to be paid for in cash. The Post’s reporting revealed that a spot on the pad was subjected to a complex pricing system, depending on the profitability of the gambling location and on the level of protection sought. “To operate on ‘Full Pad’ – that is to buy protection from the bottom to the top – costs each spot, even if its just a tenement hallway, about $2,500 a month. The tariff is scaled proportionally higher for those spots and locations where the daily play is greater.”

The Post initiated their investigation to follow up on Congressman Powell’s charge that the police were unfairly targeting black numbers operators. Yet the team from the Post quickly learned that “Harlem furnished only a fraction of the astounding sums
bet daily on a sucker’s game,” and thus the scope of the inquiry was widened to take in the entire city. The team of reporters found that the “gross numbers business written everyday on the waterfront – in Manhattan, in Brooklyn, on Staten Island, exceeds Harlem’s action on its best days.” The Garment District also showed to be a hive of numbers activity, and in the financial district, “the total play there appears to exceed the total take in the Bedford Stuyvesant section of Brooklyn.” This certainly did not mean that the numbers was being played across all class groups, but rather that the working-class individuals present in places like the financial district were playing the numbers in the neighborhood where they worked. The reporting demonstrated that the numbers, while a working-class activity, was being played widely across racial lines.

Powell’s accusations of bias did retain a central role in the Post’s reporting, and the articles gave special attention to the position of black and Hispanic operators in the business. The reporting noted that many black bankers had been squeezed by white organized crime, yet contrary to Powell’s statements there were still some independent black and Hispanic bankers left in the city. Even those numbers workers who were under the thumb of white gangsters were able to exercise a degree of autonomy by selling a game called “single action.” Developed around 1940, single action allowed the player to bet on individual digits of the daily three-digit number. According to the Post, “Single action is most popular in areas of Negro and Puerto Rican concentration and is often banked and operated by the runners and collectors in the employ of the big policy banks.” In other words, black operators were taking bets and paying out winnings on single action using a separate pool from the money involved in the three-digit game. The reporters spoke to one banker who had been forced out of business by the rising cost of the pad,
who claimed to have been making his living on single action alone. The informant notes, “The big white banks haven’t moved in on single action.” The odds of winning at single action are 1 in 9, while the payout stood at 8 to 1. The good odds and generous payouts explain why the poorest New Yorkers loved to bet on single-action, and why the mob had no interest in banking it.\(^8\)

Regardless of who was at the top, the numbers rackets spawned a massive employment structure that allowed thousands of New Yorkers to earn a living. “The runner,” was the basic street level worker. “He collects the numbers bets in specific places, such as apartment houses, tenements, offices, factories or street corners. Since he deals directly with the public, like a bank teller, he is most often the man arrested.” Runners were able to keep twenty-five cents on every dollar they collected, and they also often received significant tips from the winners. Since the runners were several steps removed from the banking of the operation, they sometimes did not even know who their actual banker was. Above the runner was “the controller.” Akin to the “branch manager” of the bank, a controller might work with as many as 100 runners, “and he gets ten cents on every dollar they turn into him. The controller function is in many ways the most important job in assuring smooth function of an operation.” Some controllers, known as “spot controllers,” rather than working with an army of runners, chose to take bets across the counter at some seemingly legitimate business, typically a grocery store, which was protected by the pad. These designated spots often employed “writers” who recorded bets, and issued slips to customers, earning a minimum of $85 a week. Many spots also

required a “lookout man,” who “keeps an eye out for uncooperative policemen and steers the customers to the ‘new spot’ when an old location is changed or busted.” For this work, the lookout typically received ten dollars a day.

The “pickup man” was charged with transporting the paper work and receipts, known as “the works” from the controllers to the bank. For this task the pickup man typically received about forty dollars a week. The banks themselves were often in New Jersey, Nassau County, Westchester County, and other areas outside the five boroughs. The banks were placed outside the city at the urging of cooperating police, who advised that if the banks were in the precincts then, the cooperating policemen might either have to raid them or otherwise explain why they chose not to. The banks themselves employed “adders,” who “operate the computing machines and other modern office equipment to make up ‘the ribbon’ which is the total list of the day’s bet.” Beyond the adders, “more highly skilled employees calculate the percentage of hits daily and the profit and loss. These office workers average about $75 a week, and each bank or sub-bank has a manager who gets about $125 a week.” Many operations employed a “payoff man” who distributed the winnings, usually at a designated location at specified hours. Such a “payoff station” was typically a local bar, so that as a matter of “public relations” the many bettors who did not win could see with their own eyes that winning was in fact a possibility, and that those who did win, received their money. The payoff man typically received $100 a week.

Ancillary roles in the business included those of “tenant” and “stand in.” A tenant was simply “an apartment dweller who lets a controller use the premises for a few hours each day to tally up the policy slips before sending ‘the works’ to the bank. The tenant is
usually an employed person who is away from home during this time.” A tenant was likely to receive $10 a day for the use of his or her apartment, and according to the Post, “there are hundreds of such apartments in use all over the city.” While tenants were often working people, the “stand ins” were often quite the opposite. The larger arrangements with the police required that each operation be “assessed a specific number of arrests each month…to meet quotas for the official police records.” Thus stand-ins were paid to be arrested. “Each wino or junkie, or anyone else who accepts the role, must be paid $50 a ‘bust’ when he takes a ‘stand in’ arrest for a policy employee. In addition the lawyer and bondsmen in each case usually get $25 a piece.”

The “banker” sat at the top of the organization. “This is the president, the chairmen of the board. He puts up the money to operate the policy bank, collects his 65 cents on every dollar, and pays off all hits.” Interestingly the Post noted, “he has to be able to put his hands on large sums of money at any time, so many policy kings finance their ready-money business from the cash receipts of the narcotics trade.” This assessment runs counter to charges leveled by countless law enforcement officials, politicians, and journalists during the 1960s and 1970s, who claimed that the numbers financed the drug business rather than the reverse. Yet, it would seem that both the drug business and the numbers business financed themselves. Thus rather than a necessary interdependence running in one direction or the other, some illegal operators clearly chose to operate in both fields and thus at times intermingled the pools of money. Regardless, the claims and accusation tying the numbers economy to the drug economy drastically shaped the debates and eventual outcomes of American gambling policy and practice. It worth noting that in 1960, before the desperate anxiety over the spread of
drugs had truly set in, reporters noting a connection between the two industries, saw the relationship operating in reverse of what would later be claimed by so many others.  

Adam Clayton Powell had declared that there were no longer any black bankers working in Harlem. The *New York Post* found this claim to be untrue, and pointed to several black bankers working in the area. Nonetheless, the *Post* identified a pattern of black bankers being reduced to controllers because they could not afford to keep up with the increased costs of the pad. As controllers, the former black bankers worked for the East Harlem mob. The East Harlem group was willing to pay the highest rates for protection and thus came to be favored by corrupt police. A black former banker told the *Post*, “I don’t think that there has been a Negro banker – what few there are of us left – on a full pad for the last few years.” In reference to the charges of bias leveled by Congressman Powell, the same former banker offered, “there is some truth in what he says, but I don’t think it’s just racial. You see, these cops know that the East Side mob can afford a full open pad for each of their spots…No, I don’t think its all racial. From the cops point of view, it’s just more efficient business.” Spots on a “full open pad” were assessed rates “on the basis of the personnel assigned to the division, to the precinct, and to the special squad above them.” While not all police officers took the illegal money, they were accounted for in the determined rates, making the pad something akin to a collective bargaining agreement between the police and the East Side mob.  

The key figure in the East Side mob was identified by the *Post* as Anthony “Fat Tony” Salerno. A high-ranking figure in the Genovese crime family, Salerno was “born and reared in the East Harlem neighborhood where he still operates his bank (in absentia)  

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on E. 116th St. between First and Pleasant Avs.” The former youth boxer was given his first prison stint at 18 years old in 1932 for the crime of armed robbery. In the subsequent decades he compiled a resume of extortion, violence, and heroin dealing. Yet his crowning success in the field of crime was to implement the coherent organization of the police payoff pad using connections in the vice squad, to assure that virtually all numbers location in the city had to be approved by the Pleasant Avenue group. A “recently retired Negro banker” explained to the Post that the take-over by the East Harlem group that began in the late 1940s, was not violent in the manner of earlier attempts to muscle in by Schultz and other bootleggers. Rather, “the East Harlem boys just got together with the cops, raised the price for protection, and then got the right to say who could get on the pad and who couldn’t. There were at least 30-odd Negro banks dong business when the mob moved in. I doubt that there are a half-dozen left now – if you don’t count the boys trying to make a living with single action.”

Several black and Puerto Rican run banks were allowed to operate independently, banking their own games. Yet these independent banks still had to be approved for the pad, and thus they had to have some relationship with the East Side group. According to the Post, “the remaining ‘independent’ banks run mainly by veteran Negro and Puerto Rican bankers were to be supervised by the Syndicate at a flat fee of 1 percent of the gross take.” The daily “ribbon,” or tabulation of total play, of each “independent bank was checked by a representative of the East Harlem group, to ensure that they were

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receiving a full 1 percent.\textsuperscript{13} Despite paying fees to the mob and paying increased rates for the pad, some of these “independent” banks were successful. The Post noted roughly half a dozen “Negro banks in full operation” in Harlem. “The largest of these is a Negro-Puerto Rican operation run by Henry Lawrence and Spanish Raymond Marquez, whose bank pays for ten spots.” Henry Lawrence who “fronts as a tailor” operated on 148\textsuperscript{th} Street and Eight Avenue, while Marquez, “ostensibly a theatrical producer” operated on Eighth Avenue and 112\textsuperscript{th} Street.\textsuperscript{14} In glancing back at recent violence in the numbers game, the \textit{Post} noted that “One of the most spectacular killings occurred on Aug. 17, when ‘Spanish Raymond’ Marquez…shot to death David Peters, the hoodlum son of a Negro minister at 113\textsuperscript{th} St. and Eight Avenue.” Although Marquez “fled after the shooting, which insiders said grew out of a feud over Peters’ number writing activities,” Spanish Raymond “surrendered the next afternoon and claimed self defense.” Ultimately, “A grand jury failed to indict ‘Spanish Raymond’.”\textsuperscript{15} The story of Marquez featured in the \textit{Post} amounted to an early glimpse at a figure who would come to demonstrate remarkable staying power in the New York numbers game over the subsequent decades. Marquez would prove incredibly adaptable to shifts in the New York gambling business, and his actions in 1958 contrast sharply with his later attempts to pursue legitimacy.

While the remaining black and Hispanic bankers had to make their accommodations with Fat Tony Salerno, the lower echelon workers in the numbers business remained highly vulnerable out on the street. A black lawyer speaking to the \textit{Post}, referred to the statistics provided by Deputy Chief Inspector Burns, which stated

that 82 percent of the over four thousand persons arrested for Policy in Harlem during 1959 were black. These thousands of persons were street level numbers workers, for the most part runners and lookouts. The lawyer explained, “this means that this community is being criminalized. Once a person is arrested for numbers, it is impossible to receive private employment any more.” The lawyer also noted the presence of 16 and 17 year old kids working in the business as runners, and he pointed out that as they begin to accumulate arrests they would ultimately be excluded from “ever getting any kind of decent job.” The lawyer also argued that the racket was interconnected with narcotics and expressed concern that youth employed in numbers would eventually end up working in the drug trade. Yet he basically conceded that numbers employment was somewhat necessary to prevent even further marginalization. The lawyer argued that in the midst of the recent crackdown due to the Powell accusations, “you will find a rise in crime other than those connected with gambling.” He explained, “Any police activity is bound to affect certain peripheral employees of the racket – musclemen, winos, junkies, ex-cons and others who make a buck in the numbers business one way or the other to keep going. Deprived of this they’ve got to resort to other illegal activities – burglary, robbery, muggings…For these men are the unemployables who can only make a ‘legitimate’ living through the policy racket.”

The in-depth work of Ted Poston and the other reporters from the Post, while contradicting Powell’s claims of the total elimination of the black banker, nonetheless essentially confirmed that within the business of numbers the black banker had been

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marginalized, and through constant arrest of lower level workers, thousands of black New Yorkers had been further distanced from any possibility of legal work. Yet beyond this general confirmation that the processes of marginalization that prevailed in the legal economy were at work in the illegal economy, Powell received few results for his efforts to push a clean up of the rackets. What he did receive was a bomb threat in the mail. The note read, “This is a white man’s country. Get Out.” It was signed “The Mob.”

Meanwhile Powell’s feud with Police Commissioner Stephen P. Kennedy continued to escalate. In a sermon delivered in front of 2,000 people on February 7th, 1960, Powell called for Kennedy’s resignation. According to the New York Times, “he criticized Mr. Kennedy for his refusal to comply with a request by the Mayor’s Committee on Harlem Affairs that he appoint a Negro Deputy Police Commissioner.” Powell called on Mayor Wagner to replace Kennedy “with a civilian Commissioner of Police.” Kennedy responded by proclaiming, “he would not make appointments or assignments on the basis of race, color, or creed.”

The Editorial Board of the New York Times came out against Powell the following day. In the words of the Times, “Representative Adam Clayton Powell Jr. has been conducting a one-man vendetta against New York City’s Police Commissioner, Stephen P. Kennedy.” The editorial refuted Powell’s claims that police department was “lily-white,” pointing to the “1,200 Negroes in it, in all sorts of jobs.” The paper offered a full-throated endorsement to Kennedy, writing, “The Police Commissioner that Mr. Powell is criticizing, trying to push around and – all else having failed – attempting to remove, is

17 “Powell gets bomb threat in mail; FBI begins probe,” Afro-American, February 6, 1960.
one of the best New York has had.” The editorial reprinted the condescending telegram that Kennedy had sent to Powell, seconding its sentiments. And to conclude the Times offered some advice. “We suggest to Representative Powell that he stop trying to run the Police Department. It is being run well without him.”19 Along with the New York Times, Mayor Wagner also lined up behind Kennedy, declaring Kennedy to be “a good police commissioner.”20

Powell continued to read out the names and addresses of numbers bankers, as well as the names of former policemen, who seemed to live well above the means provided by their salaries. Pointing to Sergeant Steven DeRosa, Powell noted that “the salary for a police is about $7,000 a year.” Yet somehow DeRosa was living in a “very impressive home” in Englishtown New Jersey, that “bespeaks of a man of substantial means.”21 Yet Powell continued to confine his revelations to the floor of Congress, and thus Manhattan District Attorney Frank Hogan, and Police Commissioner Kennedy treated the issue of numbers corruption as a dead end due to Powell’s refusal to testify in front of a grand jury.

With Powell’s refusal to take his charges to a grand jury, the sense of scandal and shame surrounding the police department began to dissipate. Powell shifted his focus to other matters, among them a boycott of Harlem liquor stores that refused to use black distributors, a constant push for more job opportunities for black New Yorkers within the municipal structure, and his own trial for tax evasion. Stephen Kennedy, while he certainly did not step down on the orders of Congressmen Powell, did not last another

year in his job. Yet, in a sign that Kennedy had taken Powell’s charges more seriously than he let on, he promoted John Francis Walsh to Chief of Detectives. Walsh had spent over a decade working on investigations into police dishonesty, usually relating to gambling corruption.\textsuperscript{22} The promotion of Walsh was part of a larger set of disputes between Commissioner Kennedy and the rank and file in the police department. Ironically, the feud between Powell and Kennedy was relatively timid compared to the feud between Kennedy and the Patrolmen’s Benevolent Association. While Powell was right in identifying deep numbers corruption, Kennedy himself was far more aggressive in combating such corruption than any of his predecessors had been. Kennedy had in fact instituted periodic shake-ups at the precinct level, in part to undermine patterns of corruption ever since he stepped into the job in 1955.

In the summer of 1960 the hostility between Kennedy and the mass of working police came to something of a head when Kennedy pursued a crackdown on the practice of “moonlighting.” Given that the New York City patrolmen earned $6,706 a year at the time, many officers took second jobs, and while this practice had long been against official policy, most commissioners chose to wink at the practice rather than crackdown on it.\textsuperscript{23} By the estimate of John J. Cassese, head of the Patrolmen’s Benevolent Association, between 60 and 70 percent of policemen were working second jobs.\textsuperscript{24} As Kennedy took action against those engaged in moonlighting, The Patrolmen’s Benevolent Association, the relatively new quasi-union representing policemen, took a series of

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\textsuperscript{24} Paul Crowell, “60 to 70% of City’s Policemen Reported Holding Extra Jobs,” \textit{New York Times}, October 17, 1960.
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unofficial job actions in October of 1960. Hoping “to bring the situation to the attention of the Mayor,” policemen throughout the city, angered by the moonlighting ban, engaged in a work slow down. Tension over the issue mounted when Kennedy “threatened the dismissal of any policemen who solicited or contributed funds to pay the fines of men penalized for moonlighting.”

Disgruntled police placed anonymous calls to newspapers to warn of a slowdown on traffic enforcement, and on October 25, at around 2 A.M. “an unidentifiable voice on a police waveband said simply: ‘No Summonses tonight.’” The PBA denied any involvement in the slowdown, but rather pointed to generally low morale on the force. The protesting police relied on language in police regulations that gave officers the right to “warn and admonish” in instances of minor or borderline infractions. In a number of ways the slowdown spoke to many of the same issues that were at play in the controversy over numbers corruption. Underpaid police, only able to survive by seeking supplemental sources of income, were defending their prerogatives, and flexing what they saw as their right to exercise the discretion to look the other way at minor offences.

Kennedy was outraged, and he referred to the ticket slowdown as a “strike,” characterizing it as “treason” against the people. Speaking to reporters he quoted Calvin Coolidge, who had crushed a Boston Police Strike, while serving as Massachusetts Governor in 1919. In the words of Coolidge “There is no right to strike against the public safety by anybody, anywhere, anytime.” For Kennedy, the incident demonstrated “the ever present danger of police unionization under any other name.” Although it is open to question whether the “public safety” was ever at stake, the New York Times reported, “as

far as could be learned this was the first time in the history of the Police Department that there had been concerted action that resulted in mass failure to carry out prescribed duties"26

As the feud escalated between Kennedy and the PBA, Kennedy had the PBA-head John Cassese demoted to traffic duty. In retaliation, working police pursued the feud by reversing their tactics. Rather than slowdown the issuance of summonses, they engaged in a speedup, papering the city over with traffic tickets during the last week in October, thus truly dragging the public into the dispute.27 As rumors spread that the police might stage a “sickout” on election day in November, Kennedy promised severe measures. “If there is any malingering, they may as well mail their shields in. They will be fired.” The Commissioner characterized the possible “sickout” as a threat to Democracy, and swore, “If necessary, I’ll ask for the militia, the marines, the paratroopers or whichever services are available to preserve the right to cast a ballot.”28

As the ticket blitz continued into November, the standoff became national news with the editorial board at the Washington Post proclaiming Kennedy to be “universally acknowledged” as “extraordinarily efficient, conscientious and honorable.” The paper also noted that “neither New York nor any other American city pays its policemen enough to attract men of high capacity and probity to the force and enable them to live decently without supplementing their income from outside sources.”29 Such a declaration

from the *Washington Post* could just as easily have served to explain the intractable nature of the numbers pad, in all of the major Northern cities.

A heightened professionalism was at the heart of Kennedy’s program for police reform. But the lowly paid New York Police workers guarded their prerogatives fiercely. A policemen speaking anonymously to the *New York Times* lamented, “In the old days the cop on the beat kept the peace by handing out curbstone justice. The only time he took anything to court was when he couldn’t handle it with his nightstick.” In contrast, “today the Commissioner says its not the job of a policeman to adjudicate anything.” A detective also speaking anonymously spoke in the same vein. “In the old days if some bum came in here and told me he was robbed of a thousand dollars, I’d toss him out on his ear. Not today. Today if he comes in here and tells me someone stole his purple Pekingese, I got to make out a complaint and go looking for it.”

Given that Kennedy’s program required that everything be done according to the letter of the law, at the expense of the policeman’s discretion, the activist police sought to use Kennedy’s program against him, by enraging the public through strict enforcement of the traffic codes.

Yet this program of action backfired, and ended up delighting Kennedy. After the ticket blitz was one month old, Commissioner Kennedy noted that traffic deaths were down 43% from the same four-week period during 1959. Although he appeared to have gotten the best of the PBA in this particular instance, Kennedy’s difficulties with his subordinate workers went beyond the moonlighting issue and the slowdown/speed up of

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traffic tickets. He steadily found himself at odds with the Patrolmen’s Benevolent
Association over a variety of topics such as promotion policies and grievance
procedures. The moonlighting issue ended up in court, and a State Supreme Court judge
upheld the ban on outside work, noting that such a ban had been “part of the police
regulations since 1873.” On the same day that the court handed down its decision,
Kennedy swore-in forty five probational patrolmen telling them “you have got to learn to
live within your own salary,” instructing them to devote their “full time and intellects as
policemen,” while taking satisfaction in doing a job well.” On the other side of the ledger,
he vowed to press for better salary and more benefits for police officers.

Despite his vow to press for better salaries, Kennedy remained unpopular with the
average policemen, and the PBA attempted to pressure mayor Wagner not to reappoint
Kennedy when his five-year term ended in late February of 1961. Given Kennedy’s well
demonstrated independent streak, Wagner had ample reason not to reappoint him. Yet
Kennedy was quite popular with elite good-government groups and civic-organizations,
and his reappointment was literally demanded by the editorial boards across the city.
Wagner, against the council of several of his advisors, announced Kennedy’s

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32 Kennedy was sued by 2,000 police for withholding promotional titles, while giving
officers the duties and responsibilities of ranks higher than their official title. A State
Supreme Court Justice ordered Kennedy to end the practice of “out of title” assignments
or face a jail term. See “Police Head Gets Till Jan. 16 to End Out-of-Title Jobs,” New
York Times, January 5, 1961. Kennedy also consistently stood against the establishment
of formal grievance procedures for police officers, a stance which earned him great
hostility from the rank and file. Speaking to a group of clergymen, Kennedy explained his
position on the grievance issue, stating, “Policemen must be disciplined, they do not have
the liberty of action enjoyed in other, private occupations…The whole chain of command
is breaking down and this is a semi-military organization.” Summing up his top down
approach, he asked, “How in the name of all that’s holy can you run a department on the
wishes of the lowest echelon? This leads to chaos.” See “Morale of Police Called

reappointment at a City Hall press conference on February 20. Just hours later, Kennedy announced that “he could not accept reappointment until he was certain that a satisfactory salary adjustment of police salaries,” to the tune of an extra $600 a year, would be instituted.  

Only two days after his reappointment, Kennedy resigned at a midnight press conference, citing the key issues as the moonlighting ban, and Wagner’s hesitance on guaranteeing police pay-raises. Kennedy told gathered reporters that the moonlighting ban must be enforced because of the “inherent conflict of interest and unavoidable drain on the department’s efficiency which results from policemen with divided loyalties.” As Wagner seemed to prefer the status quo of winking at the ban, while making no substantial change to police salaries, Kennedy resigned his post.  

As Kennedy’s replacement, Mayor Wagner chose Michael J. Murphy, the chief inspector of New York City. The appointment of Murphy was met with jubilation from the rank and file. Yet he quickly announced that he would pursue corruption in all corners of the department. In April he summoned 175 top ranking officers to remind them that the gambling laws are to be strictly enforced. Murphy also established a Gambling Enforcement and Inspection Review Board to work with district attorneys and grand

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juries. Yet, while he vowed to see the laws on gambling enforced, Murphy simply did not pursue matters of corruption with the same tenacity that Kennedy had shown. In 1964, he seemed to have arrived at the position that public demand for numbers-play, must be undercut if any meaningful enforcement was to be implemented. “There is nothing immoral about gambling in itself, but most numbers players don’t realize that their ‘harmless’ bets of quarters and half dollars are helping support the narcotics trade, prostitution and other evils.”

The persistence of corruption coupled with several cases of police violence brought tensions between police and New York’s poorest communities into sharp focus. The killing of 18 year old Francisco Rodriguez by an off-duty policemen in East Harlem, during February of 1964 renewed calls for civilian oversight of the police. Two years before his death Rodriguez had been named “boy of the year” by the local boy scout chapter, and his killing brought the Puerto Rican population of East Harlem deeply into the ongoing dispute over civilian oversight of the police. Murphy mishandled the response to the incident, referring to the portrayal of Rodriguez in the press as a “boy of the year” as a case of “crocodile tears.”

Relations between Murphy and the black community of Harlem were equally problematic. A long running Harlem rent-strike movement led by Jesse Gray, leveled charges against the police similar to Congressman Powell’s accusations regarding gambling enforcement. Gray argued that the police were quick to serve white “slumlord” building owners by evicting people, yet were uninterested in upholding the law on behalf

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of tenants living in derelict conditions. After Gray was arrested for trying to block an
 eviction he told reporters, “The Police Department reacts with great speed to uphold the law for the slumlords. We ask them to show the same speed in arresting the slumlords and protecting the people.”39 Weighing in on the dispute between the rent-strikers and the Police Commissioner, Reverend Richard Allen Hildebrand, President of the New York NAACP argued that “Commissioner Michael J. Murphy would do well to investigate his own Police Department instead of attacking persons who are trying to help Negroes in Harlem.” Hildebrand pointed out “Negroes in Harlem have very little confidence in the police because they believe the police are accepting graft.”40

With the July killing of 15 year old James Powell by Lieutenant Thomas Gilligan, the tensions between the Harlem community and the police erupted into a substantial disturbance remembered as “the Harlem riot.” The focus of the rioting was not looting or destruction of property, rather the focus was direct confrontation with police. While the case of the shooting of James Powell was certainly the immediate cause of the riot, the role of longstanding grievances relating to corruption should not be underestimated. In the aftermath of the riots, Barbara Benson, a black woman from Brooklyn captured the sentiment of distrust towards police in a letter to the New York Times titled, “Why Harlem Negroes Riot.” Benson wrote, “A ghetto police force is a force in league with the underworld, a bribed force.”41 Whether serving illegal evictions on behalf of slumlords or working in coordination with white mobsters to control the numbers business, the police were perceived to be enforcing a political economy of exploitation by outsiders.

While the rioting in the summer of 1964 showcased the frustrations of black New Yorkers in Upper Manhattan and in central Brooklyn, the episode crystallized a growing fear on the part of elite New Yorkers that a general erosion of order was underway. While editorialists and politicians were sure to denounce the rioters, the issue of police behavior had become increasingly difficult to ignore. The status quo of toleration for the policemen’s prerogative, “curbstone justice” and the pay envelopes of “pad”, in exchange for a general maintenance of order was slipping into the past during the mid-1960s. For many observers it had become clear that going forward, the maintenance of order would require significant police reform. New Yorkers of color pressed the demand for the creation of a civilian oversight body to monitor police behavior. When the city council moved forward with the idea in 1965, Commissioner Michael Murphy resigned. The history of the development of a civilian oversight body in New York, is a long and tortured tale, characterized by fits, starts, and backtracking over the decades. The most consistent aspect of this history is that black political leaders, beginning with Adam Clayton Powell Jr. in 1960, ceaselessly advocated for it, while the police and their political allies vehemently opposed it. The issue, which had so little impact on the day-to-day life of working police, loomed as a symbol, and functioned as a remarkably important source of police disgruntlement.

While the need to confront brutality by police was muddled and undercut by racism and political ideology, the need to confront economic corruption by police emerged as a much more straightforward issue. The very legitimacy of the police force, and thus the legitimacy of the government itself hung in the balance. If the police are to be the barriers against an impending descent into anarchy and lawlessness, then the police
cannot be “a bribed force,” a force “in league with the underworld.” Yet gambling corruption had repeatedly proved intractable, and tireless reformers such as Stephen P. Kennedy had barely managed to put a dent in pad system.

In 1964, District Attorney Frank Hogan began to reveal the results of several years of investigation into gambling corruption. As Hogan (who had taken the issue seriously from the time of Congressman Powell’s accusations) revealed patterns of gambling corruption, Murphy responded with shake-ups and transfers. Yet much of this seemed all too familiar to many observers, and the repetitive drama of the gambling scandal followed by dismissals and transfers, increasingly lead “reformers” in the mid-1960s to look at the law itself as part of the problem. In the wake of the revelations by DA Hogan of more corruption related to gambling, the New York Times Editorial Board adopted the posture that, “the real corruptor is not gambling per se but the gambling laws themselves.”

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While the debate over gambling practices in New York was driven largely by local considerations, the debate was also shaped by an emerging discourse on the concept of the victimless crime. During the 1960s and on into the 1970s a number of legal scholars, sociologists and criminologists began to examine certain categories of illegal behavior, ultimately positing that in these particular cases the problem at hand was not the anti-social behaviors but rather, as the New York Times stated in reference to gambling, the problem was with “the laws themselves.” At issue in the debates on victimless crimes were questions of personal freedom, sovereign authority, and social

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well-being. Within the academic and policy discussions, these longstanding concepts rubbed up against historically contemporary fears of disorder, and questions of the size and coherence of organized crime groups. The ideas offered by scholars of the victimless crime, created a space for liberalization of gambling practices, while ultimately the contemporary fears of disorder and of the power of organized crime served to proscribe this liberalization of gambling within the limits imposed by the partnership between private business and the state under contemporary capitalism.

The concept of the victimless crime can be traced back to the 19th century liberal John Stuart Mill. In his famous essay “On Liberty,” Mill takes up the questions “What, then, is the rightful limit to the sovereignty of the individual over himself? Where does the authority of society begin? How much of human life should be assigned to individuality, and how much to society?”44 His answers to these questions were cited over and over again by the scholars of the victimless crime. “As soon as any part of a person’s conduct affects prejudicially the interests of others, society has jurisprudence over it, and the question whether the general welfare will or will not be promoted be promoted by interfering with it, becomes open to discussion. But there is no room for entertaining any such question when a person’s conduct affects the interests of no persons besides himself, or needs not affect them unless they like (all the persons concerned being of full age, and the ordinary amount of understanding).”45

John Stuart Mill worried about the “existence of classes of persons with an interest opposed to what is considered as the public weal, and whose mode of living is

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grounded on the counteraction of it. Ought this to be interfered with or not? Fornication, for example must be tolerated, and so must gambling; but should a person be free to be a pimp, or to keep a gambling house? The case is one of those which lie on the exact boundary line between two principles, and it is not at once apparent to which of the two it properly belongs." Mill did not venture to decide, but rather he left a long standing set of questions regarding the proper calibration of that “boundary line.”

In the twentieth century, questions regarding the conflict between liberty and a moralizing law were first revived in England. A parliamentary committee to review the laws on prostitution and homosexuality reached a set of conclusions which shocked many in the English speaking world. The final report, released in 1957, of what has come to be known as the Wolfendon Committee stated “Unless a deliberate attempt is to be made by society, acting through the agency of the law, to equate the sphere of crime with that of sin, there must remain a realm of private morality and immorality which is, in brief and crude terms, not the laws business.”

The release of the Wolfenden report touched off a heated exchange of ideas between Lord Patrick Devlin and H.L.A. Hart, noted as “one of the most remarkable debates in the history of English speaking jurisprudence.” Lord Devlin, a High Court judge, offered his views to the public in the British Academy’s 1959 Maccabaean Lecture in Jurisprudence, in which he rejected the existence a “private sphere” of morality into which the law ought not to tread. Devlin argued that a shared morality was the source of

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46 Ibid. 121.
social cohesion, and thus private acts of immorality subverted the moral order and ultimately threatened societal disintegration. He rejected the notion put forward by the Wolfenden Committee that there was a private morality that was “not the law’s business.” Anxieties characteristic of late 1950s early 1960s Great Britain regarding the crumbling of empire, the challenges of integration, the redefining of gender-boundaries, along with the standard cold war paranoia of the time, were conflated and crystallized in one of Devlin’s most famous statements: “The suppression of vice is as much the law’s business as the suppression of subversive activities; it is no more possible to define a sphere of private morality than it is to define one of private subversive activity.”

Devlin’s counterpart in this debate was Oxford Professor of jurisprudence H.L.A. Hart. After naming Devlin’s argument the “disintegration thesis,” Hart went on to point out that there was no empirical evidence to support the notion that changing versions of morality lead to societal disintegration. On the other hand, there were endless examples of societies that survived shifts (subversions) of their standard morality. Although Hart may have carried the day in the scholarly field, the recommendations of the Wolfendon Committee were nonetheless rejected by the English government.

The controversy in Britain was watched closely by American sociologist Edwin Schur, who spent two years conducting research in England during the early 1960s. It is no exaggeration to say that, as far as American scholarship is concerned, Edwin Schur literally wrote the book on the victimless crime. Having taken up the issue of abortion in a 1955 article appearing the journal *Social Problems*, and having later reviewed the final

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48 Ibid. 51.
49 Ibid. 53.
50 Ibid. 64.
report of the Wolfendon Committee for the American Sociological Review, he was already well situated as an authority on the subject, when his book Crimes Without Victims appeared in 1965. Schur linked the over-use of the criminal sanction to the spread of black markets by which “police efficiency is impaired and police corruption is encouraged.” Yet beyond the practical policy purpose of examining the topic Schur argued that misaligned laws may indicate important sites of social meaning. According to Schur, “Unenforceable criminal law serves as an indicator of inconsistencies in a society’s value system; it may reveal conflict of interest (both economic and more general) underlying the legal structure and may serve to pinpoint significant loci of social change.”

Schur left the field of sociology with a clear definition of the concept of the victimless crime. “It essentially refers to the willing exchange, among adults, of strongly demanded but legally proscribed goods or services” He argued that demand for such services “can provide the basis for illicit traffic. Not only is this seen in the abortion situation, but also in the somewhat analogous cases of prostitution and gambling (which would seem to be two more major examples of victimless crime.)” While Schur stopped short of calling for any large scale decriminalizations, he encouraged policy makers to reconsider such behaviors in “relation to human needs and social values” and to pursue policy that “will best maximize social gains and minimize social costs.” Ultimately

51 Edwin M. Schur. Crimes Without Victims: Deviant Behavior and Public Policy (Englewood Cliffs: Prentice Hall, 1965) 7. Deeply influenced by Erving Goffman, Schurr believed that the power of “labeling” and “stigmatization” through criminal sanction could have serious negative effects. “
52 Ibid. 8.
53 Ibid. 169.
54 Ibid. 174.
society may have to seek a “means by which the good or service might be provided under a non-repressive policy.”

Schurr’s work appeared as the nation, at the direction of President Lyndon Johnson, began a close examination of the crime problem, in an attempt to arrive at a unified national policy. On March 8, 1965 Johnson outlined his Special Message to the Congress on Law Enforcement and the Administration of Justice. “Since 1940 the crime rate in this country has doubled. It has increased five times as fast as our population since 1958.” Although he cited the clear links between poverty and crime, he argued, “Crime will not wait while we pull it up by the roots. We must arrest and reverse the trend to lawlessness.” He articulated what became one of the prevalent political themes of the decade ahead, as he stated, “Our streets must be safe. Our homes and our places of business must be secure. Experience and wisdom dictate that one of the most legitimate functions of government is the preservation of law and order.” Johnson and the national anxiety he expressed served as a countervailing force to any impulse towards relaxation of the criminal sanction.

The notion put forth by Edwin Schur, that drugs and drug abuse did not involve victims, was in direct contradiction to the President’s thinking on the topic. According to

55 Ibid. 178. Schur continues, “Embodied in these decisions is an insistence that social approval shall not attach to the transactions in question; but also implied is the recognition that the particular goods and services shall in one way or another be made available. The woman is to be relieved of her unwanted pregnancy even if reputable hospitals are not to cooperate. The drug addict is to obtain his drugs, but not from legitimate medical sources. The homosexual is to pursue his sexual inclinations, but must conceal his condition and submit to a certain amount of segregation. Overall, “the actual effect of the policies employed has been to regulate, and not to eliminate. Despite pious protestations, it seems clear that the repressive policies discussed in this book represent social decisions as to how the various demanded goods and services are to be allocated.” See Schur, 176.
the President, “Senseless killings, robberies, and auto accidents have resulted from the radical personality changes induced by the indiscriminant use of drugs.” Issues such as drugs and gambling were not without victims, rather they were inextricably linked to a crime source of singular importance, which was working day and night to victimize society as a whole. Johnson explained, “Organized crime is a cancer in the city. It has become an entrenched national industry. It embraces gambling, narcotics, stock and bankruptcy fraud, usurious loans, or corruption of public officials or labor management relations.” Gambling was at the very heart of threat, as according to Johnson, “Racketeering feeds on itself. Illegal gambling, for example, channels enormous profits to other criminal arenas. The citizen is the loser.” With the nation faced with such problems, the President proposed the creation of a commission to seriously study crime with the task of answering the basic question of, “How can law enforcement be organized to meet present needs?”\footnote{Lyndon B. Johnson, \textit{Special Message to the Congress on Law Enforcement and the Administration of Justice}, March 8, 1965.} The Commission was formally established on July 23, 1965.

After eighteen months of study, the Commission published its final report in early 1967, with the title \textit{The Challenge of Crime in a Free Society}. Some of the reports findings remain contested, and there was much debate in the wake of the report, yet there can be no debate as to the fact that the report constituted the declaration of the war on crime.

The final report had little to say about “victimless crime,” other than the fact that the laws regarding marijuana should perhaps be more flexible, and that civil
detoxification centers might offer a means of dealing with public drunkenness."57

Meanwhile, the issue of gambling in America was left where Lyndon Johnson had squarely placed it, at the center of the discussion of organized crime. Indeed, the report went a long way towards constructing an image of a powerful entity known as “organized crime” defined as “a society that seeks to operate outside the control of the American people and their governments. It involves thousands of criminals, working within structures as complex as those of any large corporation, subject to laws more rigidly enforced than those of legitimate governments.”58 Crucial to the survival of this supposed state-within-a-state was gambling money. “Law enforcement officials agree almost unanimously that gambling is the greatest source of revenue for organized crime. It ranges from lotteries, such as ‘numbers’ or ‘bolita,’ to off-track horse betting, bets on sporting events, large dice games and illegal casinos.”59 The practices of the organized underworld had invaded the legitimate world as the illegal gambling economy provided “a systematized method of corrupting the law enforcement process by centralizing procedures for the payment of graft.” 60

The Commission, in its determination that there existed an organized threat, demanded an organized response. Recommendations included the creation of a permanent Congressional Subcommittee on organized crime, the creation of special

57 The Commission relied heavily on academics to direct and conduct research, including James Vorenberg and James Q. Wilson of Harvard, and Lyoyd Ohlin of Columbia University. Although a handful of scholars working with the concept of victimless crimes participated, their opinions and ideas and findings, were basically ignored or suppressed. 58 The President’s Commission on Law Enforcement and the Administration of Justice, The Challenge of Crime in a Free Society (Wahington, D.C.: United States Government Printing Office, 1967) 187. 59 Ibid. 188. 60 Ibid. 188.
organized crime intelligence units in the police departments of all major cities, and a
federal “computerized office” to function as a clearinghouse for all of the intelligence
gathered. Lest there should be any further public confusion as to the importance of
organized crime, the committee recommended that “All newspapers in major
metropolitan areas where organized crime exits should designate a highly competent
reporter for full time work and writing concerning organized criminal activities, the
corruption caused by it and government efforts to control it.”61

The failure to address the issue of the “victimless crime,” and the report’s
inflation of the scale and scope of organized crime, did not go unnoticed. Scholar
Herbert Packer reviewed the Commission’s final publication in the *New York Review of Books* and was was highly critical of the Commission’s failure to take up the key
question: “What is the criminal sanction good for?”62

In Packer’s analysis, the moralizing sanction must be understood in close
connection to many of the larger problems so obvious to any observer of crime. “The war
between the police and the urban poor probably has been exacerbated by the aggressively
interventionist character of our substantive criminal law. Drug abuse, gambling and
prostitution are a few among the many symptoms of misery whose repression makes the
ghetto dweller see the police more as destroyers than as protectors.” The President’s
Commission failed to make this necessary connection, and thus the final report stood as a
major disappointment. “What we needed most from a National Crime Commission and

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61 Ibid. 208.
62 Ibid. 17.
what we did not get is a sober assessment of the priorities in the use of the criminal sanction in dealing with anti-social behavior.”  

Far more interesting than the report, in the eyes of Packer, was the work of the various task forces of the Commission, compromising 15,000 pages published separately, with some work not even published at all. He states, “The Commission had far better consultants than it deserved or was able to use.”  

Packer singled out the work of two scholars in particular, criminologist Sanford Kadish and economist Thomas C. Schelling, as having been unjustly discounted by the final report. Kadish argued “against the indiscriminate use of the criminal sanction to reach private consensual conduct, such as homosexuality, gambling and abortion,” yet his ideas were greatly diluted in the Commission’s final report. Meanwhile the work of Schelling on organized crime, was undervalued, as the report simply relied on “standard demonology” in their discussion of the topic.

Packer later wrote an influential book *The Limits of the Criminal Sanction*, which expanded many of his critiques of the Commission’s report. The work of Packer, Kadish, and Schelling would go on to drive the discussion of victimless crime. Schelling’s essay “Economic Analysis and Organized Crime,” written for, but ignored by, the President’s Commission, has remained a standard in the field of criminology. In many ways, it raises more questions than it answers, but it provided a starting point for those who seek to apply the principles of free market economics to the phenomenon of crime: “A good

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63 Ibid. 18.
64 Ibid. 20. According to Packer “Much of the strong stuff of the other volumes has been dismissed altogether or much diluted in the Report volume.”
many economic and business principles that operate in the ‘upperworld’ must, with suitable modifications for change in environment, operate in the underworld as well.” 65

Schelling engaged the emerging concept of the victimless crime, and distinguished forms that invited organization from those which do not. “Gambling by all accounts, invites, organization – extortionate monopoly organization based on intimidation of small operators and competitors – while abortion, by all accounts, does not.” 66 For Schelling, “a strategic question is whether a few ‘core’ criminal markets provide the organizational stimulus for organized crime.” If we can determine this to be the case, then we must seek to distinguish black markets “dependent on protection against legitimate competition,” from practices that are “inherently criminal activity.” 67

According to Schelling, robbery, which can be organized into a racket or ring, is inherently criminal, while gambling, which is not inherently criminal, is dependant on a “crime tariff.” In other words, it is a market protected from legitimate competition, just as a market for butter would be protected by “a law against margarine.” 68 Yet there is an “optimum degree of enforcement from the point of view of the criminal monopoly.” This involves enough enforcement to discourage entry into the market, yet insufficient enforcement to truly suppress the activity. 69

65 Thomas C. Schelling, “Economic Analysis and Organized Crime,” in The Crime Establishment: Organized Crime and American Society, ed. John E. Conklin (Englewood Cliffs: Prentice Hall, 1973) 75-76. At the time of his engagement with the President’s Commission, Thomas C. Schelling was already an influential economist and Harvard Professor, known for his writings on bargaining and negotiation in international affairs. He was eventually awarded the Nobel Prize in Economics in 2005 for his work on game-theory, and his work on crime faded in relative importance to his body of work.
66 Ibid. 76.
67 Ibid. 78.
68 Ibid., 81.
69 Ibid., 97.
While so many of his contemporaries were conceptualizing crime as a monolithic evil, Schelling approached crime as containing various competing negative elements, leaving society with the choice of which elements to suppress and which to absorb.\(^{70}\)

Essentially, did the goal of suppressing narcotics, gambling and prostitution warrant the cost of creating a criminal industry that produced public corruption? In considering sensible approaches to the problem, Schelling pondered an unofficial accommodation, the likes of which ran counter to all of the Commission’s final conclusions. In the words of Schelling, “It may be that modern society ‘contracts out’ some of its regulatory functions to the criminals themselves. Surely some of the interests of organized crime coincide with those of society itself.”\(^{71}\) For evidence of the differing effects of disorganization and organization, respectively, he returned to the examples of abortion and gambling. “By all accounts, criminal abortion is conducted more incompetently and more irresponsibly than the illegal control of gambling.”\(^{72}\)

\(^{70}\) Ibid., 91. “Crime is bad, as cancer is bad and war is bad,” he wrote, “but even in the case of cancer one can distinguish among death, pain, anxiety, the cost of treatment, the loss of earnings, the costs of uncertainty about life expectancy, the effects on the victim and the effects on his family.” Crime similarly involves a competing set of “costs and losses” among which “trade offs” occur. In Schelling’s analysis, these were the “transfer of wealth from the victim to the criminal, a net social loss due to the inefficient mode of transfer, the creation of fear and anxiety, violence from which nobody profits, the corruption of the police and other public officials, costs of law enforcement and private protection, high prices to customers, unfairness of competition, and loss of revenue to the state.” Ultimately society is faced with “choices between reducing the incidence of crime and reducing the consequences of crime.”

\(^{71}\) Ibid., 94-95. In particular, he referred to the minimization of violence to ensure the smooth operation of business, a certain discipline of practices, “and even a kind of negotiated avoidance of certain classes of crime.” A desire for order might require “the existence of organizations strong enough to impose discipline.” Such organizations can “punish recklessness, and at least passively try to stick to the business of criminal transfer of cash and property rather than destruction of wealth and harm to people.”

\(^{72}\) Ibid., 96-97. Ultimately, he suggests that while we may not be able to reach a legislative accommodation with certain forms of crime, perhaps “understandings” can be
Over time, as Schelling’s work was used by others to understand crime, it was ultimately often misunderstood, or over-simplified. It seems that most others discussing organized crime in the 1960s and 1970s were referring to a group with mysterious initiation rituals, strict codes of membership, and Italian last names. Rather than addressing “organized crime,” Schelling was instead making a study of crime that is organized. Within larger debates about victimless crime, Schelling’s work served to single out gambling as ripe for reconsideration as far as the criminal law is concerned. Many law enforcement officials and policy makers, who were little concerned with disjoining the law from proclaimed morality so as to ensure liberty, were far more attracted to the idea that “organized crime” could be attacked by repealing its “protective tariff” in the gambling market. Schelling stated clearly that, “Ordinary gambling ought to be one of the hardest industries to monopolize.”\(^{73}\) Ironically such an invitation to undermine the supposed criminal monopoly maintained by organized crime in the field of gambling, lead to an actual monopoly, maintained by the state.

The body of work offered by Edwin Schur, Herbert Packer, Sanford Kadish, and Thomas Schelling, was synthesized in 1970 by two criminologists hoping to reach an audience far beyond the world of academic life. University of Chicago Professor Norval Morris, and Australian criminologist Gordon Hawkins, made a plea for a dramatic new approach to crime in their popular book *The Honest Politician’s Guide to Crime Control*. In the understanding of Norval Morris and Gordon Hawkins, American society was suffering from an “overreach of criminal law,” which functioned to exacerbate the

\(^{73}\) Ibid., 100.
problem of crime itself. “When the criminal law invades spheres of private morality and social welfare, it exceeds its proper limit at the cost of neglecting its primary tasks. This unwarranted extension is expensive, ineffective, and criminogenic.” They recommended a “determined return to the proper, more modest and realistic role of the criminal law.” They laid out a wide-ranging plan to end the “overreach” of the law. After calling for decriminalizations of drugs, abortion and homosexuality, Morris and Hawkins declared that in their proposed scheme, “No form of gambling will be prohibited by criminal law.”

Although they were particularly concerned with undermining organized vice, and the attendant police corruption, they simultaneously expressed doubts about the existence of “organized crime” in the form described by the President’s Commission in 1967. They wrote, “It is almost as though what is referred to as organized crime belonged to the realm of metaphysics or theology.” Morris and Hawkins did not argue that no forms of organized crime exist, or that there were not numbers of Italian-Americans closely associated with one another who commit crimes. Yet they argued that the law enforcement community and the information consuming public had been too quick to consume the story of a nefarious crime syndicate, tightly organized, and commanding of a loyalty from its members which trumps the state and even religion. They refer to the anthropologist Malinowski’s theories on the role of “myths” in codifying and enhancing beliefs, while safeguarding and enforcing morals. For Morris and Hawkins, the Cosa

75 Ibid., 3.
76 Ibid., 203. They ask, “How does this elusive, invisible, impalpable organization differ from an imaginary organization or from no organization at all?” 211.
Nostra myth conveniently ordered American life with an organized good, the state, in desperate struggle with an organized evil, the mafia. The authors argue that in an era featuring a “bewildering diversity of phenomena,” along with countless “disturbing happenings,” the idea that crime is a result of organization rather than chaos has comforting appeal.  

For Morris and Hawkins the approach to organized crime was simple. “The way to eliminate organized crime is to remove the criminal laws which both stimulate and protect it.” Morris and Hawkins offered a straightforward solution, and the solution pointed directly to experiments with gambling that were underway in New York. In a statement that points to a co-evolutionary relationship between the discourse of victimless crime, and the development of state lotteries during the 1960s and 1970s, Morris and Hawkins wrote, “In this situation a major step toward insuring rational and socially beneficial control of gambling would be the institution of state lotteries, such as operate in New Hampshire and New York.”

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The first legal lottery to appear in 20th century America was instituted in New Hampshire in 1963. The New Hampshire experiment was watched closely by New York policy makers, and New York would become the second state to adopt a legal lottery. While events in the small and somewhat anomalous state of New Hampshire shaped events in New York, the development of the lottery in New York shaped events nationwide. The early development of the New York State Lottery forced a consideration

77 Ibid., 232.
78 Ibid., 235.
79 Ibid., 10-11.
of issues that went far beyond questions of the morality of gambling. As the lottery in New York went from idea to reality, Americans came to consider and re-consider the proper function of government, the relationship between federal and state authority, the nature of taxation, the social obligations attendant to education, the proper function of the banking system, the types of materials to be broadcasted over the airways, the appropriate use of the mails, the use of money from welfare and social security, and the widespread impulse to get-rich quick.

In March of 1965, a lottery bill was offered in both houses of the New York State Legislature. The bills were offered by a group of anti-Wagner Democrats, who pushed a lottery as an alternative to Wagner’s proposal for legalized off-track betting. While there were mixed sentiments on what a lottery might mean for black New Yorkers, Harlem Assembly men Mark T. Southall was a cosponsor of the original lottery bill. Proponents of the measure estimated that the new lottery could provide $250 million annually for education. Any gambling bill of this kind passed by the legislature would require a change to the state constitution and thus would require a voter referendum.

As New York readied itself to take up the issue, other states put the issue to bed, at least temporarily. In May of 1965 the Connecticut House of Representative rejected a lottery bill 161 to 104. The House of Representatives of the State of Vermont took action just two days after Connecticut, and rejected a lottery proposal by a vote of 145 to 80.

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91. Like New York’s proposal, the lottery proposals in Connecticut and Vermont were based on the New Hampshire lottery.

Yet the outcome in New York proved quite different. After heated debate the State Senate approved the bill on June 14 1965. Although the bill was successful, the opposition was fierce. State Senator Samuel Greenberg of Brooklyn lamented, “passage of this bill means we are confessing we have reached a point in this state where we cannot provide for our needs by legitimate methods. It means we are bankrupt.” A Republican Senator from Rochester, Thomas Laverne, accused the bill’s supporters of “beclouding the issue by tying gambling up with something everyone cares about – education.” Yet those who favored the bill were dismissive of any moralizing, pointing out that the state had long been involved in legal gambling at the racetracks. Senator Joseph E. Marine, Democrat of the Bronx pointed out that, “We are reaching the limit of existing forms of taxation, and New Hampshire’s experience has shown this is a good way of realizing revenue.” As the bill was up for consideration the New York Council of Churches issued a statement denouncing the proposal, arguing that gambling leads to “hardship for marginal income families,” and that it “contributed to social demoralization and the breakdown of personal integrity.” Despite such spirited opposition, the bill passed the State Senate by a vote of 35 to 18.83

The lottery received even stronger support in the State Assembly where it passed by a vote of 116 to 18. The opposition was made up of two Democrats and sixteen Republicans. Only one individual spoke before the vote: Assemblyman Ingram,

Republican representing Potsdam, denounced his colleagues, declaring, “This is disgraceful. We’re prostituting our integrity, supporting our schools with income from gambling. Machiavelli had nothing on us.” At a press conference the same day, Governor Rockefeller also expressed disapproval. “He recalled that 10 years ago he became involved in setting up supermarkets in Puerto Rico, where a lottery is extremely popular. During a strike that temporarily shut down the lottery, Mr. Rockefeller said, food sales increased 30 per cent.” Thus, according to the Governor, we can assume that “Puerto Ricans were obviously taking food from their families to buy lottery tickets.” Yet the bill at hand did not require the Governor’s approval. The bill itself was a constitutional amendment, and thus it was required to be passed by two separately elected legislatures, and then subsequently approved by the voters in a public referendum. Going forward the lottery amendment would have to be approved all over again during the legislative session of the following year, and then it would appear on the November ballot in 1966 to be subjected to a public vote.85

The New York Times came out in support of the proposal, stating in an editorial, “people do like to gamble and they will find a way. If, because of restrictive laws based on a rather hypocritical double standard, they are forced to go to illicit bookmakers to do their betting, the underworld profits and the state loses taxes.” Ultimately, in the words of the New York Times, “The people of this state should have a chance to decide for

85 Sydney H. Schanberg, “Albany Trying Again on Lottery,” New York Times, January 30, 1966. Article explains that the bill was attractive to the Democrats in the legislature in 1965, as a counter-measure to Rockefeller proposed 2 per cent sales tax.
themselves whether they want it.”  

With institutional support lining up behind the introduction of a lottery in New York State, Congressman Emanuel Celler of Brooklyn introduced a counter-measure in the federal Congress. Hoping “to prevent a pattern of legalized gambling from burgeoning,” Celler’s bill would have used the Interstate Commerce Clause to severely restrict lottery activities.  

While his bill did not go anywhere, Celler was certainly prescient in recognizing a “pattern,” as the early actions of New Hampshire and New York, would prove to be the beginning of several decades of growth in legalized gambling.

In November of 1965 the Republicans took back the majority in the State Senate. Yet at the opening of the 1966 legislative session, the new Senate majority leader Earl W. Brydges announced that while he himself planned to vote against the lottery plan, that he would apply “no pressure” on his Republican colleagues to adopt a similar stance. “It’s a nonpartisan issue as far as I’m concerned, a matter of personal opinion. I’m voting against it, but I’m not going to urge this on anybody else.”  

While the Senate majority leader did not intend to influence others on how to vote, the New York Times certainly did. As the bill was coming up for its second round of consideration, the Times published an editorial expressing strong support. The paper argued that a posture of opposing the lottery on moral grounds was inconsistent with the ongoing presence of other forms of gambling in the state. On the other hand, a liberalization of the anti-gambling article of

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86 “A State Lottery?” New York Times, June 16, 1965. Editorial points out that Parimutuel betting became constitutional by reason of a 1939 vote of 1,225,495 to 594,811. The only other liberalization of the anti-gambling article came in 1957 when bingo for charitable purposes was legalized by a vote of 1,818,353 to 1,175,820.”


the state constitution made perfect sense. According to the *Times*, “If people are going to gamble, why not put it out in the open, where it can be taxed for the benefit of everybody? The larger the area of legalized gambling, the less the area that will remain for illicit gambling, benefiting the underworld, corrupting officials who protect it for bribes, and robbing the state of revenue it badly needs.”

When the bill was taken up by the Senate in February it sparked heated debate along the same battle lines that had appeared in the 1965 session. Samuel Greenberg of Brooklyn argued, “To tell the kids of our state that their teachers’ salaries and their books are being paid for with $3 that mama spent on a lottery ticket is the wrong way to bring up children.” Senate Majority leader Earl Brydges kept his word and did not attempt to enforce party discipline on the vote, but he expressed deep concern about the bill during the debate. He declared it to be “an issue of governmental morals.” In the words of Brydges, “This is a sad day, in my judgment, in the history of the State of New York.” Yet despite such lamentations, the bill passed easily by a vote of 39 to 22. The bill was passed in the Assembly the very next day by a vote of 123 to 37, with the opposition coming from upstate Republicans opposed on moral grounds. With the lottery bill having been passed by two separately elected legislatures the only remaining hurdle was the voter referendum.

The period from February until the elections in November, allowed plenty of time for mobilization for and against the proposal. Republican Senator Thomas Laverne of Rochester, along with former Democratic Postmaster General James A. Farley, and former Republican Lieutenant Governor Frank C. Moore organized a group called the

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Committee of 100,000 Citizens Against the Lottery Amendment. The goal of the group was to educate the public “about the social and economic effects” of the proposed lottery.\textsuperscript{91} The 15-member State Board of Regents, the highest educational body in the state also joined in the opposition, issuing a statement that “attempts to support public education by the lottery involve serious moral considerations and, in our opinion, are inconsistent with the goals of education.” The Board of Regents also noted that “the obligation of the state to provide adequate funds for education is so fundamental that it should not be discharged, even in part, by the encouragement of public participation in a state lottery, which will result in uncertainty as to adequate revenue available for education and in inequitable distribution of the public burden.” The statement was issued unanimously by the 15-member body.\textsuperscript{92} While the opposition gathered itself, a campaigning Governor Rockefeller conceded that if the bill was approved by the voters, he would ultimately respect their will and not attempt to veto any of the subsequent bills required for the implementation of the new lottery. “If the people vote in favor of it, then the people have now spoken. I will do my best to carry it out. I am personally not enthusiastic because I think it is the most retrogressive taxation you can get.”\textsuperscript{93}

Rockefeller’s Democratic opponent in the race, Frank D. O’Conner essentially adopted an identical position of disapproval coupled with an unwillingness to block the will of the voters.

When New York State voters went into the voting booths in early November 1966, they were confronted with the referendum question “Shall the proposed amendment to Article 1, Section 9, Subdivision 1 of the Constitution, in relation to the authorization of state lotteries for the support of education in this state, be approved?” The voters of New York approved the lottery measure by a 3 to 2 margin. The concentration of support for the proposal was in the city itself, while a majority of residents outside of the city limits actually voted against the plan. Regardless the path was clear for a lottery to go forward.

The matter of implementation was of course not free of controversy. The Governor leaned towards a plan that would offer tickets for as little as 25 cents. Meanwhile, legislative leaders imagined tickets at $2 or higher. Assembly speaker Anthony Travia pointed out that 25 cent bets seemed to imply “competition with the numbers racket.” The reasons why he saw this as problematic are not clear. He also argued that low priced tickets, might attract kids to play, particularly if tickets are sold by vending machines. “Can you imagine a kid instead of having a jelly doughnut and a big glass of milk after school, using the money instead for a lottery ticket.” Alongside proposals to sell tickets from vending machines, came proposals to sell tickets at banks. New York’s banks, Chase in particular, expressed enthusiasm, hoping to gain something of an exclusive concession. The Governor favored the machines, and the legislature favored the use of banks, although the use of a combination of both was discussed extensively. The Governor expressed a desire to maximize the yield, and he felt a low-priced game

concentrated in vending machines would bring the greatest yield. In contrast, Senate Majority Leader Brydges, an original opponent of the lottery bill stated, “to me, the yield is secondary to cleanliness.”

A tentative agreement between the Governor and the legislature reached in late January pointed towards using the banks. An editorial in the New York Times lauded the decision to keep ticket prices high, and to rely on banks as points of sale, arguing that this would discourage children and the poor from playing, and would ultimately prove “economical and effective.” The editorial board at the Washington Post was less enthusiastic about the overall project. The paper chided, that given that the moral issue had already been conceded to argue over to ticket prices “seems hardly worth a quarrel.” In the words of the Washington Post, “the state has already decided the moral issue. It has decided that gambling is not immoral. So why not give it the greatest encouragement. Since the money is to be spent for education, why not vending machines in every classroom?” The editorial sarcastically argued that the vending machines could be used during civics classes to teach students “how government can exploit the credulity of its more simple-minded citizens.” The paper argued facetiously that the “welfare agencies might issue lottery tickets to persons on welfare. It would save the waste of time that will be involved in having relief clients change aid allowances into lottery tickets.” The paper predicted that “under the state’s benign influence” an entire generation would be “infected with the gambling spirit.” The Editorial Board of the Wall Street Journal was also less than impressed with the unfolding negotiations over the new lottery, writing that

the schoolchildren of the state of New York “are certainly getting a priceless education in
the philosophical poverty and cupidity of their elders.”

Even before the final bill establishing the structure of the lottery was passed, the state
goal of supporting education was undercut. Members of the legislature began to make
budgetary proposals that relied on lottery funds contributed to education to free up
general funds for other purposes. This amounted to the exact sort of abuse that the Board
of Regents had warned against, and it would prove to be a longstanding problem in the
conduct of New York State’s Lottery. State Senator Jack Bronston and Assemblyman
William F. Passanante proposed an amendment to the lottery bill guaranteeing that any
funds raised by the lottery would go to fund education over and above the amount
mandated for education by the budget itself. In other words the amendment would have
mandated that lottery funds serve as a supplement to, rather than as a substitute for,
education funding. The New York Times seconded this proposal with an editorial, arguing
that anything less would turn the lottery into a “giant hoax.” Yet the amendment was
not included in the final bill that designed the lottery’s operation.

The lottery form that emerged would include twelve annual drawings. Tickets were to
be sold at banks, hotels and possibly Western Union locations, and ticket prices were set
between $1 and $2. The estimate produced by the legislature projected an annual profit of
$180 million. For each drawing there would be 15 winners for each million dollars
worth of tickets sold, with a first prize of $100,000, a second prize of $75,000, a third
prize of $50,000, a fourth prize of $20,000, with 11 remaining prizes of $5,000. The

101 Richard L. Madden “Legislature Sits 21 Hours in Finale,” New York Times, April 3,
1967.
drawing would use a complicated method that combined use of horse race results with fishbowl style drawings. The method came to be derisively referred to by many as horse-bowl. Operations were to be conducted by a newly created State Lottery Commission under the State Department of Taxation and Finance. The date for the first drawing was set for July 1st, 1967, with tickets to go on sale June 15th. Before signing the final bill, the Governor negotiated the addition of many small prizes as low as $150 to be added to the structure. Within the final funding formula based on estimates of $180 million in profits, $72 million would go directly to New York City, $48 million would be divided among the other counties in the state, and $60 million would go to the general fund of the state. Rockefeller signed the bill on April 18, 1967.

The bill also allowed the State Tax Commission to use a remarkable fifteen percent of revenue for operations. Without a doubt, a significant portion of the fifteen percent would go to advertising and promotion. Troubled by the new lottery’s decision to advertise heavily, and further disturbed by the demands from banks and hotels for a fee of up to ten percent of revenue, the editorialists at the New York Times began to recalibrate their position on the unfolding lottery. In an editorial published in May of 1967 titled “Profiteering on the Lottery,” the paper noted, “the Governor apparently regards it as a substitute for raising taxes. The vendors regard it as a small bonanza.” Meanwhile the objective of education funding seemed to be fading from sight. The paper proclaimed, “the Lottery has snowballed to such an extent that it has taken on a life of its own.”

State Tax Commissioner Joseph H. Murphy navigated between the demands of the banks, hotels, and Western Union outlets for fees of 12 percent of gross ticket sales and the demands of the New York Times that the outlets receive no fee at all and simply sell lottery as a public service, and arrived at a figure of 5 percent of sales to go to vendors. On the matter of promotion the state contracted Fuller & Smith & Ross for advertising, and the Thomas J. Deegan Company for public relations. The 1.5 million initial promotion campaign was to be focused on outdoor and billboard advertising. The strategy was devised to work around severe federal restrictions on lottery advertising, which barred the communication of any lottery promotion using the mails or the airwaves, thus precluding the use of newspapers and magazines (of which some copies are inevitably mailed), as well as standard broadcast outlets. Thus the advertising agency focused the campaign on billboards on thoroughfares and posters within the transit system. “The campaign was aimed at reaching at least 94 percent of all households,” with ads placed “so that most people would see one 21 times a month.” A spokesman for the agency said “We think it’s the largest single outdoor and car-card purchase in media history.” The theme of the campaign was education.

As the first drawing approached the configuration of the lottery continued to change rapidly. Western Union notified that state, that given the low fee of five percent of gross ticket sales, the company would not sell the new lottery at its 200 locations, despite

having lobbied strenuously to be included in the lottery bill.\textsuperscript{107} The Franklin National Bank, with 66 branches in New York State, also withdrew itself from participation on the basis that “selling lottery tickets undermined the symbolic status of a bank.” \textsuperscript{108} Many hotels remained willing to participate, although the extent to which they would be able to profit from the lottery arrangement was an open question. Speaking to the \textit{Wall Street Journal}, the manager of the Delmonico Hotel “acknowledged that the lottery might not appeal ‘to the type of patron’ found at the exclusive hotel.” A spokesman for the Waldorf Astoria told the journal “we’re doing this as a public service, to benefit education.”\textsuperscript{109} Other New Yorkers saw the impending lottery as anything but a public service. Reverend Dr. Charles Howard Graf of St. John’s Episcopal Church in Manhattan initiated a boycott of banks that participated in selling the lottery.\textsuperscript{110} The City Welfare Department announced in late May that should any of the 656,000 welfare clients win a sizeable prize they would have to use it towards repaying what they had received in welfare payments. Also, “winners of sizeable prizes will be removed from the welfare roles for the calendar year and must reprove eligibility to get back on.”\textsuperscript{111}

The broadcast news media was collectively uncertain as to how to approach this new lottery. Section 1304 of the United States Criminal Code threatened fines and even imprisonment for “whoever broadcasts by means of any radio station for which a license is required by any law of the United States, or whoever, operating any such station,

\begin{footnotes}
\item[107]\textquotedblleft State Lottery Sales Won’t be Handled by Western Union,	extquotedblright \textit{New York Times}, May 23, 1967.
\item[109]\textquotedblleft State Lottery Begins Today in New York As Tickets Go on Sale,	extquotedblright \textit{Wall Street Journal}, June 1, 1967.
\item[111]\textquotedblleft Lottery Winners On N.Y. Relief Must Repay City,	extquotedblright \textit{Washington Post}, May 26, 1967.
\end{footnotes}
knowingly permits the broadcasting of, any advertisement of, or information concerning any lottery.” Such language was taken by some to mean that even news reporting on lottery results and winners could constitute a criminal act. The National Broadcasting Company and the American Broadcasting Company were deeply cautious adopting “a virtual blackout on news about the state lottery.” The radio stations WINS and WOR, owned by The Westinghouse Broadcasting Company adopted a similar stance. The Columbia Broadcasting System determined to proceed on a “case by case” basis. Local TV stations WPIX and WNEW showed little fear, and declared that they would “present full accounts of the lotteries, including the names of winners and interviews with them.” The law relating to newspapers was less restrictive, barring any mailing of newspaper that contained advertising for lotteries, thus leaving the newspapers free to report on events.112

The state rushed the issuance and moved up the opening of ticket sales to June 1st. Only 4,000 of 9,000 legally eligible locations chose to sell tickets.113 The Wall Street Journal noted that the “true odds” of winning a monthly prize in the new lottery stood at 4,166 to 1. A bank official speaking to a reporter from the Journal expressed skepticism that the lottery could realize its projected receipts. “You get a better payoff playing the numbers he explained.”114 Before sales totals came in, the first day of business seemed to be a huge success. According to the New York Times, “Clutching dollar bills, New Yorkers flowed into banks, hotels and motels from Buffalo to Brooklyn,” in hopes of

purchasing a winning ticket. “You’d think we were giving away sandwiches,” remarked a bank teller in reference to the long lines for lottery tickets. Sales were brisk at the few banks in Harlem. Dorothy Walley, a public school cleaning woman purchasing her ticket at a Manufacturers Hanover Trust on 125th street, told a reporter “We needed something like this for a long time, because everybody gambles, plays the numbers, and this is a safe way to do it.” Lines were long at the Waldorf Astoria, as well as the New York Hilton, and the Americana where patrons lined up 30 deep in the lobby. Mayor Lindsay purchased a ticket, but Governor Rockefeller did not. The only hitch in the day came “at a hearing in Washington where committee support was indicated for a bill that would bar virtually all banks in New York from selling Lottery tickets.”

New York State Tax Commissioner Joseph H. Murphy was in Washington the very next day to testify in front of the House Banking Committee arguing that the state would lose $365 million a year if Congress were to ban federally chartered banks from selling state lottery tickets. New Hampshire joined New York in pressing the case. Committee chairmen Wright Patman, Democrat of Texas, was unmoved. The Bill passed the house in mid-July by a vote of 271 to 111. Bronx Representative Paul A. Fina, called the bill a product of “hillbilly morality.” The bills’ sponsor, Congressman Patman, noted that the intention of the bill was not to kill New York’s new lottery, rather “the only concern of congress was that banks which should promote thrift, should not be used to promote gambling.” The bill was amended so that it would not go into effect until the following

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April, thus giving New York time to transition its operation to new locations.\textsuperscript{117} It is worth noting that the vote in the House indicates, that in 1967, at a time before mass promotion of credit card debt by federally chartered banks, the Congress held that the role of the banking system was “to promote thrift.”

Meanwhile, as the revenue figures were calculated the New York State Lottery proved to be something of a disappointment. Reporting in the \textit{New York Times} characterized the intake of a mere $7 million over the first month of operation as a “miserable performance.” To meet the initial projections, the lottery would have had to bring in about $30 million a month. An official at the State Tax Department noted that the problem did not lie in faulty operations, but rather with the fact that the $30 million estimate “wasn’t really very realistic in the first place,” calling the estimate a result of “fancy arithmetic” arrived at in an atmosphere of legislative “horse trading.” Another official blamed the lack of outlets both for sales and advertising.\textsuperscript{118} A reporter for the \textit{Wall Street Journal} posed the question, “Can a rich respectable state like New York play the betting game as well as a local numbers operator? The answer seems to be, at least right now, not by a long shot.”\textsuperscript{119} A week later, the \textit{New York Times} published an editorial titled “The Lottery Fiasco.” The paper wrote, “New York State’s first modern experience with a lottery has been a bitter disappointment.” The paper (conveniently forgetting its own boosterism) spread the blame widely to cover the Governor, legislators of both parties, and the Mayor. In the words of the \textit{Times}, “Balancing the budgets of the state and city on such nebulous prospects was wrong procedure.” The paper put the onus

on policy makers to come up with “a sounder way of financing education than the lottery, even if it means imposing taxes in an election year. This is the price for letting wishful thinking lure them into the great lottery fiasco.”

Observers in neighboring states were also less than impressed. An editorial in the Hartford Courant titled “The New York Lottery Falls on Its face,” pronounced New York’s Lottery “a complete bust.”121 Journalist John Fulton, writing in the Chicago Tribune called the new lottery “a three quarters flop,” noting “What is tragic is that school boards around the state had already budgeted on the promised proceeds.”122 The Los Angeles Times featured an Editorial called “Those Lottery Blues,” stating “New York’s golden goose – the state lottery – is laying iron eggs…Maybe those Californians who favor such a lottery had better take another look at the thing.”123

Governor Rockefeller, who had opposed the lottery in the first place, was now in the position of having to bring about the lottery’s success for budgetary reasons. Rockefeller sought advice from toy manufacturer Edwin S. Lowe on how to increase sales. Lowe had achieved great wealth selling home bingo games since 1935. The two men lived in the same building at 812 Fifth Avenue, and they met informally for 45 minutes. Lowe did not mince words, telling the Governor to “stop pussyfooting around.” He argued that the advertising campaign focused on the lottery’s role in aiding education was misguided. “The average working man or woman is not concerned with buying a lottery ticket for the purpose of helping education. Their primary concern is their hope to hit it rich and quick,” he explained. Lowe also pushed the Governor to expand the number of outlets so

that ticket locations will be “within a block or two of everybody.” As for himself, he noted that he had not bought a ticket, stating “I’m quite comfortable and frankly not interested in a get-rich-quick scheme.”

With failure of the wholesome advertising plan conceded by both the Governor and the legislature, the ad agency contracted by the lottery was unshackled to ply its trade. “The lottery’s original aid-to-education advertising theme, according to Fuller & Smith & Ross, was dictated by the fact that the lottery itself had been approved by the Legislature as a school-aid scheme.” Yet a spokesman for the add agency explained to the *New York Times*, “the limitations of this advertising approach had been realized from the outset.” Rather, the spokesmen explained, “The way to sell lottery tickets is by appealing to people’s greed.” Thus for the Fall, Fuller & Smith & Ross, working on behalf of the State of New York would flood the state with new billboards and with millions of paper matchbooks, promoting the lottery with the new “greed” based theme. On the chance that the appeal to greed might come up short, the state hedged its bet and also incorporated sex appeal into its lottery promotions. In September of 1967, the State in coordination with the city hired “20 young women in yellow mini-skirts with blue piping and blue net stockings” to travel the city handing out promotional literature for pay of $2.50 an hour.

With the bill to prevent lottery sales in banks making its way through committee in the federal Senate, the lottery also began to experiment with sales in supermarkets, drug

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stores, and department stores. Yet, because these types of locations were not authorized by the original lottery legislation, special booths for ticket sales were set up at the designated stores, and the booths were given “the status of government offices” and manned by “state tax employees.” If the experiment proved fruitful, then the Tax Commissioner would recommend legislative changes.127

Just days after the lottery initiated its experiment to sell tickets in stores, the United States Senate took action on the bill. “After hearing the odds and the morality of the New York State lottery denounced, the Senate voted today to prohibit all federally insured banks from selling lottery tickets.” During the heated debate, supporters of the bill argued that patrons of banks attempting “to cash their Social Security or welfare checks should not be subjected to a ‘come on’ to buy lottery tickets at the same teller’s window.” Senator Frank J. Lausche, Democrat of Ohio, warned against disintegration of the nation’s moral fabric, and asked “Where do you stop? If you are going to allow banks to sell lottery tickets, what about selling tickets to enter into brothels?” Republican Senator from New York, Jacob Javits pushed back strenuously in defense of his state, arguing that the Senate should not be regulating the banking system on their interpretation of morality.128 Javits also called the bill a “dangerous extension of federal power,” but the bill passed by a vote of 56 to 17.129 President Lyndon Johnson signed the bill on December 15, 1967.130

As the New York State Legislature took up the issue of legally authorizing more ticket outlets, some legislators in Albany began to wonder if the lottery experiment should be abandoned all together. State Senate majority leader Early Brydges, who had been skeptical all along, argued “I think now when it is a relatively insignificant part of out total revenue, maybe this is the time to decide whether you want to get rid of it.” Yet rather than do away with the lottery the state legislature increased the frequency of drawings to once a week, and expanded the discretionary authority of the tax commissioner to authorize outlets. Even with the additional outlets such as supermarkets operating alongside the banks, the final tally for the New York State Lottery’s first full year of operation was a clear disappointment. The gross sales amounted to $62.4 million, a figure approximately $300 million short of predictions. Thus, this new mechanism of governance produced only $34.3 million for education, rather than the predicted $198 million. The figures, while far from the predictions of legislative lottery boosters, were actually in line with predictions made by Rockefeller. On the basis of this dismal performance, Governor Rockefeller budgeted for a $46 million lottery performance for the 1968-1969 budgetary year.

For the time being, both the state and the city were left short. Scrambling for ways to increase sales and gain access to needed funds, the city in partnership with two media groups, pressed the FCC to rule on what and could not be broadcast regarding lotteries. In September of 1968 the F.C.C. handed down a decision that allowed news information

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regarding drawings to be broadcast, yet clearly barred any lottery advertising over the airwaves.  

As the bad news and obstacles continued to mount, the New York State Lottery continued to flounder. During the final month of the decade, the state game posted its lowest yield since the game’s inception. January of 1970 proved even worse. It was difficult to call the New York State lottery anything other than a disappointment. The revenues had fallen short, and problems of educational funding persisted. Illegal gambling remained entirely unaffected by the new game, and thus police corruption continued unabated.

The decade had begun with Adam Clayton Powell Jr. offering a denunciation of unfair enforcement of gambling laws. A crisis of police integrity was left in full view, and as fears of violence and disorder came to grip many Americans, police corruption gained salience as an issue. An emerging body of thought regarding victimless crimes laid the cultural groundwork for experiments with government lotteries as a potential solution to the problem of corruption. As the issue of fighting corruption merged with the desire to secure revenues for the state in a manner that nominally did not constitute raising taxes, the political will for creating a lottery in New York State emerged, and any moral and religious opposition was quickly overwhelmed. Yet the young New York Lottery was confronted with a broader national skepticism, which resulted in federal restrictions on the use of banks for selling lottery products and the use of the airwaves for advertising lottery games.

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Most importantly customers in New York were simply not all that interested in the new lottery game. Even a get-rich-quick advertising scheme did not solve the problem. Lottery proponents in New York State had misread the situation. Part of the reason why initial estimates of the lottery’s revenue potential were so high, stemmed from an assumption that all illegal gambling activity would be converted into legal state lottery gambling upon the arrival of the new legal game. Yet the two games were not interchangeable. The new lottery was significantly different from the gambling practices most enjoyed by New York City residents, and any hope for success by the New York State Lottery would clearly require a more direct confrontation with the old fashioned illegal numbers game.

In September of 1967 the New York Amsterdam News spoke to a number of black New Yorkers to gather opinions on the reasons for the lottery’s weak performance. One respondent complained, “tickets are sold in dreary places – where the average person does not feel at ease, like banks, hotels, government offices. You have to get dressed up to go into them.” A barber shop owner pointed out that the drawings were two infrequent. “Who wants to wait three or four weeks to get some action?” A candy store owner noted, “Lottery tickets cost too much…When you play the numbers you can bet a quarter or even a dime or a nickel.” A beauty shop operator offered the simple advice that that “Maybe New York State should study the numbers.”

Illegal numbers play in the black and Hispanic communities of New York was as heavy as it had ever been in 1970. The state lottery continued to muddle along, yet the state game simply could not command the attention of gambling New Yorkers. While some legislators had hailed the coming of the lottery as the solution for the problem for illegal gambling and the attendant police corruption, such outcomes had failed to materialize. Such legislators did not recognize that the popular numbers game represented a particular form, and this form had a long-established and loyal customer base. The key features of the illegal game were the low cost of play, the daily action, and the ability to choose one’s own numbers. These features stood in contrast to the state game with its high cost of play, weekly drawings, and sequentially numbered tickets. Of particular importance was the contrast between picking one’s own number as opposed to receiving a sequential ticket. When playing illegal numbers, the ability to choose a favorite number allowed gamblers to make use of their children’s birthdays, their favorite ballplayer’s batting average, and above all else the subject matter of their dreams in order to tie the dream world in to the material world and to wed their luck to that which they love. The sequential tickets of the New York State lottery offered no such possibilities.

As the state came to realize its miscalculation it began a decade long effort to recalibrate its gambling offerings in order to attract the urban numbers player. Yet efforts by the state to enter the numbers market were met with substantial opposition from black and Latino politicians and activists. The 1970s featured intense wrangling over the
numbers, with black leaders pushing to bring numbers gambling under community control, and state lottery proponents attempting to bring the state into the numbers business. The principal goal for black leaders in this fight was to legitimize the marginalized numbers workers, and to preserve the large employment base provided by the illegal numbers game. The principal goal for lottery proponents was to capture revenue for the state, through what amounted to regressive taxation. As the liberalizing tendency of the discourse on victimless crimes brought reflection and possible reconsideration of various crime categories to state legislatures across the country, it seemed that further gambling legalizations were immanent in the Northeast.

As it became clearer that public opinion in the Northeast was strongly in favor of some degree of legal gambling, it simultaneously became less clear what “legalization” actually meant. Did legalization refer to wide open legal gambling, state monopolized gambling, or limited forms of legal gambling under local community control? Ultimately the vital questions revolved around the terms upon which legal gambling would be conducted. For black New Yorkers, and for poor urban communities throughout the Northeast, the key question was whether they would be allowed access to taxed gambling (in the form of numbers jobs), or if they would be subjected to gambling as taxation (in the form of centralized state lotteries).

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Before the New York State Lottery held its first drawing, many black leaders had come to see an opening to allow for a legalization of long standing numbers practices in black communities. Among the vocal supporters of a legal, community based numbers game, was recently appointed state Assemblymen from Harlem, 36-year-old Charles
Rangel. With Percy Sutton appointed as Manhattan Borough President in September of 1966, Charles Rangel had been appointed as Sutton’s replacement in the State Assembly. Less than two months later, Rangel was elected in his own right on the same election-day on which New York voters approved the creation of a state lottery. Rangel had worked as a lawyer for Assembly leader Anthony Travia, who had been a major proponent of the lottery. Yet Rangel recognized that the particular gambling interests of his constituents, were not with the raffle style lottery, or with other gambling forms being proposed such as Off Track Betting. The Harlem game was the numbers, and shortly after his election Rangel put forth a proposal for legalizing the numbers. Rangel argued that a legal numbers game could “make the profits work for the good of the community in hospitals, nursing homes and educational remediation centers.” He expressed hope that legalizing policy would bring an end to “police-criminal collusion,” while also providing legitimate employment for large numbers of people.¹

Rangel’s proposal was unsuccessful, but it stands as an expression of the sentiments of his constituents. Since the charges of police bias in gambling enforcement made by Adam Clayton Powell Jr. in 1960, autonomy of action in the numbers as a matter of black economic self-determination had been an important theme for Harlem politicians and leaders. No figure fought for community control of the numbers with more vigor than Harlem activist James R. Lawson. A long-standing presence in Harlem and an associate of Clayton Powell, Lawson had made a name for himself during the 1930s as the business manager for the Harlem Labor Union. A follower of Marcus Garvey, Lawson headed several black-nationalist organizations during his career, and his

daily life appears to have been a whirlwind of boycotts and protests, always focused on the issue of jobs and economic empowerment for black Americans. During the mid-1960s Lawson founded The Harlem Council For Economic Development, announcing the platform of the new group in a series of articles that appeared in the *New York Amsterdam News*. Writing in August of 1964 Lawson proclaimed, “The Civil Righters are equally guilty of preparing the black man to still beg the white man for jobs and to bow solely to his caprices. No philosophy is advocated by our leading Civil Rights Organizations to gain control of business, to improve businesses already owned by Black Men, or to demand business concessions from the white man as a principle for settling the race question.”

On his quest to see blacks “gain control of business” the issue that would come to consume James R. Lawson for the remainder of his life would prove to be black control of numbers gambling.

Lawson’s demands were published in the aftermath of the so-called Harlem Riot, at a moment when the direction and political focus of black New York was very much in question. For Lawson, the only possible direction was the drive for economic self-determination. During the week after the Harlem Riot street demonstrations were initially banned. At the first authorized rally after the riot, a crowd of 1,000 gathered on 125th street for the event organized by Lawson. Speaking to the crowd, he demanded that blacks control “all the business in the black community, all the banks, all the number

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2 James R. Lawson, “Nationalist Program,” *The New York Amsterdam News*, August 8, 1964. In the name of the Harlem Economic Development Council, Lawson demanded the hiring of black custodians to clean public schools, the hiring of black teachers, the hiring of black sanitation workers to clean up black neighborhoods, the installation of new parking meters and the hiring of black meter maids to attend to these new meters, the issuance of 500 taxi medallions to black drivers, and early retirement incentives for civil service employees so that a new wave a black employees could be hired.
drops and even the hot dog stands."
3 He declared that the end of August “was the absolute deadline for the mafia to get the hell out of the umbers and narcotics rackets in Harlem.”
4 His threat was bold and how he intended to make it a reality was unclear, yet it appears that the atmosphere of increasing violence in Harlem was making it more difficult for white gangsters to assert uniform control. Whereas in the 1920s black numbers operators were not prepared to employ violence in the same manner as Dutch Schultz, the violence that took hold of black areas of New York City during the 1960s served to undermine the mafia’s monopoly position in the rackets.

Lawson, while unable to fully realize his goal of autonomy for black numbers workers, remained a part of the Unity Council of Harlem Organizations, serving as the head of both the Harlem Council for Economic Development and the older United African Nationalists Movement. Lawson represented a radical faction in the generally moderate Unity Council. Radical though he was, many of his demands were quite practical, and at the end of the summer of ’64, Mayor Wagner made significant concessions toward increasing black municipal employment. Yet Wagner balked at the Unity Council’s demand for the creation of civilian review board to monitor the police.
5 Lawson would remain at the margins of the Unity Council, particularly given his larger demands for reparations for enslavement. In January of 1965, Lawson called for a payment of $7,000 for “each black man woman and child.” He argued this “would end

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4 Paul L. Montgomery, “Speaker at Harlem Rally Seized,” New York Times, August 9, 1964. Article noted that a group of civil rights leaders including King, Wilkins, and Randoph had agreed to a moratorium on mass demonstrations in order “to prevent Senator Barry Goldwater from gaining votes from whites disturbed by Negro protests.”
welfare rolls and poverty generally.” He sent a telegram to Congressman Powell, “seeking permission to appear before the House Committee on Education and Labor to present the claim against the U.S. for having exploited Negro labor for the past century.” Powell ignored Lawson’s request, and as was frequently the case, Lawson was left at the edge of black political activism. The radical demands of the Garveyite Lawson undercut the incredibly mundane and productive demands he made for things like taxi medallions and meter maid jobs. As numbers gambling was already a confused and muddled topic straddling lines of legality and morality, Lawson’s rhetoric only served to undercut his demands regarding numbers gambling in the eyes of established political leaders.

Meanwhile, outside of black political circles, scholars also noted the importance of the numbers game and its role in the ghetto economy. In 1970, social scientist Mary H. Manoni led a group of eleven researchers into Bedford Stuyvesant in an attempt to assess the impact of organized crime on the community. The study centered on the 79th and 77th precincts that accounted for most of Bedford Stuyvesant and a small section of Crown Heights. At the time, the area of 280,000 people was 84% black, 12% Spanish speaking, 3% white, and 1% Asian. All complaint slips filed in both precincts from 1963 to 1970 were examined, and a range of people from “priests to pawnbrokers” were interviewed. The researchers found that policy operations, also known as numbers rackets, were the primary means by which organized crime reaped profits and exerted influence within Bed-Stuy. The study reported that “by 1970, organized crime was grossing more revenues from its illegal policy and narcotics operations in Bedford Stuyvesant than the

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Federal Government was collecting in income taxes from the area.” Researchers determined illegal gambling to be the single largest employer in the neighborhood, with 1,345 people working as runners and 76 people working as collectors. The Colombo and Genovese crime families held control of the majority of the activity, although a black independent operator named Peter Mooney controlled roughly 20% of the neighborhood action.

Mary Manoni eventually wrote a book on Bedford Stuyvesant, published in 1973, in which she argued the case for legalized gambling. “In Bedford Stuyvesant, where policy gambling is such a large part of the community’s lifestyle,” she wrote, “most of the residents expressed the view that it’s the law that is wrong -- not they. There is a strong feeling that in a state which has legalized off track betting and bingo, and runs its own lottery as well, illegal policy betting is just another instance of discrimination against the poor, for almost all community residents are sometimes, somehow involved in it.”

Given Manoni’s three key conclusions that organized crime was extracting more money from Bed-Stuy than the federal government extracted in taxes, politicians also began to take note of the role of the numbers in the city’s economy. New York politician Howard Samuels became a champion of the cause of “legalizing numbers.”

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7 Manoni, Mary. *Bedford Stuyvesant: The Anatomy of a Central City Community* (New York: Quadrangle Press, 1973) 87. Manoni described numbers workers as respected figures in the community. “A number of community residents maintain that the collector is the person to go to if you want help. He is the contact point: if your landlord is going to evict you, if your son needs a job, he’s the one you go to. Indeed, he can be a one man community rescue squad.”(89) Seeing the game as a vital source of employment, she argued for its legalization. “When the amounts of the bets are analyzed, it seems evident that only a small portion of the money ever leaves the community.” She saw no link between gambling and narcotics, and she stated that it was illogical and destructive not to legalize gambling. “Hundreds of residents who are now law breakers would become law abiding citizens.”(93)
1970, New York City Mayor John Lindsay appointed Howard Samuels to the unpaid position of counselor and troubleshooter. Many viewed Lindsay’s appointment of Samuels as an attempt to form coalitions with independent Democrats. Samuels’ first assignment was to serve as the chairman of the city’s new Off Track Betting Corporation. Mayor Lindsay had long been disappointed with the yield from the lottery, and had strenuously taken up the issue of instituting OTB in the City. Mayors since William O’Dwyer had been pressing the state to allow for Off Track Betting, and in 1963 city residents had voted their approval by a margin of 3 to 1 in a citywide referendum. In 1970 John Lindsay was able to reach an accord with Governor Rockefeller that allowed for the passage of the Off Track Parimutuel Betting Law. The stated goal of the Off Track Betting Corporation was to raise revenue for the State and City, while attempting to dislodge organized crime from gambling.

Initially, Samuels and Lindsay hoped to have OTB opened for business in January of 1971, but labor disputes delayed the opening until April. Before the OTB public benefit corporation even took in its first bet, the ambitious Samuels began to talk of a move into the numbers business. On January 20th of 1971, he attended a meeting at the Harlem Y.M.C.A on 125th street to discuss the possibility of OTB getting into the numbers game. The millionaire Samuels spoke of the vast sums of money that organized crime could bring in through numbers betting.

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8 Emanuel Perlmeutter, “Lindsay Appoints Samuels to Head Off Track Betting.” New York Times. July 5, 1970. The upstate industrialist Samuels had earned his wealth and reputation in plastics as cofounder of the Kordite Corporation, which eventually merged with Mobil Oil. During the Johnson Administration, Samuels served as Under Secretary of Commerce, and during the first year of the Nixon Administration he served as head of the Federal Small Business Administration. In 1969, he left his federal post to seek the nomination of the Democratic Party for Governor of the State of New York. He was defeated in the primary by Arthur J. Goldberg, who eventually lost the election to Nelson Rockefeller. Republican Mayor John Lindsay had lost his party’s primary in 1969, yet was elected Mayor under the banner of the Liberal party.
crime was removing from the community through the rackets, and explained that OTB would create new jobs, and keep revenue in the neighborhood. Samuels was met with fierce resistance. Community residents defended the numbers as a local institution, and compared the game to Catholics playing Bingo. At the head of the opposition was Livingstone L. Wingate, the executive director of the Urban League, who argued that the numbers should be controlled by the community rather than by the state.9

Days later, Samuels told journalist Fred Cook, “In Harlem there is a cultural problem, a race problem, a hate City Hall problem, and a get rich quick problem. The people there have no confidence in anything: no confidence in the police force; no confidence in City Hall; no confidence that money spent for government does get to them and does any good.” Perhaps he was correct in asserting that the people of Harlem had no confidence in the police and City Hall, but clearly Samuels had yet to grasp the deeply rooted tradition that was the numbers. Ultimately Samuels’ proposal was shaped to respond to community needs, with a provision for hiring street runners on a commission basis.10 Yet serious opposition from the ghetto remained, and over time OTB backed away from the idea of entering the numbers business.

The hostile reception that Samuels received at the Harlem YMCA showed the inherent tension between elite liberals and poor black communities. At the meeting Samuels asserted that blacks were being victimized by organized crime through the numbers game. Wingate responded that it should be up to blacks, not outsiders, to purge organized crime from their communities. Wingate’s assertion characterized the political

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climate of the time, as Blacks and Latinos increasingly demanded control over their own communities.

A month after the meeting in Harlem two black legislators in Brooklyn introduced a constitutional amendment in Albany to “legalize the numbers under community control.” The proposal involved local numbers boards that would operate the parlors and provide revenue for community needs such as additional policing and drug treatment. The city’s liberal elite saw the numbers as a losing proposition for the city’s poor, yet ghetto residents highly familiar with the game understood its importance, particularly as a source of employment.

The many disputants in the gambling debates were able to discuss issues face to face, as the high-minded legal and academic discourse on victimless crimes, the hack politicians of the New York State Legislature, Harlem black nationalists, and state gambling expansionists all converged in the same place at the same time for the hearings of the New York State Legislative Committee on Victimless Crimes. At the hearings James Lawson feuded with Howard Samuels, dismissing Samuels’ proposal for an OTB run numbers game and dismissing Samuels as someone who doesn’t “know a damn thing about gambling.” Lawson told the committee that, “blacks would not let white run state offices take over the numbers game.” He declared, “We intend to run it. Come hell or high water.”

11 Thomas A. Johnson, “Numbers Called Harlem’s Balm,” The New York Times, March 1, 1971. In the same article George Barner, head of the Harlem based Community News Service, explained “The numbers activities have long provided a significant portion of the only substantial fluid cash for many of the subsequent legitimate operations in Harlem and other ghetto areas that banks and traditional financial sources have not seen fit to underwrite.”

Clayton Powell Jr. in 1970, also testified in favor of a community controlled game. The clear opposition on the part of black leaders, to an OTB numbers game undercut the efforts of Howard Samuels, who had essentially been pursuing the issue on the elite-liberal impulse that black New Yorkers were being victimized by organized crime. Ultimately the triangular dynamic over the issue which featured gambling expansionists, both liberal and conservative, pressing for state control, political representatives of black and Hispanic communities demanding local control, and rural social conservatives who opposed all forms of gambling expansion, created a deadlock that prevented any initiative on legalization of any type from advancing in the state legislature.

Lawson continued to organize around the issue nonetheless. In early 1972 he added the demand of amnesty for previously committed numbers-related crimes to his demand for local control of the game. Writing in the *Amsterdam News*, Lawson pointed out, “in Harlem and related communities, thousands of citizens have arrest records for gambling. In the eyes of sociologists and some courts, these are victimless crimes.” He warned his brethren in Newark, that the newly instituted New Jersey Lottery would soon attempt to undercut their policy operations. Lawson also announced the formation of a new organization, The New York Committee for Amnesty and Community Control of Policy (A.C.C.O.P). Writing on behalf of the new organization, Lawson explained, “Our concern is that those who operate policy (numbers) be given their due rights and recognition of creating employment; adding to the economic growth of their areas; keeping people off welfare; and among other things providing hope and inspiration to their players.” He continued, “We want these people to operate in the open, without fear,
accountable in civic good, tax payment and with community responsibility. Only amnesty can make this possible!"\(^\text{13}\)

There was to be no amnesty, but developments in the arena of policing proved more favorable for Harlem advocates of local numbers. The patterns of police corruption well known to Harlem numbers operators were again brought to the surface when police officers David Durk and Frank Serpico revealed the nature of such corruption, and the size and scope of the numbers “pad” to *New York Times* reporter David Burnham, in April of 1970. The ultimate result of Burnham’s series of articles was the formation of the Knapp Commission. The investigation conducted by the Commission was in and of itself a reform measure of major significance.

The accounts of corruption published in the *New York Times* coupled with the installation of the Knapp Commission led to the ouster of Police Commissioner Howard Leary. Initially Leary, former top cop in Philadelphia, had been brought in by Mayor Lindsay as an outsider and a reformer to replace Vincent Broderick who had resigned in opposition to the implementation of civilian review.\(^\text{14}\) Broderick had replaced Michael J. Murphy who resigned as charges of brutality mounted in the aftermath of the Harlem riot. Yet Leary the Philadelphian, proved to be a disappointment. According to historian Vincent J. Canato, “Above all, Leary showed little desire to take on the established


\(^\text{14}\) Although Broderick resigned over the issue of civilian review, a mainstay issue for black political leaders, he in fact compiled an impressive record on race relations in relatively short period of time. He was later appointed as a Federal Judge.
practices of the NYPD.” Chief among these established practices was of course the taking of gambling graft.

The hearings conducted by the Knapp Commission revealed the extent of police involvement in the numbers business. Testimony showed extortion of numbers workers to be a lucrative business that pervaded the police department. Numbers money had remained a highly significant supplement to a policemen’s salary, with the most lucrative districts being in ghetto areas such as Harlem and Bedford Stuyvesant where the police extorted large sums of cash from the community. The final report of the Commission issued to Mayor Lindsay, basically speaks for itself:

“The heart of the gambling payoff system was found to be the plainclothes ‘pad’. In a highly systemized pattern, described to the Commission by numerous sources and verified during our investigation, plainclothesmen collected regular bi-weekly or monthly payoffs from gamblers on the first and fifteenth of each month, often at a meeting place some distance from the gambling spot and outside the immediate police precinct or division. The pad money was picked up at designated locations by one or more bagmen who were most often police officers but who occasionally were ex-policemen or civilians. The proceeds were then pooled and divided up among all or virtually all of the division’s plainclothesmen, with each plainclothes patrolmen receiving an equal share. A man newly assigned to plainclothes duty in a division would be put on the pad after he had been with the division for a specified period, usually two months, during which time the other members would check him out and make sure he was reliable. This loss of revenue was customarily made up to him when he was transferred out of the division at which time he would receive severance pay in the form of two months payment after his transfer. Plainclothesmen who put a new gambling operation on the pad were entitled to keep the entire first month’s payment as a finder’s fee. The average monthly share per man ranged from $400 to $500 in midtown Manhattan divisions, to $800 on the Upper West Side, $1,100 in lower Manhattan, and $1,500 in Harlem. Another gambler, who ran a fixed spot, told the commission he paid $750 to division plainclothes and $300 to borough, as well as $196 to the detective squad, $180 to the precinct sergeants, $60 to the precinct desk officers, $60 to the precinct gambling car when there was one, and $120 a week to the local patrol car, for a total of $1,600 a month. Most often when plainclothesmen needed a token arrest to meet...
arrest quotas or to give the appearance of activity, they would tell the operator of a spot to arrange a time and a place for the arrest. The operator would then select someone to take the arrest, who was usually one of his employees who had a relatively clean arrest record or an addict who was paid for his trouble. Whoever took the arrest would put a handful of bogus policy slips in his pocket and meet the plainclothesman at the designated time and place, where, often as not, he would get into their car without even waiting to be asked.”

Ultimately the commission came out in favor of legalized gambling. “The criminal laws against gambling should be repealed. To the extent that the legislature deems that some control over gambling is appropriate, such regulation should be by a civil rather than criminal process. The police should in any event be relieved from any responsibility for the enforcement of gambling laws or regulations.” Gambling laws were not repealed, yet newly appointed police commissioner Patrick V. Murphy took his own action. A central piece of Murphy’s anti-corruption reform program was an unofficial moratorium on low-level gambling arrests, thus depriving crooked cops of their principal tool for shaking down runners. Murphy (the fifth police commissioner by that name during the 20th century) was known as “something of an intellectual,” and he had clearly been influenced by much of the discourse on victimless crime. His moratorium on low-level gambling arrests was coupled with pursuit of corruption within the ranks, and the policies he initiated began the process of destroying the “pad” system that had been a feature of New York policing for so many decades. After Murphy left the post in 1973, his policies were continued by the two subsequent Commissioners, Donald F. Cawley, and Michael J. Codd, and by the end of the decade economic corruption by the New York police had been rendered incidental rather than systemic.

The prolonged moratorium on low-level numbers arrests served to strengthen the autonomy of black and Latino numbers workers over the course of the 1970s. The Knapp commission, in its final report issued in 1973 pointed to this trend already underway. According the report, “The banker in a numbers operation is the central figure in the setup. Until recently, almost all bankers were organized crime figures from outside the ghetto. But there has been a growing trend toward numbers operators from within the ghetto becoming bankers themselves.” Spanish Raymond Marquez, who had been identified by the New York Post as an independent operator in Harlem back in 1960 following Adam Clayton Powell’s denunciations of the police, had spent the first part of the 1970s in prison. He was in jail during the Knapp hearings, and during the entire tenure of Patrick V. Murphy. When Spanish Raymond emerged from jail on January 22nd 1975, three years ahead of schedule due to good behavior, he found that the old numbers game of police-mob collusion had now changed considerably, due in particular to the police moratorium on arrests. Looking back on 1975 he observed, “the numbers action was so outrageously wide open that it appeared to be sanctioned.”

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Following on the heels of the Knapp investigation, the Pennsylvania Crime Commission conducted an examination of police corruption in Philadelphia. The findings were almost identical. The Pennsylvania report identified numbers as the dominant gambling game in the city of Philadelphia. The Commission also described a pad system akin to that of New York complete with the dramaturgy of pre-arranged sham

17 Ibid., 79.
arrests to give the appearance of enforcement. The Pennsylvania group offered some in-
depth analysis on the roots of the pad, linking it to “complicated motivations and social pressures” and a more general confusion about the status of gambling. “Prohibition or legitimacy of various forms of gambling have placed gambling in a very ambiguous position within the United States, and more specifically within Pennsylvania itself. State lotteries are tolerated while similar betting schemes, numbers and policy, are outlawed….The Police Department composed of members of society, reflects the confusing status of gambling.” 19

The Pennsylvania Commission pointed to public opinion as part of the basic problem, as “in light of the public apathy toward enforcement of gambling laws and the lack of resources available to investigate violations, the gambling laws as written are unenforceable.” Confronted with such a confusing situation, police officers become “frustrated” and ultimately turn to “systematic payoffs of police by gamblers for failure to enforce the gambling laws.” 20 The Pennsylvania Commission reiterated the basic conclusion of New York’s Knapp Commission and proclaimed that the police should be relieved of their responsibilities for gambling enforcement.

As the problem of police corruption relating to numbers gambling became undeniable, a number of studies and legislative commissions attempted to chart a path toward recalibrating the law to rationalize and, in some ways, to legalize the practice of numbers gambling. Studies conducted in New York, New Jersey, Washington D.C. and Illinois were deeply influenced by the scholarship of victimless crime, as they searched

20 Ibid., 216-217.
for solutions to the numbers problem. The first examination of the possibility for legal numbers was conducted by the Fund for New York City, established by the Ford Foundation in 1968, with the mandate of improving the quality of life for all New Yorkers. The Fund’s first major study, *Legal Gambling in New York*, noted, “the legal gambling issue is current and highly political.”\(^{21}\) The study attempted “to determine whether and how certain forms of legal gambling might provide the city and its people with real benefits – in increased public safety, reduced corruption, and perhaps higher public revenues.”\(^{22}\) Although the report conceded a place for revenue, it was quite clear that revenue “should be subordinate” to the more important objective of undermining crime and corruption.\(^{23}\)

The Fund’s estimate for the total gambling activity in New York City amounted to $1 billion in sports betting, $600 million in numbers betting, and $150 million in horse race betting. State ambitions of capturing such large betting volume would require higher payouts than the street game. The New York State Lottery of 1972 offered only a 45 percent return compared to the illegal return of 60 percent. “Thus,” according to the Fund, “the Lottery has had no appreciable effect on the illegal numbers game.”\(^{24}\) Without higher payoffs the only advantage held by the state would be the ability to advertise and promote the game. “There is an important difference between accepting the public’s impulse to gamble and encouraging it for the sake of raising money. The government

\(^{21}\) The Fund For New York City, *Legal Gambling in New York: A Discussion of Numbers and Sports Betting*, (New York, November, 1972)\(^{1}\).
\(^{22}\) Ibid., i.
\(^{23}\) Ibid., ii.
\(^{24}\) Ibid., 5
taxes liquor and tobacco, but it does not – and should not – promote their use.”25 The conclusion of the Fund’s analysis was that “the primary objective of any legal form of gambling should be the elimination of its illegal counterpart.” Yet the report cautioned, “even after illegal gambling is ended, revenue must not assume too much importance as a goal.”26 The case for gambling as a revenue source was deemed “weak,” while the case for gambling as a means to fight organized crime and corruption was described as “worth a try.”27

New Jersey, already a lottery state since 1971, took up the question of further legalization with its Gambling Study Commission formed in June of 1972. The report was “undertaken against a background of developing interest, both in the state and nation, in the potential benefits of legalized gambling.” This interest was being driven by “certain emerging social and political trends,” in particular: difficult fiscal conditions, “an era increasingly vexed by problems of crime and corruption,” and the widespread “assertion of personal liberty against state control.”28 The Jersey Commission expressed doubts about potential revenues. Rather, the Jersey report pushed legalization and regulation to combat the “social ills and corrupting influence which arise from attempting to maintain a set of suppressive laws which generate hypocrisy in their enforcers and

25 Ibid., 6.
26 Ibid. 7
27 Ibid. 19. The report noted that there would likely be resistance to a state game, rooted in “the proprietary feeling of black and Puerto Rican communities toward the present game” Some level of limited community control was characterized as “possible, and probably desirable,” but “unregulated” community control, it is argued, would leave the new game vulnerable to “infiltration by criminal elements.”
resentment among the general citizenry.”\textsuperscript{29} The final recommendation of the Commission offered up a constitutional amendment dramatically increasing the scope of legalized gambling in New Jersey. The referendum failed before the voters in 1974, yet a substantially modified version of the amendment, restricting the operation of “Numbers” to the State Lottery and restricting casinos to the area of Atlantic City, was approved by New Jersey voters in 1976.

In Washington D.C. the question of legalization was taken up in a report from the Washington Lawyers’ Committee for Civil Rights, which published \textit{Legalized Numbers in Washington: Implications with Respect to Law Enforcement, Civil Rights, and Control by the Community} in 1973. Although the Washington study confronted many of the same questions as the New York and New Jersey reports, it approached the issue of numbers gambling from a different perspective. The funding for the project came from the United States Catholic Conference of Bishops and the Council for Christian Social Action. The Committee set out to “examine the laws and policies of enforcement related to the so called ‘victimless crimes,’” with a particular focus on “the apparent discrimination on the basis of race, sex, and economic class in the enforcement of these laws.”\textsuperscript{30}

The Committee conducted a series of surveys on police attitudes and took testimony from lottery officials, law enforcement officials, community activists, and members of the gambling public. Being a civil rights organization, the Lawyers’ Committee was less interested in the nation’s war on organized crime or the need to raise revenue for government than the fact that “although black people constitute only 12

\textsuperscript{29} Ibid. 25.

percent of the nation’s population, over 70 percent of the persons arrested on gambling charges, nationwide, are black.”31 While scholars and would-be reformers had been beating the drum about prohibitive laws producing corruption and criminal monopolies, the Washington Lawyers added a new layer of critique in pointing out the extent to which prohibitive laws regarding victimless crime enabled police harassment of particular groups or communities.

Despite the difference in focus, the Washington Lawyer’s nonetheless arrived at many of the same conclusions as their counterparts in New York and New Jersey. They noticed in the city of D.C. “symbiotic relationships” between police and gamblers and a general pattern of corruption “similar to that described by the Knapp Commission in New York, though on a smaller scale.”32 The D.C. group expressed far more interest in ensuring that illegal runners be incorporated into any new formulation of a legal game, and community control was a prominent feature of their proposed way forward. In fact the lawyers committee heard testimony from anonymous citizens, all of whom had come out to speak on behalf of community control.

The testimony of the citizens, identified by number rather than name, expressed many of the ideas and proprietary sentiments being embraced by Harlem political leaders. According to citizen #1, “black people are prosecuted unnecessarily for a part of our lifestyle…gambling in the black community is an alternative to the denial of blacks in the economic system. I am opposed to lotteries like those in New York and New Jersey because they are not dispensing the money back in the community…I am in favor of

32 Ibid., 23.
black people controlling the numbers, from the runner to the banker…See the numbers operation employs a lot of people…but if we’re talking about legalizing we got to take the police off the payroll.”

Citizen # 2 was of a similar mind. He testified “numbers in the black area is a way of life…it is the only successful business in the black community…the money that comes out of numbers goes into housing and education.” He argued that a legal game should be run by the people who know the game, the people “who are running it now.” Yet he expressed skepticism about the fate of any legal game. “I know, if they legalize it, they’re going to do it like they do everything else. They’re going to take the guy that knows everything about it and hire him for a week, then they’re going to give it to a Ph.D, but that ain’t going to go.” In a dismissal of the notion that the numbers were tied into drugs and gangsterism, he explained, “numbers men are some of the most sophisticated black people you’ll ever meet because, first of all, they are efficient…they might be a deacon in the church. They have a lot of sense about living and life and they know better than to touch certain things…there are no gangsters…This is not a game it is a business.” He credited the numbers with serving the community better than the District Government and settled on the position, “Let’s not legalize it unless we control it.”

A man identified as citizen #5 saw hope in a legal game run by the city as a means of converting illegal into legal employment. He said of himself, “I am 51 years old. The only job I ever had in my life is in the employment of the numbers game. I don’t carry a social security card, other than the one they issued me in Lorton… I’ve worked in every phase of the game. It’s my life. It’s all I know.” Yet the simple of idea of converting an

33 Ibid., d-71.
34 Ibid., d-73-d-75.
illegal job into a legal one through a recalibrating of the law continued to be difficult for many to embrace. The stain of the numbers game’s long illegality seemed to have left the numbers worker branded as criminal and anti-social and thus in the eyes of many policy makers only the state could be trusted to operate the game fairly. Howard Samuels of New York’s OTB testified at the hearings in Washington DC, and he evinced this kind of thinking. He had clearly been worn down by the resistance he had received from the black community in New York, and thus he had moved towards a position of embracing maximum community involvement in any legal game. Yet for some reason he still resisted the idea that pre-existing numbers operations could simply be re-branded as legal allowing the same people to work in the same capacities. He expressed worry about the line of reasoning that numbers running was an important source of jobs, explaining that jobs “that are themselves illegal is no way to solve the problem. You ought to create the right kind of constructive jobs in this society. We ought to take the money from the numbers and put it in day-care centers and create jobs in day care centers. Maybe we can make some of the numbers people day-care center people.”

Ralph Batch, Commissioner of the New Jersey lottery, told the Committee in Washington, “Black people in New Jersey, in the inner city, are accustomed to numbers. It is part of a way of life.” He pointed to two separate independent studies that confirmed that black New Jersey residents had supported the creation of a state lottery at a far lower rate than whites, and that black New Jersey residents were participating in the lottery at a substantially lower rate than whites. He explained, “the game we offer is not the game

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35 Ibid., d-19. Howard Samuels lamented the double standard employed with regard to gamble, as he argued that, “the whole national attitude toward gambling is hypocritical,” because some “can go down to Wall Street and play the stock market,” while it is illegal to play numbers.
they want to play…I think, to penetrate and to be effective in the inner city, we would have to go to a daily action with the ‘select your own numbers program’ with instant payoffs.” He noted that such a move by the New Jersey Lottery “May not be too far in the offing.”

On May 25, the Commission heard from Columbia University Anthropologist Francis A.J. Ianni to assess “problems associated with community acceptance of the New York Lottery, OTB and other legalized gambling programs.” The Professor testified on the basis of fieldwork on gambling done in Italian, Puerto Rican, and black communities. With reference to illegal gambling, he explained that in these communities “there is no conception that gambling, …in terms of numbers, is something which is immoral, illicit, or wrong,” as many simply view it as “our form of the stock market.” He also pointed out that the numbers, “particularly in the black areas that we studied, is much more than just a gambling process. It is actually a very elaborate cultural phenomenon.” A crucial element of the this cultural phenomenon was “the relationship between the people in the community and the individuals who are involved in selling numbers.” The professor found numbers men characterized as “love” persons, and “robin hoods” who were “successfully thumbing their nose at the establishment,” while doing “all sorts of favors” for people in the neighborhood.

Ianni described inner city residents as “fairly consistently opposed to any centralized control,” of the numbers game. Such suspicion was rooted in the belief that any proposals coming from “downtown” would only serve to extract money from the area. As a result of his gambling research Ianni concluded that the numbers “is so much

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36 Ibid., d-24- d-25, and d-15.
a part of the community, that it becomes essential that it remains in community control...It is a game and a process of gaming which is well understood by the community and consequently, the community’s acceptance of it, the community’s involvement in it, and the community’s notion of how it should be developed are important consideration. Yet the anthropologist raised a difficult problem attached to legalization of numbers. He conceded that he had no “magic bullet” for the problem “of what happens to welfare recipients, who under the current system can win money in the numbers game, really with impunity, as far as the requirement that they turn the money over to the welfare agency is concerned.”

In 1974 the state of Illinois confronted the numbers gambling issue with a legislative study committee on the Chicago variation of the numbers known as the Policy Game. The Illinois Committee, made of members of the state legislature, included Harold Washington who would later go on to become Chicago’s first black mayor. Like the Washington DC Committee, the Illinois group was particularly attentive to the needs of the black community of the state in making its final recommendations for a legal game. Black Chicagoan Brenetta Howell Barrett, who had served as director of Governor’s Office of Human Resources, echoed the sentiments of the anonymous citizens of

37 Ibid., d-27-d-29. Asked if a legal game could employ large numbers of people he responded that “the potential for employment is quite high.” The Commission probed further asking if the professor envisioned runners moving around the streets with “numbers cards,” or if local people should be given “know-how to operate computers,” which would tally the game. Ianni responded, “Our view, is that they would be suspicious of sophisticated machinery. They understand the operation as it currently works. It is something which they know. All you have to do is go to a beauty parlor, for example, and hear someone say, ‘What was the number today’, and somebody will say ‘it was death, and then they come out immediately with the right number and you get some sense of how ingrained it is in the community. I think that the introduction of sophisticated machinery, at least at the outset, would be detrimental. (d-33)

38 Ibid., d-35.
Washington DC. “Legalization of Policy will legitimize an industry which employs substantial numbers of Blacks, providing them on-the-job training in responsible positions which would otherwise not be so easily accessible to them in either the public or private sector.” Moreover, Barret argued, “Legalization would go a long way towards removing the ever-resented intrusion of crime syndicate control from outside of the Black community usually in concert with and abetted by some public officials who wink at the existence of a thriving numbers game.” She referred to the appropriation of the game by white gangsters as a “plagiarism,” and she argued, “policy should be legalized and restored, under regulation by the State, to the administrative hands of the Black community.”39 The Illinois Committee issued a call for a community controlled game, and even drafted a bill to be submitted to the state legislature, that would have created such a game.

As momentum towards gambling expansion built, and as initiatives for local control confronted the aggressive ambitions of state lotteries, calls for a conclusive Federal position on the issue abounded. The question of the proper federal role in the gambling field was taken up by the Commission on the Review of National Policy Toward Gambling. Members of the Pennsylvania Crime Commission, the Fund For New York City, and the Illinois Policy Numbers Game Study Committee were all called to testify as part of what would be the largest examination of gambling and gambling policy ever conducted.

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39 *The Policy Numbers Game Study Committee* (Springfield, Illinois, June, 1975).
The Commission on the Review of National Policy Toward Gambling, established by the Organized Crime Control Act of 1970, was charged with the mission of studying gambling “as it exists in America,” and developing recommendations for the states to follow as they formulate their own gambling policies. Between April 3, 1974 and September 23, 1976, the Commission conducted 37 days of hearings, taking testimony from 265 witnesses, including “elected officials; members of the criminal justice community at the federal, state and local levels; officials of the gambling regulatory agencies in the United States and abroad; representatives of the various gambling industries, both legal and illegal; members of amateur and professional sports leagues; journalists and interested citizens.”

The hearings conducted by the Commission offered an expansive look at gambling. All areas of gambling were examined, yet particularly revealing were the various statements made on the growth of lotteries and the general efforts to enforce gambling laws in the Northeast.

The Commission heard and solicited the views of a number of religious figures on the topic of gambling. While there was significant skepticism, and sometimes outright opposition expressed by leaders from Protestant denominations, the Catholic Church proved relatively open to the emerging dynamic of state gambling expansion. In a letter to the Commission, Monsignor John J. Egan, writing as Chairman of the Catholic Committee on Urban Ministry said gambling “must be considered in relation to general moral principles as well as political exigencies, lest we back ourselves into a position

which might be comparable to the moralizing which brought about prohibition.  

Although Protestant figures testified and wrote from a far more cautionary position, issues of moral acceptability generally receded in the face of matters of policing and order, fiscal needs of the states, and “political exigencies” more generally.

On November 19, 1974, representatives from each of the nation’s thirteen existing lotteries, came to Washington D.C to testify before the commission. Of great importance to the lottery representatives were the federal restrictions regarding the use of the mails and the broadcast airwaves for communications regarding lotteries. In September of that year, the Attorney General of the United States had made clear that he intended to act against offending states within 90 days, unless legislative action was taken to remedy the situation. With fear of attack by the Attorney General, one after another, the lottery directors complained of being handcuffed by these “archaic” laws.

Illinois Lottery director Ralph Batch (formerly director in New Jersey), demanded “flexibility in the use of mails, radio, and television.” Christo Anton of the Maine State Lottery Commission urged Congress “to allow the lotteries to conduct their business as any other bona fide business may do.” After claiming that the main purpose of a lottery is to raise revenue, Stanley Fine, the director of the Maryland Lottery, argued that a lottery “is a government sponsored business rather than another bureaucracy, and as such should have the same marketing opportunities as any other business.” Russell Shannon, legal counsel for the Massachusetts lottery concurred, adding a states rights argument

42 Ibid., 30.
43 Ibid., 31.
in pointing to the principal of “permitting states to regulate gambling as they deem proper.” Yet, beyond his states’ rights argument, Shannon, wanted freedom to operate in what was clearly an interstate realm, as within the same breath he proposed the creation of regional lotteries “established by compacts among the various states.”

The revenue imperative was front and center, as Gus Harrison argued, “Michigan does not feel that the federal government has the right to discourage, through lottery restrictions, states that are trying to improve their financial condition. The federal government, at the very least, should avoid interfering with or discriminating against attempts by states to solve their own financial problems.” Edward J. Powers of New Hampshire said state operated lotteries should be treated “as an accepted consumer business” and that any failure to fully amend outmoded federal laws “will leave a reservoir of confusion and hypocrisy.” Charles Carella of New Jersey reminded the Commission of the potential for lotteries “as a method of combating organized crime by legalizing one of its major sources of income.” He warned that, “a continuation of the current policy, which substantially limits the ability of lotteries to disseminate information, can only work to the direct benefit of the illegal game.” Henry Kaplan of Pennsylvania also pointed to the crime fighting function of lotteries as he demanded that “stultifying” and “archaic” laws be changed so that Pennsylvania might “accomplish its goal of controlling some of the money presently being channeled into organized crime.”

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44 Ibid., 32-33.
45 Ibid., 34.
46 Ibid., 35.
47 Ibid., 36.
48 Ibid., 38.
John E. Kirkland, Ohio Director, argued that “the existing and suggested barriers of federal legislation militate against the growth and efficiency of the Ohio Lottery.”\textsuperscript{49} Major Peter O’Conell stated that, “Rhode Island strongly suggests that all present federal statutes that impinge in any way upon the freedom of state-created lotteries to operate as autonomous business enterprises be abrogated.” In line with the free-enterprise argument, he expressed hopes for “changes in the federal laws where necessary to give full recognition and complete freedom to the state–created lotteries.”\textsuperscript{50} Ronald Maiorana representing the New York State Lottery cautioned that a federal tax on winnings “could cause a breakdown of the entire lottery system.”\textsuperscript{51}

Taken together, the testimony of the Nation’s lottery directors displayed the outlook of this emerging sector. According to these men lotteries had an important role to play. They were needed to fight crime. They were needed to raise revenue. They should be allowed to operate freely as commercial enterprises. They should not be placed at a competitive disadvantage. They should be “established as an accepted consumer business.” State’s rights must be respected in the area of gambling policy, and “archaic” federal impediments to lottery practice should be removed. Lotteries should be able to combine across state lines to create supra-state lotteries. All this should be done to avoid “a breakdown of the entire lottery system.” Already, in 1976, the walls between public function and private enterprise were collapsing, and all of the nation’s lottery directors were of like mind and speaking with a single voice, of the need to expand and grow, regardless of the contradictory nature of the various arguments employed. The Congress

\textsuperscript{49} Ibid., 37.
\textsuperscript{50} Ibid., 39.
\textsuperscript{51} Ibid., 42.
acted in time to save the Lotteries from prosecution by the Attorney General, and in January of 1975, Gerald Ford signed a law allowing state-run lotteries to use the federal mails, the radio, and television to disseminate information and to advertise.

In April of 1975, the Commission held hearings in the city of Boston, intended to cover the specific topic of gambling and law enforcement. Thomas P. O’Neill, the Lieutenant Governor of Massachusetts embraced both the revenue and crime reduction functions of the lottery, pointing out that in 1973 the Massachusetts Lottery had netted $35 million in revenue, while also taking a bite out of the numbers rackets. State Treasurer, Robert Crane, being the Treasurer, was extremely focused on the revenue potential for lottery growth. He explained that the Lottery was already a money maker, and that plans to go head to head with a legal numbers game would be “a particularly promising source of funds.” The state was planning “a number selection game in direct competition with the illegal numbers racket…expected to produce between $30 million and $40 million a year in new revenue.” Treasurer Crane, without a doubt unintentionally, pointed out one of the most troubling elements of state gambling. “To replace the amount of revenue currently derived from gambling, if operations were to cease, would require a 4.6 percent increase in receipts from sales tax plus a 2.8 percent increase in receipts from the state income tax. Both of these taxes would bear most heavily on the lower and middle income citizens.” In other words, gambling money had already become a basic element of the budget, rather than a cleverly conceived bonus or a supplement to the budget. Once gambling has grown, it cannot be allowed to shrink, or

52 Ibid., 157.
more taxes will be the result. He went on to state, “Clearly, gambling revenue is a significant contributor in financing the state government and its absence would require significant increases in tax burdens.” Crane, in fact, portrayed gambling with the state as something of a civic duty, as he argued “the people need to be informed through newspapers, radio, and television of the importance of legal gambling proceeds to the state, and, if they gamble legally, they will be helping to combat organized crime.” For Crane, the idea of state gambling growth was no problem, because gambling monies “are voluntary and not regressive, as studies have shown that relatively few poor people gamble.” He also reassured the Commission against the harmful effects of lotteries on the household budget, as he explained that gambling monies are taken from leisure dollars, or “the money that a person might use to take vacations, go skiing, or dine in a restaurant.”

State Treasurer Crane failed to employ his own logic, which would have led him to conclude that, rather than using their skiing money to gamble, Massachusetts’ citizens were betting with the money they would have otherwise used to pay their increased taxes in the absence of lotteries.

A number of federal law enforcement officials were far more skeptical regarding the utility of state lotteries, and cautioned strongly against any broad legalizations, or relaxations of federal statutes. Gerald E. Mcdowell of the Department of Justice, New England Organized Crime Strike Force, asserted that, “the most successful approach to weakening organized crime is the intelligent enforcement of the federal Laws against gambling. He expressed certainty regarding the criminal monopoly of organized crime in the gambling field, stating, “the men who control gambling influence, control, and

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53 Ibid., 160.
finance all other rackets in the region.” He dismissed the “segment of society” that “views gambling as a harmless pastime that injures no one.” Instead, he argued, “gambling is a never a victimless crime when the bettor lacks the money to pay his gambling debts.” McDowell expressed serious reservations about any forms of legalization, in that “legalized gambling has the potential of introducing the citizenry to the ways of degenerate gambling.”

Yet, in contrast to the federal agents, individuals closer to the ground in the law enforcement field expressed strong support for greater legalization. Kenneth T. Lyons, representing the International Brotherhood of Police Officers stated that legalization “would significantly reduce the huge amounts of money flowing into the coffers of organized crime.” Pointing to an increase in personal and property crimes, he argued “all available law enforcement resources should be focused on these crimes.” The Commissioner of the Police Department of the City of Boston did not mince words in his call for legalization. “Legalization is a sensible alternative to vigorous enforcement because of the funds and manpower required for the latter. It is time to stop the hypocrisy, corruption and wasted police and court time. Gambling laws breed corruption as evidenced by the fact that every major scandal within the department over the past 35 years has been related to gambling.” Overall, the hearings in Boston featured a pattern that would re-emerge at hearings in other cities, with federal officials insisting that organized crime held a criminal monopoly in the field and that strict enforcement was the only remedy, while state level officials concurred that organized crime was powerful but

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54 Ibid., 161-163.
55 Ibid., 172.
56 Ibid., 179.
argued that limited legalization in the form of state lotteries presented an effective solution, and while local officials demanded almost total legalization of gambling.

In late May of 1975, the Commission held hearings in the City of Philadelphia. Richard J. Baker, the FBI agent in charge of the Philadelphia field office saw a strong role for organized crime in Pennsylvania gambling, as he argued that part of the problem lay in the lax approach of the judiciary. Joel Friedman, Chief Attorney for the Department of Justice Organized Crime Strike Force in Philadelphia also described a gambling field dominated by organized crime. Meanwhile, he expressed doubts about the value of lotteries as he argued, “legalization of gambling in any of the commonly suggested forms will not significantly reduce organized crime’s control over the industry.”

The Commissioner of the Pennsylvania State Police, James Barger, concurred with Federal officials on the role of organized crime as he stated that 53 percent of gambling in the Northeast was in the hands of organized crime. Yet unlike the Federal officials he saw value in lotteries and concluded that an expansion of the state role in the gambling field was necessary.

The statements of various officials rooted in the city of Philadelphia tended towards favoring much broader legalizations, with control kept at the community level. The testimony of Joseph R. Glancey, President Judge of the Philadelphia Municipal Court, clearly confirmed that the judiciary was skeptical about gambling laws. Judge Glancey was also skeptical about the importance of organized crime in the field. He

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57 Ibid., 246.
58 Ibid., 244.
59 Ibid., 236-237.
stated, “By insisting that organized crime is behind illegal gambling, the federal government is compelling local units of government to carry an inordinate burden by strict enforcement of gambling laws.” The judge called for local communities to be enabled to conduct their own licensed and taxed gambling. The District Attorney of the City of Philadelphia went even further, making an outright dismissal of the role of organized crime. He explained, “The office of the district attorney has found no connection between gambling and organized crime. There has been no evidence to justify any theory that gambling in Philadelphia is some form of ‘tentacle’ of organized crime that is conducted by one or two people. In fact, the exact opposite has been found: Individuals appear to be operating independently or with a few people in the neighborhood.”

Joseph O’Neill, Police Commissioner of Philadelphia, suggested a two year moratorium on gambling arrests, so that the effects could be studied and reviewed.

The President of the Philadelphia City Council was particularly drastic in his calls for legalization, stating that “across-the-board legalization of gambling should be effected.” Council President Schwarz pointed out that despite the existence of the lottery, “the numbers game still flourishes openly in Philadelphia. If numbers were legalized, those engaged in selling numbers could be hired by the Commonwealth or by Municipalities to do the same thing they are doing now, but they would pay taxes on their earnings.” His views reflected the demands of Philadelphia’s large black population, which defended the numbers game as legitimate economic activity.

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60 Ibid., 238.
61 Ibid., 239.
62 Ibid. 235. Also speaking about Philadelphia, Professor of History from Temple University, Mark Haller, testified, “In some neighborhoods gambling has a great deal of impact, as it did in the 19th century, because they still are 19th century neighborhoods in
In June of 1975 the Commission held hearings in Detroit Michigan. Noel Bufe, an advisor to the Governor, offered the official conclusion of the Victimless Crime Task Force of the Michigan Commission on Criminal Justice “that gambling remain as it is at present in Michigan and not be decriminalized further.” According to Bufe, the lottery itself should remain “controlled at the state level for reasons of efficiency.” Bufe was generally reflecting the views of Governor William G Milliken, who believed that the lottery, having been approved by public referendum in May of 1972 with 73 percent of the vote, stood on solid legal ground, while any other expansions would be dubious.63

While state officials favored state monopoly over gambling, voices from Detroit called for blanket legalization. What was perhaps the broadest call for legalization came from future United States Senator Carl Levin, then serving as President of the Detroit City Council. He pointed to revenue, jobs, and lower crime rates generally, as a potential result from legalization. Yet, according to Carl Levin, “The most important effect of legalization would be to increase respect for the law. Police corruption and payoffs would terms of economics and social structure.” Other areas had little gambling due to “the impact of the automobile on the way in which residential neighborhoods were structured. The automobile separated residence from commercial activity and gambling.” The corruption money from gambling could be viewed as an “institutionalization of neighborhood norms.” (241) In August of 1975 the Commission traveled to Phoenix Arizona, which proved quite distinct from the Northern and Eastern cities that represented the overall focus of the Commission’s work. Arizona law enforcement officials, perhaps unintentionally, offered a theory of numbers gambling as a basic urban form, arising from population density. Glenn Sparks, of the Intelligence Unit of the Phoenix Police Department explained, “Numbers operations have not gained a foothold in Phoenix due to the effectiveness of law enforcement, and the geographical size and layout of the city.” Sergeant Ryan of the Tucson Police Department similarly observed, “There is no evidence of a numbers operation in Tucson. If the population doubled, however, there would be no way a numbers racket could be stopped from operating in the city.” (396)

63 Ibid., 295.
be reduced considerably. People should be able to gamble legally since they already do so illegally.”

Although FBI agents from the Chicago field office had testified that gambling in that city was totally controlled by the mafia, and that any claim of black autonomy in the numbers was an illusion, three representatives of the Policy Numbers Study Commission of the Illinois General Assembly argued that “the black community needs money,” and that a legal, community controlled policy (numbers) game could be an important source of revenue. “Since policy is a large sales operation and can be compared to other operations such as mutual funds and brokerage houses,” they pointed out, “it can be licensed and regulated as a privately owned game for profit.” They claimed that 38,000 persons in the Chicago area were working in the policy business, and that legalization could bring them to the right side of the law.

The Superintendent of the Illinois State Lottery, Ralph Batch, testifying before the Commission for a second time was clearly on guard against efforts to legalize numbers gambling with any element of community control and “any type of fragmentation of lotteries below the level of state operation,” or “the legalization of any privately operated lottery.” He argued that the lottery had “curtailed and will continue to affect adversely the numbers racket in Illinois.” He also offered interesting thoughts on the notion of lottery gambling as regressive taxation. “Lottery opponents always argue from the misconception that poor residents of a State will buy lottery tickets when they should be buying much-needed food and clothing for their children. The Illinois experience shows

64 Ibid., 257.
65 Ibid., 432. The members of the Policy Study team pointed to a bill H.B. 3123, which would serve to legalize local policy operations.
the assumption to be a fallacy: Most lottery players could best be described as Mr. and Mrs. Average American.”

The final round of Hearings in Washington D.C. and a number of prominent federal officials Most of those in law enforcement opposed any legalization of gambling, which they regarded as “the backbone of organized crime.” Some complained of weak sentencing practices on the part of judges, and argued that the threat posed by gambling is misunderstood, even in law enforcement circles. “Particularly susceptible to this misunderstanding are the numbers, policy, or bolita rackets in operation around the country. Local police officials fail to understand the gigantic size of most numbers rings.” Such operations also posed a threat “to the economic welfare of low income bettors.” Jay Waldemen, Deputy Assistant Attorney General, conceded to the inevitability of gambling activity, yet he called for a redoubling of antigambling efforts. He explained, “While the nation’s schizophrenia about gambling persists, the Department of Justice maintains its responsibility to vigorously enforce those Federal laws directed against large scale gambling operations.” He further argued that “failure of state and local authorities to enforce such laws should be read as a sign of substantial corruption as much as an indication of public consent to repeal antigambling laws.”

Concluding with testimony to examine the evolution of British gambling laws and taxation policies, the Commission turned towards issuing its final report. The many days of hearings had demonstrated a remarkable lack of consensus on the issue of gambling. Of course, it is rare for a politicized issue to produce consensus, yet the uncommon feature of the gambling debate was the lack of consensus within the law enforcement

66 Ibid., 439.
67 Ibid., 499-500.
The hearings had offered all sorts of conflicting statements. Organized crime controlled all gambling. Organized crime was not connected to gambling in Philadelphia or Cleveland. Legalization of gambling would drive organized crime out of business. Legalization of gambling would invite organized crime to take over legal gambling. Gambling money was being used to finance “multi-ton” drug shipments in Miami. Meanwhile in Cleveland, gambling money was being invested in “legitimate businesses.” Enforcement efforts should be redoubled and mandatory incarceration should become the standard. Enforcement should be abandoned, and gambling should be practiced freely.

Although there was no exact pattern as to which arguments came from which cities or which professions, there were some general tendencies that emerged from the outpouring of expert and not so expert opinions on gambling. For the most part, federal officials argued that organized crime exercised a monopoly in the gambling field and that the best manner of combating this criminal element was to ramp up enforcement efforts and to impose mandatory minimum sentences, thus stripping the judiciary of much discretion. Most federal officials also agreed that lotteries were not a very effective tool in dealing with organized crime. State level officials, law enforcement and in government, also tended to see a strong role for organized crime in the gambling field. Yet most argued that lotteries were useful in fighting the influence of organized crime, claiming that with increased latitude from the federal government on the issues of taxation and advertising, and with new innovations in gambling offerings from the state such as daily choose-your-own number games, lotteries would increasingly squeeze criminal rackets. Officials at the municipal and local levels expressed the strongest
opinions in favor of broad, and in some cases total, legalization of gambling. Many local officials, in and out of law enforcement, described gambling in their cities and counties as independent of organized crime. Others who saw organized crime involvement in the field argued that broad legalization would undercut organized crime and the related corruption produced by criminal gambling. Also, there were numerous calls for gambling controlled at the “community” rather than the state level.

The basic positions taken by federal, state, and municipal officials, made sense in terms of the interests of each level of government. Federal law enforcement officials who called for unambiguous gambling prohibition wanted an ongoing war on organized crime to be led by a well financed federal apparatus. Meanwhile state level officials made ample use of the threat posed by organized crime to argue for expanding their state lotteries. Finally, local officials were more dismissive of organized crime, as they argued for more liberty, and ultimately more control over their own gambling activity. The calls for legalization and community level control were most forceful in the cities with significant black populations, namely Philadelphia, Detroit, and Chicago. Had the Commission visited New York City it is likely that similar arguments would have been heard.

The final report, *Gambling In America*, declared in a forward by Commission Chairman Charles Morrin that the enforcement of the nation’s current gambling laws was
truly and totally “impossible.”\textsuperscript{68} With enforcement posited as an impossibility, the rest of the report read like a wish list written up by the nation’s state lottery directors.

The Commission dismissed a federal role in the gambling field. “Because it is a social issue, the commission has determined that gambling policy is the proper responsibility of the government entity closest to the lives of the citizens – the state.”\textsuperscript{69}

The report noted that the major expressed goals of state gambling have often been contradictory. “It is axiomatic that the two principal goals of legalized gambling – revenue raising and crime control – are incompatible. The taxation and other tribute necessary to generate significant profits for government may place the legal entrepreneur at an impossible competitive disadvantage with his illegal counterpart.” The report repeatedly called on states to expand gambling for crime fighting rather than revenue purposes. And in the larger spirit of the national fight against organized, the Commission recommended that “the federal government, in the exercise of its regulatory and tax powers, should not unnecessarily impair state efforts to compete with illegal gambling operations.”\textsuperscript{70}

Beyond the issue of crime, the report, in accordance with the conservatism of the political climate, cautioned against the growing power of the Federal Government. The Commission expressed a general concern over the ever-expanding scope of the Commerce Clause, noting that it had been used to “establish jurisdiction in such areas as child labor and civil rights.”\textsuperscript{71} Given that gambling by any measure clearly represented a

\textsuperscript{69} Ibid., 1.
\textsuperscript{70} Ibid., 6
\textsuperscript{71} Ibid., 9 n.8.
matter of interstate commerce, it was possible that “Congress might well adopt a comprehensive federal scheme of gambling regulations, which could have the effect of preempting the field.”

Therefore, the Commission recommended that Congress take action to protect the authority of states. “At a stroke, Congress would protect legitimate state gambling statutes” and state autonomy in the gambling field more generally from challenge in the courts. The model for such action, according to the Commission, would be the McCarran Act of 1945, within which Congress protected state regulation and taxation of the insurance industry, thus legislatively overriding the Supreme Court’s decision in United States v South Eastern Underwriters Association. A similar act could protect the ability of the states to regulate gambling under the authority of state police powers. Ultimately, tying the lowly subject of gambling to the lofty origins of the nation, the Commission stated, “Such a protection of state and national interests would conform with the sound principles of federalism upon which this country was established.”

The final report also recommended that the federal government leave gambling untaxed and leave advertising unrestricted. Clearly the demands of the nation’s lottery directors had left an impression. The report acknowledged, “It is true that, in this country gambling has traditionally been viewed as an activity that has a negative impact upon society and one that should therefore be taxed.” Yet, “in many states it is now the subject of state entrepreneurship, run by the state, controlled by the state, and providing revenue

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72 Ibid., 7. Although Congress had not indicated a desire to preempt the field, “nevertheless,” according to the Commission, “the historical development of the Commerce Clause suggests that the expansion of federal jurisdiction may occur in ways not presently foreseen.”

73 Ibid., 7.

74 Ibid., 8.
to the state. In such instances, exclusion of winnings from Federal income taxation should not be considered a promotion of gambling, but, rather, an acceptance and encouragement of state policy predicated upon a mandate of the people of that state, as well as an anticrime measure of assistance to law enforcement.75 The Commission had identified a new form and named it “state entrepreneurship,” and then justified its emergence, referring to it as an “anticrime measure.”

The Commission could not ignore the arguments made during the hearings that black people were being unfairly targeted by anti-gambling enforcement, nor the statistics gathered by the Commission staff that seemed to support such claims. Yet the final report conveniently explained, “visibility rather than race, is the basis for these arrests.” The disparity was rooted in the over-participation of blacks in numbers gambling and dice games. “Because these offenses are highly visible to police,” the Commission argued, blacks were arrested at disproportionate rates.76 As for the numbers game itself, the report pointed for the great potential for state expansion into the field, with encouraging experiments already underway, with “the daily numbers game introduced by New Jersey in May 1975 and in Rhode Island and Massachusetts in 1976…the first legal game established specifically to combat an ongoing illegal operation.”77 Ultimately, the Commission concluded, “if the states continue to move in the direction of legalized

75 Ibid., 15.
76 Ibid., 37-38.
77 Ibid. 143. Although the Commission was enthused about the future of state numbers, the report pointed out the potential problem that, “the promotion of the game could widen the appeal of numbers play to suburban areas and increase participation in both the legal and illegal games.”(154) Interestingly, this was the argument against a state run numbers game that had been offered during the testimony of the members of the Illinois Policy Numbers Study Commission. They had claimed that a state run game would amount to taking an “ethnic game that exists in primarily black communities” and imposing on the rest of the citizens of the state.
numbers gambling, then the Commission believes that they should forgo all revenue considerations for these games, and should concentrate on the law enforcement objective of eliminating their illegal competitors.” The Commission was far less enthusiastic about the proliferation of instant scratch games given that such games did not counteract an illegal competitor. Active promotion of scratch games “would sacrifice the best interests of the public to the desire to obtain revenue.” Yet, overall, the Commission did note that a “dualistic” approach of seeking revenue and crime suppression simultaneously was possible.

Ultimately, the conclusions of the largest study of gambling ever conducted pointed to lottery expansion as a useful crime-fighting tool, to be coupled with enhanced wiretapping, in order to pursue the “dualistic” approach of combined promotion of gambling alongside suppression of gambling. The federal government was advised to concede, rather than preempt, the field, in what was clearly a case of interstate commerce. The Commission envisioned a more limited scope for the Commerce Clause, with an expanded understanding of the police power of the states that included the new concept of “state entrepreneurship” as an “anticrime measure.” The report had pointed to ambiguity and inconsistency as a major problem in the area of gambling law. But by enshrining state level authority in an interstate field and by practically encouraging the “dualistic” approach to gambling, the Commission all but guaranteed that gambling policy in the United States would remain ambiguous, inconsistent, contradictory, and evident of what the Deputy Attorney General described in his testimony as “the national schizophrenia about gambling.”

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78 Ibid. 159.
Meanwhile, the tensions between state and local authorities over lottery expansion and the fate of numbers gambling would be fought out within the individual states. Conflict over control of this business, community pastime, and cultural practice would unfold in the years after 1976, shaped and driven by the racial and class based politics of state-city relations in the American Northeast.

Black and Latino New Yorkers were highly successful in the numbers business after the Knapp commission hearings. Perhaps no one embodied this autonomy -- as well as the history of the game itself -- more than Raymond Marquez. His imprisonment in the late 1960s highlights the vulnerability of numbers workers to law enforcement. His successes in the mid-1970s demonstrate the growth in autonomy for black and Latino numbers workers in the city. The size and shape of his operations show the extent to which numbers networks provided employment and cash flow to large numbers of ghetto residents. Yet his ultimate failure to achieve legitimacy shows the difficulty of political action by marginalized and criminalized segments of the population in the late 1970s political climate of racial backlash.

Born in 1930 in Harlem to Puerto Rican parents, Marquez was raised on 111th street and 8th Avenue. His father owned a grocery store called the Ray Mar Grocery where numbers were sold under the protection of the Genovese crime family. Raymond became a runner at age 17 after graduating from Textile High School. Within a year he branched out on his own. “You didn’t need a lot of money” he remembers, “You needed
a pencil, a pad and a little bit of luck.” Marquez would eventually grow to be one of the best-known figures in the history of numbers gambling, as the name “Spanish Raymond” became legendary in New York City.

Spanish Raymond first came to the attention of the mainstream New York media in 1960 as a consequence of Ted Poston’s series in the *New York Post*. Raymond found himself in court in 1967, when he refused to answer questions about police bribes before a grand jury investigating police corruption. As a result of his refusal to testify he spent thirty days in jail. The next run-in with the law for Marquez came with a federal indictment only two years later. By this time he was referred to in the press as Spanish Raymond. United States Attorney Robert Morgenthau claimed that the Marquez ring operated out of the Sky Club at 2095 Eight Avenue and was believed to be taking in $100,000 a day. By the time Spanish Raymond and his chief lieutenant Radames Mas were convicted, the government claimed the daily intake of the operation to be $250,000 a day. Raymond was sentenced to serve five years. While his sentence was being appealed he was arrested again, on December 10th, for causing a runner to carry $7,500 in gambling proceeds to Puerto Rico. He received a three-year sentence on top of his initial sentence. While he was in prison, his business seemed to run itself. *The New York Times*

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80 He surfaced in the press again in 1964, named in an indictment as part of a drug ring. Perhaps the allegations were false, as Marquez was not convicted, and he was never again charged with being involved in any drug related activity. His brother was eventually sent to prison as part of the narcotics conspiracy case that sent Vito Genovese to jail. It is possible that the conviction of his brother, and the downfall of the powerful Genovese, caused Marquez to focus solely on the numbers. See Emanuel Perlmutter, “U.S. Holds 2 Cubans as Chiefs of Narcotics Ring.” *The New York Times*, December 20, 1964.

took a look at his operation while he was away, and the role of the Marquez ring as a major source of employment in Harlem was clearly evident.

“It is a testament to Marquez’s organizational skill that his operation continues even though Marquez has been in jail since last January… Marquez’s network of five banks, which centered in the area of Eighth Avenue and 113th Street in Harlem, employs about 400 runners who fan out in the neighborhoods collecting bets from customers. In addition Marquez has a number of ‘spots,’ usually stores, where clients can place bets. Among the spots Marquez has used, according to law enforcement officials, is the Caribe Florist Shop at 2082 Eighth Avenue, which is owned by two of his brothers, Fernando and Robert. Next in line in the Marquez network are 27 controllers, usually store owners, who record bets from each runner and send the information to the bank or office, via a pick up man. Marquez’s pickup people are inconspicuous types such as old people and young girls. They are paid a straight salary, usually $100 to $200 a week. The controllers get 35 percent of the bets their runners collect.”

Spanish Raymond emerged from jail on January 22nd 1975 with the intention of reforming, hoping to succeed in the legitimate world. Yet he found that the police moratorium on arrests had changed the numbers game considerably. He later remembers, “The first day out I changed my mind because the numbers action was so outrageously wide open that it appeared to be sanctioned.” However, Marquez remained intent on pursuing legitimacy in the form of the lobby for amnesty and legalization of numbers gambling. He quickly reached out to Harlem political circles. Among those that Raymond reached out to was State Supreme Court Justice Andrew Tyler. The two men and their wives ate dinner together in May 1975. Subsequently, in February of 1976, the judge was questioned about the meeting as he testified in front of a grand jury investigating corruption. Justice Tyler was convicted of perjury regarding his statements about the

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dinner with Marquez. Yet Harlem political leaders rallied to the side of the popular pipe-smoking Columbia graduate, and Charles Rangel and Percy Sutton testified on his behalf. The State Supreme Court Appellate division later reversed the conviction and admonished the prosecutor for purposely leading Justice Tyler to commit perjury. The whole affair demonstrated the difficulty of attempting to enter legitimate circles if you are Spanish Raymond Marquez

While Justice Tyler was on trial Raymond had plenty of problems of his own. In January of 1977 Marquez was kidnapped. The *Daily News* covered the story in detail.

“His 1974 Lincoln was cruising east on Northern Blvd. near Marathon Parkway when another car with a flashing red roof light pulled alongside. Thinking it was a police car Marquez stopped…They dragged him out of the driver’s seat, handcuffed him, placed tape covered glasses over his eyes and tossed him into the rear of the Lincoln. They drove him to an outdoor phone booth where they ordered him to call his Wife…Mrs. Marquez followed the instructions precisely. At 3:30 her car turned off the expressway and rolled along 20th Ave. to the service road. The car door opened and a paper bag was thrown out…At 4:25 a.m. the desk officer in the Flushing police station received a phone call from a man who said someone was locked in the trunk of a Lincoln Mark IV parked in front of a factory at 32-35 Linden Place…The cops opened the trunk, let Marquez out and asked what had happened. ‘Somebody was having a little fun,’ Spanish Raymond replied. But he didn’t seem amused.”

He told the cops that the ransom amounted to $10,000 worth of jewelry, but according to the *Daily News* the police believed the amount to be over $100,000 dollars. Rumors uptown placed the figure at $250,000, and identified the Mafia as the culprit. Like the Tyler scandal, Raymond’s kidnapping highlighted the perils of being illegitimate.

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Despite his troubles Marquez continued to place hope, energy and resources into partnering with James Lawson and others to achieve amnesty and legitimacy for city numbers workers and bankers. The issue became urgent in April of 1977, when director of the New York State Lottery, John D. Quinn, sent a proposal to Governor Hugh Carey outlining a state run numbers game, prompted by the success of New Jersey’s state numbers game called Pick It. “Mr. Quinn has repeatedly urged the state to compete with its neighbors. He also has argued that a legal game would provide strong competition to the illegal numbers racket.” This news was met with alarm in the black community. The April 16th front-page headline of the *Amsterdam News* read “Whites Planning to Takeover Harlem Numbers.” James Lawson told the paper that a state takeover of the game would put thousands of people out of work. Lawson and the numbers men sent a telegram to Governor Carey that read, “Mr. Governor, if you have this taken away from us, we will all have to apply for welfare which you say you don’t have a budget for. We do not intend for anyone to take numbers away from us because we invented it.” The telegram was signed by The Commission for Amnesty, Legalization and Community Control of Policy Numbers.

In May, Lawson went on the radio to offer a proposal to Governor Carey. The numbers barons were prepared to pay $20 million to buy out the state’s 400 OTB locations, and they proposed to buy franchises for 4,000 state-licensed numbers spots at $10,000 each. “He added that the policy operators would hire community people to run the operation and insure at least 10% return of profits to the communities in which they

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operate that could be used for community development, upgrading and small business
loans." The political climate in which Lawson floated his proposal was vastly different
from that in which Livingston Wingate had argued in defense of the street game and
successfully blocked OTB from entering the business. White ethnics in the city had
grown increasingly resentful and bitter towards black and Latino demands. The city had
consistently lost population for a decade, shifting the balance of power within the state.
Most importantly, the city came frighteningly close to declaring bankruptcy in 1975.
According to historian Joshua Freeman, the “municipal budget squeeze became the
occasion for a broad reordering of city life as bankers, financiers, and conservative
ideologues made an audacious grab for power.” The atmosphere had drastically changed
and a “national distaste for the city, its residents, and their way of life” had set in. 90

When banks refused to continue lending the city money, Mayor Abraham Beame,
the Brooklyn clubhouse democrat and former city comptroller who succeeded John
Lindsay, turned to the federal government for help. The Daily News captured the Ford
Administration’s response with its front page headline, “FORD TO CITY: DROP
DEAD.” 91 Governor Carey and a group of financiers ultimately intervened, agreeing to
service the city’s debt, but only if a number of watch-dog groups were established,
stripping the city of control over its own finances. The crisis greatly shifted power away
from the city towards the state. According to John Mollenkopf, “The crisis of the mid-

90 Freemen, Working Class New York, 256.
91 Freemen describes the ideology behind the Ford Administration’s decision, explaining
that “making an object lesson out of New York could serve as a national curative for
overly generous social programs and attendant fiscal irresponsibility,” 259.

In the Spring of 1977 Governor Carey ignored the proposal by James Lawson and the numbers lobby to buy franchises. But Lawson appealed to the state legislature to keep the state out of the numbers business, and the legislature agreed to delay any action until further study of the impact on ghetto employment could take pace. No study was conducted, yet later in the year events took place that further tarnished the image of New York City -- in particular the image of its ghetto residents -- in the eyes of the rest of the state and the nation as a whole. On July 13\textsuperscript{th}, lightning struck a Consolidated Edison transmission line in Westchester, and as a result the power went out in most of New York City. Images of violence, blazing fires and looting during the blackout served to confirm the notion held by some that there was nothing in the communities of Bed-Stuy, Harlem and the South Bronx worth saving.

The tragic summer of 1977 was followed by the election of Manhattan’s Ed Koch as mayor. Koch had famously shifted with the political tides. Having first emerged as the head of the Village Independent Democrats, a liberal reform group, Koch gained recognition with his defeat of Tammany boss Carmine Desapio in a race for district leader in 1963. During the 1970s Koch began to ride the current of backlash sentiment growing amongst whites in the boroughs, and by 1977 he had shifted far to the right. His campaign for mayor gained great momentum by focusing on his support for capital
punishment, and his vows to hold “poverty pimps” and “welfare cheats” accountable.93 The Koch victory, according to John Mollenkopf, was the arrival of “a new conservative dominant coalition in New York City politics.”94 An era of cutting and scaling down services was in full swing, and the roll back of progress towards community control was put on display when Mayor Koch sent an army of police to break through community picket lines and padlock the doors of Harlem’s Sydenham Hospital in 1979.

The new conservatism in New York also brought a roll back of the moratorium on low-level gambling arrests numbers arrests. The criminology of victimless crime had faded significantly in its influence, and countless policy makers in New York and elsewhere adopted the position that an over-indulgent and tolerant attitude towards law breaking was leading to societal breakdown, as was shown so vividly during the blackout riots. As black and Latino numbers bankers and workers were finding themselves once again beset by police, their autonomy was also being challenged in the criminal world. In August of 1978, a prominent member of the Committee for Amnesty and Community Control of Policy, 68 year old numbers man Clarence “Jeff Brown” was killed, shot in the back with a high powered rifle on 133rd street and Eight Avenue. Shortly after the killing of Brown, James Lawson sent a telegram to President Jimmy Carter. The message read “We are seeking help from the Justice Department to come to New York and investigate the assaults, kidnappings and murders of policy men and those who are associated with the numbers game.”95 In the analysis of Lawson, white organized crime

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figures were targeting black numbers operators who pursued autonomy while the state and city were doing nothing to protect them. Writing in the *Amsterdam News*, Lawson also chalked up the killing of 55 year old Red Majester Stewart to the struggle within the numbers industry. According to Lawson, Red Majester Stewart and Clarence “Jeff” Brown were victims “of state neglect as much as assassins bullets. Dragging its feet in passing legislation for a fair and equitable legalization of numbers while jockeying for its own exclusive takeover, the state became an accomplice to murder.”

Whether the murders of Brown and Stewart, or the kidnapping of Raymond Marquez in 1977, can be tied to the push for black and Latino autonomy in the numbers remains unknown. Yet Lawson was certainly correct in his assertion that the state was jockeying for its own exclusive position in the numbers game. Taking full advantage of the political environment of retrenchment and conservative domination, Governor Carey raised the issue of a state numbers game once again, presenting a piece of legislation “to authorize a competitive daily lottery game which will raise some $35 million for education in 1980-81 and $110 million for education in 1981-82.” The bill, submitted as Tax Law 1612, was designed to authorize the state to raise its payout to 50% for a daily lottery. The bill read, “To ensure that the potential revenues available to the State through the implementation of a daily game are realized, it is important that the game be designed and implemented in accordance with patterns which have proven successful.”

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The most important feature of a daily lottery game is 500 to 1 fixed odds payout coupled with the ‘select your own number’ feature. To enable the State to operate such a game it would be necessary to increase the authorized payout level from 40% to 50%.” This subtle and technical bill inspired a great deal of debate when it was submitted to the State Assembly in April of 1980. Clearly a variety of issues, far beyond the technical operations of the state’s proposed daily lottery, were at stake. According to the *Albany Times Union*, “while some legislators praised what they thought might have been ‘one of the most honest debates in years,’ others were upset by the tone of the discussion.” An examination of the debates reveals the politics that allowed for the passage of the bill. As the issues of welfare, law and order, and the erosion of morality in the city took center stage, ultimately the need to tap the city gambling market in order to raise revenue for the state outweighed the significant risks: mass unemployment and violence in the ghetto, as well as the ethical questionability of the state acting as a gambling retailer.

After an introduction by the bill’s sponsor, Franklinville Democrat Dan Walsh, Harlem Democrat George Miller rose in opposition and spoke on behalf of his constituents. Miller spoke of the possible impact on his district:

“I would therefore request that we not enact this piece of legislation today, that it requires further study to give the people of my community, the concerned citizens, who are in the numbers business, an opportunity to perhaps appear at a public hearing to see whether or not----(interrupted by laughter)---- You know that may sound funny, but there are in my community, as well as in some other minority communities, a lot of people employed in this business, and I suspect that if this bill should pass, many of those people will be out of employment. The Lottery Commission will direct the Police Department to close down many of the establishments and create further unemployment. We have enough unemployment in my community as it is, and certainly we do not wish to accommodate the Governor in passing this legislation to create more unemployment. So,

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I would urge my colleagues to register their concern and vote against this piece of legislation."  

A number of the members applauded at the conclusion of George Miller’s speech, signaling the beginning of a long and often heated debate over the fate of the Lottery and the illegal numbers rackets of New York City. The next to question the bill’s sponsor was Brooklyn Democrat Woodrow Lewis. He began by asking for an explanation of the bill, and then directly questioned Mr. Walsh as to how the bill would affect those working in the illegal numbers game. “In other states that presently have a daily lottery,” Walsh responded, “I have been informed from what I can read, and in the research that I have been given, that the illegal daily lottery is competing on an equal footing with the legal daily lottery.”  

Dominick Di Carlo, a Democrat representing Bay Ridge in Brooklyn voiced his opposition to the bill, as he also voiced his alarm at the notion that some members were defending illegal operations. Di Carlo’s took a clear stance against state gambling, while he was adamant in his disapproval of the state of law and order in the city:  

“I was here when the original lottery bills were passed, when Off-Track betting was passed, and at that particular time, we were told that the high purpose of the legislation was to get criminals and organized crime out of the gambling business. And now I seem to get something else creeping into it, from this debate, that we seem to have assurances that we are not going to unduly compete with private enterprise, with organized crime, and with numbers runners, before the bill becomes palatable. I personally am going to vote against the bill, but I don’t want it to be construed that I am voting against it because I feel that private enterprise has a right in this area.”

100 Ibid., 3131.  
101 Ibid., 3136.
Harlem Democrat Herman Farrell also rose to oppose the bill, yet he was defending employment in his community:

“Now many of us are very concerned about the question of employment, and I know that most of the gentlemen on the other side of the aisle have always worried about the fact that we have high crime rates in our cities, that we have many problems, and I am going to tell you from my own personal experience, that many people working as numbers runners, and we haven’t figured out what to do with them, have been very bad people in their youth, and there is no way that you are going to make these people civil servants. There is no way you are going to hire them. But presently they are working in my community, and they are not doing damage at this point, to anyone.

I am afraid that when they become unemployed, that the form of unemployment insurance they are going to use is going back to the streets and going back to some of their bad habits…What we are afraid of, and this is very important, there has been a moratorium in New York City, and of course, everybody is going to deny this, but there has been a moratorium in New York City on raids on businesses for these types of crimes. They have not been making arrests. When the state realizes that the $32 million they anticipate from this game does not occur, there may be pressure to start closing down those places that function in competition. At that time, we’ll begin to have unemployment and problems in our districts. Because on pure competition, the street can out compete the State everyday. They cannot compete when the police are called in and are working on the side of the State….Many of you laugh and think it’s funny, it’s not funny.”

Clearly, Mr. Farrell’s comments show that the numbers game represented not only a source of employment for his community, but also a matter of pride. Arthur Kremer, a democrat representing Long Beach on Long Island, took the floor and shifted the focus of the debate. He pointed out that “Somehow we have gotten sidetracked on why this bill was introduced. Last year, the New York State Lottery produced $92 million, this year it’s down somewhere in the $70 millions.” He continued to assert that the state must find a way to “pump up” the lottery. He concluded by saying, “As far as I’m concerned, it deals with the economic viability of the state lottery, and if we want the lottery to survive, I think it’s one of the measures that will keep it alive.”

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102 Ibid., 3138.
103 Ibid., 3141.
Clark Wemple, a Republican representing the upstate community of Schenectady, then expressed surprise and confusion as to how a debate on the lottery had turned into a debate on full employment. He then began to question George Miller of Harlem.

“Would you say this would result in 10 percent unemployment in your district?” Wemple asked.

“I would say so, yes. Not only that, but it will have some impact on the crime in our community. Violent crime.” Miller responded.

“Generally speaking, Mr. Miller, if we have unemployment, we have an indirect impact on State revenues. Now all of these runners will no longer be paying state income tax, sales taxes…”

“They never paid them,” Miller interrupted, introducing a key element to the debate, which left the city numbers rackets very difficult to defend for many in the assembly. Yet the exchange between the two was not over.

“The employers of those runners, do they pay unemployment insurance taxes also on them?” Wemple asked.

“No, they used to pay the police,” explained the Harlem representative.  

After Anthony Seminerio quickly rose in indignation to defend the reputation of the police force, Thomas Boyland of Brooklyn then entered the debate, asserting that the bill could push unemployment in his district up to 60 percent. Boyland was then questioned by Clark Wemple, as to how many people in his community were currently

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104 Ibid., 3145.
employed in the numbers. The Bed-Stuy Democrat put the figure at 10,000. Wemple then raised a question which struck a further blow to the defense of numbers workers.

“Are they on welfare too?” he asked.

“I can’t answer that,” Boyland conceded. “The only thing I can say, if you mean by gainful, I would say that’s the only occupation they have.” Boyland then concluded by saying, “We are going around, scrounging for money from the very poor. I think it’s unfair, unjust, and I think there ought to be alternative ways of raising money for the state’s coffers.”

The only woman to speak during the debate, Gerdie Lipschutz of Rockaway then offered support for the bill from within the city limits, stating that the numbers rackets deprived the State of up to $1 billion a year, while serving to support other underworld activities such as prostitution and narcotics. Lipschutz was seconded in her support for the bill by Stanley Friedman. The Manhattan Democrat described his own experience with the rackets, and complained that many numbers spots had gone as far as placing signs in their windows. “Well I find that horrible, that I have an illegal operation blatantly out in the open in my community saying to people, ‘We don’t care what the law says, we don’t like it and we’re not going to comply with it.’”

The comments of Lipschutz and Friedman showed the general dissatisfaction among many white New Yorkers at the perceived erosion of law and order. These representatives of white New York communities viewed the game as “depriving” the state of revenues, while contributing to the state of lawlessness in the city.

105 Ibid., 3148.
106 Ibid., 3158.
Yet the disapproval expressed by city based white legislators did not compare to the outrage of George Winner of upstate Elmira who made clear his outrage at the criminal behavior that seemed to be so common in the city.

“I am further shocked by the fact that we have had a wholesale defense of anti-trust due to the non-admitted, non-competitiveness of this particular system. We have had a discussion of tax evasion openly and freely. We have had a discussion of obstruction of justice, and we have been talking clearly and succinctly, of how it is all right for gambling operations to go on all over.

I am pleased, I think, now that I am from the Upstate boondocks and whatever, and I don’t understand these things. Frankly, Mr. Speaker, I am a little embarrassed by what we have heard around here today, and these wholesale operations defended - criminal acts. I think this is kind of a sad discussion of this legislation, and while I am perhaps naïve, I nonetheless for the purposes I listed before, don’t believe the public should be in the gambling business, and I urge the defeat of this bill.”

A heated argument then surfaced between Domenic Di Carlo and Arthur Kremer. Di Carlo denounced state gambling, as a phenomenon that had strayed far from its original intentions, and had ultimately turned out to be a false promise. He then railed against Kremer and those who intended to raise money through gambling.

“For the first time I believe I heard from you the reason we are now going to encourage people to gamble, it’s because we want more money. That is what you said, that is what you said. ‘The State needs more money, and we have slipped on the revenues.’…the argument here is that we should encourage them to bet. The purpose is to help the shopkeeper, and this person, and that person. That is nonsense. We all know what we are doing here. We are in the gambling business, and before I go back to George Miller’s district I want to be able to go back with clean hands but for the kind of things that I have heard on this floor today I can’t.”

Louis Nine of the Bronx made one last plea for his fellow Assemblymen to consider the situation in the city. “I also have some of these persons in my community who make a living out of involving themselves in this type of activity. I don’t think they

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107 Ibid., 3166.
108 Ibid., 3172.
consider themselves as being involved in illegal activities, but as being employed. In that way they are able to provide for their families.\textsuperscript{109} The debate concluded shortly after and a vote was taken. The issues of welfare, morality, Taxes, and law and order, had all swirled in a confusing debate, in which many members had expressed dissatisfaction with their voting options. Ultimately the need to raise revenues outweighed any pleas on behalf of groups perceived by the majority of the assembly to be welfare cheats, tax evaders, and criminals. The coalition of those representing the New York ghettos and those who were morally opposed to the expansion of gambling failed to block the passage of the bill, as the state numbers game became a reality with an 84 to 56 vote. The possibility of unemployment and violence in the ghetto raised little concern among politicians representing sub-urban and rural districts. The upstate politicians who voted against the bill, made clear that they disapproved of gambling in general, and they had no sympathy for those in the street gambling businesses, making the possibility of an amnesty or an opening of the market unlikely. Governor Carey signed tax law 1612 three days later. The pleas of George Miller on behalf of Harlem gained some media attention throughout the state, but Lottery Director John Quinn gave assurances that, “in every state that has a daily lottery, the illegals are still going strong.”\textsuperscript{110}

The front page of the \textit{Amsterdam News} on April 5\textsuperscript{th} read “State Takes Over Numbers, Police Expected to Crack Down on Bankers.” Interestingly, the front page article by Major Robinson repeatedly erred in saying that the OTB will be taking over the numbers, showing that this action was seen as the culmination of Howard Samuels’

\textsuperscript{109} Ibid., 3191.
\textsuperscript{110} Marc Humbert, “State Boosts Payoff on Number Game,” \textit{Albany Times Union}, April 3, 1980.
initial push almost a decade ago. The misconception that OTB, rather than the Lottery, was to take over the numbers, shows the Lottery to be an unknown entity. The Lottery had not yet become a feature of New York life, and state gambling up to that point in time had been almost entirely equated with OTB. An editorial in the same issue put out a call for saving provisions to be added to the bill ensuring that the state would come to regulate the game rather than take it over.\(^{111}\)

On April 29\(^{th}\) Lawson and the ACCOP organized one of the most unique protest marches in the city’s history. A citywide numbers strike was declared. All betting shops were closed for business. The organization chartered buses to carry workers from Brooklyn and the Bronx to the Manhattan office of Governor Carey. Journalist Mary Ann Giordano, writing for the *Daily News*, rode with a group from Bed Stuy, and gave a revealing account of the people she met.

“There were no cashiers behind the plexiglass windows in the back of the candy store on Dekalb Ave, in the Bedford Stuyvesant section… ‘We’re on strike today’ Felix, the manager of the betting parlor, explained over the phone to a customer who wanted to know Monday’s number…Handmade signs were propped against the walls in the backroom of Felix’ parlor as the neighborhood’s numbers aficionados got ready to board the buses and march on Governor Carey’s midtown office. ‘We’re willing to pay tax,’ said Freddie, a 26 year old former equipment operator who runs a parlor with a $26,000 a week take down the street from Felix. ‘We just don’t want the state to takeover because this is for poor people.’…Eighteen year old Cha Cha works for Felix and Freddie earning $310 a week. Her last job was in a religious article store where she made $120 off the books. Cha Cha wore a red T-shirt with white letters that said ‘El Welfare Me Encanta Pero La Bolita Me Aguanta’…‘That means,’ Freddie said, ‘something like, Welfare Enchants Me,’… ‘But the Numbers Hold Me Up,’ Cha Cha finished.”\(^{112}\)

The *Amsterdam News* ambitiously put the crowd marching downtown in the rain at 2,000, but other estimates placed it around 1,200. It is remarkable that anyone showed


up at all, considering that the group constituted an assembly of illegal workers, willingly exposing their faces to cameras and police. Lawson gave a fiery speech demanding amnesty and the right to buy franchises. The signs that the marchers carried made their concerns clear. One sign read, “GIVE ME MONEY TO EAT, GIVE ME A BETTER HOME, OR GIVE ME MY NUMBERS JOB AND LEAVE US ALONE.” Another read, “WE THE POOR PEOPLE NOW HAVE SOMETHING. WHY NOT BE GLAD. BUT YOU WANT TO TAKE MY MOTHER’S JOB AND TELL HER SHE’S BAD.”

The protests went unheard, or at least unanswered. In June, Bernard Rome, who had recently resigned as head of the OTB, also put out the call for amnesty and franchises, in an editorial in the New York Times. Rome’s appeal demonstrated that the organizational culture at OTB had been greatly affected by the fierce resistance to a numbers takeover in the early seventies, and that OTB was taking Lawson’s offer of collaboration seriously. Rome’s editorial also showed that OTB in New York had already become more of a jobs program than a revenue program. “This is an unprecedented opportunity to bring into the mainstream thousands of individuals who feel very much outside of it,” Rome argued. “We are dealing symbolically, and in fact, with the root causes of minority discontent, welfare and poverty: the lack of an economic base adequate and vital enough to employ the available workforce on a local level. We are dealing with the fundamental opportunity to which all Americans are entitled: the opportunity to earn a living and to rear and educate a family.” Yet such appeals had no effect.

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113 Ibid., (Photograph by Pat Carroll).
On September 2nd of 1980, New York State numbers went on sale in New York City. At that time there were only two locations in all of Harlem where the State Lottery was sold, but points of sale began to spread rapidly. Within four years, the New York State Lottery quadrupled its sales, and the state’s fourteen-year old experiment in regressive taxation was finally a true success. Meanwhile, the twenty-year effort on the part of the black and Latino population of New York City to bring the game under local control had essentially failed in an atmosphere of racial backlash, economic retrenchment, and heightened calls for stricter enforcement of the law.
A Return to the Old and Good Universe

Introduction to the Jogo do Bicho

It is no exaggeration to say that the passage of tax law 1612, and the subsequent entry into numbers gambling literally converted the New York State Lottery from a failure into a success. It is also no exaggeration to say that this success allowed the lottery trend to break out of the Northeast and to begin to spread around the United States, in what can clearly be called a new phase of American Lottery growth. With lotteries as proven money makers in places like New York, many Western states where numbers gambling had no prior history, made legislative changes to open the doors to state gambling. Finally several Southern States adopted lotteries, thus bringing state gambling into the principal stronghold of religious resistance to gambling expansion. A small number of American states continue to reject gambling to the present day, yet overall, lotteries have gone from non-existent in 1960, to being a practice of government confined to a small number of states concentrated in the Northeast by the late 1970s, to being the prevailing norm throughout the nation by the turn of the century, with lotteries now present in 43 out of 50 states. Meanwhile, in places like New York, New Jersey, Pennsylvania and Illinois, as the market for numbers reached its limit, lotteries used their monopoly in the field to introduce new products such as scratch games and jackpot games, ultimately altering the gambling practices of the public beyond recognition.

This remarkable pace of growth has not been the result of an organic shift in public attitudes, or the result of a groundswell of demand for access to lottery play. Rather, a private industry of lottery service providers, which grew up in the Northeast
during the 1970s, has driven the expansion of lotteries into new markets, organizing the legislative efforts to alter state constitutions, and clearing the path for the introduction of their gambling products into new states. The expansionist impulse of the lottery service industry is undeniable, and the saturation of the American market has led the industry to look abroad for new opportunities. Thus in countless places across the globe, long-standing local gambling practices have been confronted with the latest innovations of the multinational corporations that partner with government lotteries to redirect the flow of gambling money. The history of numbers gambling in Brazil confirms that the pattern of change seen in the United States amounts to a global phenomenon. The change that has taken place, has been the shift from a gambling practice that is distributive, equalizing, rooted in personal relations, and driven by the secret communication of the dream world, to a gambling practice that is centralized, concentrative, efficiency seeking, rooted in a faith in technology, and driven by the fantasies of communicated advertising. In sum gambling practices that once mocked and subverted the prevailing material relations, have been converted into gambling practices that confirm and reinforce patterns of contemporary capitalism.

While the social history of gambling practices in Brazil confirms the patterns seen in the United States, the history of corruption and criminality related to gambling in Brazil tells a different story. While gambling customers in Brazil have embraced scratch games and jackpots, the arrival of multinational lottery service providers in Brazil has done little to stem corruption or lessen the power of organized crime. Gaming sector corporations have claimed a badge of honor, for having undercut American organized crime by drying up the illegal gambling market. Yet in Brazil, these same gaming
corporations have proved quick to collaborate with organized crime, and the expansion of legal lottery play has widened the field of action for criminal oligarchs, rather than squeezing them out of business. Thus a comparison of the two cases highlights the transformations which have taken place in the consumption habits of the poor and working classes across national boundaries, while it isolates the record of diminished crime and corruption in the United States as a peculiar case, more likely related to a variety of local factors and conditions, rather than being a result of the embrace of governmental gambling expansionism. Pursuit of the comparison requires a look at the history of the Brazilian gambling practice jogo do bicho.

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The jogo do bicho is enshrined in the cultural history of Brazil, in part because Machado de Assis, widely recognized as Brazil’s greatest author, wrote a short story by that very title at the turn of the century. The story follows a young man named Camillo, recently married and working as a clerk at a military installation in Rio, who has become a faithful player of the game. Camillo goes as far as asking his bicho banker to be the godfather to his first born child. Camillo’s constant search for lucky numbers recalls Claude McKay’s writings on life in Harlem where “any casual thing might become unusual with the possibility of being endowed with a lucky number: a horse in the street, the first person you meet, an automobile accident.” In the tale told by Machado de Assis, one day Camillo “happened to see a carriage run over a poor little child. A crowd gathered, the police came, the child was taken to a pharmacy, the driver to the station.
Camillo saw scarcely anything but the number on the carriage: it’s final digits were the same as the lamb’s.”¹ And thus Camillo decided to bet on the lamb.

The lamb does not win for Camillo, rather he is finally successful with the lion. Camillo’s winning bet on the lion only comes when he follows the advice of his bicho banker to have “patience” and “play with true constancy” sticking with an animal until it wins. This simple advice speaks to the turn-taking that is an inherent feature of low stakes numbers games. If one has faith enough in one’s lucky number to stick with it, the inherent fairness requires that the number will eventually come up. With his winnings on the lion Camillo made some celebratory purchases to “give thanks to heaven” for his good fortune. He brought home a “magnificent meat pie that would fill the eyes before it filled one’s mouth and stomach,” and for desert he bought a “magnificent pudding” with the words “long live hope” written in white confectionary, along with two bottles of wine. For his wife he brought home “a gold pin” and “Camillo went into the house, with the packages and his whole soul in his arms and thirty eight milreis in his pocket.”²

The Brazilian jogo do bicho, or animal game, while often referred to as quintessentially Brazilian, is in fact deeply similar to the numbers game of New York City. Just as we can ultimately say that the numbers game of New York, and the policy game of Chicago are two different cases of the same phenomenon, we can also say that urban numbers gambling in America, and the jogo do bicho of Brazil are different cases of the same phenomenon. The particularities of the jogo do bicho, which serve to

¹ Joaquim Maria Machado de Assis, The Psychiatrist and Other Stories, Translated by William Grossman and Helen Caldwell (Berkley, 1966) 90.
² Ibid., 92-93.
distinguish it from other numbers games are interesting, and worthy of study and
c consideration. Yet the commonalities between the forms outweigh the differences. The
jogo do bicho offers daily action, with low priced bets and good odds. The game is most
popular among the poor and working classes, and bettors have traditionally tied their bets
to the subject matter of their dreams and to interpretations of out-of-the-ordinary events.
The popularity of the game has posed problems for the Brazilian state and for the
functioning of Brazilian capitalism more generally. Thus gambling policy in Brazil has
been the site of political and social conflict. At stake in such conflict has been the
sovereignty of the state, the legitimacy of the police, the meaning of citizenship, the
boundaries of labor rights, and the basic question of who will have access to the business
of taxed gambling and who, on the other hand, will be subjected gambling as taxation.

The history of the jogo do bicho runs parallel to the history of the numbers game
in the Northern cities of the United States. These parallel histories are not the result of
some hidden or unknown interconnection or interaction. Rather the similarities between
the histories that unfolded speak to similar processes and similar dynamics giving rise to
similar forms and similar responses. The process of the urbanization of the rural
population, along with the contradiction of the simultaneous integration and exclusion of
the poor into relations of capitalism and cash exchange, as well as the dynamic of high
population density featuring close interaction between rich and poor, included and
excluded, gave rise to remarkably similar gambling games on opposite sides of the world.

Like all games, these games are in the realm of play, and the mimicry and
imitation involved in this play dances along the line between mocking and reaffirming
the values and codes established in the larger society. During its early days the numbers
game in Harlem had tied itself to published figures from the stock market, thus mimicking the stock market, while undercutting the stock market’s claim to rationality and undercutting the scientific pretensions of free market economics by organizing the imitation of market economics around the principles of luck and secret communications from the dream world.

Brazil’s foremost anthropologist, Roberto DaMatta has characterized the animal game as effecting a cannibalization and an inversion of capitalism. DaMatta argues that while the jogo do bicho is a “profound expression of local codes,” it is also “a way of cannibalizing the reification of statistical tables, financial tools, and the law of the market espoused by businessmen, administrators, intellectuals, journalists, and politicians. It is precisely because it assimilates so well the exogenous, that the animal game promotes a subtle and humble revolution by turning the entire system upside down.” The joint work of Roberto DaMatta and Elena Soárez, which offers an anthropological assessment of the animal game and its role as a “totemic operator,” points to the historical changes underway at the moment of the game’s birth. The year 1888 saw the abolition of slavery in Brazil, 1889 the proclamation of the Republic, and 1890 the separation of church and state. Of this new and emerging system DaMatta and Soárez write, “the gradual elimination of a slave based economy and the consequent development of urban centers, as well as the change of governmental framework and the legal system, formed an...

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3Roberto DaMatta and Elena Soárez, *Eagles, Donkeys and Butterflies: An Anthropological Study of Brazil’s “Animal Game,”* trans. Clifford E. Landers (Notre Dame: university of Notre Dame Press, 2006) 11. On the notion of jogo do bicho as a totemic operator, they write, “It is no exaggeration then to say that the animal game is a “totemic operator” that enables the appropriate absorption of the globalizing movements to which Brazil has been subjected. The result of this movement is the invention of a zone that permits the interaction between the global and the local, the universal and the particular, by balancing its tensions and conflicts.”
institutional order based on the market, individual rights, and paid labor. In sum, a bourgeois system, liberal, individualistic, and modern.”

The animal game was invented in 1890 in the midst of these remarkable and wrenching changes. The new game incorporated some of the “values recently instituted” by the republican triumph, such as equality and social mobility. Yet at the same time the jogo “makes no pact with the social indifference instituted by individualistic market based reductionism.” The jogo do bicho rejected the new “social dynamic rooted in the indifference inherent in massification, anonymity, and individual autonomy.” Instead the game worked to “reinstate a cosmos in which everything once again relates magically to everything else.” The game emerged out of a confrontation with modernity, and the “paradoxical and curious” nature of the game speaks to the “sociological lesson” that “innovation never takes place in an ideological vacuum and that acceptance of the so-called ‘modern’ is not done through a gradual abandoning of what we judge to be old and obsolete, but through impudent and confused syntheses that combine the old and the new, the cautious and the audacious, modern logic that divides and the ‘savage mind’ that fearlessly guesses and generously generates determination and totalities.” Thus, DaMatta and Soárez, argue, “on a fundamentally sociopolitical plane, the animal game constituted a return to the old and good universe of personalness in a context marked by brutal official impersonality, when the government pitilessly dismantled the system of symbols in force in the society.”

4 Ibid., 63.
5 Ibid., 12.
6 Ibid., 13.
7 Ibid., 9-10.
8 Ibid., 67.
The way in which the game is played practically invites anthropological interpretation as the numbers themselves are matched to 25 different animals. Each of the 25 animals represents a series of 4 numbers from 0 to 99, with the animals organized in alphabetical order from the ostrich (avestruz) to the cow (vaca). The simplest bet involves odds of 1 in 25, thus it stands between the New York game single action (betting on 1 digit out of three at odds of 1 in 9) and the popular game in New York and Puerto Rico, bolita (betting on 2 digits out of three at odds of 1 in 99). The payout for a simple bet in the jogo do bicho has ranged over time from 12 to 1 on the low end, all the way up to 20 to 1 on the high end. There are a wide variety of more complicated bets that one can make, yet all the way through, the odds and the payouts are comparable to numbers and policy played in the United States. As is often said, the jogo do bicho is so simple that a child can play, and so complicated that one can become addicted. Clearly a game with such favorable odds and reasonable payouts stands as a good poor man’s game, as it provides the opportunity to accumulate decent sized sums of money at relatively frequent intervals, in what amounts to a form of savings at a negative interest.

The animals themselves have been tied in to a vast symbology involving both dreams and real world events. For those socially invested in the game, the bichos “appear mysteriously and unbidden, in dreams and coincidences. It is precisely in these zones beyond our control that the ‘bichos’ – merging with numbers and with the dead – manifest themselves, which leads us to the evocation of old adages and almost forgotten knowledge, bringing to the surface the opaque side of human history.”

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9 Ibid., 24.
Beyond linking people to the dream world, the jogo do bicho has also traditionally linked persons to one another. In the assessment of DaMatta and Soárez, “an animal game betting site plays an important integrating role for the inhabitants of a large city like Rio de Janeiro. It serves as a reference point and obligatory passage: a place in which one can share one’s passion for the game and, through it, translate an entire set of experiences specific to each bettor.” These locations, known as pontos do bicho, offer inclusion to the excluded. “Widows, the retired, drunks, or simply the lonely are well received there at any hour of the day for a ‘word or two.’ They come in, sit, relate their woes, and receive comfort and counsel. Sometimes they remain there for more than an hour, or they make short visits five or six times a day.”

The integrative aspects of the practices of the jogo do bicho are enhanced by the requisite trust involved in playing a clandestine game. “If it is a dream that produces the hunch, guaranteeing the hope of winning and shaping the style of wager, it is the belief in the honesty of the bookie that assures the actualization of the bets, which sets in motion the entire symbolic system.” These bookies are “accessible and popular ‘bankers’ of the everyday world, who maintain with the gambler a relatively transitory link but one defined by deep loyalty and total confidence, because both share the same belief system and the same risk of playing an illegal lottery.” The role of trust within the structure of the jogo is also noted by close observer of the game, French philosopher Roger Caillois, who writes, “Without trust this kind of traffic would absolutely fail to survive. If the

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10 Ibid., 140.
11 Ibid., 26.
system were broken, it would crumble. Where neither control nor complaint is conceivable, good faith is no longer a luxury but a necessity.”¹²

The early history of the game, like the animals themselves, has taken on an element of folklore. The game owes its origins to João Baptista Vianna Drummond, later known as Baron de Drummond. The real estate developer Drummond, planned and built the Rio neighborhood of Vila Isabel and within it he built the Jardim Zoológico de Vila Isabel in 1888. American Sociologist Amy Chazkel offers a comprehensive account of the early development of the jogo do bicho, and describes to the Baron’s project as “a zoo permitted through a special accord with Rio’s municipal government and intended to keep both domestic and exotic animals for the amusement and edification of the Brazilian people, the beautification of the city, and the betterment of Brazilian livestock.”¹³ Within less than two years the Baron found himself in the midst of financial difficulties, and the zoo project was floundering. In the words of Chazkel, “Drummond requested a concession from the city government to operate a game designed to raise the zoo out of insolvency without taking from the city’s coffers. In his petition to the Police Council, Drummond argued that the zoo was destined to become ‘the best in the world.’ Moreover, the games he proposed to establish there would provide a ‘useful institution’ for the people of the Federal District, and by extension all of Brazil.” Ultimately, “the Municipal Chamber of Rio signed a new contract with Drummond in October 1890,

which granted him permission to establish a new business: ‘public legal games’ subject to police oversight and contained within the limits of the zoo.”

One of the games that Drummond’s company developed was a daily raffle. Admission tickets to the zoo, priced at one milreis, served as raffle tickets, and every admission ticket featured a picture of a particular animal. “The Baron himself would select one out of the twenty five animals printed on the tickets, and at five o’clock each afternoon, he revealed to the public the lucky bicho (‘animal’ or ‘beast’) by raising the image of that animal to the top of a tall pole near the entrance to the zoo. The winner…would take home twenty milreis, more than a carpenter’s monthly wage.”

Within a short time, tickets to the raffle were being sold elsewhere in this city, and according to Chazkel “Drummond himself most likely established” these sales locations. In taking the raffle outside the limits of the zoo, “his money making scheme strained the limits of the official permission he had obtained and began to take the form of the illicit lottery easily recognizable by any Brazilian today.” As the popularity of the new game become increasingly evident, “the entrepreneurial impulses of an unnamed cast of hundreds converged in the spread of the jogo do bicho.” Shop owners began to sell tickets to the Baron’s lottery “independent of Drummond and the zoo,” and these new small operators banked the game themselves. The quick spread of this new gambling phenomenon and the clear unmooring of the raffle from its proclaimed purposes, alarmed authorities, and led the city to end its contract with Drummond and attempt to “permanently” close down the new lottery. But, regardless of this official response, as

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14 Ibid., 541.
15 Ibid., 542.
16 Ibid., 543.
Amy Chazkel so aptly describes, “by the mid-1890s the animal game had escaped from the zoo.”\textsuperscript{17}

In these earliest days of the jogo do bicho, the game itself was decentralized, and rather than being a singular whole, “the jogo do bicho actually denoted a variety of clandestine lotteries that co-existed.” With the daily drawing of the winning animal suppressed after 1895, the animal converted itself into a numbers game and attached itself to the legal Federal Lottery, making use of the Lottery as a source to generate the winning numbers. In some instances \textit{bicheiros} (sellers of the game) are “reputed to have based the game on daily stock quotations.”\textsuperscript{18} In the numerized animal game each of the twenty five animals of the original game, was assigned a sequence of four numbers. Thus, “those who played the ostrich, or number one in the jogo do bicho, were betting that the last two digits of the first prize number of the Federal Lottery would be 01,02,03,04.”\textsuperscript{19} Over time as the drawings of the Federal Lottery went from daily to bi-weekly, other sources for generating winning results were found in order to keep the daily action going, although the results of the Federal Lottery are still used twice a week. The daily action of the game has always been a key characteristic, and just like the numbers game in Harlem, the game and its results were often crucial to the pace of daily life for large portions of the working class. According to Chazkel’s description of turn of the century Rio, “In this city of public servants, street vendors, dock workers and

\textsuperscript{17} Ibid., 544.
\textsuperscript{18} Ibid., 546 note 46.
\textsuperscript{19} Ibid., 547.
merchants, the exchange of cash for a hand written jogo do bicho ticket kept time with the rythms of daily commerce.”

As the game proliferated, and wove itself into the fabric of daily life in Rio city, authorities began efforts to suppress the game. Chazkel argues that efforts at putting a stop to this type of daily betting went beyond the desire of the elite to regulate the habits of the poor into the need to regulate commerce and space. “It is no coincidence that Rio’s authorities sprang into action against the jogo do bicho just as it escaped from the zoo, for, as with all types of commerce, the city sought to draw spatial boundaries around ‘sporting’ transactions.” The state sought to confine gambling, keeping it “sequestered” within “defined geographic space.” And while these early small time operators were not part of the criminal class, they were nonetheless “renegade middlemen and thus posed a threat to the economic order.” The larger effort to confine and suppress the jogo do bicho can be seen as something of an “urban enclosure.”

Beyond hoping to control this “renegade petty bourgeoisie” selling bicho bets, the state also had an interest in minimizing the size of the game, and thus minimizing the game’s role in the economy. The Federal Lottery had existed since 1847, and in 1896 the government “formed the public-private National Lottery Company” giving the company the concession to sell lotteries throughout the national territory. The influential persons involved in the National Lottery Company, along with their partners in government, had a direct interest in seeing jogo do bicho hounded out of existence. “One can say that the state attempted to harness the people’s propensity to petty gambling as a public finance

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20 Ibid., 550.
21 Ibid.,551.
22 Ibid., 553.
scheme,” Chazkel argues, “and that influential parties had an interest in suppressing the parasitic jogo do bicho.”

The imperative of suppression led to the statutory criminalization of the jogo do bicho, and it set in motion an endless cat and mouse game between gamblers and police. “By the second decade of the twentieth century, arrest statistics for the Brazilian capital suggest that the animal game had already attained its characteristically paradoxical status as a ubiquitous cultural phenomenon and criminal infraction.” Interestingly, police intervention in the field served to give the game its coherence, as weak operators were shaved off at the margins. In the assessment of DaMatta and Soárez, repression “was the principal force responsible for organizing the game, uniting the bookies, and consequently provoking the expulsion of the “amateurs” or occasional bankers, because extralegal activity becomes a serious thing, entailing risks and the possibility of severe social loss.” Such repression “paradoxically, gave life to the animal game as a state recognized institution, by creating the conditions for its unification,” giving the game a sense of “institutional self awareness.” Jogo do bicho, which began as a variety of clandestine lotteries which “coexisted,” having been branded as crime, was pushed towards organization, and thus inevitably became organized crime. Whether a crime or a harmless pastime, gambling came into the twentieth century as “a perceptible force in the urban geopolitics, culture and economy of the Brazilian capital.”

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23 Ibid., 552.
24 Ibid., 563.
25 DaMatta and Soáres, Eagles, Donkeys and Butterflies, 50.
26 Ibid., 52.
The ambivalence of the courts, evinced by a general unwillingness to convict anyone for this new crime, kept the jogo do bicho in a remarkably ambiguous legal position, allowing the game to persist regardless of its illegality, and the jogo was carried on in Rio and numerous other Brazilian cities despite occasional energetic campaigns to stamp it out. DaMatta and Soárez note the hallmark of the game has long been “agility and capillarity.”

While campaigns against the bicho have been frequent, they have been temporary, and always undercut by a police divided on the matter of bicho repression. In the account of DaMatta and Soárez, “it has been the National Lottery Company that has acted as a driving force in favor of repressive measures against games of chance,” in particular from 1917 forward. This diverges from the “lenient” position of many municipalities and police forces that have often taken “a local view of the matter.”

The interests of the National Lottery Company, seemed well served, when the jogo do bicho was outlawed in the entire national territory by Federal Decree in 1941. Lest there had been any confusion, or notion that the regulation of the bicho was a local matter, the Federal Decree clarified the status of the jogo. Interestingly, this clarified status determined that the bicho was a contravenção (contravention), a legal category comparable to that of misdemeanor, which practically expresses ambivalence in and of itself. While it would seem that the uniformity of illegality provided by the Federal Decree would have served the National Lottery Company, the decree brought the bicho into closer ties with local authorities, as the operators of the game quickly understood that having been condemned nationally, the game could only survive through exercise of local

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28 DaMatta and Soares, *Eagles, Donkeys and Butterflies*, 59.
29 Ibid., 51.
prerogative. Thus the 1940s and 1950s were something of a golden era for the jogo do bicho during which the operators of the game collaborated closely with local police and local governments (several crackdowns in Rio by the occasional police reformer notwithstanding). In an era before high levels of violent crime were a basic aspect of urban life, a gambling game that served to supplement police salaries through bribe envelopes was often taken as an acceptable part of the status quo.

It is not until the 1960s and 1970s, in an evolving context of urban crisis, coupled with a consolidating and centralizing dictatorship, that a confrontation between the jogo do bicho and the government was forced. The social and political conflict over the role and status of the jogo do bicho in Brazilian life, mirrors the debates and struggles that took place regarding the numbers game in the urban Northeast of the United States. As police corruption became increasingly perceived as a root cause of collapsing order, demands for police reform often came to be centered on the long-standing collusion between the police and illegal gamblers. As disrespect for the letter of the law came to be perceived as an affront to the sovereign nation, the jogo do bicho found itself under attack. Yet like the numbers game in America, the jogo do bicho had long served as an employment structure, providing work for tens of thousands. As the game was attacked, bicho bankers and bicho workers defended the game and demanded, sometimes sincerely, sometimes cynically, that the game be legitimizated.

Repression of the jogo do bicho was also driven by the national government’s increasingly determined attachment to the success of the Federal Lottery. In 1960 the concession of the National Lottery Company came to an end, and the operations of the Federal Lottery were consolidated in the hands of the Caixa Economica Federal, a
government development bank, thus making the jogo do bicho a true affront to the
government itself. Policy makers and economic elites also came to view the jogo do
bicho as a basic dysfunction in the economy. Many policy makers regarded the
remarkable amount of cash that flowed through the bicho game as a misdirected flow of
capital, circulating along improper and unproductive channels. Thus the project of
suppressing the jogo do bicho broke with any pretense of suppressing the impulse to
gamble, and became a clear project to redirect the impulse to gamble towards state ends.
Yet in the midst of this struggle over the direction of the gambling impulse, the impulse
itself has not been allowed to remain one and the same, rather the impulse has been
purposely enhanced and made to grow and change. The gambling interests of Brazilians
have been directed to all sorts of new products and practices. The Brazilian government
itself, in closely watching developments abroad, began to experiment with lottery
innovations during the 1970s and 80s, introducing the Loteria Esportiva, and Loto. In the
years after 1993 the government began to partner with multinational lottery service
corporations, thus fully embracing the gambling expansionism, characteristic of
governance under contemporary capitalism.

Those who operate the game have had to adapt to survive, and while the jogo do
bicho has had far more staying power than the numbers game of the urban United States,

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30 Roger Caillois, *Man, Play and Games*, 156. Caillois gives us an early version of this
kind of analysis, writing 1958, “The game practically immobilizes an appreciable part of
disposable income, by causing it to circulate too quickly. It is thus unavailable for the
nation’s economic development or for improving the standard of living of the nation’s
inhabitants.” This money is not used to buy “tools, clothing or dietary supplements any
one of which would result in hastening the growth of agriculture, commerce, or industry.”
Instead, “It is expended wastefully, retired from general circulation, and merely circulate
rapidly and constantly in a closed circuit,”(156).
the jogo do bicho has itself taken on many of the characteristics of late twentieth-century capitalism, while cloaking itself in its own folkloric past. The operators of the game have proven violently expansionist since the late 1970s, committing endless murders in the name of consolidating the game. They have become heavily involved in the operation of illegal slot machines, a gambling activity far more in line with the contemporary mystifications of technology. For better or for worse they have also transformed Brazilian carnival into a vast commercial enterprise. Whereas the bicho bankers once funded carnival activities and samba schools from the 1940s through the 1960s in order to gain social legitimacy in their local communities, from the late 1970s forward they began to transform there samba schools and carnival itself into a crucial aspect of Brazil’s tourist economy, thus rendering themselves indispensable to the economic life of Rio city, and giving them a means to resist suppression of their gambling activities. In many ways the history of the relationship between the jogo do bicho and carnival stands as an equivalent opposite to the history of the relationship between numbers gambling in America and negro league baseball.

Expanding the scope of this study to include Brazil serves to confirm the global nature of the processes that unfolded in the cities of the America North east. In following the narrative of the modern history of the jogo do bicho, the similarities between this history and the history of numbers gambling in the United States are striking, while the differences are revealing. In many instances it seems that one history mirrors the other, in that a reflection involves certain reversals. Yet ultimately they are part of the same history, as they are part of the global development of the corporate-government lottery as a technique of social control.
Because the Police Live off the Game
Jogo do Bicho, 1960-1975

During carnival of 1960, for a brief moment the city of Rio, which happened to have just lost its status as the nation’s capital, seemed to be coming apart over the matter of disputed carnival results. After confusion and disorganization left the judgment of the Carnival winner in doubt, a near riot ensued, with the police brutalizing members of several carnival schools (escolas). As the dispute threatened to tear apart the samba community, and thus deeply divide the city, Natalino Jose de Nascimentos, known as Natal, and President of the Samba school Portela, proposed the solution. Even though his school Portela had won, in the name of brotherhood, he suggested that the results should be voided. In an article titled “Natal, the Peacemaker of Samba” the Jornal do Brasil recounts that the proposal “was received with applause.” Natal had offered his conciliatory solution while “bandaged and in slippers because on the previous day he had been mercilessly beaten up by the guards of the special police.” Natal told the assembled group “Don’t you see that we are destroying the bond of brotherhood which exists between us?” After his motion to annul the results was confirmed by his counterparts from the other samba schools, “President Natal invited the other escolas to join in a demonstration of unity and understanding ‘Next Sunday’ – he said – ‘there will be carnival in Madureira and I should like to have the presence of the five escolas. Let us parade there together and then we continue and end up in Jacarepagua…”
The next day was nothing short of spectacular, as according to reports in the newspaper *Ultima Hora*, “A multitude of over 20 thousand people from all parts of the city packed the suburbs of Madureira and Osvaldo Cruz last night and today in the early morning, to see the spectacular parade of the *escolas de samba* which won first place in the 1960 carnival. The spectacle turned into a genuine feast – a day of fraternization.” One after the other, the schools paraded through the streets, “receiving thunderous applause from the huge crowd.” The festivities went until the next day as “in the early hours of Monday morning, the populace was still dancing the samba following behind the *baterias*, of the *escolas*, in the streets of Osvaldo Cruz, in a last good-bye to one Rio’s best carnivals…the city’s last good-bye as capital of the republic.”

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In the memories of many Rio residents the key distinction between the golden years of Rio’s past and the onset of decay and disorder came with the relocation of the political capital of the nation in 1960. The new national capital, Brasilia, was located in the physical center of the country, and its inauguration as the new seat of power was meant to ameliorate the over-concentration of political influence in the densely populated Southeast. After two centuries as the nation’s capital, Rio de Janeiro, which had been functioning as a Federal District, became the new state of Guanabara. The boundaries of this new state were identical to the boundaries of the former *Distrito Federal*, and Guanabara had the distinction of being the only state with no municipalities as it was itself essentially a municipality. The state of Guanabara existed from 1960 until 1975,

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when it was fused with the surrounding state of Rio de Janeiro. Thus, for fifteen years, the state of Guanabara and the city of Rio de Janeiro were one and the same.

This chapter examines the jogo do bicho in Rio de Janeiro during the Guanabara period. During the fifteen years under examination the illegal numbers game in Rio repeatedly surfaced in the political discourse as a problematic source of political and police corruption, a potentially useful stream of revenue for government projects, and an entrenched social practice tied into the larger cultural landscape. The ever agile jogo do bicho and its bosses managed to navigate this complicated period in Brazil’s political history, but not without being significantly reshaped and reordered by a substantial campaign of repression by the national military dictatorship during 1969. At every turn the game intersected with the political and economic events of the moment, coloring Brazilian law, politics, economic exchange, and social relations with an ambiguity and an inconsistency produced by this endlessly tolerated illegal practice. Various classes of actors, including policemen, politicians, clergy, technocrats, and the leading Generals of the dictatorship all attempted to assert a vision of how gambling in Rio and in Brazil should be conducted and who should benefit from such gambling.

The year 1969 saw massive round-ups of jogo do bicho bankers and workers, closely followed by the launch of a new Sporting Lottery sold by the national government. The fact that the jogo do bicho survived this direct challenge during the harshest moments of the dictatorship speaks not only to the strength of the game and the loyalty of its customers, but it also evinces an ambivalence in the enforcement campaign by the government. It is worth noting that the arrest and detention of the city’s major gambling bosses was widely covered by the press during a period of harsh censorship.
Thus the campaign against the bicho in 1969, while real and consequential, was something of a theatrical event, promoted for public viewing by the dictatorship. The attack on the jogo do bicho served the public relations purpose of demonstrating that the emergency powers seized by the Generals in Brasilia would be used for purposes other than political repression. Despite the theatrical elements of the campaign to end illegal gambling in Rio, the enforcement effort did serve to significantly alter the illegal gambling economy. The game that emerged in the aftermath of the repression was far more consolidated under the control of the best capitalized and most politically connected bicho bankers. Ultimately the government’s challenge to the jogo do bicho by means of enforcement coupled with government lottery expansion served to produce an increasingly monopolized illegal gambling sector.

This process of political reckoning for the jogo do bicho had its origins in the game’s traditional home; Rio de Janeiro city, the newly minted state of Guanabara. The first Governor of Guanabara was Carlos Lacerda, of the União Democrática Nacional. Lacerda had begun his career as an avid communist, yet he made a sharp political turn during the Second World War and spent much of his energy as a journalist and a politician denouncing the dangers of communism. After several years writing for the Correio da Manhã, he broke with the paper in 1949 and founded the Tribuna da Imprensa. Although the paper was small, it was influential, and it served as a crucial organ for the UDN, while also serving as a mouthpiece for Lacerda himself. The paper often squared off in harsh polemics with another Rio paper Ultima Hora. The UDN and the Tribuna da Imprensa were rooted in opposition to any and all things connected to
President Getulio Vargas, while *Ultima Hora* and its founder Samuel Wainer were *Getulista*. The constant criticisms and denunciations of Getulio by Lacerda, led to an attempt on Lacrda’s life. The assassin failed to kill Lacerda, but instead killed Air Force Major Rubens Vaz who was with Lacerda on that day. As the scandal of the assassination attempt was traced back to Vargas’ inner circle, President Getulio Vargas took his own life in August of 1954. Wide spread rioting and work stoppages spread across the nation in the wake of Getulio’s death, offering clear proof of the popularity of the former dictator. Carlos Lacaerda was to be forever tied to this unfortunate incident, yet in the subsequent years he was extremely active and he left a legacy that went far beyond his involvement in what he often referred to as “the assassination of Getulio Vargas.”

After a number of years in the federal Congress, during which Lacarda became well known for his fiery oratory, Lacerda ran for Governor of Guanabara. He won by a narrow margin after campaigning on promises to expand access to schooling, electricity, and clean water. Yet despite such a platform, he was very much the candidate of the Rio elite, as during the election Sergio Magalhães of the PTB and the populist Tenorio Cavalcanti split the votes of the working and poorer classes. For his supporters and admirers, of which there are many, Lacerda’s governance in Guanabara is noted for its success in building the monumental Flamengo Park, in building the Guandu Aqueduct, in expanding the network of schools and hospitals, in relocating favela residents to newly built housing projects, and in expanding the city’s network of highways and tunnels.  

For his detractors, of which there are also many, he is known for his ego, for his

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bulldozing of communities and his insistence on relocating them in faraway places, and for his toleration of police violence against the poor. Lacerda also stood as a key civilian supporter of the military coup that overthrew the Government of João Goulart in 1964, and plunged the nation into twenty years of dictatorship. Although the military government eventually turned on Lacerda, his initial support for the coup remains a stain on his historical record.

Despite the controversy over his legacy, it is undeniable that Lacerda was energetic as governor of Guanabara. The scale and pace of his public works projects were remarkable. Given his hostility to leftist President João Goulart, many have assumed that Lacerda received major funding from the American government for his development projects, in line with the Cold-War logic that the US supported him as a counterweight to Goulart. Indeed, the names of two of the major housing developments built under Lacerda, Vila Kennedy and Vila Alliança, would indicate a close link to The United States and the Alliance for Progress. Brazilian historian Mauricio Dominguez Perez acknowledges that the government of Guanabara received money through the Alliance and through US AID, yet he points out that the aid funneled to Lacerda’s government was small in the context of the overall amount sent to Brazil. Rather, according to Dominguez Perez, the success of Lacerda’s large projects was due to his effective management and his wise use of resources.

Yet according to the political opposition in the state legislature during the period, Lacerda had a source of funding more sinister than his own efficiencies and more local than the US Government. In 1961, Lacerda’s opponents in the state legislature sought to

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expose a connection between a foundation created by Lacerda and the bankers of the jogo do bicho. It is unlikely that the members of the legislative assembly shining this light on the jogo do bicho were pure hearted crusaders for clean governance; rather, they were using the connection between the bicho and Lacerda as a tool in a political death struggle. The relationship between Lacerda and the state legislature was deeply combative from the outset. Lacerda himself, according to Brazilian historian Marly Motta, had a tendency to treat politics as a war. During the elections of 1960, voters in Rio went to the polls not only to elect a governor, but also to elect a constitutional assembly to draft a constitution for the new state of Guanabara. The Federal District (Rio) had held elections for its legislative body, the *Camara de Vereadores* in 1958, and the four-year terms of the Vereadores were set to run into 1962. Thus, in the early months of the Lacerda government, he was left to work with two deliberative bodies, a Chamber of Councilors (Camara de Vereadores) and a Constitutional Assembly. As it was abundantly clear that he had a stronger hand in the Constitutional Assembly than he did in the Chamber of Councilors, Lacerda moved quickly to merge the two bodies, with Constitutional Act 1, proposed by Lacerda and implemented by the Constitutional Assembly in late 1961. Despite howls of protest from members of the *Partido Social Democratista*, and the *Partido Trabalhador Brasiliense* in the Chamber of Councilors, the move was upheld by the Brazilian *Supremo Tribunal Federal*, and the *Camara de Vereadores* became extinct in March of 1961. Although Lacerda had been successful with his maneuver, there continued to be fierce hostility to Lacerda in the newly merged body, the *Assembleia Legislativa de Guanabara*, and his opposition did not miss a chance to take him to task.\(^3^4\)

\(^{34}\) Marly Motta, “Cronica de uma Relação Tumultuada,” in *A Politica Carioca em Quatro*
In August of 1961, a Commission of Parliamentary Inquiry (CPI) was instituted to hold hearings on the connection between the Fundação Otávio Mangabeira and money from the jogo do bicho.\textsuperscript{35} The foundation was a public-private partnership set up by Lacerda to finance the construction of schools. The foundation mixed public money with donations from private business, and it seems that some of those private businesses were jogo do bicho operations. This particular practice of governance had been the innovation of Juracy Magalhães, who served as governor of Bahia state in the Brazilian Northeast from 1959 to 1963. Magalhães directed the bicho bankers in his state to make monthly donations in substantially large set amounts to various “casas de caridade.” The former General Magalhaes saw no shame in this practice, noting, “the game existed before me and it will exist after me.” Indeed Magalhães, who later served as Brazilian Minister of Justice and then Minister of Foreign Relations, often reflected back on his innovation with great pride. Magalhães, like Lacerda was a prominent member of the UDN party, and it seems that Lacerda chose to emulate the Bahian governor’s practices of directing the flow of bicho money towards particular projects.\textsuperscript{36}

Although the Commission of Parliamentary Inquiry attempting to expose the link between the jogo and the foundation heard testimony confirming donations from major gambling figures Rafael Palermo and Aristides Silva, the Governor essentially paid no political price.\textsuperscript{37} Silva and Palermo, along with Natal da Portela, were among the most

important bicho bankers of the period. Yet the idea of directing gambling money to a foundation devoted to school construction seemed in the eyes of many to be a preferable choice to the long-standing practice of politicians simply using gambling money to line their own pockets. Indeed, the Fundação Otavio Mangabeira played a significant role in Lacerda’s vast program to expand the network of schools in Guanabara. Two decades later, bicho banker Castor de Andrade, speaking to Isto É Magazine, reflected back on the Lacerda administration as being the best government for the jogo do bicho as Lacerda didn’t take corruption money, but simply directed the bicho money toward his social projects.38

While Carlos Lacerda may have found productive uses for gambling money while abstaining from lining his own pockets, his administration featured serious problems within the police. While Lacerda took great pride in breaking with the past practices of the Distrito Federal, many of the worst police practices of corruption and vigilantism of the late 1950s continued on into the Guanabara period. One could argue that under Lacerda police corruption relating to the jogo do bicho became more entrenched, and police vigilantism became more severe.

In his book Cidade Partida written in the aftermath of the police massacres at Vigario Geral and Candelaria in 1993, Brazilian journalist Zuenir Ventura looks back at Rio de Janeiro of the late 1950s and early 1960s in search of the roots of police vigilantism. Ventura points out that during the so called “golden years,” the city was not yet a truly dangerous place. Rio “had its danger zones, yet they were few and they were

Nonetheless, according to Ventura, some of the nostalgia for the golden age was misplaced, as the Rio of the late fifties was a city suffering from constant shortages of water and electricity, with a business class that feared an emerging epidemic of robberies. The era also saw the growth of a police vigilantism that featured a near pathological level of violence. Ventura puts much of the origins of this transgressive behavior by Rio police at the feet of General Amaury Kruel. The role of Kruel in the germination of the death squad culture along with the larger spread of police corruption is emphatically confirmed by the scholarly exploration of elite violence in *The Unpast* by R.S. Rose.

Amaury Kruel initially worked as the chief of the Rio de Janeiro municipal police in the mid 1930s, and then later established himself militarily as part of the Brazilian Expeditionary Force during the Second World War. From 1957 to 1959 Kruel was head of the Federal Department of Public Security. With Rio being the *Distrito Federal*, this position essentially left Kruel as the top law enforcement official in the city. In 1958, representatives of the Rio Business Association approached Kruel, begging him to stem the tide of robberies. Kruel created the *Serviço de Diligencias Especiais*. According to Ventura, “The SDE brought together violent men, who were determined to exterminate the bandits in Rio and the surrounding areas.” This special unit “to combat marginals,” was given “carte blanche to apply the most drastic measures.” This “death squad went up into the *morros*” and they “hunted” the marginals “like rats.”

According to Ventura, Kruel, “not only created the death squad,” but, “he was also a pioneer of another form of modern art – that of police corruption.” He and his son

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40 Ibid., 34-35.
were receiving payoffs from illegal activity in drugs, scrap metal, brothels, abortion, and of course the jogo do bicho.\textsuperscript{41} Kruel was pushed from his position in 1959 due to scandal from the public exposure of his corruption. Yet he maintained the loyalty of the bulk of Rio’s police personnel. His disgrace was quickly overlooked in military and political circles and shortly after the scandal he served for two years as the military aid to Brazil’s ambassador to the United Nations. Later he was to serve as General at the head of Brazil’s Second Army in São Paulo. In 1964, despite close ties to President João Goulart, Kruel sided with the coup d’etat and thus guaranteed the success of the so-called revolution. From 1967-1971, Kruel was a Federal Deputy representing the state of Guanabara in the lower house of the Brazilian Congress, leaving him once again tied into the web of corrupt practices which plagued Rio city. Given that Kruel had such an illustrious career even after being exposed in 1959, it is clear that the scandal of police corruption was in fact no scandal at all. The Kruel period of the late 1950s represented a pattern common to Rio, New York and countless other major cities in which economic corruption by police was tolerated by elites in exchange for aggressive suppression of any violence or banditry on the part of marginal elements. When “bandidos” did engage in robbery and violence, it was taken by Kruel and others in the policing apparatus as an act of war, and thus war was made in response.

A few short years after the Kruel scandal, Carlos Lacerda’s state government in Guanabara formed its own elite squad within the mounted police, and this squad was given leeway comparable to that of Kruel’s SDE. The most prominent police officer among the elite group was Milton Le Cocq. In the analysis of both Zuenir Ventura and

\textsuperscript{41} Ibid., 48.
R.S. Rose, the crucial moment at which intense police violence was unleashed in a permanent declaration of war against “bandidos” and “marginais,” came with the murder of famed Rio detective Milton Le Cocq. It is worth noting that at the very center of this murder, was the police connection to the jogo do bicho. According to Ventura, “Le Cocq began to die the day that a bicheiro sought him out for protection against Cara de Cavalho.”42 In the words of R.S. Rose, twenty two year old Manuel Moreira, known as Cara de Cavalho (Horse Face), “was an obscure bandit who had mistakenly been released from detention while being held on murder, weapons, and vagabond charges. Free, he had made his way as a small-time assault and robbery specialist who also extorted prostitutes and other hold up artists. Eventually he tried to squeeze money out of ‘Nado’, a jogo do bicho banqueiro.”43 After being shaken down by Horse Face, the bicheiro Nado contacted Le Cocq to seek protection. Known as “O Gringo,” Le Cocq had a well-established reputation as one of the toughest and most effective policemen in the city. “O Gringo personally knew the ins and outs of many of Rio’s South Zone favelas. He put this knowledge to use by consistently taking the point position on sweeps into these shanty towns.”44 After the bicheiro Nado approached Le Cocq, the detective and several of his men set out in search of Cara de Cavalho on August 27, 1964. They came upon the outlaw near Maracanã stadium, but having been alerted to their presence, Cara de Cavalho fled in a taxi. The policemen trailed the taxi in their VW bug, and they caught up

42 Ibid., 44.
44 Ibid., 235.
with Cara de Cavalho at the corner of Rua Teodoro da Silva and Emlíio Sampaio. Cara de Cavalho opened fire on the police, killing Le Cocq, and then fled on foot.\textsuperscript{45}

At the funeral of Le Cocq, a note placed on the coffin declared that bandits would die at a ratio of 10 to 1 for every police killed. With the manhunt for Horse Face underway, police violence began immediately, with young “mulattos who had short hair” as the target, some being “killed because they resembled Horse Face.”\textsuperscript{46} Cara de Cavalho was eventually tracked down in Cabo Frio, and while there are several different accounts as to what occurred when the police cornered and ultimately killed Cara de Cavalho. “All accounts however agree about the ensuing series of events,” Rose writes. “The police assembled around the murderer of Milton Le Cocq. Then, one by one they fired round after round into the already lifeless body…The number of bullet holes reported to have been made in Horse Face’s body ranges from 50 to 155.” One of the police vigilantes even brought Le Cocq’s revolver to fire it into the already dead Horse Face.\textsuperscript{47}

On the first anniversary of the death of Milton Le Cocq, a number of his close associates formed the \textit{Scuderie Detetive Le Cocq}, or in English, The Shield of Detective Le Coq. The members of the group have always claimed that its purpose was “to promote the camaraderie of the public and the police and to assist the widows of slain police colleagues.”\textsuperscript{48} Despite this façade, many scholars and journalists, Ventura and Rose included, agree that Shield of le Cocq has consistently been an organization at the heart of death squad culture, and over the years it has claimed among its members some of the roughest police in Rio and beyond. Many members of the Sheild of Le Cocq would

\textsuperscript{45} Ibid., 242.
\textsuperscript{46} Ibid., 243.
\textsuperscript{47} Ibid., 245,
\textsuperscript{48} Ibid., 247.
eventually form the core of another elite group of detectives known as *Os Omens de Ouro*, or in English, The Men of Gold created by Secretary of Security of Guanabara Luiz França de Oliveira “in November of 1969, during the darkest days of the military dictatorship.” The group was purportedly formed “to combat a wave of assault and robbery cases against night taxis, truck drivers, supermarkets and banks.”49 The Men of Gold included original members of the shield of le Cocq, such as Jose Guillermo Godinho Fereirra known as Sivuca, and Anibal Beckman who participated in the hunt for Cara de Cavalho, as well as more recent members of the Shield of Le Cocq, such as the crooked Mariel Mariscotte.50 During the 1970s, the group fell into disgrace, as some of its members were tied into a wide range of violent and criminal activities.

The combination of violence and corruption exemplified by Amaury Kruel’s SDE and accelerated by the formation of the Shield of Le Cocq “would flourish in the police over the course of the decades that followed.”51 The episode of the killing of Le Cocq highlights the role of the *jogo do bicho* in Rio city. Le Cocq, having died defending a bicheiro, was essentially defending an institution that the police had come to view as part of the established order. Envelopes from the *bicho* game were an aspect of police salary, a sort of informal taxation that supplemented the pay of working policemen. Yet, already by the mid 1960s the relationship between the police and the *jogo do bicho* was becoming more complicated as the city itself grew more dangerous. In the description of R.S. Rose, “At first banqueiros bribed the police to leave them alone. Gradually the relationship matured to the point where they were buying protection from the men in

49 Ibid., 250.
51 Ventura, *Cidade Partida*, 35.
uniform.” This dynamic can be seen within the killing of Le Cocq. Through the 1960s and 70s, as portions of the police evolved into a group of armed enforcers in the service of illegal gambling, the seemingly harmless nature of tiny bets on mythical animals increasingly came into question. Rio and other large Brazilian cities struggled with the jogo do bicho as it became unclear whether the animal game was a bulwark of the police, supplementing the hard working police officer’s salary, or if police ties to the jogo were undermining police legitimacy and public trust at a time of growing violence and disorder. Such questions, while much debated, essentially remained unanswered, and the jogo do bicho persisted in characteristic ambiguity.

With the police relying on jogo do bicho money as a basic aspect of salary, and the Lacerda government tolerating the gambling activity in exchange for unofficial taxation, the jogo do bicho prospered during the 1960s in Guanabara state both before and after the national military coup of 1964. The game was loosely organized, but there was basic hierarchy with major bankers such as Aristides Silva and Rafael Palermo sitting at the top. Also prominent in the jogo do bicho during this period was Natal da Portela. Perhaps the most memorable figure in the history of Rio gambling, Natal was certainly the most prominent Afro-Brazilian to have appeared in the upper echelons of the jogo do bicho, and he was more deeply involved with samba than any bicheiro before or since.

Born Natalino Jose do Nascimento in Sao Paulo, he was registered in Rio de Janeiro at the age of four. He lost his right arm as a young man working for the railroad. “He made his way to Madureira where he sold fish and angu from a tray. In those days he would drink until he fell in the gutter. But in 1925 he was offered a job as the ‘zelador’ of
a ponto do bicho at a place called Turiaçu.” And thus began Natal’s regeneration. He quit drinking, and made a rapid rise in the game. He ultimately came to control gambling in the adjacent areas of Madureira and Oswaldo Cruz. Over the years these working class suburbs, home to several hundred thousand people, came to benefit from the generosity of Natal, even as residents poured their money into his jogo do bicho operation. According to Veja magazine, “In Madureira, and other Rio suburbs, he has supported orphanages, he has headed charitable institutions, and he has distributed generous donations. They say he would leave the house with two bags of money, and return with only the rubber bands.” He is also responsible for bringing pavement, water, and sewers to 41 streets in the community.52

While he was loved by many, and he took great pride in his diplomatic abilities and his frequent role as a peacemaker, Natal slapped around enough people that his left hand became famous throughout the Zona Norte. He was known to have killed one man, another bicheiro named Davi. The two had been partners, but Davi had been disparaging Natal behind his back calling him “negro.” During a confrontation Natal shot Davi three times with a revolver. The shooting occurred at 6 in the evening in the middle of the street, but there was nobody willing to testify.53

Beyond his reputation as a gambling boss, Natalino Jose de Nascimentos was best known for his close association with the samba school Portela, one of Rio’s oldest and most successful samba schools. Natal could boast of having been present at the founding, and over the decades he was deeply involved in the planning and operations of

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52 “Samba, Bicho e Futebol: As Aventuras de Natal, Um Paulista na Terra do Carnaval,” Veja, February 16, 1972.
53 Ibid.
the school as it won a record number of victories at the annual carnival parade. He also offered generous patronage to the school, buying musical instruments, and funding the construction of floats and the allegorical costumes that drove Portela’s success during the 1950s and 1960s. It was Natal’s devotion to the blue and white of Portela that made *O Homen Com Um Braço Só*, the Man With One Arm, an indispensable figure in Madureira.

As Natal exercised control in Madureira, the significantly younger Castor de Andrade was on the rise in the suburb of Bangu. Having been born into a bicheiro family, Castor de Andrade entered the gambling business despite having been formally trained in the law. In many ways, Castor would eventually steer the jogo do bicho on a course that made it increasingly capitalistic, tightly organized, and hierarchical. Yet during the 1960s Castor also explored practices similar to those of the old-fashioned Natal, by investing time, energy and money into patronage activities that created a popular base. For Castor, it was his heavy involvement as vice-president of the Bangu football club that allowed him to claim popular legitimacy. In 1966 Bangu won the Brazilian national soccer championship, and during this period of solid play at Bangu, Castor’s name appeared in the sports pages in reference to soccer almost as frequently as it appeared in metro reporting in reference to the jogo do bicho. The practices of both Natal and Castor relating to both soccer and carnival have proved to be long standing pillars of the functioning of the jogo do bicho in Rio de Janeiro. The triumvirate of jogo do bicho, samba and *futebol*, allowed the big bankers of the jogo do bicho to portray themselves as impresarios of three of Brazil’s most popular and quintessential leisure activities. These were not outlaws, rather these were men in the business of leisure and entertainment. The
direction of bicho funds to legitimate projects during the Lacerda government served to further enhance the claims of the game. In the hospitable environment of the early and middle 1960s, a time before the jogo do bicho became associated with the drug trade, before heavy armed conflict over gambling, and before Brazilian police corruption became a national and even an international scandal, the animal game and those who ran it verged not just on legality, but possibly even true legitimacy.

While many bicho bankers, Castor in particular, would make efforts to achieve social and public legitimacy, the question of legality and its desirability has always been far more muddled. It seems that since the pattern of police-tolerated illegal gambling took hold during the 1950s, the major figures of Rio gambling have thrived on the ambiguity of the law and the indifference of law enforcement to what was legally defined as a contravention. The category itself is fraught with ambiguity. When faced with occasional campaigns of stiff enforcement, the cry for legalization has gone out from the bicheiros and some of their political allies. Nonetheless, demands for legalization always remained half-hearted enough to ensure that no new legal framework took hold, while the demands were forceful enough to undermine any mandate for mass arrests and repression of the game.

The best indication of the historical ambivalence toward legality on the part of the bicheiros lies with the fact that there has never been a concerted effort to achieve legality during times of strength and tranquility in the game. Rather legality is only pressed as a matter during times of crisis when the game is under threat of strict enforcement. Thus pursuit of legality should be viewed as a tool, occasionally put to use by gambling bosses, in order to maintain the status quo of weak enforcement and police payoffs. In retrospect,
a serious reckoning with the ambiguous and contradictory status of the jogo do bicho during the 1960s could have served to alter the structures of the illegal economy and the dynamics of police corruption at a juncture prior to the introduction of major arms and drug trafficking in Rio de Janeiro. Such an intervention could have left Rio as far less fertile ground for the rooting of these deadlier practices of the late 1970s and early 1980s.

The failure of the jogo do bicho to cross the line to legality at a time before it had come to dramatically undermine public safety and police legitimacy does not rest solely on the ambivalence of the grande banqueros. Policy makers and numerous other social actors served to maintain the status quo of this common illegality as part of the basic order. In February and March of 1966 the city of São Paulo cracked down on everyday gambling to an unprecedented extent, using a newly created Delegacia de Jogos. The officers serving in this new delgacia were purported to be of “the highest integrity” and their target was to be the major bankers of São Paulo. Interestingly, in describing the upper echelon of the São Paulo jogo do bicho, known as the Coligação, Officer Wilson Jose Minervino, pointed out that “These men along with controlling the jogo do bicho, also exercise influence in other sectors such as industry and commerce.”

This is quite distinct from the standard accusation made during the late 1970s and the 1980s, that bicho bankers, rather than having their hands in “industry and commerce,” had their hands in the drug trade, and the trade in stolen goods.

The Delagacia de Jogos in São Paulo took aggressive action for almost two months, drastically slowing the game, and leaving nearly 60,000 people without work. Eventually, political leaders, law enforcement officials, labor leaders, and bicho bankers

came to an undisclosed agreement to allow the game to continue.\(^{55}\) Although no explanation of the settlement was offered to the public, on March 26\(^{\text{th}}\), just days after the truce, the mayor of the city submitted a proposal to the city council to create three new secretariats: \textit{Serviços Municipais, Turismo,} and \textit{Bem-Estar Social}. In particular the new ministry of Tourism as well as the Ministry of Bem Estar (well being) seem to have been perfect pools for bicheiro money. The Ministry of Bem Estar was tasked with fostering social assistance and development working with both public and private groups.\(^{56}\) In the months following the settlement, the Delegaçia de Jogos was relatively quiet, and the only major arrest made for the remainder of the year, was the arrest of a banker named Ivo Noal. Apparently Noal was not a party to the truce, and it is quite plausible that the other bankers of the city turned the police towards his pursuit. In June of 1966, shortly after Noal’s arrest, it was reported in the \textit{Folha de São Paulo}, that over the course of three years, Noal had been engaged in a violent and aggressive campaign to grow his bicho territory in the city.\(^{57}\) Clearly Noal must have quickly reached his own arrangements with authorities not long after his arrest, as over the subsequent years he rose to become the most important bicho banker that São Paulo has ever known.

In mid-1966, authorities in Guanabara also engaged in some heightened cat and mouse with bicheiros. While there were several police entities operating in Rio during the 1960s, the main outfits were the Civil Police (judiciary police) and the Military Police, both under the control of a State Secretary of Security. The smaller Civil Police

(organized into delegacias, akin to precincts) was responsible for conducting investigations, and was historically more entrenched with jogo do bicho corruption. The larger Military Police (organized into battalions) was responsible for maintaining order on the streets, and has traditionally had fewer ties to illegal gambling. Thus most crackdowns on the jogo do bicho have stemmed from within the Military Police. Each state had its own Military Police, and these state Military Police forces were also reserves of the national army and typically headed by active military officers. Thus the Military Police was often less interwoven into local practices, priorities and politics. The role of the Military Police in the states was steadily enhanced during the dictatorship and predictably the emphasis on gambling enforcement in Guanabara in 1966 came from the Military Police.

Given the difficult year that the bicho faced, two projects were revitalized in the federal Congress, both of which would have put the jogo do bicho on legal footing. These proposals did little more than create an uncertainty regarding the future of the game, which served to undermine any enforcement efforts by the Military Police. Yet in Guanabara there was already enough uncertainty to go around. During state elections in 1965, the major gambling figures divided between Lacerda’s appointed successor, Flexa Ribeiro (minister of education under Lacaerda), and former Mayor of the Federal District of Rio de Janeiro, Francisco Negrão de Lima. To the surprise of many, including the top ranking officers of the military dictatorship, Negrão de Lima won the election. Negrão was no leftist radical, and in many ways he would govern in a manner similar to that of Lacerda, yet the military dictatorship was taken aback at their inability to control events.

at the state level, and the election of Negrão de Lima in Guanabara prompted the dictatorship to issue Institutional Act II. Declared by President Castelo Branco in October of 1965, AI-2 did a number of things to centralize power and mute opposition. It put an end to direct elections, and it dissolved the multi-party system and mandated the creation of a two party system featuring the *Alliança Renovador* (ARENA) as the governing party and the *Movimento Democratico Brasilierno* (MDB) as the opposition. It also gave the Congress the power to elect the next President, while it gave the President the power to dissolve Congress. All of this meant a dual defeat for Carlos Lacerda. His intended successor had been defeated in elections in Guanabara and his own ambition to be elected President of the Republic had been defeated by dictatorial decree. Lacerda had already begun campaigning for the Presidency when AI-2 was declared, and he saw himself as well positioned to win. With his plans frustrated, Lacerda ironically became a fierce critic of the dictatorship and of President Castelo Branco, using the pages of his mouthpiece *Tribuna da Imprensa* (now owned by his ally Helio Fernandes) to denounce the military government’s subversion of democracy.

The Lacerdistas also used the newspaper to constantly disparage Guanabara Governor Francisco Negrão de Lima. Hilariously, a constant point of criticism leveled by the *Tribuna de Imprensa*, centered on the Negrão administration’s toleration of the jogo do bicho. Negrão’s position on the jogo do bicho was ambiguous at best, and corruption among police continued apace during his administration. Within the state security apparatus there was a reform contingency, led by Coronel Darci Lazaro the Commander of the Military Police and General Jaime Graça, Inspector General of the Police, who hoped to see bicho money rooted out. Yet the State Secretary of Security Dario Coelho
had expressed a desire to see a legalization of the game, and he showed little interest in a major repression of gambling activity. The *Tribuna da Imprensa* reported that an attempted “blitz” against the jogo do bicho led by Coronel Lazaro, was undercut by Negrão, Coelho and other corrupt actors. The bankers were given notice of the blitz and simply put the gambling workers of the city on a brief vacation in anticipation of roundups. Coronel Lazaro and his men took to the streets only to find the *pontos do bicho* (gambling spots) deserted.\(^{59}\) The jogo do bicho was essentially in a state of “lockout” with the grande baquieros demanding the dismissal of Coronel Lazaro as a condition for the game to resume activity. Darcy Lazaro resigned his post in late March 1967. The front-page headline of *Tribuna da Imprensa* read “Corrupção do Governo Negrão Faz Coronel Darcy Deixar a Polícia.”\(^{60}\) Although the Lacerdista newspaper relished the opportunity to excoriate Negrão de Lima for bicho corruption, comparing the situation in Rio to “Chicago in the 1920s,” this was a clear case of political opportunism, and Lacerda himself continued to be fascinated by the potential for making use of gambling money for public functions.\(^{61}\)

During the final days of Castelo Branco’s administration, the President issued *Decreto Lei 204/67*. This decree law, presumably an initiative of Minister of Finance Octavio Gouvêia de Bulhões, issued on February 27th of 1967, restricted any growth in issuances by state level lotteries, while it increased the magnitude of the issuances of the Loteria Federal. Many Brazilian states had their own lotteries, but all of these lotteries were of modest size. Essentially, with the new decree law, any existing state lotteries

\(^{60}\) “Corrupção do Governo Negrão Faz Coronel Darcy Deixar a Polícia,” *Tribuna da Imprensa*, April 1, 1967.
were frozen at their current size, while states without a lottery were to remain without one. Meanwhile, the Federal Lottery was to grow. The clear aim of this decree law was to prevent São Paulo, the most populous state, from instituting a lottery. São Paulo had taken legislative steps toward establishing a lottery in 1966, but the new decree-law prevented the state from even selling its first ticket. The president of the Guanabara lottery referred to the new decree as forced “stagnation.” Lacerda also pounced on the new law as a travesty and a power grab. In March, the Tribuna da Imprensa began a countdown of the final days of the Castelo Branco Presidency, featuring a box on the front page announcing five days left, four days left and so on, referring to him as “the worst president in the entire history of the republic,” with only one day left on March 14.

Even after Castelo Branco had vacated office, Lacerda continued to lament the lottery decree. When New York State Governor Nelson Rockefeller signed a law bringing the New York State Lottery into existence in May of 1967, the event was widely covered in Brazilian papers, and Lacerda took the opportunity to denounce Castelo Branco’s decree one last time. Lacerda wrote “The Governor of New York has signed a law creating a state lottery, the funds from which will be used to aid educational services.” Yet, unfortunately, São Paulo would now be denied the opportunity to replicate such innovative governance. He called Castelo Branco’s lottery decree one of his “stupidest” decisions, and he noted the centralizing tendency of the dictatorship.

Unfortunately for Lacerda and Lacerdistas at the Tribuna da Imprensa, the subsequent presidential administration of Costa e Silva would prove to be far more centralizing, and

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far more repressive. Nonetheless, the lottery decree, by preventing the growth of legal
sub-national lotteries, had set in place a dynamic within which state level officials had a
vested interest in protecting the jogo do bicho as their principal source of gambling
revenue, while Federal authorities sought to direct all gambling dollars towards federal
coffers. Thus, after 1967 the question remained as to whether the bicho would be able to
survive without reaching some sort of accommodation with the military dictatorship.

In Guanabara there was much discussion of the future of the jogo do bicho, as
General Jaime Graça, former Inspector General of the Police, made himself available to a
Commission of Parliamentary Inquiry (CPI) in the State Assembly focused on corruption.
Graça, a respected military man with connections high up in the government, had met
only frustration as he tried to root out crooked practices in the Rio police. Despite being a
close personal friend of State Secretary of Security General Dario Coelho, General Graça
gained little support for his crusade against the bicho. He ultimately found himself frozen
out by General Coelho, and he decided to resign his post, and turn over the information
he had collected on illegal gambling in Rio City to the CPI. Over the course of several
days during the Fall of 1967 General Jaime Graça appeared before the legislative
assembly of the state of Guanabara to testify on corruption. Both the Tribuna da
Imprensa and the Jornal do Brasil covered the hearings intensely, with the Tribuna
hoping for the downfall of Negrão de Lima, and the less partisan Jornal hoping for
significant reform of police practices. Graça appeared before the commission with ten
notebooks under his arm, and acknowledged the danger he faced in revealing the network
of gambling corruption in the state. He told the commission, “I go unarmed but I have faith in God.”

He went on to describe the intense resistance he received from politicians and fellow law enforcement officials, as he attempted to curb jogo do bicho practice in Rio city. Graça explained that it was this resistance that caused him to leave the police force. He pointed out to the commission that many of the bicheiros that he had arrested had already been released without his prior knowledge. According to Graça, the jogo do bicho was only prohibited in Brazil because the authorities maintained an interest in keeping the game illegal. The illegality of the game allowed for “collection of the famous ‘caixinhas’ which sustained the majority of the police.” He recalled being told by his colleague Colonel Darcy Lazaro, former commander of the Polícia Militar who had attempted to take on illegal gambling, that Brazil’s campaign in Italy during World War II was an easier and simpler thing than any attempt to shut down the jogo do bicho game in Rio against the will of the Polícia Civil. General Graça intimated that Darci Lazaro had been blocked from promotion due to his stance on the jogo do bicho. He named Ivan Vasques as a Delegado (a position in the Civil Police comparable to precinct captain) deeply embedded in gambling corruption who had attempted to dissuade him from acting.

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64 “Graça Diz na CPI Que Sua Luta é Pela Moral,” Tribuna da Imprensa, September 29, 1967.
65 “Graça em quatro horas diz quem é corrupto,” Tribuna da Imprensa. October 3, 1967. According to his testimony, Graça was offered a position as head of the DOPS, which he declined, pointing out that his “moral upbringing was not compatible with being head of that sector of the police.”
66 “Graça Volta a Atacar a Corrupção Policial” Tribuna da Imprensa, October 2, 1967.
67 Jorge Franca, “Governo Tenta Acabar com CPI da Corrupção” Tribuna da Imprensa, October 31, 1967,
against the bicho. He also named Jorge Pastor as a corrupt Delegado, who had advised him to leave the jogo do bicho alone, “because the police live off the game.”

In response to the testimony of Graça, a key member of the Commission Fabiano Villanova Machedo, called for higher police salaries and for state level control of the jogo do bicho. He argued that such legalization would serve to redirect monies away from criminals and networks of corruption and towards abandoned infants and the least favored sectors of the population. He distinguished between the bosses of the game and the average bicheiros taking bets on the street. He described these gambling workers as an army of “tens of thousands of people, marginalized by society, accused and grouped in with contraventores, without even the minimal rights provided by Constitutional labor laws.” Another key member of the CPI, Sami Jorge, who had mocked the moralizing of General Graça, also embraced legalization, pointing to low police salaries as a key factor in corruption. Sami Jorge also acknowledged the opportunities for exploitation and marginalization that grew out of the lack of legal recognition for the bicho worker.

These calls for legalization at the state level in Guanabara, came in the context of broader calls for legalization at the federal level. The strongest proposal in the Congress would have provided for the legalization of the jogo do bicho and the direction of accumulated revenues to the Legião Brasiliera. The Legião was a social services organization focused on aiding abandoned infants, which happened to be headed by

\[\text{\textsuperscript{68}} Graça Hoje na Assembleia Da Nome dos Policiais Corruptos da Cidade,} \text{\textit{Tribuna da Imprensa}, October 6, 1967.} \\
\text{\textsuperscript{69}} \text{“Graça Diz que Pastor Pediu Fim a Campanha Contra Jogo,”} \text{\textit{Tribuna da Imprensa}, October 11, 1967.} \\
\text{\textsuperscript{70}} \text{“Fabiano: ‘Bicho Oficial Acabará com a Corrupção,”} \text{\textit{Tribuna da Imprensa}, October 11, 1967.} \\
\text{\textsuperscript{71}} \text{“Sami Jorge Chama General Graça de Debiloide,”} \text{\textit{Tribuna da Imprensa}, October 13, 1967.} \]
Iolanda Costa e Silva, the wife of the new President of the nation. Yet the argument that a legal federal bicho could save the financially strapped Legião, was undercut by a proposal to fund the organization with a cigarette tax. Ultimately, the project of a legal jogo do bicho connected to the Legião Brasiliera was rejected by the military government in late 1968. The idea of a federal bicho met with resistance from important sectors of society, in particular conservative elites in the business community, moral conservatives in the military, and progressive voices in the Catholic Church. Archbishop of Olinda and Recife, the estimable Dom Helder Cemara known for his fierce advocacy on behalf of the poor, came out vociferously against any legalization of the jogo do bicho. Helder lamented, “It is sad that in our country, at this point we lack the inventive capacity, the creative imagination and the spirit of organization” to find resources for serious social problems such as infant abandonment. 72 Dom Helder would eventually be imprisoned for his opposition to the dictatorship, but in 1967, the “rebel saint” Camara and the dictator President Costa e Silva were in agreement in their opposition to legalization of the jogo do bicho.

While the effort in the federal Congress to create a legal bicho failed, and the state level pronunciations in favor of legalization ultimately did not amount to anything, both had the effect of creating an impression that legalization was immanent, and thus obviated any need for repression. In Guanabara, governor Negrão de Lima did not make his position clear on the subject of legalization. The Tribuna da Imprensa called for him to either declare himself for legalization, or to put someone competent, such as the aggressive Deraldo Padilha, in charge of gambling enforcement. Above all else he should

at least stop the farcical practice of arresting someone every month for the news, as “we know that when this happens one of the bicheiros who is on his way up offers to be arrested, he remains guarded for a few days and then he is right back in his spot on the street.” As a result of the Graça hearings, a large number of pontos were closed, but only for a short time. Some arrests were made, but the only people taken into custody were street level workers, highlighting the vulnerability of the working bicheiro who operated on ambiguous legal and social terms. The big bankers of the jogo do bicho on the other hand, were left totally unmolested.

Regardless of the continuation of business as usual in the gambling sector, the Graça hearings did force the issue of police corruption, and scandal and accusation became the order of the day. In January of 1968 accusations began to surface of widespread corruption in the Guarda Civil (another Rio police entity, eventually phased out after 1969). Dozens of members of the Motorized Squad were implicated in a bribery and shakedown scheme. Envelopes from the city’s numerous bus operators had become a source of regular pay for many members of the Guarda. The obvious problems of policing in the state left Governor Negão de Lima under the pressure of public scrutiny. This pressure was quickly passed down onto Secretary of Security Dario Coehlo, who was given strict orders to bring all cases of corruption to light. In his own defense,

Negrão pointed out that all of the members of the Guarda tied up in the scandal had been put on the force before he took office.\(^{75}\)

Yet any major reform initiatives would have to wait until after Carnival, given that the large-scale events required coherent assertion by the state’s law enforcement apparatus. Shortly after Carnival ended Secretary of Security Dario Coelho was finally replaced. As his first official act, the newly appointed General Luis de França Oliveira called for the dissolution of the maligned *Delegacia de Costumes*. The Governor quickly fulfilled this wish, and declared the Delegacia de Costumes dead. Something akin to a “vice squad”, or more literally the Delegacia of habits, this small unit of the Civil Police, with 32 officers, had been charged with policing gambling and prostitution in the state. The opportunities for corruption were so remarkably lucrative, that police either had to rely on political connections or pay hefty bribes in order to be transferred into the division. Once inside, a policeman in the Delegacia de Costumes could expect envelopes from both the *jogo do bicho* and the brothel industry on a regular basis, ultimately collecting sums that far surpassed anything they could have earned while working in any of the other Delegacias.\(^{76}\)

The city’s *bicho* bankers were left in a difficult situation. According to reporting in the *Jornal do Brasil*, “The bankers of the *jogo do bicho* are confused, without knowing the exact consequences of the closing of the Delegacia de Costumes: The biggest problem consists in figuring out who will get the police payout from now on.” All of the *bicheiros* were in agreement that the payout should continue, but there was disagreement as to

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\(^{75}\) “Negrão Manda Dario Coelho Apurar Tudo Sobre Suborno na Guarda Civil do Estado,” *Jornal do Brasil*, January 9, 1968.

where the bulk of the payout should be directed. Some felt that the portion that would have gone to the Delegacia de Costumes should now be divided amongst the Delegacias Distritais, while others felt that it should go to the Delegacia de Vigilancia.\footnote{“Contraventor não sabe a quem pagar,” \textit{Jornal do Brasil}, March 18, 1968.}

The editorial page of the \textit{Jornal do Brasil} was in no way confused on the matter, as it loudly applauded the death of the notorious Delegacia, pointing out that the Delegacia of Habits had been done in by its “bad habits.” The paper lauded the closing of the Delegacia as a hopeful sign for the new Secretary of Security, yet the Governor was taken to task for the current state of affairs. The paper referred to the state’s police as being “infested with criminals,” and described the life of the average Rio resident as one of “living between impunity and fear,” noting that “the carioca (Rio resident) has adapted himself to the idea of a city without law.” According to the \textit{Jornal} “This misgovernment has a Governor, Mr. Negão de Lima, who only leaves the Palace to inaugurate a highway: traveling by helicopter, floating above the unpoliced streets.” With Rio at a “point of desperation and confusion” the paper called on the Governor to change his style, as the “calendar of festivities” had clearly come to an end.\footnote{“Cidade Sem Lei,” \textit{Jornal do Brasil}, March 18, 1968.}

A few days after the appointment of the General Luis França de Oliveira, the \textit{Jornal do Brasil} published some reflections on police reform from the former Inspector General of Police, Jaime Graça. The General offered a series of recommendations on how policing in the state should be altered. He described a lack of coordination between the different policing institutions of Guanabara, and pointed to the absence of a unified purpose. The state featured four different outfits engaged in policing: The Judicial (Civil) Police, the Military Police, The Guarda Civil, and the DOPS (Department of Political and
Social Order). According to Graça these different organizations did not have a clear understanding of their jurisdictions and their proper roles, and thus they often found themselves working at cross purposes with one another. He called for the dissolution of the Executive Superintendency, arguing that its functions basically overlapped with that of the DOPS. He also interestingly called for the elimination of specialized Delegacias within the Judicial Police. Such specialized units, the Delegacia de Costumes having been a prime example, often turned into minor fiefdoms, and their specializations allowed them to focus on taking bribes while simultaneously shirking responsibility for law enforcement by declaring one thing after another to be beyond their jurisdictions. The Delegacia de Vigilancia, the Delegacia de Crimes Contra a Saude Publico, and the Delegacia de Roubos e Furtos, would have all gone up on Graça’s hypothetical chopping block. With these specialized units eliminated, their functions would have been assumed by the Delegacias Distritais, - the District Precincts of the Civil Police.

In the vision of General Graça, an upgrade in personnel was also in order. He called for higher-level courses at the police academy and for clearer opportunities for advancement for lower ranking officers. Graça argued in favor of the purging of “bad elements” from within the organizations, and endorsed limits on age and job permanence for Delegados, who all too often seemed to turn there precincts into “personal islands”. Yet despite this somewhat harsh assessment of the current personnel, the General also spoke up on behalf of the policemen as a class of workers. He pointed to the injustice of low pay, crumbling facilities, and hazardous conditions. He complained of a lack of
housing, medical care and educational opportunities for police. “Ultimately, the policeman is a forsaken man, he is a forgotten man,” stated the General. 79

Such ideas were taken seriously in police circles, and the new State Secretary of Security, França de Oliveira, immediately set up a working group which focused on reforming the police academy and on reorganizing the Judicial (Civil) Police along geographical lines. França de Oliveira pressed Governor Negrão de Lima to raise police salaries. The editorial page of the Jornal do Brasil, so frequently harsh on police workers, supported this call for higher pay, and pressed the National Congress and the State Assembly to fight for major police reform throughout Brazil. The Jornal saw the logic in higher police pay as a potential beginning of the end for the bicho. The paper rejected what they called a “curious axiom of the carioca spirit.” The idea that the bicho can be “tolerated as it exists, or it should be legalized, but to extinguish it is impossible.” For the Jornal, “There is no such impossibility in eliminating any illegal activity like the jogo do bicho. What exists is police protection for the bicheiros, who purchase this benevolence with good money. We must first take care of the police who live off of the bicho, then we can peacefully shut down the bicho afterwards.” 80 For his part, State Secretary of Security França de Oliveira, came out publicly in favor of a legalized bicho, arguing that the government could gain substantial revenues from a legal game while simultaneously undermining a source of police corruption. 81

81 “França quer legalização do jogo do bicho para fazer país lucrar e não a Polícia,” Jornal do Brasil, May 9, 1968.
Although there was energy building towards police reform, the immediate future of policing in Rio was not to be determined by local issues such as the cash flow of illegal gambling, or by intense self-examination on the part of police themselves. Rather policing, as well as its supplementary and contradictory funding source the jogo do bicho, would be thrust towards dramatic change by a crisis of order that was rooted in issues of national politics.

In late March of 1968 tens of thousands of protesters, mostly students, began to stage massive rallies in highly visible locations, such as Cinelandia Square in central Rio. The large-scale gatherings represented a direct challenge to the authoritarian policies of the National dictatorship, and interaction between protesters and the Military Police quickly took a violent turn. In the early days of April the national army began to assert control over the city. On the night of April 1st, the commander of the 1st Army, General José Horacio da Cunha Garcia issued an official statement. “People of Guanabara: As Commander of the 1st Army, in accordance with the orders of the Minister of Justice, I have assumed control of the city, which in the last several hours has been overrun by hordes of subversives. The Military Police of the State, after suffering several casualties, and up to now having acted unarmed, will now be under my command.”

Over the course of the remainder of a rough year of violent confrontations, activities of policing came to be increasingly centralized, all in the name of political order. This centralization of authority finally culminated with the famous Institutional Act V. Better known as AI-

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82 “Exercito ocupa a cidade a pedido de Gama e Silva,” Jornal do Brasil, April, 2, 1968.
5, this drastic declaration of authority is often considered as the most draconian policy measure ever implemented by the Brazilian dictatorship.

The sweeping Act signed by President Costa e Silva on December 13 of 1968, gave the President of the Republic the power to suspend all of the political rights of subversives, to declare the recess of all legislative bodies at the Federal, State and Municipal level, and of course, the Act suspended Habeas Corpus.83 President Costa e Silva explained the measure in a speech a few days later, saying that the revolution (as the coup which brought the dictatorship was often called) was irreversible, and “It is always necessary, as it is now, for us to make new revolutions within the Revolution.” He explained in an Orwellian manner that the Revolution would follow the path directed towards safe and rapid development. “But the Revolution will remain on guard against any and all efforts aimed at disrupting order or overthrowing democracy.”84

The declaration of AI-5 was clearly a moment of constitutional crisis, and was thus national in scope. It was also a dramatic act of cold war paranoia and a power-grabbing pretext, and was thus international in context. Yet, interestingly, it was to have a major impact on the day-to-day street corner activity of betting on the jogo do bicho. In conjunction with Complimentary Act 39, AI-5 brought into being a “General Commission of Investigations”, charged with the task of investigating instances of public corruption by which Federal, State and local officials may have enriched themselves. The Commission was given authority to confiscate ill-gotten gains, and to suspend the

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84 Front Page, Jornal do Brasil, December 17, 1968.
political rights of those under suspicion.\textsuperscript{85} There was of course no greater source of corruption at the state and local level than the jogo do bicho.

Rio State Secretary of Security França began to act the very next day, initiating one of the most significant repressions that the jogo do bicho has ever seen. Bicheiros were rounded up in large numbers, and only uncertainty remained for those still on the street. According to the \textit{Jornal do Brasil}, in reference to the second day of the roundups, “Last night the contraventores still free were in confusion. Many people have disappeared. The bicheiros do not want to work today, and the scarecrows (testas de ferro) who work the pontos are looking for the bankers but they can’t find them.”\textsuperscript{86} Indeed, unlike typical crackdowns on Rio street-gambling, the arrests in the wake of AI-5 were less focused on street level workers, and more focused on bankers and upper management figures. Within the first few days, Castor de Andrade, Natal, Carlos Martins Texeira, Nélio and Mario Abade were all arrested.

Speaking to reporters at Guanabara Palace, Secretary of Security Genral Luiz França de Oliveira confirmed that “thanks to the declaration of Institutional Act number 5,” the police had been able to arrest “the kings of crime in the city.” Operating with the directive to go after corruption and making ample use of the suspension of Habeas Corpus, the General announced that the arrested bankers “will have to explain where the corruption is to be found within the police force. We will establish the truth of the existence or non-existence of corruption, and we will find out which police are connected to illicit activity.” He assured the press that, rather than the hundreds of arrests that had


\textsuperscript{86} “Campanha contra bicheiros do Rio chega ao terceiro dia come quase 100 prisões,” \textit{Jornal do Brasil}, December 19, 1968.
been reported, there had in fact only been ten. The Secretary pointed to rumors circulating and nervousness spreading around the city and the nation, regarding arrests under the new powers and authorities, but he argued that it was all in the interest of preserving tranquility and order. He recalled the words of President Costa e Silva, who said that “the power of the revolution only frightens those who do not have clean hands.”

In the initial days of the crackdown, it seemed that the focus on high-level actors might allow the game to continue to operate on a self-sustaining basis, despite the obvious confusion. On December 21st the Jornal do Brasil reported that the betting activity on the street was more or less normal, despite the imprisonment of such major bosses as Castor de Andrade, Natal, and Carlos Martins Texeira. These figures had been taken into custody by the DOPS. As prisoners the bicheiros were taken to Ilha Grande prison, a facility located on a small island several miles off the coast. With the bosses in extreme isolation, and with the police applying pressure, many middle and lower level gambling workers knew that the game would soon be brought to a halt. The Correo da Manhã reported on the 21st that Secretary França had declared that Monday the 23rd of December would be “D-day for the bicheiros.” essentially warning the gamblers to either stay off the street or face a full-scale blitz. According to the same newspaper, Natal da

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87 “França: Bicheiros Foram Presos Por Força Do Ato No. 5,” Correio da Manhã, December 20, 1968.
Portela had already gone under interrogation, and he had given information “of great importance to the police.”

With the beginning of the work-week several more bicheiros were arrested in the Zonal Sul, yet, it was announced that the most significant bankers still at large, Aristides Silva, Rafael Palermo, and Francisco Amoroso, had fled the country for Europe. All had been major actors in Rio gambling since the 1950s and their flight, which amounted to their forced retirement, proved to be to a permanent transition in the structure of the jogo do bicho in the state. Those who were in custody were being examined from every angle for connections to police and governmental corruption. According to the Correio, all of the assets of the prisoners were being investigated. “The authorities want to know how it is that these men, most of them without a profession, have come to accumulate such large fortunes.” With so many bankers imprisoned, “the jogo do bicho is practically stopped,” as there could be no guarantees that the winners would actually be paid.

The Jornal do Brasil confirmed the paralysis of the gambling business, reporting, “In consequence of the strongest campaign against the jogo do bicho undertaken by the police in the past 25 years – since the assault by General Alcides Gonçalves Etchogoyen, in 1943 – the jogo do bicho has practically ceased in Guanabara. Millionaire bankers have fled en masse, fearing that they would be locked up in Ilha Grande Prison.” The Jornal reported that only 60 out of an estimated 2,000 pontos were actually up and running. It was rumored that the bankers had declared a “strike” in the game, set to last until January 12th. As always the line between strike and lockout was a blurry one.

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Regardless, the vacuum on the street meant that the game was being left to
“aventureiros.” These adventurers “hold the drawings at their own pontos, and provide
no guarantees for the players.”

Yet despite the obvious success of the campaign, some expressed reservations
regarding its possible effects. “The paralysis of the game – defended by some opposed by
others – has been causing some apprehension among the police, who fear the rise of
another problem: idle bicheiros forced to turn to robbery.” Given that so many bicheiros,
had criminal records, they would not be able to “find honest work with ease.” The police
feared that “these men, without work and without money,” could turn to other criminal
activities. “For their part, the bicheiros themselves pointed out that the police would also
suffer with the game halted,” as corruption payoffs would be halted along with the game.
As for the potential for intensified crime, the bicheiros “think that if there is a wave of
robberies, it will not be due to the desperation of the contraventores, but rather it will
come as a result of the indifference of some police toward policing, without the incentive
of bicho money.”

Speaking to the *Jornal do Brasil*, Secretary of Security França acknowledged the
potential for an increase in crime. The real question at hand went beyond the bet-takers,
to the large number of persons who provided security for the bankers and for the various
pontos. “Unable to perform their functions,” the possibility existed that they might begin
“to act in other sectors.” Nonetheless, despite the perceived danger, França saw the

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91 “Jogo do bicho para no Rio e ‘banqueiros’ fogem com medo da repressão policial,”
*Jornal do Brasil*, December 24, 1968. In the same article it was reported that Eugenio
Abade, Rato Seco, O Gaguinho, Levi Cravo, Aniceto Moscoso, Emilio Molinari and
others had fled the country along with Rafael Palermo, Aristides Silva, and Francisco
Amoroso.
crackdown as a huge success up to that point, and he hoped to capitalize on the momentum of the bicho arrests in order to bring other crime practices under control. França intended for the newly created Delegacia de Toxicos to piggyback on the success of the bicho crackdown by acting aggressively against the city’s illegal drug trade. He hoped to attack all forms of organized crime, including drugs, prostitution, and organized robbery. “The idea of Secretary of Security França is that many sectors of crime operate behind or at the margins of contravention, including the drug trade from where many bicheiros and their security men are recruited.”

The national magazine Veja ran a story titled “A lonely Christmas at Ilha Grande for the Bosses of the Bicho.” The story featured photographs of Castor de Andrade, Natal, and Carlos Martins Texeira, and pointed out that Natal was the president of the Samba school Portela, and that both Castor de Andrade and Texeira were presidents of important football clubs. “Football and samba schools also make up part of the game,” read the caption. Although all of the men were being held without access to Habeas Corpus, General França told the magazine that “our authority is approved by sound legal provisions.” Veja noted that “movements for the legalization of the jogo do bicho will always exist. One of the strongest efforts was only months ago, with the Legião Brasiera de Assitencia requesting a portion of the revenue in order to ‘aid in the fight against the misery and hunger experienced by millions of Brazilian children.’ The project was vetoed and the game went back to being persecuted.”

Despite his strenuous efforts to jail the gambling bosses, General França himself, came out in favor of legalized gambling. He offered the logic that legal gambling could solve a number of problems for the police, while also providing benefits to the government. Yet, he saw a strong opposition to a legal game, and he argued that it was the bicho bosses themselves who were most strongly opposed to a legalized animal game. “They don’t want it, because then they will have to pay taxes, take on obligations to their workers, and deduct social security (imposto do renda).”94 Meanwhile, with Castor, Natal, and other major figures detained at Ilha Grande, França, proclaimed that the bicho related jailings would be reduced in scale, given that the game had been “practically halted”, and thus the police would move on to tackling problems such as the drug trade.95

Confident that the game had been dealt a serious blow, França initiated the release of the lower level bicheiros who being held in the delegacias around the city. He also vowed to stamp out the fifty moving pontos that had entered the vacuum left by the roundups.96

Although the line of argumentation from França and others in the law enforcement community was that a suppression of the bicho could lead to a suppression of other criminal enterprises, the immediate effects of the crackdown seemed to be showing through in the legitimate activity most closely tied into the gambling revenue stream. Representatives of the city’s major samba schools began to warn the State Secretary of Tourism Levi Neves that if the government of Guanabara didn’t offer substantially higher subsidies, then the schools would have to consider accepting invitations to participate in the carnivals of other states, leaving the annual parade on

Avenida Presidente Vargas in the city center all but abandoned by the top schools. The premiere group demanded a funding increase from the government of more than fifty percent, while schools in the second group demanded an increase of nearly one hundred percent.97

Reports of the conflict in the city’s newspapers over funding to the samba schools did not insinuate any connection between the samba schools’ dispute with the government and the government’s dispute with the jogo do bicho. It is possible that the gambling bosses were using the Samba schools to pressure the state government to back away from its repression of the jogo do bicho. It is also possible that, given that the banqueiros do bicho were detained on an island with their business ground to a halt, they simply had no way of offering their normal generous funding for the samba schools. Thus the samba schools were forced to turn to the government for money, regardless of any coordinated strategy on the part of the bankers to use leverage. Either way, the media’s neglect of the basic connection between a crisis in samba and a crisis in the bicho highlights that the bicheiros had not yet fully realized the opportunities for political manipulation offered by involvement in the schools, society had not yet fully realized and acknowledged the deep and growing interconnections between samba and bicho, and that bicheiro control over the Association of the Samba schools was not yet fully established.

With the momentum on the side of the police, the fate of the animal game was an open question, not only in Rio but also in the nation itself. The jailing of Castor and Natal captured national media attention, and Veja magazine delighted in portraying the situation as a face off between the “organized and powerful” crime bosses and Deraldo

Padilha de Oliveira, a hard charging “legendary character in the history of Rio policing…a relentless enemy of prostitutes, marginals, and criminals.” During the Graça hearings in the state assembly in 1967, the Tribuna da Imprensa had demanded that a serious figure such as Deraldo Padilha be placed in charge of jogo do bicho enforcement. General França de Oliveira had placed Padilha at the front of the blitz against gambling, and he had delivered with the arrests of both Castor and Natal. Described as “the most feared of all the Delagados in Rio,” he had a long standing reputation for violence and for obtaining confessions through beatings. According to Veja magazine, “In these early days of 1969, if the bicheiros return to their activities, they will have to face their toughest adversary yet.”

The drama playing itself out in Rio had caused security officials in other states to follow the path laid out in Rio by General França and Delegado Padilha de Oliveira, while it also caused gambling bosses around the country to take notice. In Pôrto Alegre Secretary of Security Jaime Miranda Mariath declared the jogo do bicho to be a corrupting influence and a matter of great importance to national security and to the economic and social structure of Brasil. He vowed to go after the bicheiros with the full force of Institutional Act 5. In São Paulo, Secretary of Security Herly Lopes Meireles promised intensified effort against the game. In the national capital Brasilia the game had slowed dramatically, as the game itself in that city was largely a subsidiary of the Rio game. In the North of the country, gambling showed to be quite resilient. In Bahia, the well-organized bicheiros seemed to be withstanding a push from a weak state government. In Rio Grande do Norte, bicho banks were “continuing to operate freely,”

98 “Que será do bicho no ano do pôrco?” Veja, January 1, 1969.
and a lawyer representing bankers in that state declared, “Institutional Act 5 will not put an end to the jogo do bicho, as it is an institution.” The state of Pernambuco stood in sharpest contrast to the situation in Rio. The jogo do bicho in Pernambuco was regulated by the state lottery, with taxes being collected at the state and municipal level, and with the bicheiros working under state issued licenses. The State Secretary of Finance could only recall one instance in which the game had been slowed, and that was when President Costa e Silva installed the Federal Capital in Recife city for one week. The national situation for the jogo do bicho in the closing days of 1968, could best be described as uneven. The big cities of the South were witnessing major police action against gambling, while in the North states and cities pursued policies of toleration in an overall atmosphere of centrally directed national repression of gambling. According to Veja magazine, “many bankers believe, that the halt in the game, along with being partial (only in certain states), is also temporary. These bankers remember that the jogo do bicho has always adapted to repressions.”

With the coming of the new-year, judges and legal scholars began to question the legal basis for using the suspension of habeas-corpus provided by AI-5 as a tool to deal with crime. França accelerated the release of bicheiros who did not have a clear connection to the upper levels of the business. Nine key figures were maintained in custody at Ilha Grande, among them, Castor, Natal, and Carlinhos Martins Texeira. General França made it clear that the “campaign against contravention” would continue, “yet from now on only as a routine matter.” As for the key gambling figures who had fled

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99 Ibid., 100 The others detained were Elidio Gomes, Artur Cavalieri, Vitor da Silva, Luis Gomes Filho, Waldir Matão and Milton Camelo.
the country during the repression, they would remain wanted men, and Deraldo Padilha de Oliveira would remain in his capacity as the point person in gambling enforcement with the objective of the capture of “all of the so called big-bankers of contravention.” França’s strategy of focusing on the top figures appeared to be having some results as the gambling activity in Rio city had slowed substantially, while in the neighboring state of Minas Gerais, “fearing the same fate as their colleagues in Guanabara who have been sent to Ilha Grande, the bicheiros in the capital have gone on a break. The big bankers of that form of gambling have left the city, giving orders to their workers to suspend operations.”

General França also informed the press that, on the basis of information from the detained bicheiros, ten separate inquiries of importance had been initiated, with the majority of the inquiries relating to police corruption. The cases of the eight accused detectives would be brought to the General Commission of Investigation of the Ministry of Justice, and subsequently each case would be considered on an individual basis by the Governor of the state of Guanabara, Negrão de Lima. The Prisoners themselves, were joined on Ilha Grande by several more significant bicheiros, as well as the popular singer and composer Carlos Imperial. Institutional Act V was brought against Carlos Imperial as a result of a set of obscene holiday cards sent by Imperial, as well as for an interview given by the singer on TV Tupi in which he made dirty jokes. He was arrested for his general “disrespect of authorities” and sent to the island prison to stay with the gambling bosses. For his part, Imperial lamented that his little joke “had been taken seriously,” and he assured the public that he had not intended to offend anybody. Nonetheless, despite

the pleas of many prominent artists and celebrities, General França, in consultation with Governor Negrão de Lima, determined that the singer should be arrested and detained.\textsuperscript{102} The sudden presence of Imperial on Ilha Grande highlighted the confused relationship between behavior and the law that prevailed during the most intense period of the Brazilian dictatorship. His presences also softened the notion of the jogo do bicho leaders as hardened criminals, and functioned to recast them as popular figures who were being hounded and persecuted by an overzealous Secretary of Security empowered with draconian legal tools.

A few days after his arrival, the newspaper \textit{Correio da Manhã} featured a photograph of Carlos Imperial as he played his guitar outside the prison as he laughed and joked with Castor de Andrade. The paper intimated that perhaps the two were composing a new song, and the caption underneath the photo read, “Prison at \textit{Ilha Grande} has made Imperial and Castor new partners in Samba.” The reporting with the article also pointed out that Natal was following the preparations for carnival and that he hoped that Portela could win without him, while Castor was also keeping tabs on the affairs of his football club Bangu.\textsuperscript{103} The reporting and the photograph, while most certainly accurate, constituted an example of the image that the imprisoned bicheiros hoped to portray. As composers of songs, sponsors of carnival, directors of football clubs, these men were not the criminal masterminds that they were accused of being, rather they were vital contributors to the popular culture of Brazil who made a living in the business of entertainment and leisure. Given that the accounts of Castor and Natal composing

\begin{footnotesize}
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\item \textsuperscript{103} Castor E Imperial Tem Samba E Bola a Ilha Grande,” \textit{Correio da Manhã}, January 10, 1969.
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songs and following soccer during their imprisonment had appeared in *Correio da Manhã*, a paper that was under intense censorship since AI-5, points to the jogo do bicho crackdown as a somewhat farcical representation of what jailing and interrogation meant in the days of torture and political murder during hard line period of the dictatorship.

Meanwhile, the larger contradiction between everyday practices and the letter of the law was brought further into focus as the efforts to clamp down on illegal gambling were expanded to the Northern parts of the country. When the repression of the bicho finally arrived in Pernambuco, the senior bankers of the game, accustomed to operating in the open, were unsure of how to approach the new situation. In the words of *Veja* magazine, “none of them were prepared for the decision of the State Government to imitate other governments and cease toleration of the jogo do bicho. Accustomed to living freely for more than forty years, and thus convinced that they have been living within the law, the Pernambucan bicheiros could never understand the repression in other states. Now they can’t understand the Pernambucan repression.” With no experience in running a clandestine game, the Pernambuco jogo shrunk itself, cutting the number of daily drawings. Fears of mass unemployment led some bicho workers to seek assurances from the regional labor department that they would receive unemployment benefits. After meeting with the bicho workers, Romildo Leite, representing the *Delegacia Regional de Trabalho*, explained to the workers that they were in fact in an illegal business. He explained sympathetically to the press, “these people have been abandoned, and they don’t have anyone to turn to. The situation can only be solved if the Governor makes a request to the Ministry of Labor for ‘special measures’ on their behalf.” The president of the state lottery also expressed serious concerns about the future, should the jogo do
bicho prohibition truly take hold in the state. Given that the state lottery earned
significant income selling a form of the bicho, he estimated that the lottery could see its
revenues cut in half.\footnote{104}

In the South of the country, the imprisonment of the bicheiros left the carnival
schools under-funded, and thus left carnival itself in a precarious position. Secretary of
Tourism for the state of Guanabara, Levy Neves, took the unusual step of paying out
subsidies to the schools at the beginning of January, rather than issuing the payments on
the eve of carnival, as had been the practice in the past.\footnote{105} As for the increases in subsidy
rates that had been demanded by the schools, Levy proposed that for the subsequent
carnival, rates for schools in Group I be raised to twenty thousand cruzeiros.\footnote{106}
Ultimately, the 1969 carnival in Rio de Janeiro city took place with the grande
banqueiros do jogo do bicho in detention on Ilha Grande. The bankers and their
associates in the samba schools were able to force the state to make accommodations for
funding carnival activities, yet the influence of the gambling bosses over the samba
schools did not prove effective as a tool in getting the government to back down from its
war against the jogo do bicho.

With the enforcement campaign less than two months along, General França
expressed confidence that the game was all but finished. “The bankers, detained or on the
run, don’t have the minimum conditions to bank the game,” explained the General. As for
the “bag in hand” drawings-on-the-run that were being held on a daily basis, França
dismissed them as ineffective attempts to demoralize the police “who will no longer

\footnote{104} “Os bicheiros não sabem mais viver fora de lei,” Veja, January 15, 1969.
\footnote{106} “Levi Assina Hoje Ato Para regular Outros Carnavais,” Correio da Manhã, February,
26 1969.
tolerate the jogo do bicho in Guanabara."  

Although the General was confident in his success, a fragmented and disorganized game was carried on in the city, and thus the police, led by Deraldo Padilha, continued to give chase. After arresting several bicheiros in Copacabana and Vila Isabel, Padilha was visibly “irritated” at once again having to confront the game, which only a few days earlier had been pronounced dead.  

Irritation and impatience seemed to get the best of Padilha in the final days of January as he pursued fleeing bicheiros in the community of Quintino. Padilha and his men, with their guns drawn, invaded the home of a woman named Arliete Carvalho Peixoto, demanding to know the whereabouts of the fleeing contraventores. The twenty-one year old woman was cooking with her mother when the police rushed in. When she claimed to have no knowledge of the bicheiros and their whereabouts, Padilha proceeded to slap her around. Arliete Carvalho Peixoto, who was five months pregnant, went to Carlos Chagas Hospital for treatment of her bruised left eye. She brought the story of her treatment at the hands of the aggressive Padilha along with her and thus tagged the aggressive Delegado with the newspaper headline, “Padilha, Chasing a Bicho, Slaps a Pregnant Woman.”  

While Padilha was further marked as an overzealous policemen, the campaign against the jogo do bicho itself seemed to have passed the point of rational and necessary police action, and thus had begun to undermine some of its own public relations value. Two weeks later, Padilha was named by General França to a commission to guide the restructuring

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and reform of policing in Guanabara.\textsuperscript{110} The appointment constituted both an honor and a sidelining. With Padilha no longer on “special assignment” to combat the jogo do bicho, it was clear that the intensity of the campaign was set to diminish.

A handful of bicheiros (including Jose Caruzo Escafura known as Piruinha) were arrested and sent to the island detention facility in March, but the arrests of major figures had achieved the effect of halting the game, and thus major street level efforts by the police began to wind down.\textsuperscript{111} Yet the important question remained as to what would be done with the imprisoned gambling bosses. On March 27\textsuperscript{th}, with the lawyers for the various bicheiros arguing that the prisoners should be granted the protection of Habeas Corpus, thirty-two of the bicho men were brought from the island, back to the main land, and were turned over by the DOPS into the hands of the Guanabara Civil Police.

“Sources at the Secretariat of Security explained that as the situation of each is resolved, they will either be released or tried. Those who will be freed, will be those who show that they have given up the jogo do bicho and that their wealth was earned legally.” Among the prisoners brought back to the mainland, was Natalinho Jose de Nascimento, the famous Natal da Portela. He was transferred to the 22nd Delegacia Distrital to await trial on charges of contravention.\textsuperscript{112} In April Natal had a minor heart attack and was transferred to Hospital Souza Aguilar.\textsuperscript{113} In all, the aged and infirmed Natal would spend seven months in jail relating to the crackdown of 1968-69.

\textsuperscript{113} “‘Natal’ Pasa Bem no Hospital,” Correio da Manhã, April 15, 1969.
The second criminal court of the state of Guanabara found that Castor de Andrade should have his right to Habeas Corpus recognized. In a roundabout maneuver to avoid releasing Castor, França transferred him to a naval prison on Ilha das Flores. Castor’s lawyer, Wilson Lopes dos Santos pressed the case in the Superior Tribunal Militar (STM), the highest military court in the land. The STM upheld the bicheiro’s claim to Habeas Corpus, and in late April, Castor de Andrade was freed.\textsuperscript{114} General França was furious and even threatened to resign. Castor himself was faced with a gambling industry in total disarray, and the future of the jogo do bicho was highly uncertain. \textit{Veja} magazine, assessed the situation in an article titled “The Bicho Still Not Dead,” recounting, “with Institutional Act 5, the Government was victorious in the first chapter of the struggle against the jogo do bicho. Now unfolds the second, decisive chapter. The freeing of Castor de Andrade represents the first positive point won by the bicho.”\textsuperscript{115}

When he arrived in Rio Castor de Andrade was not only faced with a hobbled jogo do bicho and a relentless state security force, he also faced a brand new challenge from the Federal Government. In the words of \textit{Veja} magazine, “The jogo do bicho, trapped in the corner of the ring by Institutional Act 5, will receive another violent, perhaps decisive blow next week: the approval of the Sporting Lottery. It is not the first time that the bicho is at the point of falling, but now the government will use the big weapon of its adversary: \textit{o palpite},” (palpite translating roughly to mean tip, hunch or lucky feeling).\textsuperscript{116} In the final week of May 1969, President Costa e Silva signed the decree creating the Sporting Lottery. President Costa e Silva, along with Minister of

\textsuperscript{116} “Um Palpite Contra o Bicho,” \textit{Veja}, April 9, 1969.
Finance Delfim Neto, were continuing and accelerating the gambling expansion practices of the Castelo Branco Government. The project itself had been in the making for more than a decade, and amounted to the result of the amalgamation of several proposals. The models for the new game came from Europe, with the Totocalcio of Italy and the Totobola of Portugal being particularly inspirational. Italy’s Totocalcio had captured attention in Brazil in 1960, after playing a crucial role in funding the Rome Olympics. Brazil’s Olympic Committee attempted a short lived game called Totobem in 1961, but quickly found their practice outlawed by then President Janio Quadros. Yet the idea for some sort of sports related lottery, along European lines, did not go away. Ultimately, the Loteria Esportiva emerged after several working groups tinkered with and amended proposals from the 1960s. The beneficiaries of the new Sporting Lottery were to be the Legião Brasiliera (headed by the President’s wife), as well as the Ministry of Education, and amateur sports in Brazil.

The weekly game was tied in to the results of soccer matches from the Brazilian league. A player was given a card with thirteen matches on it, and was tasked with choosing the winner for each match. The player could also choose “tie” as a result. In many ways it had the feel and aesthetics of sports betting, yet just like the European games it was based on, it was more of a lottery than a sports betting game. Whereas sports betting is typically rooted in knowledge of sports, and odds offered on favorites, in the case of the sporting lottery, the number of possibilities and permutations in picking the outcome of thirteen matches essentially rendered sports knowledge unimportant leaving outcomes far more connected to random luck. Furthermore, the particular games featured on the betting cards were to be chosen specifically for the factors of difficulty of
forecasting, or for national fan interest. These games were frequently one and the same, as most games that sparked interest were also games that featured evenly matched teams. The result of the game’s structure left the bettor with the illusion of being able to use his or her knowledge of soccer, while actually playing a random lottery. At the very least it allowed soccer fans to tie their gambling hopes to their hopes for victory by their favorite soccer teams, while it also allowed the dictatorship to pursue a “bread and circuses” policy of using the excitement surrounding the 1970 World Cup in order to distract the masses from the incredible political repression underway.\textsuperscript{117}

Unlike the Italian and Portuguese sports lotteries, the Brazilian Loteria Esportiva, was to be computerized from the outset. The new game relied on IBM “Pont-a-punch” machines, which punched out tabs on perforated cards. A copy of a given card would go to the bettor, and a master copy would go to the Caixa Economica Federal building in Rio de Janeiro. The bet would be recorded on microfilm, and the card would be read by computer. The computer would process the cards against the results of the soccer games to determine the winners of the Loteria Esportiva. The individual responsible for the computerized operation of the new Brazilian game, Humberto Cidade of the Caixa, brimmed with the pride at the fact that the Loteria Esportiva contained “no possibility for error.” The punch card and microfilm technology of the Brazilian government seems ancient and crude by the standards of today’s lottery practices. Yet it was in fact state-of-the-art in 1970, and the Brazilian sporting lottery contrasted sharply with the Italian game, which was manual and thus required six-thousand workers to scrutinize bets and

determine winners. It would seem that in a country such as Brazil, with chronic underemployment, the creation of many thousands of new self-sustaining jobs could have been useful. But state gambling was the domain of technocratic reform, and the ethos of streamlined efficiency and labor minimization exemplified by the Loteria Esportiva in Brazil would prove to be a crucial characteristic of state gambling over the decades.

The Brazilian Sporting Lottery was a massive success before it even truly began. People clamored to gain the concessionary rights to sell the game. Lottery officials had initially expected to issue six hundred concessions in Guanabara, but over four thousand people lined up to seek the necessary license. The first offerings of the new lottery were to be made in Guanabara, ever the gambling capital of Brazil. After several successful runs, the game was to be implanted in São Paulo, and ultimately, the game was to be instituted throughout the national territory by the end of 1971. The initial offerings in Guanabara were hugely popular. During the eighth drawing, in August of 1970, more than one million people bet on the new game, constituting nearly a quarter of the carioca population. According to Veja magazine, “Practically every family in Rio de Janeiro had a member with a Sporting Lottery card in their pocket.” The eighth drawing took in 3,808,625 Cruzeiros, and paid four winners 299,929 Cruzeiros each. During the sixth drawing the government took in 2,155,155 Cruzeiros, yet there were 23 winners leaving each winner with only 29,516 Cruzeiros. Thus the payout rate of the new game was a remarkably low 30 percent to be divided among all winners. With the excitement and interest of soccer put aside, the Loteria Esportiva offered significantly lower payouts than the jogo do bicho (and the illegal numbers in New York).

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Nonetheless, with Brazil’s victory in the 1970 World Cup, the public could not get enough of anything related to soccer and the Loteria Esportiva got off to an energetic start. Residents of Minas Gerais grew so impatient waiting for the new lottery to be instituted in their state that a small industry developed within which people gathered bets for a small commission, and then traveled to Rio to place the bets on behalf of their customers. The question immediately arose as to whether or not this constituted a new form of contravenção, yet a judge, Vilenha Valadão, determined that because the sporting lottery itself was a government game, that this ancillary practice was legal. Thus, until the Sporting Lottery arrived in Minas in late 1971, the people of the state were able to satisfy their betting impulses by relying on the busloads of cambistas (mobile lottery sellers) who traveled to Rio every week to place bets for their fellow Mineiros.119

*Veja* magazine described “a new paganism” that was taking hold of Brazilians. “Everyone’s dreams are returning to a primitive stage.” Noting that most Brazilians possessed only modest means, the magazine pointed out that although people used to dream as children, “upon coming of age their desires became circumscribed,” normally focusing on a simple house, and perhaps a car. Yet with the new Sporting Lottery, “today, the Brazilian is a child once again, omnipotent in his dreams, yearning to be the maharaja, the sultan, owner of millions, owner of himself, owner of the world.” The magazine quoted a lottery seller’s description of his customers and their dreams: “A lot of them want to go and live in Castelinho or in Viera Souto, surrounded by beautiful

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women. Most talk about a trip to Europe. Some say they want to win just so that they can quit their job and let their boss know how they really feel.”

As money was being poured into the new lottery new questions were raised, and unanticipated problems began to surface. Some wondered if new gamblers were being created, while others worried that people were making unwise sacrifices to purchase lottery tickets. Anecdotes were widely circulated, such as the story of a man who sold his car, in order to put all of his money into the Loteria Esportiva. Some economists posited that money that would otherwise be spent in other sectors of the economy was being diverted into gambling. Osvaldo Palma of the Business Federation of São Paulo stated, “It is obvious that the bettor sacrifices part of his capacity to consume.” In São Paulo, many store-owners complained that the long lines generated by the Loteria Esportiva blocked access to their businesses, and thus caused them to lose money. The longstanding Loteria Federal also suffered a reduction in play. For the Caixa Economica Federal this did not mean much given that it controlled both games, yet for the traditional mobile lottery sellers known as cambistas, the Loteria Federal had always been his “rice and beans.” According to Brazilian labor law, the blind and others persons with disabilities were given priority for the right to sell tickets for the Loteria Federal, even without a fixed location. It was a small matter for the blind cambista to sell the sequential tickets of the Loteria Federal, yet the complicated and computerized Loteria Esportiva with its punch cards was an entirely different matter. Essentially the growth of the new game the Esportiva at the expense of the older game the Federal, while it was only a

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121 Ibid.
redirection of income for the Caixa, was a clear loss of income for the blind or disabled cambista.\(^{123}\)

Many owners and directors of soccer teams objected that their team names were being used as part of the game, while they themselves were not receiving any meaningful compensation. Some even threatened not to take the field. Yet the Caixa claimed that the sporting results were public information, and that the team names were published in the newspapers everyday. Given the political atmosphere, and given that the new Loteria Esportiva was a federal enterprise, the soccer teams quickly fell into line. During the period between the announcement of the Sporting Lottery and its actual implementation, representatives of several teams, led by Abraim Tebet of Bangu, sent a telegram to president Costa e Silva requesting that the soccer clubs be integrated into the final planning phase of the new lottery.\(^{124}\) Yet the soccer clubs were kept at arms length from any involvement in the game. Bangu, the 1966 Brazilian champions, was of course the team with which Castor de Andrade was so deeply involved, and the Caixa Economica Federal certainly had no interest in allowing any sort of backdoor relationship to develop between the Loteria Esportiva and the bosses of the jogo do bicho.

In the understanding of many observers, the jogo do bicho and its big bankers were the intended targets of the new game. In the words of *Veja* magazine, “One of the advantages of the Loteria Esportiva is to diminish those parallel, illegal and dangerous bets, and above all else, to put and end to the jogo do bicho: 60% percent of its movement has already been liquidated in Guanabara with the repressive measures following AI

5."\(^{125}\) *Veja* went as far as to argue that, “The jogo do bicho appears to have been the motive for the creation the [new] Lottery.” As evidence for this assertion the magazine quoted a memorandum from Minister of Finance Antonio Delfim Neto sent to then President Medici. According to Neto, “The experience of other countries has demonstrated the necessity of their (lotteries) use by the government, guaranteeing the public faith and allowing for the resources to be enjoyed by the community.” He identified such government practice as far preferable to “private entities” conducting “games or bets considered harmful to society.”\(^{126}\) Another strong sign that that the jogo do bicho was a key target of the new lottery could be found in Pernambuco, the state which long held the most permissive posture towards the illegal game. In April of 1969, with the announcement of the Sporting Lottery, Pernambuco Governor Nilo Coelho initiated intense repression of the jogo do bicho, breaking with more than a generation of tolerance.\(^{127}\) During these most severe days of the Military dictatorship, it is difficult to imagine that Governor Coelho was not spurred into action by the Generals in Brasilia, and Delfim Neto at the Ministry of Finance.

Yet despite the confident assertions by police officials, and despite the promising start of the Loteria Esportiva, the jogo do bicho was able to survive the difficult years from 1969 to 1973. In order to reestablish the game, the bankers had to reach accommodations and arrangements with upper echelon figures in the military. Given that in the years following 1967 the Military Police had taken a much larger role in day to day

policing, the bankers also had to establish new payoff systems, which went beyond the traditional links to the Civil Police, and accommodated some portion of the significantly larger Military Police. In 1969, policing was brought under the control of the national dictatorship, and thus the bicheiros also had to reach accord with the military itself. The illegal game hung on during the hard line period of the Costa e Silva and the Medici presidencies, and then began to significantly gain ground again during the less repressive Geisel presidency. It is quite possible that the hardliners were never truly committed to the complete eradication of the bicho, yet rather they understood that arresting and interrogating so many bicheiros would yield endless information regarding corruption and bribe taking at the state level. Such information would enable the dictatorship to neutralize countless politicians who might pose a challenge in the future. The jogo do bicho did not need to be eliminated, rather bicho corruption needed to be reorganized.

The jogo do bicho also benefited greatly from the ascent of Chagas Freitas to the governorship of Guanabara in 1971. Freitas was elected indirectly by the state legislature, and he was from the opposition party MDB. Yet, as described by historian Thomas Skidmore, “Chagas Freitas was no left wing (or even centrist) threat,” and his governorship posed no political or ideological challenge to the Generals in Brasília. In fact, the indirect election of Freitas, nominally part of the opposition, allowed for the illusion that some degree of democracy existed. As for Freitas himself, “his political power was built on ownership of Rio’s most sensationalist daily newspaper, O Dia, and a close alliance with the bosses of the numbers racket.”  

128 While Freitas as governor did not directly control policing in the state, his arrival gave the bankers of the jogo do bicho

political channels through which they could make new arrangements to allow for their survival and the eventual reestablishment of their game.

Another key factor in the survival of the jogo do bicho in spite of its predicted demise was the diminution of public interest in the new Sporting Lottery. The lottery was not in issuance during the soccer off-season, and when the game returned to circulation in February of 1971, much of the excitement had worn off. During the initial frenzy, many Brazilians had undoubtedly believed that they were destined for riches. The lottery had been implanted in new states (Brasilia, Goias), yet overall revenue showed little increase. *Veja* magazine, in an article titled “Lottery Without Passion” argued that the Esportiva was proving to be just another fad, rather than a newly established Brazilian passion. The Sporting Lottery had leveled off, and while it certainly did not wither on the vine, its dramatic growth did not continue, and rather than signaling the death of the jogo do bicho, the Loteria Esportiva simply proved to be another gambling product available to the Brazilian people.

Although Delfim Neto, and the technocrats and economists at the Caixa Economica Federal had expressed high hopes for the Sporting Lottery, they had read the situation in purely economic terms. They operated on the assumption that the simple transference of spending habits to their new product would kill off the already weakened bicho. Yet, ultimately one product did not prove interchangeable with the other. The jogo do bicho was a cultural practice, and its staying power in the face of such challenges was rooted in its eighty years of history and in the allegorical and fantastical elements of the game itself. The new Sporting Lottery, while it spurred day-dreams about spending great

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wealth, simply did not line up with the dream interpretation practices of the millions of people who loved to bet on the jogo do bicho everyday. Unless people were to suddenly begin dreaming at night about the outcomes of thirteen different soccer matches, it was safe to say that even after a few difficult years for the game, Brazilians would continue to bet on the eagles and butterflies of the jogo do bicho.

Yet for those bicho customers who did enjoy the new Sporting Lottery, the bicheiros and banqueiros of Rio de Janeiro proved to be remarkably adaptive. In June of 1971 Veja magazine featured a short article titled “O Bicho Esportivo.” The piece read, “For many years it was believed that arresting bicheiros would bring an end to the bicho. Wrong.” It was then believed that the creation of “the Loteria Esportiva, along with its other merits, would put an end to the bicho. Wrong.” The article pointed out that pontos do bicho were now accepting bets on the Loteria Esportiva, yet offering terms and payouts that were slightly better than those of the government. This adapted game, called the “bicho esportivo,” was even accepting the bets on tally cards originally issued by the Caixa Economica Federal.130

While flexibility along with the magical aspects of the animal game certainly contributed to its ability to withstand the attack by the Caixa Economica Federal and the Loteria Esportiva, in order to survive the jogo do bicho engaged in some technocratic reform of its own. The illegal gambling sector in Rio de Janeiro became increasing organized and consolidated in the wake of the 1969 repression and the accompanying challenge of the Loteria Esportiva. The new gambling scene feature clearly delineated territories, and dominant authority in the hands of a small number of key bankers. The

push for a more structured game was led by Castor de Andrade. Given that many important bankers had been forced to flee the AI-5 crackdown, while the larger-than-life Natal had been diminished by age and illness, the work of reestablishing the game fell to Castor de Andrade. In his prime during the early 1970s, he proceeded to assert his vision of the jogo do bicho in Rio, and over the course of the decade, Castor rose to be the undisputed boss of bosses in the animal game.

Just as the jogo do bicho had to change in the wake of the 1969 repression, samba and carnival would change along with it. In 1970 Veja magazine took note of transformations underway in Rio carnival practices. What had once been a “marginal” activity, was quickly becoming an “unusual industry” with sambistas in the place of the workers. With jogo do bicho money unavailable in 1969, samba schools accelerated experiments already underway, in search of new revenue sources. Led by powerhouse school Mangueira, and a relatively young but innovative school, Academicos do Salgueiro, the schools began to turn their rehearsals into public events. They rented spacious facilities more easily accessible to people from outside of the communities in which the schools were based, and they began to charge admission to those who wanted to view rehearsals. They also sold food and drinks to these spectators. The president of Salgueiro during this period was Osmar Valença, a significant bicheiro who had been jailed at Ilha Grande. According to Veja magazine, a third school to pick up the new practice, and adopt a “business like organization,” was Portela based in Madureira.131

With their leader Natal in jail, the Portela school had entered carnival in 1969 hoping that “enthusiasm alone” could carry them to a championship to be won in honor

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of the imprisoned Natal. Yet, “enthusiasm alone did not suffice, and Portela was
defeated.” Natal was freed with many months left to prepare for carnival of 1970, yet he
was in poor health, and he had “lost many of his pontos do bicho.” He had been greatly
“diminished as a bicheiro of premiere status,” and thus the Portela school was left
“financially abandoned.” Natal and the other leaders of the school decided that it was
“time to follow the examples of Salguiero and Mangueira.” Portela rented space at the
athletic facilities of the Botaofogo soccer club. The move to Botafogo placed Portela
rehearsals in the Zona Sul, the affluent part of the city popular with tourists. For the first
time in their long history, Portela, one of Rio’s oldest samba schools, found itself with
money left in the bank on the eve of carnival. Natal, who had spent so many years as the
patron of Portela, subsidizing the school with bicho money, saw the new developments as
an improvement, rather than as a diminution of his own importance. “Now the school
lives its own life, independent of me,” explained Natal. “Before, without someone like
me, the school wouldn’t have been able to survive. But now, samba has been accepted, it
functions as a source of revenue. The Minister of Tourism invests in it. He knows it is
good business to invest. And the sambistas are becoming more and more aware of their
own importance.” He pointed out that the president of the new type of samba school does
not need to have money. Rather, “what he needs is a head for organizing business affairs
and for gathering together new people with cultural dynamism.” Natal pointed out that
although the government subsidies for the schools had been raised since 1969, they were
small in comparison to what the school spent overall. Carnival was clearly evolving into
a major enterprise.132

132 Ibid.
Portela was crowned champion at Carnival in 1970, and Natal reflected with pride on the state of the organization. “Who are the directors of Portela in this year 1970? They are engineering students, doctors, white lawyers. All of them serving the school with the same dedication as its founders. Because in Portela nobody is distinguished from anybody else – white or black – anybody can join and march.” Veja magazine, optimistic about the direction of carnival, imagined carnival’s future thirty years off, and posited that 1970 would be remembered as a crucial turning point. “In the carnival of the year 2000, when all the schools will have been recognized as established industries, the old stories told by the sambistas will have different themes and highlights. Those given to reminiscence will tell of the time when organization began, of the time when money ceased to be a problem, and when the whites came to dance together with the blacks in the great parade on the avenue.”

In February of 1972, a photograph of Natal, wearing his trademark fedora and looking satisfied, appeared on the cover of Veja, Brazil’s largest magazine. Ten pages of coverage featuring numerous color photos of Natal, his friends, his family and his community appeared along side an in-depth article on Natal and his life in the jogo do bicho and samba. The story from the typically conservative magazine, while offering ample discussion of Natal’s involvement with the jogo do bicho, in no way cast him as a criminal mastermind or a gangster. Rather he was portrayed as a patron of his community, a Robin Hood who paved streets, who supported artistic life, funded orphanages, and maintained order in Madureira, all the while as he was harassed by police. The article featured a photograph of a mural in Natal’s home that featured all

\[133\] Ibid.
twenty-five animals of the jogo-do-bicho. “Se eu fosse dentista, botava aí umas dentaduras. Eu botei os bichos, do avestruz à vaca,” explained Natal. “If I were a dentist, I would have put some dentures there. But I put the bichos, from the ostrich to the cow.”134 The mere appearance of such a high profile article on a figure who had so recently been jailed by the government under AI-5 was a clear sign that his role in the jogo do bicho had diminished considerably. The article also amounted to an acknowledgement that his activities relating to Samba had in many ways outweighed his status in society as a law breaker. He was retiring into the sunset as Natal the sambista, the sponsor of Portela, and the great patron of Madureira. The public forgiving of Natal did not go unnoticed, and virtually all of the other important actors of the jogo do bicho would increase their involvement with samba during the 1970s. Although many other bicheiros would make important contributions to Samba, none would rival those of Natal during the Guanabara period. In early 1975 Samba singer João Nogueira released a Samba song in honor of Natal, titled “Com Um Braço Só.”

The city of Rio, the gambling practice known as jogo do bicho, and the culture of carnival and samba had all undergone considerable change since 1960. Carnival and samba had begun to take on the characteristics of industry and commerce. The crackdown on the jogo do bicho had a catalytic effect on this process. The jogo do bicho itself had come under intense police pressure during the darkest days of the military regime. This repression certainly had a public relations element to it, as the arrests and raids were covered in newspapers under intense censorship. Yet the arrests and raids were real nonetheless, and the bicho bankers who emerged on the other side were the most

134 “Samba, Bicho e Futebol: As Aventuras de Natal, Um Paulista na Terra do Carnaval,” Veja, February 16, 1972.
politically astute of the bunch. It would no longer suffice to maintain a popular base by leaving the house with bags of money and returning only with the rubber bands, as Natal professed to have done so often. To prosper in the aftermath of AI-5 would require political and economic connections at the highest level, and sufficient resources to keep tens of thousands of police and soldiers at bay. Something of an urban enclosure had taken place as small time operators could no longer simply begin taking bets without the protection of one of the big bosses of the game as it was organized by Castor de Andrade in the early 1970s. Police intervention and the new competition from the Loteria Esportiva had forced these changes. The style of the bicheiro as popular local hero exemplified by Natal da Portela was becoming of a thing of the past, while the style of the grande banquero do bicho as sophisticated and well connected businessman exemplified by Castor de Andrade would prevail for the days ahead. Ironically, by the end of the Guanabara period, the jogo do bicho had taken on many of the characteristics of the dictatorship itself: centralization of authority, obsession with economic growth, and the increasing use of murderous violence.

On May 15th, 1975, the city-state of Rio de Janeiro-Guanabara merged with the surrounding state of Rio de Janeiro, and Guanabara was no more. A few short weeks later, on April 8, 1975, the front page of the newspaper Diario de Noticias announced, “A Legendary figure in the history of Rio de Janeiro’s two most popular practices: samba and the jogo do bicho, he will be buried this morning in Jardim de Saudade Cemetery, in grave 10,936. Natalino José do Nascimento, the man with one arm only, or simply Natal, died yesterday at two o’clock in the morning, at Carlos Chagas Hospital.”

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135 “Madureira Fecha Para o Adeus a Natal,” Diario de Noticias, April 8, 1975.
establishment newspaper *Jornal do Brasil*, devoted two pages of coverage to his death, making barely any significant mention of his role in the city’s jogo do bicho. He was Natal, “the Eagle of Portela”, and he was eulogized for his tireless devotion to the samba school, and to the areas of Madureira and Oswaldo Cruz. In the words of the *Jornal*, “The saga of Natal was the saga of this suburb. Like the fantastical Macondo of Garcia Marquez, Madureira grew under the eyes of a patriarch who loved the neighborhood and was loved by it.” The paper declared that Natal would surely stand among “the great popular personalities” in the history of Rio de Janeiro, comparing him to Barão de Drummond the inventor of the jogo do bicho. “But Natal is something more than a personality – he is a legend.” The coverage of his death pointed out that the AI-5 investigations did not connect him to any illicit holdings because as Natal often said, he had distributed all of his earnings in the community. “With ten children, more than 200 God-children, and a legion of important friends, Natal was an urban version of the Coronel of the interior.”

On the day of his funeral Madureira as well as several other communities were virtually closed for business. Thousands of crying people marched in procession following the coffin. The conservative *Jornal do Brasil* put the number of funeral mourners at five thousand, while the headline of the more populist *Diario de Noticias* read “A Parade of 40 Thousand at the Funeral of a Black King.” Alberto Nunes writing in the *Diario de Noticias* described “an irreparable loss for the school and for the neighborhood. At this time, yes. Madureira has all the right in the world to cry in pain.”

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137 “Um Desfile Triste de 40 Mil no Enterro de um Rei Negro,” *Diario de Noticias*, April 9, 1975.
Without a doubt, Natal da Portela had made an enormous contribution to the lives of thousands of people, as well as to the cultural life of Brazil. If we take it as a given that samba and carnival have been crucial features of the cultural as well as the economic history of Brazil over the last four decades, then Natalino Jose de Nascimento, the bicheiro Natal, should be recognized as having been an indispensable figure in the growth of this aspect of Brazilian life. Upon the death of “O Homen com Um Braço Só,” Carlos Lemos wrote in the Jornal do Brasil, “Natal has died. His place in the city, in samba, in Madureira, in Portela, will be filled someday. But nobody will ever do it with his courage, or with his love, his mystique, his loyalty, his faith. Natal is dead. Long live Portela.”^138

The retirement and eventual death of Natal da Portela marked the transition to a new era in the illegal gambling business in Rio state. Over the ten years from 1972 to 1982 the various daily drawings conducted in and around greater Rio came to be consolidated into one drawing known as the *Loteria Paratodos*, and the drawing for the *Paratodos* came to be controlled by a group of powerful bankers collectively known as the *Cupula*¹. The jailing of Natal, Castor de Andrade and other major bankers in 1969 had in fact invited this process of centralization, as the vacuum created by the jailings opened a window to “aventureiros”, who briefly threw the city’s gambling scene into turmoil. In order to sweep the city clean of these dishonest bet takers and to provide some sense of order for the city’s illegal gambling market, a group of powerful bankers led by Castor de Andrade put a new set of arrangements in place. A geography of banking was established, new systems of police bribery were instituted, and the city’s various drawings were consolidated into the Loteria Paratodos.

The peaceful retirement of Natal had also offered a lesson to the other bicheiros in the area of public relations. Natal’s longstanding involvement in the Samba School Portela, had allowed him to adopt a different persona in the years following his retirement.

¹ The Cupula was often said to have five members, yet the naming of these members is frequently inconsistent. Castor de Andrade was the clear leader of the group, and a man named Angelo Mario Longas, known as Tio Patinhas is almost always named as among the Cupula. Other members usually named include Haroldo Saens Pena, Miro de Vila Isabel, Raul Capitão, Anisio Abrão, Carlos Martins Texeira known as Carlos Maracaná, and later Ailton “Capitão” Guimarães.
incarceration. He was Natal the patron of Samba and Carnival, rather than Natal the crime boss, and thus he had a base of popular support in his community of Madureira and could reasonably be expected to live out his days in peace, rather than being hounded by police. During the 1970s virtually all of the significant gambling figures in Rio followed Natal’s example, and embedded themselves in the samba schools and the yearly carnival parade. Patronage of the schools provided an opportunity to hide in plain view, while simultaneously laundering money through carnival related activities. Yet, as the decade progressed, this new group of bicho bankers came to transform Carnival itself in profound ways, and by the 1980s it was clear that samba schools were no longer simply bases of popular support, rather they had become levers by which the bicheiros could exercise power at the highest levels of politics.

The process of consolidation and eventual expansion for the Cupula, did not go uncontested, and the new arrangements were challenged at every step. Once again, politicians, policemen, Bishops, criminals, and average citizens had competing visions of how the city’s gambling market should be governed, or whether it should even be allowed to exist at all. The discourse of gambling often veiled itself with the simple question of whether or not the jogo do bicho should be legal or illegal. Yet the true matter at hand was the more complicated question of who should control the game and how it should be conducted. The members of the Cupula had a clear and simple answer: They must be the ones to control the game. At moments when their power and position were contested they cleverly manipulated the issue of “legality versus illegality” in ways that stood the best chance of leaving them at the helm regardless of the letter of the law.
During the 1970s the illegal gambling sector was a site of social and political conflict, as Brazilian civil society confronted the question of who should be subjected to gambling as taxation and who should have access to taxed gambling. Technocrats and reformist politicians in the national dictatorship attempted to bring taxed gambling into the exclusive domain of the government, yet the easing of the repressive apparatus that began with the “abertura” initiated by President Ernesto Geisel in 1974, and the eventual repeal of AI-5 in 1978, left enforcement fragmented and left government at all levels more permeable to bicho influence. All the while high-level bicho bankers violently guarded their segment of the gambling market, and police defended their own access to taxed gambling in the form of bribes and regular payoffs. Clergymen and editorialists demanded a society free from the onerous tax on the poor that gambling, legal or illegal, amounted to. Meanwhile low-level gambling workers, many of them senior citizens, pleaded for the right to continue working, legally or illegally, simply to feed their families. The struggles over gambling highlighted ambiguities within the law, as well as the selective and uneven nature of law enforcement. The unclear status of the jogo do bicho, and the odd legal category of contravention within which it is included and with which jogo is often conflated as one and the same, left the gambling bosses in a position to thrive on ambiguity, as they operated in a world free of any rules and constraints beyond those of their own making. The government lottery’s attempt to replicate the jogo do bicho and the state level police crackdown of 1981, the two most significant attempts at recasting the role of gambling in Brazilian society during the period, were both successfully fended off by the bankers of the Cupula. By 1982, police repression had failed, and the Rio police were left disgraced and demoralized, while still beholden to
corruption payouts from gambling in the street. Meanwhile, the national government’s attempt to appropriate the jogo do bicho for itself through replication had only produced half measures, as the bankers had played both sides against the middle to thwart bold action by the state and to ultimately preserve the status quo of ambiguity. Low-level bicheiros, who challenged the Cupula were severely punished, while the police repression of 1981 left many other small-timers unable to operate without the backing of the bosses. As the Cupula hid behind the folklore of the jogo do bicho and its status as a century old cultural institution among the poor, they proceeded to implement a consolidated, quasi-corporate structure to the game that allowed no one to stand outside the Loteria Paratodos.

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Despite the failure of the Loteria Esportiva to make a significant and long lasting dent in the market share held by the jogo do bicho in the competition for the public’s gambling dollar, the Caixa Economica Federal quickly returned with a new proposal to confront the illegal game. The intention was to take on the jogo do bicho directly. In an atmosphere of excitement over the potential for the new project, representatives of the Caixa partnered with the magazine Veja for a feature story on the government’s progress in designing a new game. The project had been underway since 1974, roughly the point at which it seemed clear that the Loteria Esportiva would not meet the expectation of crushing the bicho. In their new effort, the Caixa had contracted with a Rio based company called Data-Mec, a quasi governmental entity that specialized in data processing as well as technological development. According to Veja magazine Data-Mec was charged with evaluating the ins and outs of the game, “what did it mean in terms of
money? How many people were involved? How did it work?” The researchers conducted interviews with bankers and street level workers in five capitol cities; Rio de Janeiro, São Paulo, Brasilia, Belo Horizonte, and Porto Alegre. They also received an abundance of information from police raids of pontos and fortalezas (strongholds). “Data-Mec gave eight volumes of information to the Caixa in mid-1975, causing amazement – and, also, ambitious fiscal dreams.”

The study revealed that in the city of Rio alone, the jogo do bicho moved in one day, an amount equal to the intake of the Loteria Esportiva throughout the national territory for an entire week, “an amount greater than the budget of an overwhelming majority of Brazilian municipalities, some states, and some ministries such as Industry, Commerce, and Justice.” The data produced excitement at the Caixa, and “It was with these numbers in hand that the Caixa began to nurture the project Zooteca, or the legalization of jogo do bicho – and never, as now, have they been so close to turning this into a reality.”

Yet the project was stuck in the legislature and would need the support of the Palacio do Planalto (executive branch controlled by the military dictatorship) in order to shepherd it along. Veja magazine described a coordinated effort underway to convince Cardinal-Archbishop of Rio de Janeiro, Eugenio Araujo Sales, of the merits of Project Zooteca. The hope was to have Cardinal Sales direct the National Conference of Bishops to support the plan on the basis that it held the possibility of eliminating a principal source of police corruption. Public support from the National Conference of Bishops would have legitimized this expansion of legal gambling in the eyes of socially

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conservative elements in Brazilian society. According to polling by Data-Mec, legalization would have been a popular measure, with 73% of respondents in Rio in favor of legalization, 18% with no opinion, and 9% opposed. Yet such data may have been misleading, as the simple question of legalization tended to obscure the more complicated question of who would benefit from a new legal game and who would be left outside of the new framework.

The Caixa effort seemed to aim at including low-level bicheiros, while explicitly intending to exclude the bankers of the Cupula. Yet how low-level workers from the illegal game would be incorporated into the new system was unclear. The Caixa had already partnered with the Electronics Division of the Centro Técnico Aerospacial and the electronics company Digi-Data to develop a machine to process bets for the new game. Perhaps the need for the bicheiro writing bets out on the corner would have been eliminated altogether by the involvement of such a machine. Meanwhile, the police who were so deeply tied into the game were to be the recipients of legal revenue from the new game. The plan devised by Data-Mec included using the better part of money taken in by the state from legal bicho for police salaries and for purposes of equipping and restructuring the police force.

Yet police ties to the illegal game were deep and longstanding, and disaggregating the bankers from their allies in law enforcement would be no small task. The police and the game were interconnected to the extent that bicheiros frequently outfitted the station houses of the Civil Police with gas and with food for the prisoners in detention.

“Moreover, some station houses were built with donations from businessmen and persons

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3 Ibid.
of influence in the community – a euphemism that indicates none other the bankers of the jogo do bicho." Many in the police also moonlighted working security for the bicho bosses, and work in the jogo do bicho often proved to be a lucrative career for retired police officers. Any new revenue stream from state gambling would have to be substantial in order to overcome old practices, and in order to match the abundant opportunities for corruption that the illegal game had long provided.

In the eyes of the technocrats at the Caixa Economica Federal, the police corruption undermined effective policing in the nation’s cities, and the shadow economy of the jogo do bicho represented a drain on the legitimate economy, and thus they sought to challenge the game directly by offering an exact replica in the form of Zooteca to be sold by the government. “As the game is basically omnipresent, semi-legalized, and played religiously six times a week, the authors of the study ordered by the Caixa Economica Federal, don’t see any other way out, other than for the government to appropriate the bicho, and transform it, as they say, into a productive activity.” Caught up in the excitement, Veja magazine declared, “It seems mathematically certain, therefore, that the days are numbered for the most traditional form of contravention in the nation.” While the question of whether “these days will amount to 30, 200 or 500…will depend exclusively on political convenience.”

In their effort to reorder the gambling business the Caixa found at least some limited alliances with small and mid sized bankers of the jogo do bicho who were dissatisfied with the practices of Castor de Andrade and the Cupula. The dissatisfied bankers, led by a man named Euclides Panar, sent a dossier to the Ministry of Finance in late 1976. The

\[4\] Ibid.
\[5\] Ibid.
set of documents complete with charts and graphs detailed a corrupt game, fixed against bettors and monopolized by five bankers at the top. The bosses of the Cupula were accused of employing experts in mathematics and statistics to ensure that the winning numbers of the Loteria Paratodos, Constantino and the Niteroi, were among the least played numbers for the day, thus guaranteeing minimal payouts for players and maximum profits for bankers. The dissident group of bicheiros called for government regulation of the game to ensure honesty and to provide legitimacy to the thousands of men and women who worked in the jogo do bicho. After sending the dossier to the government, Euclides Pannar took his campaign to the public, sitting for a television interview in which he claimed the drawings of the game were corrupt.6

Pannar and the others argued that while the game had always been against the law, at least it had always been fair. With the various drawings being consolidated into the hands of the Cupula, the drawings were increasingly subjected to manipulation. Some traditional bicheiros who prided themselves on their honesty could not abide by the new practices. The old-fashioned Euclides Pannar, popularly known as China Cabeça Branca and beloved as president of the Salgueiro Samba School, had already made something of a break with the bicho establishment during the months prior to the mailing of the dossier. China Cabeça Branca had allowed functionaries of the Caixa Econmica Federal to closely observe the inner working of his bicho operation. The Caixa used this vital information in their efforts to design the legal game Zooteca. His collaboration with the Zooteca project had branded China as a traitor in the eyes of the major bankers.7 Thus,

6 “Donos de Pequenos Pontos Denunciam Banqueiros e Fraud no Jogo do Bicho,” Jornal do Brasil, October 31, 1976,
perhaps his public denunciations of the Cupula were an attempt to transform his transgression of underworld codes into an overt act of civic reform, in turn gaining a mantle of protection by being in the public view.

Problems were quick in coming for China Cabeça, Branca. He began to receive threats on a regular basis. In mid November, two members of the Military Police raided one of his pontos, taking all of the cash that was at the location. The situation came to a head during the late night hours of December 1st, 1976. As China Cabeça Branca sat in his car waiting at a traffic light, a gunman came up along side the vehicle and shot the old man dead. It was clearly not a robbery, as China was left holding his cash and wearing his gold watch. The next morning, the front-page headline of *Jornal do Brasil* read “Contraventor is Assassinated One Month after Denouncing Fraud in the Jogo do Bicho,” while the headline of *O Dia* read “Bicho Kills President of Salgueiro.”

Rumors circulated that China had been killed because he had identified drug traffickers for the police and had maintained an ongoing dispute with drug sellers who he had banned from Salgueiro Samba School. But the connection of the murder to the gambling world was too obvious to ignore. The police braced for a war within the jogo do bicho, but the war never came. The body of a man named Reginaldo Bandeira de Lima turned up with his eyes out. Some speculated that this was revenge for the killing of China, but Bandeira de Lima, identified as a nobody and a hit-man, could have just as

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easily been killed by the Cupula in an attempt to sever links to the original crime.\textsuperscript{10} Yet further killing did not materialize in the subsequent months. Suspecting that the China murder would enflame already existing tensions over the issue of Zooteca, the police acted quickly with arrests and the formation of a newly appointed commission to investigate gambling crime, and thus averted any possible war. It is equally possible that violence was avoided because the killing of China had backed down any dissidents within the gambling world who may have seen a future in embracing Zooteca. A major banker, Aniz Abrão was arrested and held for questioning in the murder of\textit{China}, yet he was released only eight days later, just in time to participate in Carnival.\textsuperscript{11} If anything was clear at all, it was that by 1976 there was no longer a place for\textit{China Cabeça Branca} in Rio’s gambling world. A university report issued on December 12, and published in all of the city’s newspapers, announced that Rio de Janeiro was on the verge of overtaking New York in the area of crime. In the four years leading up to 1976, crime in Rio had gone up by 58\%. On December 2\textsuperscript{nd} 1976, in Caju Cemetery five hundred mourners looked on as Euclides Pannar, known as China Cabeça Branca, president of Salgueiro Samba School, a man with no tolerance for drug traffickers, and no tolerance for a dishonest bicho game, was buried along with his old ways.\textsuperscript{12}

The commission created by State Secretary of Security Luis Inacio Domingues to investigate bicho-related crime lasted for two years and interviewed over nine-hundred persons. Headed by four delegados of the Civil Police (Newton Costa, Paulo Coelho, Heraldo Gomes, Valdinho Azevedo), and one prosecutor (Rodolfo Ceglia), the

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commission and the attention it brought to the problems in the gambling world may have staved off an outbreak of serious violence in 1976. A total of sixty-two persons were arrested in connection with the commission’s work, the most notable figures being Carlinhos Martins Texeira (known as Carlos Maracaná) and Raul Capitão. Yet these two major figures spent little time in jail, and the majority of the others who were put in jail were lower level bicheiros. When the state’s top gambling figure Castor de Andrade was called to account for himself in front of the Commission he produced a suitcase filled with documents verifying his legitimate sources of income. Castor proclaimed himself an honest businessman, involved in a variety of enterprises including the manufacture of metal canteens for the National Army. Ultimately, despite gathering an abundance of information, the commission was stonewalled by most key witnesses and ultimately did not succeed in bringing major reforms.

As the commission conducted its work, it began to pass information along to the Caixa Economica Federal and Data-mec to aid their efforts to develop Zooteca as a legal alternative to the jogo do bicho. The Caixa and Data-mec used information gathered in interviews by the commission along with materials seized during raids of pontos in order to better understand the mechanics of the illegal game as well as the size and shape of the illegal market. Yet the political coalition to implement a federally controlled game never materialized. The influential Cardinal-Archbishop Dom Eugenio Araujo Sales chose not support the plan, and thus the National Conference of Bishops lined up against Zooteca. Just as the committed leftist Archbishop Dom Helder Camara (now exiled by the

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14 On May 4 of 1977 Veja magazine published a letter from the Cardinal’s press secretary, in response to the earlier article on Zooteca, The letter made it abundantly clear that Eugenio Araujo Sales did not support any gambling expansion of any kind.
dictatorship) had proved unwilling to support a legal bicho in 1967, the moderate Dom Eugenio would not give his stamp of approval to gambling expansion in 1977, demonstrating that regardless of political and economic ideology, no significant Catholic voice in the country would provide moral cover for legal gambling.

In many ways, the bankers of Rio, through their gangland behavior, had left the jogo do bicho with such an unsavory reputation that a certain segment of society was sure to cringe at any project involving the game. While social conservatives blocked Zooteca on one side, political allies of the bicheiros blocked the project on the other side. Thus, while repeated polls showed support for legalization of the jogo do bicho, the politics of such a notion were complex. The larger group in favor of legalization was split on the issue of who would control the new game. Would the Caixa Economica Federal take over as the new bankers, or would the current illegal game and all of its operators simply be blessed with the legitimacy of the law and be allowed to operate in the open? Thus the side being threatened with marginalization could simply align itself with social conservatives opposed to all forms of gambling and block any possibility of a majority forming. Both the bicho bankers and the Catholic Bishops had the attention of many officials high up in the late period dictatorship, making it difficult for the Caixa to break through. The fact that the proposal for the new game was left in the hands of the congress, rather than being implemented by decree (although the decree was used less and less after 1974) was a sign of ambivalence on the part of the dictatorship.

Zooteca was never to be. But the result of the push for a numbers picking game to respond to the market for the jogo do bicho was the introduction of the game Loto, created by law 6.717 on November 12, 1979. The first drawing was held in September of
1980, and by August of 1982 the new game had been introduced to the entire national territory. A Brazilian start up company Racimec, supplied the government with DATATRONIC machines. This offline technology moved past the IBM punch-card system that the government had employed to sell the Loteria Esportiva and allowed the vendors to operate the sporting lottery and the new Loto on the same machine using a magnetic card. Yet this game lacked the aesthetics of the jogo do bicho. Odds were higher, and the focus was on jackpots, rather than the daily rhythm. Most importantly, the game lacked the animals, the very bichos themselves, and thus lacked the connection to the dream-world that governed the gambling habits of so many Brazilians.

The bosses of the jogo do bicho had withstood the efforts of reformers in the federal government to invade their sector of the economy. Yet a second major challenge was to come from a crisis of policing. As crime became an increasingly serious problem for the state of Rio, the symbiotic relationship between the bicho game and the police placed significant limitations on any serious effort on the part of government to enforce the law. As the problems of the city and the state mounted, the nature of police practice came under scrutiny, and as the need for legitimate governance became glaring, the comfortable connection between the bicho and the police was called into question. The flashpoint for the reconsideration of old ways, came with the murder of Mariel Mariscot de Matos. The murder itself was simply an un-concealable manifestation of the deeper crisis within law enforcement in Rio State. As the police found themselves under pressure, their relations with the bicho bosses frayed, and the arrangements that had stood

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since Castor was released from jail in 1969, were put to the test. Ultimately the standard of corruption prevailed, and the old ways would be maintained, yet the morale and reputation of the police would be permanently damaged, and the institutions of the Civil and the Military Police would be left in such a state of hostility towards one another that the possibilities of policing the state would be undermined for years to come.

In the weeks leading up to the killing of Mariel Mariscot de Matos, serious questions of policing, jurisdiction, and accountability dominated the discourse of city and state politics. A group of Military Police in Duque de Caixas had been accused of entering the house of Pedro de Santos, beating him severely, pointing weapons at his children and making death threats. Pedro dos Santos made his complaint to the Civil Police, and thus the important question of whether or not the Military Police could be held accountable by the Civil Police was thrust into the political spotlight. The commander of the Military Police, Coronel Nilton Cerqueira asserted that, constitutionally, crimes of the military were to be dealt with through military investigations and through military courts. Cerqueira sought a constitutional amendment to clarify this point once and for all.\(^\text{17}\)

The editorial page of the Jornal do Brasil, along with much of civil society did not see it this way. With AI-5 a thing of the past and with censorship lifted, the paper weighed in heavily on the matter. The hard work of Nilton Cerqueira towards revitalizing the Military Police was noted, yet on the issue of accountability, the Jornal took Cerqueira to task, as they asserted that the Polícia Militar was attempting to “subtract themselves from common justice.” The paper argued that the true reading of the

\(^{17}\) “PM quer ela mesma apurar seus crimes,” Jornal do Brasil, October 2, 1981.
constitution on such matters was that military crimes such as insubordination are to be dealt with through military channels, while the breaking the laws of society, for instance the beating of a civilian and the threatening of his family, was to be dealt with through the civil police and the judiciary.\textsuperscript{18}

This left State Secretary of Security Waldyr Muniz in a difficult position. Muniz proclaimed in the media that the suspected PMs (Military Police) would be held accountable to the law, yet he was cautious in making any denunciations as he worried about demoralizing the institution. As the drumbeat of criticism focused on the PMs intensified, Nilton Cerqueira stood up for the outfit. He declared in the press, that the PMs were in the middle of a guerrilla war, noting on October 7\textsuperscript{th} that three PMs had been killed in less than 24 hours. “This is a guerilla war in which, on one side, the bandits, who are psychologically fortified, attack workers; and on the other side are the police, unprotected by the laws and by justice.” The Coronel emphasized that any time the police are suspected of a crime, and the matter is handled publicly rather than internally, the result is that the bandits are “psychologically fortified.”\textsuperscript{19}

As this controversy unfolded, an event occurred which would throw the practices of policing in Rio State into serious turmoil. On the evening of October 8\textsuperscript{th}, 1981, former Civil Police detective Mariel Mariscot de Matos was shot seven times in his car on Alcântra Machado Street. The location of the killing happened to be right outside of the headquarters of the bicho banker known as Raul Capitão. Mariel was on his way to attend a meeting at which more than thirty bicheiros had gathered. Later that night, hundreds of police gathered at the hospital where the body was taken and vows of revenge were

\textsuperscript{19} “Cerqueira diz que PM está numa guerrilha,” \textit{Jornal do Brasil}, October 8, 1981.
Mariel Mariscot de Matos, although he had not been an active detective for more than ten years, was still idolized by many within the Polícia Civil.

Mariscot, had been a member of the Shield of Le Cocq. He was known to have been a bandit’s worst enemy, and he had gained a great deal of prominence by killing a man know as the *Assassino de Bandeira*, who had murdered six taxi drivers in one month. Mariscot also helped found the police group known as “Os Homens de Ouro,” or the Men of Gold, in the 1960s to stop a wave of assaults on “*carros de entrega*.” According to Mariscot, “if these cases weren’t solved, the Secretary of Security was going to fall. As the man (Secretary of Security) wanted to keep his job, he created this organization.” The organization consisted of 12 detectives who had the widest network of informants. The group was empowered from above, and they were successful to some extent. Yet with their creation came a surge in “death squad crimes.”

Mariel was arrested for the first time in August of 1970, and he was accused of participating in several murders. He was taken to Ponto Zero prison in Benfica, yet he escaped through a window. As a fugitive from the law he moved around the country mired in “a crisis of exhibitionism.” He was seen at televised soccer games, carnival celebrations, and various other public gatherings. He was finally arrested in Bahia, and was sent to the island prison at Ilha Grande to serve his fourteen-year sentence. Yet, he soon escaped from Ilha Grande. He told the magazine *Pasquim*, that he had escaped “swimming, and going through the bush. I was a life-guard for six years, and ‘para quedista,’ I did a guerilla training course. For me it was a picnic.” When he was recaptured he was sent to a third prison, this time in Sao Paulo. In speaking to reporters while in prison, he lamented the state of policing and crime. “Society is frightened, the
police are completely disorganized and leaderless, without a legend. The police need to act around a name that the bandits fear. When there were names like Le Cocq, Perpetuo, they knew that at a minimum they would be arrested, and they might even be killed.\footnote{20} Mariscot came to be back on the street through a strange parole program that had him working at the Court of Criminal Executions performing bureaucratic functions, under the supervision of Judge Francisco Horta. Judge Horta, was clearly an admirer of Mariscot, and in the wake of his death, Horta referred to him as the best cop that Rio had ever known.\footnote{21} The admiring Horta had allowed Mariel almost total freedom. Yet the paroled Mariel was not simply living as a free man in 1981, he was in fact living as a criminal, deeply involved in the jogo do bicho, as well as other crimes.

Despite Mariel’s problematic reputation, he remained a legend in the Rio Civil Police. He was, after all, one of the “Homens de Ouro,” and his funeral proved to be a massive event, which incidentally shined a light on police practice. Over 2,000 people were said to have attended the funeral at Caju Cemetary, many of them women who had never met Mariel yet came to mourn the notorious celebrity cop. The bulk of the others in attendance were angry police officers. They declared the founding of a new group, The Shied of Mariel. They swore that they would take revenge, and they fired shots into the air. Mariel’s first chief from his days in the extinct \textit{Polícia de Vigilância}, now a detective in the Civil Police, Ney Gaspar, spoke over the body. Gaspar proclaimed, “We were waiting for the death of Mariel for 10 years, but not like this. He moralized our condition as police, he was a true Man of Gold. Here, I am putting out the call, that the blood

\footnote{20} “Mariel é assassinado a tiros em emboscada no Centro,” \textit{Jornal do Brasil}, October 9, 1981.
\footnote{21} “Mariel more com 8 tiros em emboscada,” \textit{Jornal do Brasil}, October 9, 1981.
spilled by our brother will be the seed of a new vitality for our class of police.” More vows of revenge were taken and more shots were sent into the air. Over 200 shots were fired, one officer emptied his gun and then reloaded to fire more shots, and one person was injured by a bullet that fell out of the sky.\textsuperscript{22} Accounts and photographs of police behavior at the funeral scandalized the city and state.

Cardinal-Archbishop Eugenio Araujo Sales discussed the events during mass on National Family Day. In the words of Dom Eugenio, “I believe that in a society that treats those who commit crimes as heroes, there exists a river of slime (um rio de lama).” He was careful in referring to Mariel, explaining that “the dead deserve our respect,” but that recent events “merit a profound reflection from society: there is something terrible in our midst…We must defend and praise the police, but it is necessary that the roots of the evil that exploded at the burial be seriously examined.”\textsuperscript{23}

The editorial page of the \textit{Jornal do Brasil} echoed Dom Eugenio, proclaiming, “gunshots in the air and vows of revenge don’t change the natural fact; Mariel Mariscot died as a marginal, not as a man of the law…The episode of the death of Mariel gives us a convergence of all of the sewers which form the river of slime.” They called on Secretary of Security Muniz to act, clamning that “Muniz now has an episode that will allow him to expose the sinister connection between crime and the law: the death of Mariel shines a light on the cover which police provide for the jogo do bicho.” The \textit{Jornal} noted that although these are old issues, crime had become increasingly organized


in recent years, the bicho game was now more armed and dangerous than ever, and that “the police are part of this armed machine.” They lamented the fact that the police would honor a man under so much suspicion. They posed the questions, “Who wants a police that cries out for revenge? Do they want to avenge the law? No – they want to avenge the criminal side of an ex-agent of the law. And in what way? By breaking the law like bandits.” The paper also published a photo of people firing shots at the funeral, with the faces of known police officers circled. The paper noted that these officers were in violation of articles 286, 287, and 288 of the criminal code.

The Jornal ran a second editorial the following day, this time focused squarely on the problem of the bicho game. “The jogo do bicho is a kind of bag from which all forms of profitable crime can draw. Pimping, drugs, car robberies, and bank robberies all use the same infrastructure of protection obtained through police corruption.” They noted that we had “all seen this film before,” and compared the state of affairs in Rio to Chicago during the era of prohibition in the United States. “The close relationship of marginals and police has to be brought to an end before it brings about the fusion of crime with the appearance of law, against society.” They argued that it was not time for the folklore of crime in Rio or for sociology about the root causes of the problem. Rather it was time for Secretary of Security Waldyr Muniz to act and to break the “intolerable connection” between the police and the jogo do bicho once and for all.

Under this intense pressure from the media, Secretary of Security General Waldyr Muniz promised that the police officers who had fired their weapons at the funeral of Mariel would be punished in accordance with the law. In discussing the issue with the

press, Muniz also expressed his support for a new legal project under consideration, which would have legalized the jogo de bicho, ending its status as a contravention. Muniz pointed to such legislative action as possible means to do away with police corruption.  

Meanwhile the killing of Mariel brought fresh scrutiny of the size, shape and nature of the jogo do bicho in Rio state. Theories abounded concerning who killed Mariel and the relationship of the murder to the gambling scene. Bettors themselves were intrigued with the killing as the license plate number of Mariel’s car became such a popular bet that the number had to be removed from active play.  

Rumors circulated on the street and in the press as to what was behind Mariel’s death. Many believed that the ex-detective had made too aggressive an entry into the bicho game. One anonymous bicheiro told the *Jornal do Brasil* that Mariel had effectively dug his own grave by trying to become a banker “with arrogance and threats.” His methods had created serious conflicts among bankers large and small. He had attempted “to fly like an eagle with the wings of a sparrow,” and he had been foolishly mistaken to think he had the same power and influence as he had once had during his time as a “Homen de Ouro”.  

Many claimed that Mariel had been working under the tutelage of major banker Raul Capitão. Apparently Mariel and Raul Capitão’s son, Marquinhos, had been pushing into the territory of other bicheiros in Niterói. It was claimed that Mariel and Marquinhos

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26 “Muniz Promete Punir Policiais e Impedir Escuderias,” *Jornal do Brasil*, October 14, 1981
27 “Policiais Criam Nova Escuderie no Enterro de Mariel,” *Jornal do Brasil*, October 10, 1981. Another number which had to be cut during these days was the license plate number for the getaway car of a recent bank robbery in Estaleiro Mauá. This was the biggest bank robbery in Brazilian history up to this point.
were behind the recent murder of bicheiro China de Saude. On the theory that Mariel’s death may have been a revenge killing rooted in bicho game conflict, the police brought five of Rio’s most prominent bankers in for questioning. Under examination were Raul Correia, better known as Raul Capitão, Angelo Maria Longas, better known as Tio Patinhas, Geraldo da Saens Pena, Miro de Vila Isabel and Castor de Andrade. These men constituted the core of the Cupula. They fed the police a lead, explaining that after the conflict with China de Saude, Mariel was known to have his sights on the territory of China da Lapa. Thus China da Lapa may have acted against Mariel in preemptive defense. Yet all sorts of conflicting and misleading stories quickly emerged. A few days later an anonymous bicheiro told the Jornal do Brasil, that Mariel had nothing to do with the death of China de Saude, rather he had been contracted to investigate Saude’s death. The source also explained that the police need not waste their time looking for China da Lapa because no such person actually existed. The police, moving slowly and in many different directions, were late in searching the headquarters of Raul Capitão, the site of the murder, finally invading the fortaleza five days after the killing, well after anything of significance had been removed.

As the investigation bumbled along it seemed increasingly clear that regardless of whether or not China da Lapa actually existed, the murder of Mariel was rooted in territorial conflict between operators associated with Raul Capitão pushing up against operators associated with a figure named Ailton Jorge Guimarães. It seemed that the aggressive behavior of Mariel and the Raul Capitão group was in violation of the

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29 “Polícia Ouve Banqueiros Sobre a Morte de Mariel,” Jornal do Brasil, October 11, 1981.
complex system of organization that prevailed in the bicho game in Rio state. *The Jornal do Brasil* looked in on this system, explaining that the roughly 3,000 pontos spread throughout greater Rio (comprised of the city itself, Niteroi and Baixada Fluminense), were divided up under the control of 100 managers. Each manager was responsible for 30 to 50 pontos in a particular territory, and each manager was associated with, and answered to a particular banker. The first tier bankers were identified as Castor de Andrade, controlling the rural areas of Bangu, Padre Miguel and Senador Camara; Banker Tio Patinhas, controlling the Zona Sul; Banker Haraldo Saenz Pena, controlling the area from Praça Saenz Pena to Largo de Segunda Freira; Banker Rual Capitão, controlling the city center, and Banker Anisio Abrão controlling much of the Baixada Fluminense. The second tier of bankers, also controlling important areas of greater Rio, were identified as Osmar Valenca, controlling Tijuca, banker Carlos Maracanã, controlling Madureira and Jacarepagua (Natal’s old territory), banker Piruinha, controlling Meyer and Cascadura, banker Luizinho de Imperatriz (said to be a descendent of Baron Drummond, the game’s founder), controlling Olaria, Ramos, Bon Sucesso and Penha, and banker Ailton Guimarães, controlling Niteroi and Icarai. A third tier of bankers was also identified with spots spread throughout greater Rio. Many of these bankers were also said to have been involved with clandestine casinos.

As Ailton Giumarães was known to be in charge of Niteroi, the area under dispute, the theory that he had directed the killing of Mariel quickly took hold. Interestingly, Giumarães much like Mariel, had been quite aggressive in his entry into the game. Frequently referred to as Capitão Giumarães, he first encountered the jogo do bicho in his role as an army officer charged with suppressing the game in the later 1960’s
and early 1970’s. Guimarães had been part of the DOI-CODI, a series of joint police-military outfits that proliferated during the hard-line period of the dictatorship, and were known for their heavy involvement in torture. After being expelled from the army he began to work with various bankers in Niteroi, most of whom mysteriously disappeared over the course of 1970’s. His most significant partner Agostinho Lopes da Silva disappeared on July 22, 1979. During the period of the 1981 conflict, Capitão Giumarães controlled an estimated 200 pontos. In attempting to follow a similarly aggressive path, Mariel Mariscot seems to have rubbed up against two lower level bankers, China de Saude (now dead) and Jorge Elefante (now a suspect in the killing of Mariel), both affiliated with Ailton Giumarães. 31

A member of the Policia Civil, Calvino Bucker, who was strangely at the scene of the murder and claimed to have shot at the perpetrators as they fled, quickly became a suspected shooter. Given that Bucker worked in Niteroi, he was suspected of being connected to the Capitão Guimarães and Jorge Elefante network. Yet Bucker claimed that he did not know Guimarães or Elefante, and he explained that he was present at the scene of the crime simply because he happened to be walking by. With no witnesses willing to testify, and with a series of leads, pointing deep into the complicated Rio gambling world, which itself was deeply interconnected with the Policia Civil, the investigation seemed to go in circles.

31 “Jogo Movamenta Por Mês Cr$300 Milhões,” Jornal do Brasil, October 12, 1981. Among the third tier of bankers were Poti working in Cinelandia and Castelo (also connected to clandestine casinos), bankers Turcão (later to become a major banker), Zinho, and Manolo all working in the central city, banker Ivone de São Cristovão working in São Cristovão, and bankers Guia and Miro working in Vila Isabel (also connected to clandestine casinos).
Another rumor that began to circulate put the killing outside of the bicho game. Mariel was known to have been involved in a conflict with a São Paulo group that trafficked in stolen goods. Some in the Rio police felt that the killing of Mariel was out of the norm for the bicho game, given that those murdered within the game usually disappeared and bodies were rarely found. It also seemed uncharacteristic that the killing took place at a location so closely connected to the bicho game itself, thus blatantly attracting attention. The police who suspected the São Paulo connection posited that the public nature of the killing was an attempt to pin the murder on the bicho bankers.\textsuperscript{32}

While the Polícia Civil struggled with the situation, the Polícia Militar, began to engage in the far less complicated task of cracking down on the day to day activities of street level gambling throughout the state. Commander of the Military Police, Nilton Cerqueira took clear aim at the game and began to take aggressive action. On the 13\textsuperscript{th} of October 100 pontos were shut down. While speaking to a group of students during a panel discussion, Cerqueira explained that the bicho had to be confronted as it was a major source of police corruption, and it was connected to drug traffic. Given the illegality of the game, he would vigorously uphold the law. Yet, despite his vow to pursue gamblers on the street, he also embraced the position of his boss General Waldyr Muniz, arguing that the legal status of the jogo do bicho should be changed through legislation.\textsuperscript{33}

State Prosecutor Eckel de Souza also pushed for strict adherence to the law regarding gambling. He argued that the jogo do bicho corrupted the police and

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\textsuperscript{32}“Polícia Busca Paulista Para Elucidar a Morte de Mariel,” \textit{Jornal do Brasil}, October 17, 1981.
\textsuperscript{33}“Cerqueira Declara Que Jogo do Bicho Corrompe a Polícia,” \textit{Jornal do Brasil}, October 20, 1981.
\end{flushleft}
undermined society’s institutions. He noted that business owners who diligently paid their federal, state, and municipal taxes should not have to tolerate the presence of pontos do bicho outside of their front doors. Eckel de Souza also argued that the corruption connected to the game extended its way into the bureaucracy of the office of the Secretary of Security. The prosecutor directed a series of raids to accompany the crackdown by the military police. Like Waldyr Muniz and Nilton Cerqueira, Eckel de Souza proclaimed himself to be in favor of some sort of regulation of the jogo do bicho through changes in the law. He recognized that many of the people working in the game at the street level were “workers” and “heads of families.” Yet he made a critical distinction between bicheiros and the bankers who controlled the game at the top. He argued that any legal game would have to be run by a different set of people “because these bankers are criminals and they are connected to traffic in drugs.”

The Military Police intensified the repression arresting hundreds of people on the 21st, prompting the bankers who controlled the jogo do bicho to adopt a new and interesting strategy. The front page headline of the Jornal do Brasil on October 28, 1981, announced that the bicho game would go on strike beginning on November 1st as an act of protest against actions of the Military Police. An emergency meeting of high-level bankers had led to the decision to close down the game altogether. During the week prior to the decision, the bosses of the game had communicated to their connections in both the Polícia Civil and the Polícia Militar that, due to the crackdown, they would only be able to pay 30% of the normal rate in unofficial taxation (in the form of bribes) to police.

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35 “Promotor Defende Punição de Castor por Violar a LSN,” Jornal do Brasil, October 24, 1981.
during the upcoming month. This offer was rejected by the police, and thus the bankers decided to strike. Sources inside the game told the press that 150,000 persons were likely to be affected by such a strike, and this would probably bring about an increase in criminal behaviors such as robbery and assault because “nobody wants to watch their children go hungry.” Given that so many people who worked in the game had criminal records, it would not be possible for them to find other work. With Christmas on the way, and so many out of work, crime would surely rise.

Ten thousand workers would remain on salary at the bankers’ expense for the month of December, but if activity did not return to normal by the start of the New Year, then these workers would have to be let go. An anonymous bicheiro explained to the *Jornal do Brasil* that not only would people who were deprived of their income by the strike turn to crime, but that order in general would deteriorate throughout the city in the absence of the game. He explained, “In the areas where there are pontos do bicho there are no assaults and robberies, because the criminals respect the bankers more than they respect the police.” To run a good ponto, a bicheiro has to ensure that the bettors feel safe, and thus anyone who commits crimes near a ponto will be killed. Without the game and the bicheiros on the street in their normal places, the city would be vulnerable. Such talk was clearly directed at the Military Police, as it was their responsibility to maintain order, yet Nilton Cerqueira was not intimidated by such threats. For his part he told the media that he would prefer that the bankers did not wait three days to bring the game to a stop, rather he wished that they would stop the game right away.36

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Yet the desire to strike and halt the game was far from unanimous and there was substantial division among the bankers. Smaller bankers were for the most part against the idea of a stoppage, while the bigger bankers were ready to shut activity down. The largest bankers such as Castor, Carlinhos Maracanã, and Tio Patinhas also functioned as layoff bankers for bicheiros working in other states, thus they would continue to make money even while the game was halted in Rio Sate. Meanwhile smaller bankers had no such outside connections, and despite being closer to the street and thus more susceptible to arrest, they were interested in continuing to work despite the crackdown. The larger bankers on the other hand, with their connections in political circles and in the law enforcement hierarchy, saw a strike as an effective mobilization.

Political figures connected to the jogo do bicho also took action. Federal Deputy Pericles Gonçalves (PP), advanced a project in the Justice Committee of the Federal Chamber of Deputies, calling for a total legalization of the jogo do bicho. Gonçalves was a former Delegado in the Policia Civil and was close to the game. The Gonçalves project was also supported by Deputy Nilson Gibson (PDS). Gibson, from Pernambuco, pointed to the relative tranquility of the jogo do bicho in his state, where the game was practically legal. Bicheiros in the Pernambuco city Recife had formed a union, perhaps better described as a guild or trade organization, called AVAL, the Association of Autonomous Lottery Vendors. AVAL had recently sent an editorial to many Recife newspapers outlining the rules of the game and encouraging betters to play only with AVAL bicheiros in order to avoid fraudulent actors. The Pernambuco situation of a lightly
regulated peaceful game, contrasted sharply with the violence and crime of Rio gambling and served as an example highlighting the benefits of a legalization.\textsuperscript{37}

Other politicians pressed intensely for an end to the crackdown. Jose Carlos Lacerda, a state level Deputy, appeared on the television show \textit{O Povo}, and demanded an end to the police campaign. “The repression of jogo do bicho cannot be a priority for the police. The priority in our state is to combat violence, robberies and homicides.” He expressed his support for the Pericles Gonçalves project under consideration in the federal Congress, and explained, “It is necessary to think of the 150,000 families that live off of contravention.” He argued that the campaign against the game lacked, “coherence, clarity and good sense,” and that “the police who are repressing the jogo do bicho should be combating drug traffic at doorsteps of school houses.”

Also appearing on the television program in favor of legalization was state Deputy Simão Sessim. “When the Congress voted in favor of Social Security (\textit{Previdencia Social}) that proved that they are on the side of the humble people and that is why they will approve the regulation of jogo do bicho, which will benefit 150,000 bicheiros, who earn very little, and who are for the most part retired persons and ex-prisoners.” Sessim referred to the jogo do bicho as “an open labor market for ex-prisoners and retirees who don’t have the ability to find other forms of work.” He described the possible legalization of the bicho as a potential victory for the elderly on par with approval of social security. He expressed confidence that President Figuererido would not stand in the way of the project, as “he is always sensible to popular yearnings.” Sessim also called on the police to “stop this war against contravention,” branding the campaign

cowardly, as “on one side are the police, well armed, well informed and well equipped, and on the other side are the people, humble and unarmed.” A delegado from the Policia Civil, Jose Aliverti, also appeared on the program and pointed to the difficult position in which police officers found themselves, being obligated to enforce laws against contravention, while knowing that the jogo do bicho crackdown was a widely unpopular measure.  

At the level of federal politics, Nilson Gibson, Deputy from Pernambuco, embraced a legal game as a cure for police corruption, and pointed to the hypocrisy of current gambling policy. “The legalization of jogo do bicho is fair,” explained Gibson, “Various other games are legalized, such as state and federal lotteries, the Sporting Lottery and Loto. Why not legalize jogo do bicho also?” The legalization project at hand, would have left the banqueros as the operators of the game, although their potential cut of the profit was not made clear at the outset. The project also did not designate the portion that would go to the government, yet it did specify that of the money the government took in, 50 percent would go to municipalities, 40 percent to the states, and 10 percent to the Federal Government, evincing a clear decentralizing impulse, meant to contrast with the structure of the games run by the Caixa Economica Federal.  

On the morning of October 30, 1981, the face of Secretary of Security Waldyr Muniz appeared on the front page of the city’s major newspapers. The headline of the Jornal do Brasil read, “Muniz Pleads for Legalized Jogo do Bicho.” Feeling the pressure of the threatened strike, Muniz embraced all sorts of contradictory arguments regarding how the bicho crisis should and would be resolved. At a press conference the previous

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day he told a group of reporters, “I’m calling on you journalists to help bring about the legalization of the jogo do bicho, for the love of god.” On the topic of the strike, he proclaimed that a paralisation of the game by the bankers would be “a thoughtless act.” But he assured the assembled reporters that the “patriotism” of the bicho bankers would not allow them to bring the situation to such a point. “Besides,” he declared in a contortion of logic that shocked the crowd, “To strike is illegal!”

The reporters pressed Muniz, pointing out that it was the state security forces that were pushing the campaign against the game. Muniz responded that what they were witnessing was not a campaign specifically directed against the jogo do bicho, but rather energetic police action in “all directions,” without any prejudice towards any particular activity. Asked if he felt that the bankers would go through with the threat of withdrawing from carnival, he assured the group that carnival would take place, proclaiming it to be “a beautiful spectacle,” and declaring himself to be a “Portalense” (a fan of the school Portela – once headed by Natal). Asked if he ever bet on jogo do bicho, he responded, “I buy lottery tickets…but I haven’t won yet. If the jogo do bicho were regulated, then of course I would place my bet. The jogo do bicho is a Brazilian institution.” Asked about the practice of bicheiros buying gasoline for the police, he claimed to be unaware of any such activity. Asked about what sort of social problems could be created by the strike, he answered that the issue was out of his control and that if anything bad happened it would be the fault of the bankers. “I was disappointed by the decision of the bankers,” he explained, “because it is going to bring about turbulence and the instigation of disobedience, crimes and other derelictions. Why not discuss the issue in the Congress, inside of the law.” Pressed once again with question of why he was
directing an intensification of repression, he explained that, “it has been 83 years since Baron de Drumond invented the jogo do bicho, and repression has always been there.” He urged the bankers to do the rational thing and pursue legalization through the congress. Otherwise, “While there is contravention, it will be combated. Yet, I cannot put an end to an 83 year old institution.”

Commander of the Military Police Nilton Cerqueira, on the other hand, was free from contradiction and ambiguity in addressing the topic. He told reporters that the PMs had the capacity to shut the game down, bringing about a 90 percent reduction in activity. When asked for his opinion of the potential strike, Cerqueira called it “a strike of criminals” and promised that he would “applaud” any strike. When asked to address the potential for large-scale unemployment for contraventores, he answered, “Their jobs do not exist. They don’t have jobs. How then can there be unemployment?” The reporter followed up, asking if Cerqueira at least believed in the potential of large numbers of “unoccupied persons” turning to crime. Yet Cerqueira would have none of it, describing the bicheiro and the robber as one and the same, as both “assault the savings of the people.” Asked, why then were the police only suddenly interested in this form of crime, he gave an answer highlighting the importance of the Mariel incident. “When we assumed command, we thought contravention was a minor evil, now we see that it is a major evil.” Asked for his opinion on legalization, he argued that legalization could never truly wipe out contravention, rather only forceful repression could accomplish such a task. Clearly aware that he was staking out ground at odds with the position of his boss

Waldyr Muniz, PM Commander Cerqueira proclaimed his humble innocence, saying, “all I can do is work hard and be honest.”

Yet before the wishes of Cerqueira and the fears of Muniz could come to pass, the bankers themselves held two meetings and determined to hold off on the strike. The pleas of the smaller bankers prevailed over the intentions of the larger bankers. State Deputy Jose Carlos Lacerda attended the second meeting of the day and emerged to speak to reporters on behalf of the bankers. He praised them for their decision not to strike, saying that the strike would have brought serious social problems to his home city of Duque de Caixas where forty thousand persons made their living from the game. He reiterated his support for a legal game, yet assured that he did not want to see a game “mechanized” by the Federal government. “The game must function without machines on the corners and in the bars.” He pointed to the contradictory nature of government repression, saying “I am against persecution of the bicheiros, particularly when the biggest gambling banker in the country is the federal government.”

The issue continued to occupy the federal Chamber of Deputies, yet a crucial division was emerging among those who were open to some form of legalization. The Percicles Gonçalves plan being debated, proposed a legal game in which the bankers of the illegal game would be allowed to continue controlling play, while assuming the new role of legitimate businessmen. Essentially, the same fault lines which blocked the Zooteca project, now stood in the way of a blanket legalization. Deputy Erasmo Dias was ready for legal jogo do bicho, yet he did not want to see the current bankers involved. He

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argued that the game could not go on serving “the machine of the bribery of corruption, corroding our institutions, generating and feeding crime in its most repugnant and malignant forms.” He wanted to see a game “compatible with morals and ethics” of the country, and he expressed his disgust with the excesses of the “mafia” of Rio de Janeiro.

Yet Pericles Gonçalves defended allowing the current operators to continue working, explaining that he did not want to see a legal game “in the hands of multinationals.” He lauded the possibility of regularizing so many people. According to his plan, the jogo do bicho would only be considered a contravention if it was sold by those who did not have a license. He pointed out that the number of his bill was 4509, and he encouraged people to bet on that number (the burro), saying that it could bring “a little something to put in the Christmas stockings.”

State level deputy Jorge Leite of Baixada Fluminense, declared his support for the Gonçalves plan, despite being a self-proclaimed “man without vice, who does not drink smoke or gamble.” Leite expressed the hope that the Gonçalves plan would normalize employment for tens of thousands of people in Rio, while also fighting corruption. His two conditions for support were that the new game direct its funds toward education and that the funds be kept at the state and municipal level, as the federal government already had the games of the Caixa Economica Federal.  

Other government officials saw any discussion of legalization as an outrage. Rafael Cesario, a Rio State Prosecutor called for an investigation into Waldyr Muniz himself. The prosecutor argued that Muniz had violated the norms of the criminal code “by encouraging and apologizing for contravention.” He also stated that State Deputy

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Jose Carlos Lacerda should be subjected to penal action for having sat down and met with the banqueiros.\(^{44}\) Three short weeks after the surprising death of a crooked ex-cop, a dramatic crisis of authority had clearly developed in Rio State.

So much turmoil regarding the future of the jogo do bicho did not go unnoticed by the editorial page of the *Jornal do Brasil*. The paper chastised the bankers, their political supporters, the corrupt police, and even Muniz himself. For the *Jornal do Brasil*, commander of the Military Police Nilton Cerquiera seemed to be the only man who had a clear view of the path forward. Back to back editorials showed a newspaper in full crusade mode, taking aim at the game and any and all connected to it. In an October 30th editorial titled “Crime Inside Out,” the paper referred to the efforts underway to legalize the jogo do bicho as a “propaganda campaign” directed by the bankers. The *Jornal* dismissed the argument that any normalization would reduce corruption, arguing “police corruption is an ancient practice and legalization will not bring it to an end…Bad police will continue to take bribes in order to give protection to the jogo do bicho because the directors of the organization certainly do not plan to extend the protection of the law to other activities encompassed in the same scheme: pimping, drugs, and contraband.”

The paper argued that legalization of jogo do bicho would bring legitimacy to the game’s underground network, and further enable this network to promote other “anti-social activities.” While repression may not totally eliminate the game, keeping such pressure on the criminal underground could seriously hamper the growth of kidnappings, killings, and drug distribution. “Nobody is under the illusion that the repression will eliminate the margin of corruption. But legalization won’t accomplish that either.” The

\(^{44}\)“Promotor quer Inquerito para Declaracões de Muniz,” *Jornal do Brasil*, October 31.
Jornal warned that a legalized jogo do bicho could also serve as a dangerous precedent, opening a path to legalization for drugs and prostitution.

The editorial scoffed at the assertions from General Waldyr Muniz regarding the “patriotism” of the banqueiros. The Jornal then proceeded to shred the convoluted logic of Muniz, noting that the General has declared a strike illegal, while in fact the true illegality would have been any decision not to strike. “The General is defending legalization, but he does not have the power to change the law, rather he only has the power to enforce the law,” and the paper called on him to do so with diligence.

In the estimation of the Jornal do Brasil, the only real source of leadership on the issue was Military Police Commander Nilton Cerqueira, who had spoken “for the entire city” when he stated that a strike would not create unemployment, because contravention was not a form of employment. The editorialists took the argument a step further, writing that the bicheiro should be “treated like any common bandit, because, in truth, that is what contraventores are.”

“We don’t need ambiguous and immoral proposals to change the law,” the paper concluded. “As we have already seen, this is not just a little game played with change, but a large and profitable business,” which forms the infrastructure of crime, deceptively “innocent in appearance, but unequivocally malignant and anti-social.”

The next day, a follow up editorial titled “Marked Cards” argued that the day the bicho becomes legal, the gambling bosses will simply dedicate more energy to the drug trade, and other forms of criminality. The legalization project would allow the bosses to “register all of the marginals who provide them with services.” The paper mocked the

idea of street-corner bicheiros with signed work cards making payments into social
security. The Jornal pointed to US history, arguing that in “a similar situation the
solution ended up being income taxes,” as Al Capone had famously been taken down for
tax evasion. The editorial called on the government to take immediate action in
investigating the finances of the bicho bosses, pointing out that “the names of the big
bankers are well known.” In fact the bosses were thumbing their noses at civil society.
“They do not live in hiding, on the contrary, they live well, and they show it publicly.
The external signs of their wealth…could very well serve to drive these persons to the
address that the law reserves for persons who refuse to obey it.”

The newspaper O Globo also weighed in with a rare editorial, which applauded
the effort to suppress the bicho and chided the crime bosses for their threats. O Globo,
properly characterized the threatened strike as a “lock-out” and dismissed it as a mix of
arrogance and desperation. “A band of marginals is attempting…to demoralize the
Secretary of Security, to provoke a crisis in the samba schools, and furthermore, to open
the door to a wave of violence perpetrated by unemployed bicheiros.” Yet, according to
O Globo, society and the authorities would not be intimidated because the worst fate of
all would be “to allow criminals to dictate the laws of society.”

Yet in questioning the public for a column titled “Opinion on the Street,” O Globo
found an array of different opinions. An architect from Laranjeiras argued that the bicho
should be left alone because it is such a large source of employment, while a professor
from Tijuca felt the game should be repressed. A man from Rocha pronounced himself in
favor of legalization, while a man from Copacabana complained that too many marginals

were mixed up in the game. A woman from Bangu argued that the repression should end because the bicheiros weren’t out robbing people, while a man from Meier claimed to be in favor of the repression as well as a legalization pointing out that under the current circumstances the game brought money laundering and government corruption, but under a legal game money from gambling could be put to better use. A law student from Tijuca said that the game should be legalized in the context of the terrible condition of the labor market, and a man from Vista Alegre stated that bicheiros are not marginals, and ultimately the people have a better chance of winning when they play the bicho than they do when they play the government lottery.\footnote{“Opinião Da Ruas,” \textit{O Globo}, October 30, 1981.}

With the heat of public scrutiny bearing down on gambling in Rio, Castor de Andrade attempted to distance himself from his obvious role in the jogo do bicho by taking out paid advertising in a number of newspapers declaring that he is no longer involved in contravention, rather his wealth stemmed from his endeavors as an industrialist.

As had been agreed, there was no strike on November 1st. Luckily for the bicheiros, the Military Police decided to take it easy on them for the day. State Deputy Jose Carlos Lacerda lauded the bicheiros for their decision not to strike, thus “avoiding the dislocation of 200,000 people.” Clearly bicho advocates were revising their figures upwards as far as estimating the number of persons employed in the activity. Cerqueira, for his part acknowledged that there had only been a few arrests on the weekend leading up to the threatened strike, yet the bicheiros were put on full notice as he compared the
jogo do bicho to a cancer and vowed that gamblers would get no respite while he remained in charge of the Military Police.\textsuperscript{49}

As Cerqueira promised, there was to be no truce with the bicheiros, and the new work-week brought a revival of the crackdown. On Tuesday the police closed ten spots and arrested twenty gamblers. With no end in sight, the bankers of the Loteria Para-Todos decided to move the drawing to a location in São Paulo. They took this decision both to avoid the Rio police, and to ensure the bankers in other states that the drawings were not being manipulated in a way that would recoup the losses being suffered in Rio.\textsuperscript{50}

Elated to see the police campaign continuing apace, the \textit{Jornal do Brasil} followed with their third editorial on the bicho in five days, demanding that the police effort be pursued to fulfillment. The sentiments of the \textit{Jornal} were seconded by the venerable Dom Eugenio Araujo Sales. Reporters caught up with the Cardinal-Archbishop of Rio at the airport upon his return from a trip to Rome. As a first order of business, the reporters demanded his opinion on General Waldyr Muniz’ call for a legalized bicho. “With all the respect he deserves,” responded Dom Eugenio, “I disagree with him, diametrically, on this point.” Turning his attention to the game itself, he explained “the jogo do bicho is far more complicated than just some bets,” rather it is connected to other nefarious forms of criminality. Using an interesting analogy to explain legalization he noted, “To declare that mud is pure water does not mean that it ceases to be mud.” He pointed to the possibility of legalization functioning as a gateway to other legalized vices, noting that a similar line of reasoning could be applied to legalizing brothels in order to solve the

\textsuperscript{49} “Bicheiros Têm Dia Calmo e Polícia só Prende Dois no Largo São Francisco,” \textit{Jornal do Brasil}, November 1, 1981.

\textsuperscript{50} “Polícia Fecha Mais 10 Pontos,” \textit{Jornal do Brasil}, November 5, 1981.
problem of prostitution. He cautioned against the risk of attempting to “navigate such a river,” claiming that legalization could never solve such profound moral problems. As a solution, Dom Eugenio called for a “fortifying of our moral conscience.”\(^5\) The *Jornal do Brasil* was overjoyed by the Cardinal’s pronouncements, writing the next day in an editorial that Dom Eugenio’s stance had particular weight given his authority as both a religious leader and a noted intellectual. The *Jornal* warned against any capitulation to the criminals, and characterized legalization as a regression into barbarity. “Through the voice of Dom Eugenio, it is Brazilian society that speaks in order to reclaim respect for its moral sensibility and to demand that problems of security – material and moral – receive adequate treatment.”\(^5\)

As for the legal project itself, the Commission on the Constitution and Justice in the federal Chamber of Deputies determined to delay any voting, on the grounds that such a controversial issue required ample debate. Initial support for “legalization” had now clearly split over the issue of who would control and operate any new legal game. Proposed amendments to the project placed the game in the hands of the Caixa Economica Federal, while a group of stalwarts argued that game should be legalized in its current form, thus preserving the labor market intact.\(^5\)

As support for his project of full legalization slipped, Deputy Pericles Gonçalves lashed out in the press, taking on the Military Police as well as Dom Eugenio himself. “It is a shame that the Military Police, whose members are men of the people, is placing contravention above more serious crimes,” agrued Gonçalves, as he proclaimed anyone

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who thought they could bring an end to the jogo do bicho to be naive. “The Cardinal is
correct in preaching the doctrine of the church, but what he is attempting to do is
establish norms of behavior for society.” He dismissed the Cardinal’s objections to legal
gambling as prudishness, which was out of step with common practices. “The Cardinal,
naturally, is also against lotteries, bikinis, aguardente, smoking, all of which are
providing tax dollars, and getting along in society.”

Although a clear reform faction had emerged in support of the police campaign
against the bicho, the historical rivalry between the Civil Police and the Military Police,
coupled with the mixed messages coming from Secretary of Security Waldyr, left the
state with a security apparatus that was, in many ways working at cross purposes with
itself. A Military Police official speaking anonymously to the Jornal do Brasil,
complained that the Civil Police were too quick to let the bicheiros back out on the street.
The official described a scenario in which Military Police were delivering captured
bicheiros to the precinct houses, only to encounter uncooperative Civil Police, who were
purposely delaying for hours while processing the bicheiros, thus keeping the PMs tied
up at the precincts waiting alongside their prisoners. Once the Policía Civil got around to
processing a particular suspect, the suspect was typically released right after the PM who
arrested him had left the precinct. The anonymous PM official referred to this song and
dance as “a psychological war” being waged by the Policía Civil against the Policia
Militar. The members of the Policia Civil, so accustomed to partnership with the

54 “Perciles Faz Criticas a PM,” Jornal do Brasil, November 6, 1981.
bicheiros, obviously may have viewed the repression of the state’s gambling activity as a war on their wallets coming just before Christmas.\(^{55}\)

The dysfunctional relationship between the two outfits was plain for all to see. Yet the person responsible for establishing a unity of purpose between the two institutions, Secretary of Security Waldyr Muniz, was doing little to improve the situation. Muniz was clearly unwilling to demand that Cerqueira halt the crackdown, as such an order would be quite unseemly and would certainly not go unnoticed by the press. Yet Muniz had also stopped short of ordering the Polícia Civil to cooperate in the effort. His repeated statements regarding legalization and his pleas for the banqueiros not to strike and to continue operating the game in the name of god and country, sent a signal to the Policia Civil that the sympathies of the Secretary of Security were with standard jogo do bicho police pay-off arrangement, and thus the Civil Police line workers felt comfortable undermining Cerqueira and the efforts of the Military Police to crackdown on the bicho. All of this confusion led many to believe that someone in state government was not long for their job. The real question remaining was who was going to be the one to go, Muniz or Cerqueira, or perhaps both. Under the dictatorship, state Secretaries of Security were appointed by the federal government, and during the extended bicho crisis of 1981 both Muniz and Cerqueira had been called to Brasilia for meetings with higher ups, leading to abundant speculation and bet taking as to who would be first to be dismissed. Yet in mid-November they were both still hanging on.

The group that was suffering most from the police campaign was without a doubt, the lower level jogo do bicho workers. As the Polícia Civil were minimally involved in

the repression, the high level banqueiros went unmolested beyond the loss of income. Only the Polícia Civil had the investigative capacity and the jurisdiction to go after the big bankers (The PMs had only been able to go after the big bankers in 1969 because of AI-5 and the suspension of Habeas Corpus). The Polícia Militar in 1981 could only arrest those caught in the act, which meant a focus on arresting street level workers. Nearly 600 persons had been arrested for jogo do bicho in the Rio metropolitan area during the month of October. A typical month would have normally seen 60 arrests. Daily numbers gambling activity had been brought close to a complete halt in the Zona Sul and in Centro by the second week of November. The PM command then made a conscious decision to tackle the Northern Zone, and the new raids and arrests only brought more tension between the PM and PC. A November 9 raid on the stronghold of bicheiro Jose Scafura (O Piruinha), who along with his partner Abilio Portugues controlled portions of Natal da Portela’s old territory in Madureira, revealed documents which incriminated a number of Civil Police officers from the 27th and 38th delegacias. The documents, which also featured the names of newspaper reporters on the take from the bicheiros, were turned over to the Secretary of Security. The workers in the precincts of the Polícia Civil were left with all the more reason to slow down, or even directly subvert the campaign against the jogo do bicho.  

The Director of the General Department of the Polícia Civil, Rogerio Mont Karp was forced into action by the revelation of the documents at the Piruinha stronghold as well as the accusations of the work slowdown that had appeared in the Jornal do Brasil. He publicly vowed that the Polícia Civil would thenceforth be fully cooperating in the

campaign, and he pledged 600 officers to be given over to the effort. He also promised that any officers connected to corruption through the captured documents would be punished.  

The new directive from Mont Karp to fully cooperate with the gambling round-ups did not go over well at the precinct level. Delegados and detectives in the Zona Norte and the Baixada Fluminense complained that before they could comply with such an order they would need an increase in their monthly gasoline allowance. Whereas the Military Police had ample access to gasoline, the Civil Police were given a monthly gasoline ration, the logic behind all this being that the Military Police needed gasoline to patrol the streets, while the Civil Police needed far less gasoline to conduct investigative duties. The protesting detectives and delegados claimed that they would have to cease and desist with all other investigative activities in order to aid in the bicho repression. There was simply not enough gasoline to follow up on murder investigations while also driving around looking for bicheiros at “the corners and bars.” The focus on gasoline as an issue, while probably legitimate in its own right, also pointed to the relationship that the Policia Civil had with the bicho game. It was well known that the local bicheiros frequently provided the local Delegacias of the Policia Civil with gasoline. Castor de Andrade even owned a gas station in Bangu, where police could fill up. The workers of the Policia Civil hoped to make it known that an attempt to sever their long standing ties to the bicho game would require some new set of arrangements.

58 “Polícia Civil Quer Gasolina,” Jornal do Brasil, November 12, 1981.
Any easy resolution to all of these problems through the advent of legalization was looking increasingly unlikely, as voting on the topic was put off until 1982. The legalization camp had become deeply divided on the question of a “banqueiro” run game versus a Caixa Economica Federal run game. Thus without a clear path forward, voting was put off pending further debate. All of the pressure with no resolution in sight was clearly getting to General Waldyr Muniz. During an event to announce the inauguration of a new Military Police station-post in Piedadede, a reporter from O Globo asked Muniz why he was refusing to grant interviews. Muniz told the reporter to interview whoever the hell he wanted and then rushed at the journalist. Fortunately, Muniz was restrained by Coronel Nilton Cerqueira. A Delgado at the event threatened to arrest the journalist if he did not cease and desist with harassing the Secretary, and as the journalist receded the situation was defused. Despite all of the chaos surrounding Muniz, Governor Chagas Freitas made a public statement, proclaiming his full support for the embattled Secretary of Security.

Nilton Cerqueira, aside from keeping Muniz from assaulting reporters, also came to the assistance of the Secretary of Security in the area of public relations. As the rift between the Military Police and the Civil Police became a growing embarrassment to the state’s security apparatus, Cerqueira wrote a letter to the Jornal do Brasil, a paper that had done much to deride Muniz while praising Cerqueira. The letter claimed that the interview with an unnamed Military Police official, who had described the subversion of

61 “Muniz Diz Palavras Duras e Tenta Agredir Jornalista,” Jornal do Brasil, November 14, 1981. Muniz in fact used an idiomatic expression, telling the journalist to interview “O raio que o parta”, approximately, “the lightning that splits you in half.”
the anti-gambling effort by unhappy Civil Police, was in fact a fabrication. According to Cerqueira, an “internal investigation” had concluded that “no such official” gave the interview on November 10, and the statements were “possibly produced by the journalist.” Furthermore, “From the beginning,” wrote Cerqueira in defense of his boss, “the direction of the Secretary of Security has been clear, without a margin of doubt, regarding the role of the Military Police, giving top priority to permanently and systematically combating armed violence and drug trafficking, but with no tolerance or complacency with regard to contraventores.” He concluded by stating that any reports of divergence or antagonism between himself and the Secretary of Security were inaccurate.62

Nilton Cerqueira was not the only person writing letters. As the confused repression continued, the television program “O Povo” (literally “The People”) became a forum for those who supported an end to the arrests and a path to legal work in gambling. In mid-November the wives of two bicheiros appeared on the program and made a direct plea to the President of the nation, calling on him to order an end to the round ups. They read aloud from a letter that they had sent to the president. “Mr. President of the Republic, General Joao Batista Figuerido,” they read, “We are mothers, with husbands working in various parts of the bicho game.” They pleaded with the president in the name of their families. They explained that soon “hunger will be knocking on our doors.” They referred to the fifty thousand who were out of work, and argued that each of those fifty thousand was connected to six dependants, leaving a total of three hundred thousand persons in a desperate situation that amounted to “a true public calamity”. The women

62 Nilton Cerqueira, letter to the editor, Jornal do Brasil, November 18, 1981.
explained, “we do not request of your Excellency special privileges or financial assistance,” rather they called on the president to order the authorities of Rio State to adopt the same posture towards gambling as that of the government of Pernambuco.63

Yet as the issue of legalization came closer to a vote, the muddled question of who would control a legalized game undermined any real chance to regularize the bicho. The gambling bosses and the politicians connected to them had no interest in seeing a legal game controlled by the government. Deputy Florim Coutinho (PMDB-RJ) explained that the state government and the “political mafia” in Rio, did not truly support legalization. “If legalization occurs, they know that the game will be run by the Caixa Economica Federal.” Rather what the gamblers and their political allies preferred was “a slackness, a prohibition with consent, and from time to time, planned raids in exchange for fixed priced bribes…and for economic support in the 1982 elections.”64 The split between the supporters of a Caixa run game and the supporters of a full-scale legalization of past practices could not be reconciled. A strong bloc, rooted in religious objections and elite disapproval, in total opposition to any form of legal bicho, created a triangulation of the legislature, making it impossible for either form of legalization to move forward. Support for legalization was to a certain degree an illusion, as different actors employed different meanings of the word. As the Brazilian government failed to reconcile the contradictions between the law and the common practices of gambling Brazilians, the path of state gambling in the United States was ironically put on display for Brazilians to see. On November 20, 1981, the day after the Brazilian Congress set aside its bicho

63 “Mulher de Bicheiro Pede a Figuierido o Fim da Perseguição,” Jornal do Brasil, November 14, 1981.
projects, the *Jornal do Brasil* featured the story of Louise Eisenberg of Brooklyn, under the headline, “Poor American Wins the Largest Lotto Prize in the World.”

The jogo do bicho was at the center of public discourse, and the long standing contradictions of the game’s practices had created a frustrating deadlock with many working to break the old status quo and others working to prevent the implementation any new arrangements. The investigation into the killing of Mariel was itself frozen in contradiction. The delegado leading the investigation had received a phone call, warning him that if he continued to push that he would be killed “just like Mariel.” The police had concluded that Ailton Guimarães and his subordinate partner Jorge Elefant had worked with corrupt detectives to publicly kill Mariel near the headquarters of Raul Capitão, in order demoralize and humiliate Capitão, thus enabling the Guimarães group to move in on Raul Capitão’s bicho spots. Despite having a clear direction in the investigation, the police were frustrated in their efforts, as Raul Capitão refused to cooperate. Brought in for questioning in early December, Capitão told detectives at the 4th Delegacia Policial that any stories of aggression against him by Guimarães were pure fiction.

A few weeks earlier, Ailton Guimarães had sat for an interview with *O Globo* newspaper, and he maintained that the jogo do bicho was a peaceful business. The article recounted the ascent of Guimarães as anything but a peaceful rise. As an army captain, Ailton Guimarães had worked in a division of DOI-CODI which suppressed traffic in

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contraband goods. In 1974 an investigation into his conduct was opened, and he was ultimately accused of forming an armed group that had robbed the robbers, and sold stolen goods. The drawn out process lasted several years, and lead to his discharge from the army, yet the military courts ultimately determined that there was insufficient evidence to find Guimarães guilty of robbery and extortion.

According to Guimarães, he entered the jogo do bicho, while he was being investigated, because he was living on a reduced salary. He had come into contact with underworld figures while working in the traffic of stolen goods (either repressing the trade, or participating in it, depending on who is telling the story). His rise in the jogo do bicho had been extremely rapid, and the mysterious murders of a bicheiro named “Guto” and another named Wesley Maia, left Ailton Guimarães in possession of a large number of pontos in Niteroi. By 1981, at the age of the 39, he was the newest and most aggressive member of the Cupula. Several member of his army unit, chief among them Marco Antonio Povoleri, who had been discharged along with Guimarães, provided him with the necessary muscle to make such a rapid ascent in the business. Essentially, a small and corrupt army unit, had transferred itself into the jogo do bicho and merged military experience with criminal know-how to become successful in the gambling business. When asked by O Globo if he had ordered the killing of Mariel, he said “Contravention had nothing to do with the killing of Mariel, and the police investigation will prove that.” He explained that Mariel had been killed by his own ambition. Pressed about his involvement in earlier murders, Guimarães told reporters, “For the love of God,
stop with this. In contravention there is respect, and we don’t need to resort to such methods.”

While the hierarchy of the jogo do bicho pretended that there was no internal territorial conflict in the illegal gambling business, the government security hierarchy pretended that that there was no internal territorial conflict in the policing business. Rumors circulated in the press that Muniz was pressing for the firing of Nilton Cerqueira. The press speculated that on a recent trip to Brasilia, Muniz had called for the dismissal of Cerquiera on the basis that Cerquiera had recently named Major Francisco Duran Borias to command the Mounted Division of the Military Police. According to regulations, this position was reserved for a Coronel, and thus by skipping over eligible Coronels, Cerquiera had subverted the military hierarchy. As the rumors flew, General Jose Ramos Alencar, the national Inspector General of the Military Police made a public statement denying the existence of any rift between the Secretary of Security and the commander of the Military Police in Rio State. Any such rumors had been cooked up by the press and by the bicheiros in order to foment discord. All of the back and forth regarding the jogo do bicho and the conflict between Muniz and Cerqueira, overshadowed the news that crime had actually gone down in the State of Rio during 1981. This was the first year in a decade to post a decrease in crime.

Although there was certainly no consensus or resolution as to what was to be done about the bicho, the approach of Christmas briefly restored the old status quo. Beginning in mid-December, the Military Police redirected its manpower to the city

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center with the explicit goal of protecting Christmas shoppers. Cerqueira conceded that the crackdown had been relaxed, yet he vowed that the campaign would resume in full force after the new year began. With the MPs off their backs, bicheiros fanned out across the city, reestablishing their pontos, and reconnecting with their customers. Interest in playing the game remained strong, and the pontos quickly returned to their normal activity level. Results of a poll released on December 11, 1981, showed that the Mariel scandal, the work of the police, the rhetoric of the city’s editorial pages, and the condemnations from religious leaders had not soured the public on the actual game itself. The polling data revealed that 65% of Rio residents favored legalization of jogo do bicho, along with 61% of São Paulo residents. In Rio, 26% of residents polled identified themselves as players of the game, while 13% of São Paulo residents reported playing. As far as legal gambling, 41% in Rio reported playing Loto, and 50% reported playing the Sporting Lottery. Although the poll numbers for legal gambling were significantly higher, these games did not involve day-to-day consistency, and interest and participation fluctuated according to jackpots and according to what was going on in the world of football. Yet the bicho was the bicho, day in and day out, and thus amounted to at a minimum a ritualized daily practice for 26% of the people of Rio and 13% of the people of São Paulo, amounting to several million people. Despite the commonality of play, and the majority expressing favorable opinions towards legalization, the poll did not offer a mandate for a new legal game, as the meaning of “legalization” remained contested. The poll itself treated this complicated issue as a simple matter and thus grouped together

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many people who may have in fact been of a different mind on what should be done about implementing a legal game.\footnote{71}{“Rio e São Paulo Apóiam Legalização do Bicho,” *Jornal do Brasil*, December 11, 1981.}

Upon the arrival of the new-year, PM Commander Nilton Cerqueira proved himself to be a man of his word. The campaign against the jogo do bicho returned in full force. The intensity of the effort seemed to push the boundaries of rationality, and it certainly strained the relationship between the Military and Civil Police. On January 6, a day during which 50 gambling arrests were made in the city, a PM soldier fired his weapon as he pursued a fleeing bicheiro on *Rua Uruguai*. It was alleged that a stray bullet hit an innocent bystander, and the PM soldier, Arlindo Candido da Silva, was taken into custody by the Civil Police of the 19\textsuperscript{th} Delegacia Policial. The situation obviously lent itself to jurisdictional dispute, and da Silva’s fellow soldiers from the 6\textsuperscript{th} Military Police Battalion invaded the 19\textsuperscript{th} precinct of the Civil Police, and, after a tense standoff, successfully conducted what may either be viewed as a jailbreak or a hostage rescue depending on one’s institutional vantage point.\footnote{72}{“Policia Militar Volta a Combater o Bicho,” *Jornal do Brasil*, January 7, 1982. And “Cerqueira Pede Deixar a PM Depois do Carnval,” *Jornal do Brasil*, February 11, 1982. Initial reporting on the incident did not mention the soldier’s name, and did not refer to a bystander being hit. Yet the soldier was identified, and it was claimed that a minor was struck by a bullet, in reporting on February 11.}

Despite the ongoing crisis of policing, the renewed crackdown succeeded in constricting the illegal gambling activity in Rio. As the round-ups continued, some major figures found themselves ensnared. In late January Piruinha was arrested during a raid, and was charged with possession of an illegal firearm. More importantly, a raid on the same day, brought in Jorge Elefante, a prime suspect in the killing of Mariel Mariscot.
Thirty-four PMs participated in the raid on Jorge Elefante’s headquarters, and he was arrested along with eight of his employees and two PC detectives found at Elefante’s headquarters. The arrest of the detectives continued to deepen the rift between rank and file PMs and PCs, but in this particular instance, the top levels of the police hierarchy appeared to be working with a unity of purpose. Waldyr Muniz had taken to conducting weekly “integration lunches,” with each lunch held at a PM Battalion. Invited guests always included high ranking officials from both the Military and Civil Police, as well as judges and prosecutors, and each lunch was complimented with a raid conducted the same day in order to show the fruits of cooperation. The January 26, 1982, arrest of Mr. Elefante, was the most important to date. In hopes of making a break in the Mariel murder case, the PMs who arrested Jorge Elefante, told him that it was Ailton Guimarães who had pointed them in the direction of his headquarters. Elefante, a 40 year veteran of contravention, refused to believe it, and told the PMs this was impossible, as he and Guimarães worked for the same business.73

Although Elefante had no interest in leading the police up the food chain to Guimarães, many still found his arrest encouraging. The editorial page of the Jornal do Brasil lauded a new day of cooperation in the state government’s security apparatus. “The most important conclusion to be drawn from this summer’s offensive,” wrote the Jornal, “is that victory, previously considered an impossibility, is now in sight.”74

As police action became more effective, and as the arrests started to ensnare figures of importance within the gambling business, the bicheiros revived their tactic of

threatening to strike. On January 27th, a day when the police made 100 gambling arrests in what the press was now calling “operação zoologico,” the game’s bosses emerged from a meeting vowing that the bicho would come to a halt on the first day of February. Along with the work stoppage, the bicheiros claimed that they would not be able to sponsor costumes and allegorical floats for the upcoming carnival celebration. Given the crucial role of bicho money in supporting the yearly event, a withdrawal of the bicheiro run samba schools amounted to a virtual cancellation of carnival. As bicheiro logic put it, this was all the fault of the Military Police, who had choked off the gambling activity, and thus left the bicheiros unable to fulfill their sponsorship role in carnival. One bicheiro told reporters that “with the intense repression, the Military Police is basically trying to stop carnival, the one celebration at which the people have the right to enjoy themselves.”

Mid-level bankers Manola and Zinho had already shut down their spots in the city center. They complained that the police were treating bicheiros like “livestock,” rounding them up, putting them in pens and guarding them with machine guns, under conditions akin to “concentration camps.” Zinho pointed out that heads of households were being “treated as delinquents just for placing a bet.” The two gamblers announced that they would not be putting on their annual Berro da Paulistinha. This annual street party featured a parade of transvestites, to be judged on their costumes by a jury panel made of politicians, journalists, television personalities, and even police officers. According to Zinho, in a typical year, the revelers go through ten thousand liters of draft beer, fifteen cases of whiskey, and fifty thousand salgadinhos. But in the time of the crackdown, the

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city would have to go without the party and the economic activity associated with it.  

The bicho bosses had one simple demand: The Commander of the Military Police, Coronel Nilton Cerqueira, must be relieved of his duties.

The editorial page of the *Jornal do Brasil* was predictably disgusted. “The audacity is unbelievable: A band of contraventores has resolved to intimidate and cower the population.” The paper practically dared the gamblers to follow through, pointing out that it would be the most truly legal strike in the country. “Contravention is not a labor market,” and its existence relies on the “exploitation of chronic underemployment” to facilitate “a marginal activity in which the risk is everyone against everyone else.” The *Jornal* welcomed the strike, calling it “a suicidal solution,” and tantamount to an admission that the Military Police had pushed illegal gambling to exhaustion. The threat by the bankers not to fund the allegorical costumes of the samba schools, had itself become an allegory, as the paper asked “what allegory could better express the falsehood that carnival has become?” The entire affair highlighted carnival as “a curtain,” behind which could be found “many other partners and complicit parties.” The paper predicted the coming of the end for the city’s bicho bosses. “It is a suicidal challenge, on the part of an activity that feels asphyxiated. The bicheiros are leaping into the abyss of their megalomania, deluded by their claim to a citizenship, which in fact does not exist.” The paper followed up the next day with another editorial refuting the argument that practicing the jogo for a living was better than committing robberies. The *Jornal* claimed that it was in fact the law itself that was under assault. “What Brazilian society must

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76 Ibid.
demonstrate is the profound conviction that only the law can bring about solutions which are just, humane and Christian.”

Despite the energetic condemnations from the city’s editorial pages, the bicho game, and the men and women who worked within it, continued to find sympathy among the general public. The crackdown arrested so many on January 28th that the police resorted to using military trucks, and even a commandeered city bus, in order to transport the bicheiros caught in the roundup. The trucks and bus functioned as holding cells while the police continued to comb the streets making more arrests. Yet the presence of these moving jails in the city’s neighborhoods elicited sympathy from local observers. “The solidarity of some people surprised the police,” according to reporting in the *Jornal do Brasil*. “Many brought water and food to the imprisoned bicheireos inside of the truck.” A woman received applause from onlookers as she passed water to bicheiro Upiano da Silva. “I am doing this because they are not robbers,” she explained in defense of her actions.

On Avenida Atlantica in Copacabana, the police created a spectacle by housing arrested bicheiros in a commandeered bus. Passersby vowed to bet on the license plate number of the bus (1074), while others noted that it was a bus from the Grajau – Cosme Velho line (line 422). An American tourist stopped to inquire as to what was going on. After a reporter explained the situation, the American, Walter Ifgem, commented that in his hometown of New York City, a similar game existed. This game, which according to Walter Ifgem was also illegal, was called the numbers game, or “*o jogo dos numeros.*”

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The New Yorker confirmed that just as in Brazil, the gambling men “are locked up, only to be set free within twenty-four hours.”

As the low level workers were being arrested in the street (many now for the third time in the months since the killing of Mariel), the city’s high level gambling operators were meeting with Coronel Anibal Uzeda, then serving as president of Riotur, the governmental agency that oversaw and coordinated carnival. The sticking points were many, as some bicho affiliated samba school leaders attempted to pressure the government to fire Cerqueira by refusing to participate in carnival. They insisted that the issue at hand was a rule regarding the number of schools to be allowed to march in group 1A, but the obvious subtext was the jogo do bicho crackdown. There was a split among the leaders of the samba schools, with some threatening non-participation and others insisting that carnival should go forward as planned. Dissatisfaction with a man named Nilton Costa, the President of the Association of Samba Schools of Rio de Janeiro, was shared across the board. The task of reconciling all opposing forces was in the hands of Coronel Uzeda, new to his job at the head of Riotur.

Reporter Lilian Newlands interviewed Luizinho, a major figure in both the bicho and carnival, as he exited the meeting. She asked him why it was so difficult to go forward under current circumstances. Twenty short years ago the samba schools didn’t receive aid from the bicheiros, from politicians, from the government, from Riotur, or from anyone else. “Nobody was thinking about ostentation, and the parades were beautiful.” She pressed Luizinho to account for the change. Luizinho explained that in the

old days “there were no expensive viewing stands, and there were no foreign tourists traveling many miles to come and see the spectacle.” Carnival had become big business over the course of those twenty years.81

Regardless of any attempt by the gambling bosses and tourism officials to bring the crisis to some kind of reconciliation, the conflict between the Military Police and the Civil Police was clearly raising questions of jurisdiction that went far beyond the issue of the jogo do bicho. During the first weekend of February the Military Police broke up a late night card game, and brought the suspects and the evidence (cards, chips and money) into the 64th Delgacia Policial for processing. Among the sixteen men arrested was the dealer of the card game, who also happened to be a Civil Police clerk. Inspector Edson Tavares of the 64th Delegacia of the Civil Police proclaimed that the evidence was insufficient and determined to let all of the men go. The arresting officer, Lieutenant Jorge Tadeu de Oliveira, of the Military Police was outraged, and thus called his Captain, who came to the precinct house with dozens of Military Police and essentially took control of the location and forced the Civil Police to process the suspects. The standoff lasted for one hour, during which the MPs barred anyone from exiting or entering the building.82

Secretary of Security Waldyr Muniz attempted to act immediately, declaring that the men who seized the location would be punished. More importantly he issued a directive that gave the Civil Police the authority to coordinate and plan the activities of the Military Police. This obvious attempt to declare an end to the bicho crackdown,

subordinate the freelancing Nilton Cerqueira, and to settle the crisis of jurisdiction between the two police forces, all without saying as much, prompted immediate outcry from the rank and file of the Military Police.\textsuperscript{83} The complaint was that Muniz’ directive was unconstitutional. The next day, February 10, Secretary of Security Muniz backed off, and nullified his own orders.\textsuperscript{84} On February 11, he chose instead to implement a much simpler solution, which involved no questions of constitutionality.

The morning newspapers printed Muniz’ statement: “At my request the Governor of the State of Rio de Janeiro has solicited the Minister of the Army to dismiss Coronel Nilton Albequerque Cerqueira from his duties as Commander General of the Military Police of Rio de Janeiro.” According to Muniz, the firing was a result of differing conceptions of the proper use of the Military Police, which was interfering with the operation of the Secretariat of Security in its proper role of exercising a coordinated dual command over the Military and Civil Police. In many ways this was an accurate assessment of events. Yet government sources in an act of public relations spin attempted to highlight the recent heavy handed behavior of the Military Police in dealing with striking workers during an incident at a Ciferal plant in the weeks leading up to the firing, while downplaying the role of the bicho repression.\textsuperscript{85}

The prevailing opinion among the Military Police was clear: Cerqueira had been fired because of his refusal to back down against the influence of the city’s illegal gambling business. Soldiers interviewed at the general headquarters sarcastically declared

\textsuperscript{83} “Muniz Decide Subordinar ação da PM a Policia Civil,” Jornal do Brasil, February 10, 1982.
\textsuperscript{84} “Muniz Anula Normas ‘Por Incorrecões,’” Jornal do Brasil, February 11, 1982.
“Long live jogo do bicho!” Coronel Nilton Cerqueira had been in charge of Rio’s Military Police for exactly one year, and during this period nearly 3,000 arrests had been made on gambling related charges, an unprecedented number. Yet these arrests were confined to the street level workers, as the upper eschelon of the jogo do bicho remained unmolested. The most significant figure to come into the hands of the authorities was Jorge Elefante. At the trial of Elefante, prosecutor Stenio Lutgardes Neves, in his closing statement, lamented the power of the bicho bosses. “What country is this,” he asked, “where bicheiros threaten to go on strike, threaten to stop our carnival, and demand the overthrow of the Commander of the Military Police.” Jorge the Elephant received eight months in jail and a large fine for his gambling charge in what amounted to an indirect punishment, while nonetheless the only punishment meted out, for the murder of Mariel Mariscot de Matos. Although Jorge Elefante was an important figure in the city’s gambling world, he was still clearly second-tier, and subordinate to the bosses of the Cupula.

As for the figures of the first tier, they remained locked in negotiations regarding carnival. The impasse relating to how many groups could march in group 1A, which had actually been an impasse over the jogo do bicho arrests, was settled just in time. On February 19, much of the first tier of the Rio jogo do bicho appeared on the front page of the Jornal do Brasil, as well as many of the city’s other newspapers. Yet in this instance, they were cast in their alternate roles. As if their identities as gambling bosses did not exist, Anisio Abraão, Carlinhos Maracanã, and Castor de Andrade smiled in a front-page

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86 “PMs Dizem que o Bicho Venceu,” Jornal do Brasil, February 12, 1982.
photo, and played their role as heroes of carnival. At a meeting with Riotur President Coronel Anibal Uzeda, the leaders of the various samba schools signed an agreement to go forward with the carnival parade, with twelve schools rather than ten to be included in group 1A. Castor de Andrade read a statement, pointing out that the agreement was reached out of consideration for what carnival meant to Brazil and to the world. After Castor’s speech, Coronel Uzeda, a Coronel in the same army as the deposed Nilton Cerqueira, also spoke to the room filled with reporters and bicho-banker-samba-school-presidents. “This is a historic document,” he said referring to the agreement that the bicheiros had signed. “It is the first time that the samba schools of the premier group have come together in such a show of character…It shows that you are men of your word, men of good will…This document makes me profoundly emotional…During my military career I have been honored and decorated, but this is the most emotional moment of my entire career.”

The importance of carnival as an enterprise had overcome the momentum of the assault on the jogo do bicho, and the bicheiros had found a true lever at their disposal, which they could push in order to influence the politics of the state. Whereas the samba schools had once functioned as bases of popular support in the territories and communities that the bankers controlled, the schools were now vital to the tourism economy of the city and the nation, and they provided perches from which the bicho bankers could exercise power at the highest levels of society. Shortly after the declaration of victory by the bicheiros and Coronel Uzeda of Riotur, Arch-Bishop Dom Eugenio Araujo Sales lamented the corrupted state of Brazilian cultural life, writing in an editorial

89 Front Page, Jornal do Brasil, February 19, 1982.
that carnival had lost its meaning as a source of innocent pleasure for the people. “It has come to be more of a spectacle for tourists and an opportunity for the least scrupulous to call on our lowest instincts.”\textsuperscript{90} It was a spectacle that by 1982 had clearly become crucial to the economic interests of many of the state’s political elite.

Coronel Edgard da Silva Pingarilho Filho was named to replace Cerqueira as head of the Military Police in Rio. Asked if he would continue to chase after the bicho, he told reporters, “I think that criminality and contravention must be permanently combated. That is the reason why police exist. There can be no truce with criminality just as there can be not truce with contravention.”\textsuperscript{91} Yet such language was a clear echo of the position that Waldyr Muniz had maintained all along. Jogo do Bicho was a crime, and thus the police will act against it. This is quite distinct from the Nilton Cerqueira approach, which can be summarized as: Jogo do bicho is a criminal phenomenon that has lead to extraordinary problems of far greater severity than the criminal act of placing or taking illegal bets, and thus extraordinary measure should be taken against jogo do bicho. The vow by the new PM Commander to treat contravention as crime amounted to a vow to return to the original status quo. It was difficult to imagine that Pingarilho would pursue a policy that had been the undoing of his predecessor. The political will to sustain the repression simply did not exist.

The evidence of this lack of political will was clearly on display during the run up to elections for Governor of Rio State. As the key feature of the upcoming transition to democracy the military dictatorship had decided to allow the free election of state

\textsuperscript{90} “O Carnaval e o Critão,” \textit{Jornal do Brasil}, February 20, 1982.
\textsuperscript{91} “Pingarilho Mantem PM no Combate a Contravenção,” \textit{Jornal do Brasil}, February 17, 1982.
governors in 1982. In late March of 1982, four out of the five candidates seeking the office in Rio came out in support of a legal game, making clear that they had no interest in any major police action against the jogo do bicho. The sole candidate opposed to a legal game was Lysaneas Maciel, the candidate of the leftist Workers Party (PT). He argued that the poor were already exploited by the Federal Lottery and the Sporting Lottery, and that a legalized jogo do bicho would simply be a drain on the miserably low salaries of workers.

But among those in support of a legal game and in opposition to maintaining the repression was Leonel Brizola, the candidate of the Democratic Workers Party (PDT). The former Governor of Rio Grande do Sul, the venerable leftist Brizola had spent much of the dictatorship period in exile in Portugal. With the “abertura,” Brizola returned and took up a campaign for Governor of Rio de Janeiro. His campaign was built on his record of advocacy for the poor, and his credentials as an opponent of military rule. On the topic of jogo do bicho, Brizola argued that the corruption linked to the game had its origins in the complicity of the political classes. The police could be better used guaranteeing the safety of the people, rather than chasing after bicheiros. According to Brizola the problem was “hypocrisy on the part of some, and discrimination on the part of others.” He offered a class struggle analysis of the situation, explaining that “to consider jogo do bicho a contravention is an elitist way of looking at the problem.” Rather we should understand that “jogo do bicho is a social reality; it represents a popular tradition that has lasted for almost a century. It is the game of the poor, of our humble and simple people.” He pointed out that the game “is one of the few things in this country that functions and pays with honesty…To say that corruption in Rio de Janeiro stems from the jogo do bicho is to
attempt to block out the sun with a sieve." An editorial in the *Jornal do Brasil* pointed out that after sixteen years without direct elections, shamefully, the first issue taken up by the major candidates was the question of legalization of jogo do bicho.

The jogo do bicho and the Cupula had essentially survived the dictatorship, and would now be guaranteed safe passage into the new democratic era. The game survived AI-5 and the introduction of the Sporting Lottery back in 1969, and was ultimately reorganized under the tightly controlled Cupula. An ex-agent of the dictatorship, Army Captain Ailton Guimarães had even joined the ranks of the bicho’s top echelon. The Cupula bosses had survived the attempt of the technocrats of the Caixa Economica Federal to undercut the gambling market with zooteca. Dissident bicheiros had been dealt with harshly, while others were scared into cooperation with brazen acts such as the murder of China Cabeça Branca. The bosses had withstood a vigorous attempt by Nilton Cerqueira and the Military Police to clear the streets of the jogo do bicho. They had manipulated the idea of a potential legalization, pushing the project just far enough that it created sufficient ambiguity to undermine the crackdown of the police. Ultimately the bosses were able to fulfill their true intentions, which were to preserve what Federal Deputy Florim Coutinho had called “a slackness” or “*uma moleza*”, which amounted to “a prohibition with consent, and from time to time, planned raids in exchange for fixed price bribes…and economic support in the 1982 elections.” They had also employed a class politics in which they did not believe, demanding rights for their workers, while they consolidated control of the game into fewer hands. The crackdown itself served to

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drive more and more small bankers into becoming dependent on the backing of the Cupula in order to weather the storm. The Loteria Paratodos was the only significant jogo do bicho game left standing, and in the years following their victory over the Military Police in 1982, the Cupula would begin what came to be known as the “invasão.” This “invasion” was an effort to bring the jogo do bicho of cities and states all around the country under the dominance of the Cupula and their Loteria Paratodos. The process would be a bloody affair.

The men of the Cupula, increasingly known as the “mafia do jogo do bicho,” were also the clear kings of carnival, and by 1984 they would withdraw their samba schools from the Association of Samba Schools of Rio de Janeiro, to form their own bicho controlled League of Independent Samba Schools. Over the past twenty-five years the League of Independent Samba schools has changed carnival in ways sufficiently profound as to merit a separate study. They had managed to topple Nilton Cerqueira, a Commander of the Military Police of Rio State, despite the fact that Cerqueira had presided over the first reduction in crime that Rio had seen in a decade. A few weeks after the firing of Cerqueira, a citizen wrote a letter the Jornal do Brasil that summed up the entire sordid episode. The citizen argued that it was because of Cerqueira’s war on the jogo do bicho, “and only because of this war, that his head rolled. And as a result of all of this, the inhabitants of this beautiful city are preparing themselves to go back to living in total fear of going out in the streets, because organized crime has won again.”

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Milk is Regressive

Global Corporate Gambling in the United States

The jogo-do-bicho itself would not be made to disappear by any governmental policy, just as the big bankers of the game refused to be diminished by occasional reformists in the law enforcement apparatus. Yet the gambling habits of the Brazilian people, and the business portfolio of the jogo do bicho bosses underwent dramatic change from the 1990s to the present, and these changes are closely linked to the Brazilian government’s embrace of gambling expansionism. The gambling public of Brazil was introduced to the scratch game, the out-sized jackpot, and the video slot machine, all of which were sweeping the globe driven by a corporate gambling sector intent on expanding the gambling propensities of the world’s population. The bosses of the jogo do bicho, leaving their potlatch tendencies in the past, evolved into gambling magnates, and proved to be adept counterparts for global corporate gaming interests and their technology driven expansionism.

Global corporate gambling established itself in the American lottery market, and the American lottery market built its success through conversion of the illegal numbers clientele into state lottery clientele. Building on the base of the numbers game, American lotteries layered the nation in scratch games, and enticed new customers with growing jackpots. All of this amounted to a qualitative change in gambling practices, away from steady games with accepted odds, towards games appealing to instant satisfaction in which the odds are far from self evident as in the case of scratch games, and jackpot games in which the odds are beyond experiential comprehension. Such changes in the
manner of gambling have taken place in both the United States and Brazil, and it can fairly be inferred, in numerous other countries around the world. In the United States the shift was accomplished by a state cooption of the numbers game and the infiltration of the growth imperatives of the corporate gaming sector into public policy. In Brazil, the jogo do bicho remained sacrosanct in its illegality, as a result of the resistance to legitimizing the game on the part of the Catholic Church, and the bicho bosses’ desire for a perpetual status quo of legal ambiguity. Yet a clear embrace of gambling expansionism by the Brazilian government, quickly allowed the upper echelon of the jogo do bicho hierarchy to attach itself to the growing trend of new gambling forms. Thus in the ever permeable legal environment of Brazil the gambling market, increasingly technologized and jackpot oriented, is now shared among multinational corporate interests, the state, and the outlaw gambling oligarchs who grew out of the jogo do bicho. In neither case did public policy take account of the thousands of street level employees of illegal gambling. In the United States such workers were driven out of business, or into other forms of crime, whereas in Brazil they have lingered as marginals, left ever vulnerable in the status quo of exclusion through illegal employment. A different set of policy goals could have been adopted, leading towards a leveling off of gambling play coupled with a regularization and preservation of the employment base in the gambling sector. Instead, the global trend has been towards growth in gambling, introduction of new forms of gambling that obscure odds in exchange for fantasy, and either elimination of the employment base, as in the case of the United States, or continued exclusion of the employment base, as in the case of Brazil.
To understand global corporate gambling, its growth imperatives, and the cultural changes it has wrought, we must return to New York, and the introduction of the state run numbers game in 1980. New York was by no means the first state to place an on-line daily numbers game into competition with the illegal numbers business, yet it was in many ways the most important. As lottery director John Quinn explained, “New York City is the illegal gambling capital of the world.”\(^1\) New York, with a sophisticated and active black political class, was the place where a successful defense of past practices was most likely. The failure of New York black leaders to secure legitimacy for thousands of numbers workers established that no such thing would happen ever, anywhere in the United States. Instead, daily numbers would be the state lottery’s domain, and state lottery play was to quickly become an aspect of daily life for the black, the urban, and the poor. The introduction of a state run numbers game did not cause the traditional illegal game to disappear, but rather set off a series of problematic trends in the illegal market. In the assessment of criminologist Peter Reuter writing in 1983, “the impact of state competition is most keenly felt by the smaller and least well capitalized black and Hispanic games.” These black and Hispanic operators, in the words of Reuter, “flourished after the Knapp Commission, and now they find it increasingly difficult to survive.”\(^2\) As these smaller operators struggled to compete with the state, their vulnerability left them open to subordination by aggressive and violent organized crime groups.

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The internal problems of the illegal market were also exacerbated by a shift in the enforcement practices of the NYPD. While the first few years of the 1980s saw open competition between the lottery and the illegal market, initiatives by the Koch administration eventually served to shepherd the gambling public away from the illegal numbers and towards the state lottery. In 1984, Mayor Koch pushed a bill through the City Council referred to as the padlock law. The law was designed to use the principles of the real estate market in order to make it impossible to conduct illegal gambling operations. The new law enabled the police to padlock a location after two convictions and then a third arrest were made at that location in a twelve month period for narcotics, gambling, or other violations. The focus of the law was claimed to be drug enforcement, yet the Deputy Police Commissioner stated that locations would be closed for numbers activity alone, regardless of whether drug activity had been found to be going on at that location. The *Amsterdam News* argued that the numbers game was being “targeted for extinction.”

In June of 1985 Joseph DiPierro, of the NYPD Public Morals Division, testified before Ronald Reagan’s President’s Commission on Organized Crime to explain New York’s use of the new padlock law. According to DiPierro, a survey of the city by the police had uncovered 4,335 storefront locations functioning as numbers spots (given that several people must work to operate a numbers spot, this figure amounts to a confirmation from the NYPD that even at this late date there were still tens of thousands of New Yorkers employed in the illegal numbers). DiPierro explained to the Commission that a crackdown on illegal numbers was underway. In the words of DiPierro, “The

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Police Commissioner’s theory was that these quality of life crimes, which are gambling and narcotics, increase crime in the area overall, and by going at a higher level we are not affecting the lower level, the quality of life. So we are directing our activities very much on the street level to try to put these out of sight as much as possible.”

He noted that the NYPD had made, 1,626 gambling arrests at 1,072 different locations during the first quarter of 1985, a remarkable number. He acknowledged that few if any of these individuals had been incarcerated, rather their arrests were part of the effort to make use of the new padlock law. “The theory is that if we make two arrests and get two convictions within a year, followed up by one other arrest to show the violation is still continuing, they would have a hearing by the New York City Police Department and we could and would padlock the premises so they couldn’t be rented out to anyone else…We found that many of the people who are renting these illegal storefronts are evicting people rather than stand to lose a year’s rent.”

Attempts by black political leaders to oppose the new law were undercut by the death of James R. Lawson in July of 1985. Referring to Lawson’s organization of numbers operators as a “quasi-union,” the Amsterdam News noted “Lawson opened the Black community’s eyes to the state’s greedy grab at the ‘illegal numbers industry.’” Reflecting on his long career, the paper observed, “Lawson bowed to no man and confronted everybody. We remember Lawson as the giant who stalked the avenues and streets of Harlem rummaging through obstacles that many of our politicians say could

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never be cleared except by compromise…So go on James ‘lawless’ Lawson and play those big numbers in the sky.”

Before the summer of 1985 was over, it became clear that any unity that had been forged by numbers workers was in the process of eroding. According to the *Amsterdam News*, “The illegal numbers industry in Harlem - plagued by robberies and frequent raids by authorities – has not been able to reverse some of its steep losses since the death of James R. Lawson.”

Perhaps the best illustration of the descent of the numbers industry into violence during this period, can be found in the revelations of the activities of the Cuban crime group known as “The Corporation.” At the 1985 hearings of the President’s Commission on Organized Crime, “a former member of the Cuban gambling syndicate” testified regarding the group’s activities, while “dressed in a monk’s black habit, his face smeared in black to conceal his identity.” The informer claimed that the group had killed at least twenty people and typically dealt with their competitors in the numbers business through murder and arson. He identified the leader of The Corporation as a man named Jose Miguel Battle Sr., “a former Havana anti-vice officer who was recruited by the Central Intelligence Agency to participate in the Bay of Pigs invasion.”

Shortly after the hearings, eleven people were arrested “and accused of setting twenty fires that killed eight people and injured six others.” The fires were “set in Brooklyn Manhattan and the Bronx” and took place between September of 1983 and June

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of 1984. According to a police Inspector, “All the fires were set in locations run by competitors that were near storefronts belonging to the Battle operation.” With each incident someone would “walk into the storefront, throw a flammable liquid on the floor and then throw a lighted match.” Among those who died in the fires were a seventy-four year old woman killed in the Bronx, as well as a 19 year old woman and a four year old child killed in Manhattan.\(^8\)

The arrests did not put an end to the violence and in 1986 the Cuban group was reportedly engaged in a violent struggle with the Luchese crime family over territory in New York and New Jersey.\(^9\) Jose Battle relocated to Miami as the scrutiny from authorities in New York and New Jersey intensified. After engaging in significant crime and violence in Miami, Battle moved to Peru, where he opened a hotel and casino. His group nonetheless continued to operate in the New York area with fifty-six persons associated with The Corporation arrested in 1994 for running a lucrative ring of numbers betting and illegal slot machine parlors.\(^10\) The troubling career of Jose Miguel Battle Sr. and the activities of the Corporation during the 1980s highlight the fact that with the failure of any regularization of the illegal operators in New York, it was the most aggressive and most violent numbers organizations that were able to remain strong in the illegal market. Small and independent operators were at the mercy of the large and murderous crime groups, and in an environment of heightened competition with the state, the illegal market became increasingly cruel and dangerous.

While there is no comprehensive account of how the state game and the increased enforcement of the 1980s affected black numbers gambling activity in New York, developments in Philadelphia speak to a pattern of decline in black autonomy and increase in violent coercion within illegal numbers, all of which we can assume was matched in New York. The Pennsylvania Crime Commission issued a report in 1990 on organized crime in the state and conducted an examination of the numbers industry in the city of Philadelphia. The report pointed out that “Philadelphia, for decades, has had numerous well-established numbers operations run by blacks. However, this situation began to change during the 1980s.” According to the report, “By the end of the decade a larger portion of the illegal lotteries were under white influence. Several of the larger operations now control upwards of one half of the numbers action in black areas of Philadelphia.” The black outfits that were losing ground had previously been, in the words of the Commission, “quite stable and operationally successful over long periods.” Yet the 1980s saw significant change, and while some older veterans continued to hang on, “few young people are entering the business,” and “many of the operations that existed at the beginning of the decade have reduced the scale of their operations or have folded altogether.”

In considering the reasons for the decline in black success in the numbers business, the Commission argued that “legal alternatives in the form of the legal state lottery and the proximity of casino gambling in Atlantic City have been a major source of pressure.” In fact, “the growing attraction of the government-sponsored lottery system in Pennsylvania has reduced the number of illegal bettors, especially among young people.” Overall, “Black numbers operators face a precarious future with fewer blacks who play
the numbers, and with competition for this declining pool of bettors.” Meanwhile “the declining fortunes of Black numbers operations have been paralleled by the increasing incursions of white-run operations in black neighborhoods.” Along with the increase in white control of black numbers play, the Commission noted another phenomenon, which had been widely predicted by black political leaders as they warned against a state takeover of numbers activity. In the midst of their decline, “an increasing number of Black gambling operators have turned to drug trafficking to increase their profits.” And ultimately such increased involvement with cocaine and heroin “may damage the ‘traditional goodwill’ historically fostered by Black numbers bankers within the Black community.”

Given the similar patterns of gambling that had prevailed in New York and Philadelphia during the 1970s, we can fairly assume that the process described by the Pennsylvania Commission could be applied to the situation in New York. The pattern, in summary, amounted to a weakening of black and Hispanic small operations, a decrease in autonomy for these operations, a tendency towards subordination by violent organized crime groups, an elimination of the function of the numbers game as a source of employment for marginal youth (who we can assume were instead drawn in to the growing drug trade), and in many cases a transformation of numbers operations into drug operations.

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Consequently, as the state lottery networks penetrated the old numbers markets, urban gamblers were introduced to a never ending array of new games, and gambling practices moved towards a focus on jackpot size and obfuscation of the odds. Interestingly, as state lotteries inculcated the urban poor of the Northeast with new gambling habits, state lotteries simultaneously introduced rural Americans to the numbers habit. Subsequently as rural America began to engage in habitual and daily play, they too were introduced to the jackpot forms that have become the hallmark of contemporary lottery gambling.

The geographic spread of lottery terminals and the product innovation that this spread enabled began with the institutional growth of state lotteries driven by the daily numbers game. New Jersey offered the first on-line-real-time numbers game in May of 1975, Massachusetts in April and Maryland in July 1976, followed by Michigan and Pennsylvania in 1977, Delaware in January of 1978, Ohio in 1979, Illinois in 1980, New York in 1981, and Washington DC in 1983.12 (Reference to “on-line” with regards to lottery gambling during this period means point of sale terminals were connected to a central computer and that bets were thus recorded by the state in real time). In New York the lottery and its officials played down the intention of competing with illegal operators, as they were confronted by the demand for legitimization of pre-existing operators in the field. Yet officials in other states were far more explicit in their intentions to supplant the street game.

In Ohio the Public Relations Director for the lottery explained to Gaming Business Magazine in 1980, “Our intent is to go head on with the street game, so urban

blue collar areas are our first aim. From there we are expanding into more rural areas.”
Up to that point, the Ohio lottery had consistently underperformed, and there was
significant pressure in the state legislature to phase the lottery out, yet the success of the
daily numbers game turned the Ohio lottery into a money-maker.\textsuperscript{13} States with no major
urban centers also introduced the numbers game, despite the fact that residents had little
prior experience. Maine lottery director Richard Carey explained that “Maine residents
were not exposed to the illegal numbers in the way that the inhabitants of the more
populous states of the Atlantic seaboard have been.” Nonetheless, Maine’s lottery proved
capable of selling a significant amount of numbers, with the game accounting for 30
percent of sales in 1982. A remarkable aspect of the upsurge in lottery sales that took
place during the early 1980s, was that this numbers-driven explosion took place during a
deep recession. The Illinois Lottery posted impressive revenues during the recession and
Lottery Director Michael J. Jones attributed the growth to the addition of new numbers
terminals. In 1980, the first year of play, Illinois sold $42 million in daily numbers. In
1981, the figure nearly quadrupled to $164 million, and in 1982, at the depth of the
recession, the Illinois lottery sold nearly $250 million in daily numbers.\textsuperscript{14}

Michigan met with comparable success during the period. In March of 1982,
\textit{Gaming Business Magazine} examined the success of the Michigan lottery in the midst of
economic distress. “Saddled with statewide unemployment of 16 percent, Michigan leads
the recession-ravaged U.S. in joblessness.” Yet while “the mood in the auto-capital of
Detroit is grim,” on the other hand, “the attitude of the Lottery staff, in fact is hopeful.”

\textsuperscript{13} Vicki Jones, “Inside the Controversial Ohio Lottery,” \textit{Gaming Business Magazine},
March, 1980.
\textsuperscript{14} Gary Selesner and Michael P. Davis, “Resurrectors of the Lost lottery,” \textit{Gaming
The Michigan Lottery was breaking sales records during the recession, and according to Lottery director William Nugent, the new numbers offering known as the Daily Game was “obviously responsible for most of the lottery’s resiliency.” Nugent saw significant conversion of illegal play into legal play as being rooted in pervasive joblessness. Many illegal numbers games were organized in factories and auto-plants, and thus the unemployed had become disconnected from their games. “Stop several numbers players exiting a grocery store-Daily Game vendor in inner city Detroit and ask them why they play.” Many will tell you, “I’m out of work right now. I haven’t seen my regular man, so I play this game.” The regular man being “an illegal number runner. Typically, he’s a coworker who operates through the workplace, collecting bets there for the illegal game and making payoffs to winners. According to Nugent, when a worker is laid off, he loses touch with the illegal operation and sometimes drifts into the legal one.” Although Nugent did not analyze the matter of laid off workers spending scarce money on the “legal” game, he boasted of the efficiency of his operation. “As we’ve gone to an on-line system there is much less manpower required. We have 124 staff members authorized, and we’re running at 115, nine less than when we started in 1972 – but the revenue has quadrupled. I think the facts – 115 people running a half billion dollar operation – speak for themselves.”

As the recession came to an end in late 1983, the Michigan Lottery leveled off. Yet a newly appointed directed, Michael J. Carr, insisted that continued growth was possible. At the center of Michael J. Carr’s strategy for growth was a plan to move numbers gambling beyond its urban base and into the rural parts of the state. We’ve never

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made an effort to sell this game…The basic strategy was to stick terminals in urban areas where people are familiar with the game.” But as for the Northern half of the state, “we’ve never bothered to expose people to the game, to ask them to play.” Yet, “To rectify the situation,” the lottery planned to add 800 terminals in rural areas during 1985. To compliment these terminals, “the lottery is also circulating colorful how-to-play brochures, describing its Daily 3, Daily 4 and card games.” Because, of course, “with the expansion of our system into more rural areas, where they’ve never been exposed to the numbers before, education is needed,” explained Carr.

The state of Washington took a similar approach in promoting the numbers. Given that the people of Washington were somewhat unfamiliar with the “traditional 3-digit East Coast numbers product,” the state lottery set out to educate them. In October of 1986, “the lottery began its ‘how to play’ television campaign. Consisting of a series of ten 15-second spots, the informative ads focus on ‘Joe Clerk’ explaining different bet and prize options.” Such practices by state governments amount to a dramatically divergence from the earliest justifications for lottery growth during the 1960s and 1970s, which typically centered on the need to find a socially positive way to accommodate preexisting demand to gamble and to undercut the problematic aspects of the illegal market. Instead, people who had likely never heard of the numbers game and had no possible way to place an illegal bet in 1976, were being “educated” on how to play by 1986. In effect, as a matter of public policy in dozens of American States, the urban poor

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were denied the opportunity to keep their employment in producing the numbers game, while the rural poor were simultaneously given an opportunity, indeed they were educated and encouraged, to begin consuming the numbers game.

The rapid spread of legal state controlled numbers gambling during the 1980s laid a foundation for the growth of a private industry in lottery service providers. While the increase in lottery authorizations across the United States centered around an attractive fiscal mechanism that was often portrayed as a “voluntary” form of revenue collection by the states, this public policy trend was shaped and driven by the emerging private gaming industry. As this sector grew in strength and sophistication, the earliest justifications for government involvement in gambling, such as the need to meet a preexisting demand and the need to undercut corruption, faded into memory, as state gambling adopted the imperatives and priorities of the private industry that subsumed it. Indeed, as state lottery directors and other lottery officials increasingly used their government positions as springboards to gain employment in the corporate gaming industry, the line between the public and private aspects of lottery gambling became virtually indistinguishable.

To compliment and cohere the set of corporations that serviced America’s young lottery industry a group of trade publications began to cover industry developments, with content that emerged as a mixture of journalism and pro-lottery boosterism. *Public Gaming Magazine* and *Gaming and Wagering Business*, among others, became sources of unification in a fiercely competitive industry. Negative portrayal or “bad news”
relating to any of the corporate players in the industry seldom appeared in these magazines; rather the magazines kept track of who had secured particular contracts to service particular lotteries, and offered reporting and editorials on political, economic and social developments, with a focus on what such developments might mean for the industry as a whole. Thus, while competition in the industry was cut throat, the corporations involved tended to present a unified front in dealing with the outside world.

The industry’s unified front was further enhanced by the formation of the Association of North American State and Provincial Lotteries (NASPL), as well as the conduct of various annual industry conferences that melted together the public and private aspects of the industry. The lottery industry developed a particular politics, bordering on an ideology, that can best be termed gambling expansionism. During the 1980s and 1990s the gambling expansionists expressed collective fears as well as collective goals. These fears centered on federal restrictions on advertising, federal taxation of lottery winnings, the possible implementation of a federal lottery, accusations of regressivity by lottery opponents, and maturation and saturation of markets. The goals of the industry centered on technological advancement, product innovation as well as innovations in marketing to overcome any leveling off of interest, the ability to advertise aggressively, the inculcation of lottery gambling as part of American culture, freedom from legislative interference, and above all else the opening of new markets for lottery products worldwide.

In many ways, such fears and goals amount to basic free market neoliberalism that might be found prevalent in any number of industries, yet the lottery industry is distinct in several ways. Gaming corporations embraced an explicitly states rights
ideology in the United States and a preference for decentralized governments abroad. Such a posture in the United States amounted to an intention to protect their pre-existing businesses from federal intervention, while the preference for such governance abroad stems from the fact that if sub-national governments (states, provinces etc.) have prerogative in the gambling field, that means more service contracts for gaming corporations, as a given country might have several lotteries instead of just one. The lottery industry was also confronted with the rare (but not unique) task, of transforming social perception of its product from a vice to a virtue. Thus, unrestricted advertising became an issue of paramount importance. Much of the larger matter at hand revolved around the question of whether a state lottery should be thought of as an enterprise or as a government agency. The 1976 Commission on the Review of National Policy Towards Gambling had used the problematic and undefined phrase “state entrepreneurship,” and during the 1980s and 1990s, the lottery industry provided the reality of state entrepreneurship as government monopoly serving private interests, all the while demanding limited regulation in the name of free enterprise. And despite the constant anxiety and paranoia of industry insiders, proclaiming that they were under attack and operating in a discriminated class of business, this model of state entrepreneurship made many of these industry players very wealthy. Whether such a set of practices has been beneficial to the global public is another matter entirely.

At the seventh annual gaming conference conducted by the accounting firm Laventhal and Horwath in 1985, the firm’s national partner for Leisure Time and Gaming Industries reflected on the evolution of corporate gambling since 1978. He explained that
during the late 1970s and early 1980s, the “prime concern of industry leaders…was to achieve a consensus of legitimacy as well as legality for the gaming industry in the American stream of consciousness.” Fortunately, in 1985, “the dark clouds of public concern over the morality issue are rapidly disappearing over the horizon.” He explained that while lotteries and casinos often saw themselves in competition for the same gaming dollar, the two sectors should in fact understand themselves as working neatly in tandem, “breaking down the barriers of prejudice against gaming.” While he acknowledged that there will always be opposition to gaming, “there is ample evidence that lotteries have created a whole new breed of players – millions of Americans who see only fun and challenges in gaming and wagering.”

This push for constructing a “consensus of legitimacy” was a steady theme among top industry players throughout the 1980s. Speaking in 1986 to International Gaming on the topic of the future of lotteries, an executive from Adaptive Micro Systems said, “what I can really see is the whole societal attitude towards public gaming in general – whether its lotteries, casinos, or pari-mutuels – starting to change. I would like to think that by the year 2,000 all the states will have accepted some sort of lottery.” Adaptive Micro Systems was an innovator in creating light emitting diode (LED) advertising. According to the executive, when you are confronted with an LED advertisement “you are going to read that message and its going to do something to you – either subconsciously or immediately on an impulse buy.”

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In an interview for the same article, Victor Markowicz, executive vice president of Gtech corporation, argued that the “structure of life” would determine the future of lotteries. “The success will depend upon an element of social life...It will be a question of how inbred the lottery will be in everyday life.”

By 1989, Russell Gladieux, Acting Director of the New York State Lottery, confidently stated, “The long and determined crusade to win public acceptance has succeeded. No more do we have to be defensive in our dialogue with those who question the morality and integrity of lotteries. Burgeoning sales testify to this.”

While lottery bosses felt increasingly confident of having dispelled questions of “morality and integrity,” lottery opponents continued to press the argument that lotteries were a regressive form of revenue collection. Yet given the political and economic atmosphere of the United States during the 1980s, complaints that lotteries were regressive did little to stem their growth. Ultimately the industry response to the charge that lotteries are regressive, was that it was simply unimportant, as life itself under capitalism is regressive. Blaine Lewis Jr., writing as president of the NASPL, took up the matter in an editorial. “If we concede that lotteries are regressive, does it logically follow that lotteries are undesirable? The answer is an emphatic NO!” According to Lewis, the idea that regressivity was problematic had grown out of public relations efforts by lottery opponents. “Somewhere in the Public Relations Hall of Fame they most surely have retired the number of the public relations practitioner who has succeeded in convincing us that ‘regressive’ equals ‘undesirable’….Milk is regressive, bread is regressive,

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21 Ibid.  
newspapers are regressive – they all consume a higher percentage of low income than of a high income.”23 Yet, in his defense of regressivity, Lewis ignored the fact that the wealthy and the highly educated tend to ignore the lottery altogether, rather than simply spending a smaller percentage of their income playing. Regardless, few cared about such arguments, and public opinion during the period was far more influenced by the growth of lottery advertising than it was by protestation against economic unfairness.

As we have seen, the earliest days of lottery advertising were tentative and uncertain. In it’s initial campaigns during the 1960s the New York State Lottery had attempted to focus advertising on the public benefits of the new lottery while eschewing any focus on the get-rich-quick nature of the game. Advertising in newspapers and on television was stifled by federal law, and some news outlets even refused to announce lottery results for fear of legal sanction. Yet in the aftermath of the 1976 Commission on the Review of National Policy Towards Gambling, at which all of the nation’s lottery directors spoke in a singular voice in denouncing these restrictions, the Congress lifted federal restrictions on lottery advertising in accordance with the emerging model of lottery “state entrepreneurship.” The nation’s lotteries were left largely unshackled to advertise aggressively.

Yet, as new lotteries were authorized during the 1980s a few of the more socially conservative states placed state level restrictions on what and how their lotteries could communicate with the public (Missouri, Virginia, Wisconsin).24 On the basis that it was inappropriate for government to influence people to gamble, such states insisted that only

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the odds and the prize figures be communicated. Guy Simonis, writing during his term as President of the Association of North American State and Provincial Lotteries, denounced criticism of lottery advertising. “Why do people criticize these ads?” he wondered in an editorial in *Public Gaming International*. “Some say it doesn’t behoove a government organization to advertise. Well what does it behoove us to do? Start a lottery and be modest about it and say people will hardly ever win?” He argued that any attempt to limit advertising to only announcing of the odds would not meet the intended goal of educating the public as to the true circumstances of the games. “Actually the whole situation brings to mind one of my favorite jokes about lotteries,” wrote Simonis. “The average guy considers his chances of winning to be 50/50, because he’ll either win or he won’t. While I usually tell the story in a humorous context, it really is a lot truer than you might think: most lottery research shows that people really aren’t aware of the odds in a particular game. This attempt to ‘tell it like it is’ does not really register.”^25

The subsequent President of the NASPL was of a similar mind on the topic of advertising. “I suspect that most opposition to lottery advertising is actually opposition to lotteries in disguise” wrote J. Blaine Lewis Jr. in 1988. “Some who oppose lotteries, for whatever reason, have decided that since they cannot directly eliminate lotteries because of their great popularity, they will attempt to eliminate them indirectly, by handicapping them in various ways, such as the imposition of advertising restrictions.” Noting the size

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of lottery companies, he pointed out, “it is unrealistic to attempt to operate a Fortune 500-
size enterprise without advertising, especially when the product is not a necessity.”\textsuperscript{26}

As many in the business saw things, it was not only appropriate for lotteries to advertise freely, it was necessary for them to advertise aggressively. Speaking to \textit{International Gaming} in 1986, an executive from Frank Mayer and Associates, a point of sale marketing firm, argued that advertising up to that point had been too passive.

“Everybody is out there talking to the consumer. Somebody’s got to scream, and the lotteries aren’t screaming. They’re content for the most part with the way things are. But if you want someone to spend their extra change on a lottery ticket rather than a candy bar you have to scream a little louder than those other people.”\textsuperscript{27} This trend toward aggressive advertising was perhaps the most overt expression of the insistence by lottery directors and industry leaders that lotteries be treated as business enterprises.

Michael Jones, speaking as former director of Illinois State Lottery, told a gathering at the National Conference of State Legislatures in 1986, “It is absolutely essential that the lottery be run as a business. It is absolutely essential that the state recognizes that the authority of the people who run it has to be quite broader than perhaps someone who runs a department of mental health.”\textsuperscript{28} Writing in 1989, NASPL President Blaine Lewis argued “a way must be found to permit the lottery to operate more like a business and less like a government agency.”\textsuperscript{29} Such sentiments became an endless

\begin{itemize}
\item \textsuperscript{26} J. Blaine Lewis Jr., “Should Lotteries Advertise?” \textit{Public Gaming International}, September, 1988.
\item \textsuperscript{27} “Lotteries in the Year 2000, Part Two,” \textit{International Gaming}, November 1986.
\item \textsuperscript{28} “Conference Report: Lotteries as Revenue a Lively Topic at the NCSL,” \textit{Gaming and Wagering Business}, October, 1986.
\item \textsuperscript{29} “J. Blaine Lewis Jr., “So You’ve Decided to Have a Lottery!,” \textit{Public Gaming International}, January, 1989.
\end{itemize}
refrain for the lottery world. Operating with a business mindset extended beyond just the push for widespread advertising, and also required minimizing of staff coupled with reliance on subcontracting. In 1992, the Texas lottery, and its corporate partner Gtech, produced an almost perfect expression of the business over government imperative. The legislation that created the Texas Lottery limited the number of employees that the agency could have to 186 “in order to avoid creating another bureaucracy.” Yet in order to run a lottery with such a small staff, the work would have to be done by private contractors. According to Nora Linares, the first director of the Texas Lottery, “any state could follow our example…reduce staff and stay focused on broader issues by turning over system responsibility to an operator.”30 In other words, a lottery agency, rather than operating a lottery, need only exist to oversee a monopoly concession given over to a private company. Yet such a concession can in fact be viewed as a backward concession, given that while the private company, Gtech in the case of Texas, not only receives a percentage of sales, they are in fact paid a large fee to conduct operations.

Along with advertising widely to stimulate demand, minimization of any possible government employment within lottery agencies, and the heavy reliance on subcontracts for private companies, the “state entrepreneurship” of the lottery sector also focused on stimulating demand from both old and new customers through product innovation. The principal shift in focus in terms of products offered by lotteries was towards jackpot-oriented games. Executives began to realize that jackpot growth was the most effective way of grabbing the attention of citizens who had little interest in gambling. People who saw no pleasure or value in betting on the daily numbers in hopes of winning $500 could

be brought into the fold, drawn not by interest in particular games, but by the magnetism of vast sums. As jackpots climbed, the circle of customers grew, and thus the principle task of product innovation for lottery executives became figuring out how to increase jackpots. This shift in focus towards dangling massive sums in front of the public to spur interest in gambling can be seen as a qualitative shift in the gambling experience. The numbers form that had persisted for so many decades drew its strength from its basic consistency, its easily understandable odds, and the reasonable chance the game offered for the consistent player to win at least once every several years. The jackpot form amounted to a rejection of consistency, an obfuscation of the odds, and the acceptance of probably never winning in exchange for the miniscule possibility of becoming hyper-rich.

The shift from one form of gambling to the other coincides neatly with larger trends within the political economy, in particular the dramatic increase in inequality and the intense concentration of wealth into fewer and fewer hands that began in the late 1970s, intensified in the early 1980s and has continued apace ever since. While the lottery practices of the 1980s stood as a reflection of this trend, these same lottery practices also contributed to the growth of a public culture that recognizes the validity of extreme wealth and outrageous fortunes. In many ways lottery play can viewed as the principal mechanism by which the average citizen connected him or herself to vast sums of money. In effect, betting a dollar with the state for the chance of winning a huge jackpot became a means by which the poor and the working classes registered their consent to the fact that $10 million, $20 million, $50 million or $100 million dollars would ultimately be concentrated into the hands of only one person.
The initial form of jackpot game was Lotto, which required the player to correctly pick 6 out of 36 numbers. Lotto had long been played in Europe, and it was imported intact into the United States during the late 1970s. Initial versions of the game were offline, but as the state lotteries began to replicate the street numbers game with a legal online version, Control Data Corporation and a handful of other companies developed terminals which could run both Lotto and daily numbers. Thus as the daily numbers was spread through the country by state lotteries, the game Lotto was spread along with it. While Lotto featured the opportunity to pick one’s own numbers (unlike the early raffle style lotteries of the late 1960s and early 1970s), the odds of winning were beyond the experiential comprehension of most players, and thus engagement with the game Lotto amounted to something of a break in the gambling experience in that it required players to ignore their chances of winning. The attractive side of the difficult odds of Lotto was that the game allowed for jackpots in the millions of dollars, and thus the increasing play of the game involved the fantasy of becoming a “millionaire.” As lottery executives quickly learned that the mere presence of the word “million” sparked the interest of a whole new set of customers, they discovered that there were other thresholds above which new waves of players could be created. The difficulty was figuring out how to get the jackpots to accumulate above $3 million or $4 million.

As Terri La Fleur writing in *Gaming and Wagering Business* explained the problem, “the American public, - the $1-a-week dreamers, the pie-in-the-sky hopers, the million to one odds breakers – became jaded.” She quoted New York Lottery director John Quinn on the subject, “My agents in the city tell me that players like to stick their heads in the door to check on the size of the jackpot. The guy says ‘$3 million,’ and they
say, ‘aw heck, is that all? I’ll wait until it goes up.’” Yet the lottery directors and their private partners found a solution, and as La Fleur explained, “making it harder to win seems to be the key factor.” The embrace of more difficult odds for the game Lotto set off a series of massive jackpots. In September of 1983 Pennsylvania awarded an $18.1 million jackpot, topped by Massachusetts in March of 1984 with a prize of $18.2 million, followed by New York in May of 1984 with $22.1 million, then Ohio in July with 24.6 million, and then Illinois with an amazing $40 million award in September of 1984. This incredible jackpot growth stemmed from changes in the Lotto matrix of these states initially from 6/36 to 6/40 and then from 6/40 to 6/44 (Illinois in May 1984, New York in October 1983), and it became clear to directors that when jackpots reached double digit millions, whole new groups of bettors, people who otherwise ignored the lottery, entered the market dawn in by the massive prize.  

The trend reinforced itself, and early in 1985, Illinois and New York began to consider changing the matrix for their Lotto games, from 6/44 to 6/48, the goal being to make the game harder to win thus insuring the rollover and accumulation of larger jackpots week after week.

Yet at this early point, even lottery executives had difficulty conceiving of how high jackpots could go. A number of industry leaders expressed hesitancy about pushing jackpots too high. In speaking about jackpots reaching the range between $50 million and $100 million, an executive from Control Data Corporation said, “It’s likely that the public would view such a prize to a single winner as excessive, perhaps even obscene.”

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Pennsylvania lottery director Blair Gettig told *Gaming and Wagering Business* in 1986, “There has been a reluctance here to build jackpots too large. A couple of years ago, I don’t think we would have felt comfortable with $6-$8 million jackpots. I think today we do. I don’t know if we’d feel comfortable with $40 million jackpots.”³⁴ In the wake of a $41 million jackpot in New York, the director of the new California Lottery, Mark Michalco was quoted as saying, “Our jackpot could grow from x-level to x-plus level, and I think there becomes a little bit of an issue of - I hate to use the term morality – but there is an issue involved in excessively large jackpots and whether it’s appropriate for an individual to win $100 million or something of that magnitude.”³⁵ The director of the Delaware Lottery, Albert Pavlic, also feared that the public would frown on jackpots that grew beyond a certain point. In reference to a proposed consortium of 21 states to facilitate jackpot growth, Pavlic worried aloud, “My only concern is the public might think jackpots of $50 to $100 million were obscene for one person to win.”³⁶

The reluctance and uneasiness expressed by these lottery officials provides fascinating evidence that the growth of jackpots was not simply an expected progression, rather the driving up of jackpot sums was an aspect of a cultural shift. In these early days, the very men and women who were in the business of placing these sums before the eyes of the public were not sure if such vast prizes “going to a single winner” would be “appropriate.” Given today’s frenzied lottery practices, we know that such cultural reservations have long been shed, and the very prizes themselves that these executives

worried about presenting to the public have been a normative influence, bringing
Americans towards full cultural acceptance of concentration of wealth.

These reservations of lottery bosses regarding “obscene” jackpots did nothing to
slow the trend. The product innovation of simply making the games more difficult to win
and thus rolling over jackpots, was complimented by the more complicated innovation of
the creation of multi-state consortia to create larger pools of bettors. Sub-national
governments in Germany and Australia had been innovators in forming lotto-blocks in
order to build larger jackpots. In the United States the multi-state experiment had its
origins in an alliance between Maine, Vermont and New Hampshire. After several years
of complex negotiations, these state were able to field a multi-state game in September of
1985. The impetus for the coalition was rooted in the small populations of the particular
states. With few people, these states were unable to generate large jackpots and often saw
their lottery dollars going to the Massachusetts Lottery and its large prizes. Thus these
states banded together to create a sufficient population to generate competitive jackpots.37

The new game, called Tri-State Megabucks, covered the three states with an online-real
time system of 640 terminals, provided by Georgia based company Scientific Games. The
results were impressive, and the public relations director of the tri-state commission
noted “It also didn’t hurt starting right on the heels of the big New York State jackpot,
with all the publicity over lotto fever.”38 Other states immediately took notice of the
successful new model.

37 Terri La Fleur, “Lotteries in the News: Tri-State Lotto to Debut; Iowa is Next,”
38 Terri La Fleur, “Lotteries in the News: Tri-state Lottery Booms Amid Lotto Fever,”
The model began to seem increasingly attractive, even to the largest states, as fear of a federal lottery began to build. In the Spring of 1984, Illinois Congresswoman Cardiss Collins introduced a bill to establish a national lottery, with 40 percent of the proceeds to go towards the Social Security System.\(^{39}\) The opposition to a federal lottery from inside of the gaming industry was staunch.\(^{40}\) It was clear that a nation-wide lottery would have such a large pool of bettors that the jackpots would dwarf anything that any individual state could offer. According to *Gaming and Wagering Business*, “in a spin-off of the Tri-State’s 6/36 lotto game, several East Coast lottery directors have hatched a plan to run a giant multi-state lotto game that would rival Congress’ fledgling plans for a national lottery.” The plan was to “beat the federal government to the punch,” hoping the “Congressional interest could be diffused.”\(^{41}\) John Quinn of New York was an early booster of the multi-state idea, which came to be referred to as “Lotto America.” Yet New York failed to get legislative approval to attach its lottery to the plan. With New

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\(^{40}\) Edward J. Powers, “Why We Should oppose a National Lottery,” *Public gaming International*, August, 1987. Powers, the founding director of the New Hampshire state lottery, writes, “The development of state lotteries was accomplished through the efforts, trials and errors of the individual states. They had no help whatsoever from the federal government. The federal government should not now become a competitor against the states and dilute the success that has been achieved.” The argument inadvertently echoes James Lawson’s calls for community control of numbers gambling. Ed Powers credited the unified stance taken by the lottery directors at the 1975-76 hearings of the National Commission on Gambling with bringing about changes in advertising laws that allowed lotteries to prosper, and Powers called for similar unity in opposing a federal lottery. He referred to the federal government’s refusal to allow for mail-orders of lottery products “an unconstitutional interference with the rights of states and citizens in a free society.” Ultimately, “A national lottery would create another massive bureaucracy. Let’s keep the lotteries close to the people, whose trust and confidence in the present operation of state lotteries. It is doubtful this same confidence would prevail in a national lottery.”

York out of the picture, Illinois declined to participate leaving the entire project in doubt. But smaller states, desperate to combine population strength signed an agreement in September of 1987. Kansas, Iowa, Rhode Island, Oregon, West Virginia, and the District of Columbia all agreed to push forward with Lotto America to be launched in February of 1988. Lotto America, later renamed Powerball in 1992, would eventually push jackpot sums to never before seen levels. Powerball was soon joined in the market by another multistate game, Megamillions, begun in 1996 by Georgia, Illinois, Maryland, Massachusetts, Michigan and Virginia. Eventually many states opted to join both consortia, and sell both games. Megamillions has set the record for the highest jackpot to date, with a $390 million dollar prize in 2007.

Long before the Powerball and Megamillions multi-state games broke the $100 million mark, the social groundwork for the cultural acceptance of such prizes had already been completed. Russel Gladieux, the Executive Director of the New York State Lottery, speaking to the Laventhol and Horwath gaming conference in 1985, stated quite plainly that, “megabucks jackpots have made lotteries a part of the American culture.” He explained that while the New York State Lottery “spends a great deal – $18.5 million this year alone – advertising the lottery to keep it high in the consciousness of the public,” the jackpots themselves, through their sheer size, “have virtually generated their own publicity” and thus are “more valuable to lotteries’ success than any advertising that money can buy.”

Gladieux noted the sequence of drawings that led up to a record jackpot of $41 million during August of 1985, and pointed out that the press went into a frenzy covering the building of the jackpot. In a frank explanation of how determined lottery officials were to penetrate the public consciousness, Gladieux told the audience that the New York State Lottery conducted an “analysis” of media coverage of the building jackpot.

According to this study, “In the final week and a half before the jackpot was won, there were 150,000 words spoken about the drawing on New York television. There were 812 stories in the state’s 68 newspapers, totaling 20,609 column inches. If we had purchased all of this publicity as advertising in a 10-day period, we would have had to spend $7 million.”

Gladieux concluded his talk by stating, “jackpots of firmly established lotteries are an integral part of the American culture…Their impact on the future will be more and bigger lotteries.” Yet remarkably, despite all of his enthusiasm Gladieux did express a bit of worry during his talk, pointing out that lotteries were in some ways a “victim to their own achievements.” As lotteries post big numbers, legislators demand more of them in terms of revenue production, year after year. In the words of Gladieux himself, “we’re caught in a syndrome that constantly demands new games and methods of selling.”

As the lotteries themselves became increasingly pressed to produce greater and greater returns, companies in the private sector were engaged in their own struggle with one another in competition for the limited pool of service contracts in the United States. While the entire industry maintained a unified front when dealing with opponents from

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outside of lottery world, the private contractors in the business nonetheless engaged in cutthroat competition with one another when bidding for contracts. In June of 1989 *Gaming and Wagering Business* noted that “lottery directors and personnel are angered by what they describe as on-line vendors turning the procurement process into a circus, engaging in public mud-slinging and spreading rumors about alleged favoritism.” No company can be more closely tied to such troubling practices than the Gtech corporation. Given that Gtech has come to dominate a majority of lottery business worldwide, we can say that Gtech’s underhanded dealings stand as characteristic of the industry as a whole.

In the mid-1970s Guy Snowden, a former systems engineer at IBM, and Victor Makowicz, a mathematician who emigrated from Israel, started a small consulting firm to advise state lotteries. According to *Fortune* magazine, as the sector grew the men recognized that “no company was focused solely on the business of running lotteries. So in 1981, Snowden, Markowicz, and a third co-founder, Robert Stern – backed by the Texas Bass brothers and their money man, Richard Rainwater – founded Gtech and began chasing lottery contracts.” The company quickly gained a reputation for aggression, and the bull-charge style of Gtech and its executives, coupled with superior technology, paid off in the form of major lottery contracts. By the mid-1980s Gtech was able to compete with the once dominant Control Data Corporation. Their lobbying practices pushed the limits, and their relations with lottery directors “had a way of raising eyebrows.”

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In 1986, New York awarded a “controversial” dual vendor contract, set to go online in September of 1987. The structure awarded a six-year contract of $85 million to Control Data Corporation, and a five year contract of $105 million to Gtech.\textsuperscript{46} The new element at hand was Gtech, whereas Control Data had operated the New York System since the original numbers game contract was awarded in 1980. Control Data had also brought New York’s Lotto game on-line, taking over from the original off-line provider, Games Management Services owned by Rupert Murdoch, which implemented Lotto in New York in 1978. The dual vendor contract was purportedly adopted to ensure that a system failure by one or the other would not impede lottery operations. The dual contract form by no means became a new model, and rather than being innovative, or even worthwhile, it was simply a way to move New York away from CDC and towards Gtech, while serving to tie John Quinn into the young exploding corporation. In 1988, Lottery director Quinn stepped down from his post and went to work for Gtech.

Also in 1986, Gtech won the $121 million contract for the California lottery. The plan was to begin with 5,000 terminals and then move towards a maturity level of 12,000 terminals in the state.\textsuperscript{47} The California project, executed by Gtech in conjunction with Pacific Bell, was the largest lottery network ever built at that point in time.\textsuperscript{48} While many other industry executives embraced a philosophy of “controlled expansion” of terminals in the market, by contrast, Guy Snowden of Gtech explained, “for the past five years

Gtech has promoted the concept of terminal saturation as a marketing philosophy.” He scoffed at the notion that a terminal to human ratio of 1 to 3000 was optimal, posing the question “can you imagine how many cigarettes and packages of gum would be sold if they were only available at outlets of an average of 1 per 3,000 residents?” In calendar year 1986, Gtech customer Washington DC led the nation with a ratio of 1 terminal for every 1,170 residents.49

Gtech evinced an excellent understanding of how lottery gambling complimented economic changes underway in American life. Writing in the industry journal Public Gaming International, Vice President of Gtech, Victor Markowicz, analyzed the economy and the company’s role within it for 1988 and the future. “We are seeing more and more people working for others in America, as opposed to being self employed. We are seeing fewer and fewer “mom and pop” type stores and other family and self owned businesses. Big companies are getting bigger and they are forcing the little guys out,” he wrote. “The country is becoming more monopolistic. This trend, generally speaking, will contribute to the growth of the lottery industry for many years to come…. Everybody needs a dream. The lottery is a vehicle for the realization of that dream. Because of the downward trend in self-made wealth, there is less and less competition with the lottery to be the potential provider of the dream. Gtech is cognizant of this and other trends that affect the industry and has positioned itself to service an ever-growing and changing demand.”50

And service that demand they did. In the years after wedging into New York and securing the California contract, Gtech entered a period of explosive growth. Gtech’s most noted salesman during this period of expansion was David Smith. In the words of *Fortune* magazine, “With his butter-wouldn’t-melt-in-his-mouth charm, his relentless Dale Carnegie enthusiasm, and his burning desire to get rich, Smith was almost a parody of the smooth-talking driven salesman.” Smith came to the company in mid 1987, to work as vice president for sales, with the sole task of landing new contracts. During the seven-year period that Smith worked for Gtech, the company secured 26 of 37 US contracts for which it competed, as well as 41 out of 68 foreign lottery contracts. The bare-knuckle practices of Smith, Snowden and the Gtech crew pushed the lottery contracting process in an increasingly cut-throat direction.

“Whenever Snowden and Smith got a chance to bid for a lottery contract, they would conduct a furious campaign,” *Fortune* reported. Such campaigns typically centered on influencing lottery directors and state lawmakers. “Somebody was said to have the ear of a governor? He’d be retained by Gtech, often on the eve of bidding. A political contribution was needed to help a legislator see things from Gtech’s point of view? Never a problem.” According to a competitor, “We’d go to dinner with the lottery director and find out Gtech had hired a yacht and taken out the whole goddamned legislature.” Relying on such practices, Gtech secured contract after contract.

In some cases, “Gtech would submit a bid that was far higher than its competitors’ and still walk away with the contract.” In other cases, “Gtech would win a contract with an unusually low bid, and then be handed – say, a year later – a ‘contract

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52 Ibid.
enhancement’ sweetening the deal by tens of millions.” The lottery officials, such as John Quinn of New York, who proved ready to collaborate with Gtech, often “saw good things happen to them –sometimes even a cushy job with the world’s leading lottery vendor.” On the other hand, “lottery officials who crossed the company…sometimes found themselves out of a job entirely.”

These business practices brought the attention of the FBI, and in 1994, Smith was charged with fraud, commercial bribery, and money laundering in both Kentucky and New Jersey. In the Kentucky case, Smith had set up a kickback scheme using shell companies, and the government posited that the victim of Smith’s crimes was Gtech itself. This foolish decision by prosecutors undercut the case, given that Gtech had no real interest in seeing Smith convicted and given that Gtech CEO Guy Snowden and others seem to have winked at Smith’s business practices. In fact, the supposed victim Gtech paid all of Smith’s legal expenses in the case, and when Guy Snowden was called to testify before the grand jury he pleaded the fifth. The trial itself proved ridiculous, and “when the prosecution rested, Smith’s lawyer didn’t even offer a defense. He called for the judge to throw the case out of court on the grounds that Gtech, the presumptive victim, wasn’t complaining. The judge agreed.”

Yet New Jersey proved to be a different story. “Assistant U.S. Attorney Kimberly Guadagno, realizing how difficult it would be to portray Gtech as a victim, shrewdly cast the company’s shareholders as the real victim and cast Snowden as one of the heavies in the plot -- the person, she strongly implied, who created the culture that allowed Gtech’s

53 Ibid.
54 Ibid.
prize employee to feel so free to break the law.” In New Jersey, Smith was convicted on all 20 counts against him. Interestingly the corruption scheme in New Jersey did not revolve around securing the state’s lottery contract, given that Gtech was already the service provider for Jersey, but rather a scheme rooted in the company’s attempt to influence lawmakers to introduce the new game Keno into the mix of lottery products offered by the state, a move that would have increased Gtech’s revenue. This stands as a perfect example of gambling expansion being pushed by private interests, rather than through a straight-forward legislative process. In the words of the *Wall Street Journal*, “Gtech first persuaded governments to computerize lotteries and then to expand into more lucrative – and addictive games.” In 1998, Smith was sentenced to 5¼ years in prison. Regardless, even after Smith’s conviction, New Jersey renewed its contract with Gtech in 1996, for another 5 years.

Texas proved to be another troubled spot for Gtech, although the company weathered accusations of impropriety in Texas legally unpunished. As the company began constructing its bid for the Texas lottery in 1991, Gtech hired Entercorp, the lobbying firm of former Texas Lieutenant Governor Ben Barnes. The contract with Barnes gave him 4% of Gtech’s annual Texas revenue, provided that Gtech secured the

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57 “Ex-Lottery Executive is Sentenced to 5 ¼ Years in Kickback Scheme,” *The Houston Chronicle*, October 10, 1998.
contract, which of course it did. This unusual agreement netted Mr. Barnes $3.2 million in 1993, an amazing fee for a lobbyist.\(^58\)

The conviction of Smith in New Jersey in late 1994 caused Texas officials to take a closer look at the company’s political dealings and in 1996, the Lottery Commission “began questioning” Gtech’s contacts in the Lone Star State. According to the *Houston Chronicle* federal prosecutors in the Jersey case had indicated that they believed that Smith had arranged a kickback scheme with lobbyist Ben Barnes in Texas, comparable to Smith’s scheme in New Jersey. Yet Barnes was never charged, and the judge in the New Jersey case had the allegations against Barnes removed from the record. Yet Gtech still remained under a cloud of suspicion in Texas. Nora Linares, the founding director of the Texas lottery, later sued the company, arguing that they “tried to get her fired to cover up a secret consulting contract the company gave her boyfriend. She said Gtech made the deal so it would have something to hold over her.”\(^59\) Linares, who had been fired in January of 1997, eventually settled with Gtech for $725,000. Linares had been fired by the three-member state lottery commission after the information regarding the contract for her boyfriend had become public. The commission, headed by Texas lawyer Harriet Miers, then “put Gtech’s $150 million-a-year contract up for rebid.” Yet in February of 1998, the lottery commission “dropped its effort” to find a replacement for Gtech, “and allowed Gtech to keep its contract through 2002.”\(^60\)

\(^{58}\) Peter Elkind, “the Numbers Crunchers,” *Fortune*, November 11, 1996.
\(^{59}\) “Ex-Lottery Executive is Sentenced to 51/4 Years in Kickback Scheme,” *The Houston Chronicle*, October 10, 1998.
Prior to backing away from its examination of Gtech, Harriet Miers and the lottery commission had been scrutinizing the company’s relationship with former Lieutenant Governor Ben Barnes. While Barnes’ initial lobbying arrangement with Gtech had turned some heads, his departure from the company with a $23 million dollar severance agreement for him and his partner became an outright scandal. Gtech assured the state Attorney General and the lottery commission that Barnes was being paid out of the general fund of the corporation rather than out of Texas lottery revenues, lest residents of the state should get the impression that they were gambling so that former elected officials could receive tens of millions of dollars in payments.61

Perhaps the most amazing aspect of Gtech’s trouble in Texas was the fact that the lottery commission reversed course on its scrutiny of Gtech and decided to extend their involvement with the company. The replacement for Nora Linares as Executive Director of the Texas lottery, Lawrence Littwin, did not even last a full year. Like Nora Linares before him, he also brought a lawsuit against Gtech, arguing that the company had him improperly forced out as lottery director. At the heart of Mr. Littwin’s lawsuit was the accusation that “Gtech was allowed to keep its lucrative lottery contract in exchange for former Texas Lt. Gov. Ben Barnes’s silence about helping Mr. Bush get into the Texas Air National Guard.” Eventually, “Mr. Barnes acknowledged through his lawyer that a longtime Bush family friend, Sidney Adger of Houston, had asked him to help Mr. Bush get into the air guard.” Yet Barnes pointed out that this was in no way unusual and claimed that these events had no bearing on the renewal of the Gtech contract under the Bush state government. Meanwhile, Gtech settled its suit with Mr. Littwack, agreeing to

pay him $300,000. The lawsuit itself was the very source of the national news that George W. Bush may have used undue influence to secure a place in the Air Guard during the Vietnam War. While the problems relating to the situation ended for Gtech with the $300,000 payment to Lawrence Littwan, the story dogged Bush during his campaign for the presidency. The affair also came to stain Harriet Miers, the lottery commissioner who presided over the renewal of Gtech’s contract. When Miers was nominated to the United States Supreme Court in 2005, the Senate Judiciary Committee considered calling fired lottery director Lawrence Littwin to testify. According to the Houston Chronicle, “Littwin, who signed a confidentiality agreement when he settled his lawsuit against Gtech, declined to comment other than to say he would agree to testify if subpoenaed.” Harriet Miers withdrew herself from consideration before any hearings took place.

To go along with the troubles in Texas, Kentucky and New Jersey, Gtech also ran afoul of the law in England. In 1993, Gtech formed the Camelot group to bid for the UK lottery contract and found itself up against a competing bid by a Richard Branson chairman of the Virgin Group, described by the Economist as “Britain’s best known capitalist.” Branson’s proposal involved forming a non-profit to operate the lottery. Gtech and the Camelot group secured the contract, but not without controversy. Branson claimed that during a lunch meeting on September 24, 1993, Gtech chairmen Guy Snowden tried to bribe him to drop his bid for the lottery contract. Snowden publicly

63 “Senate Panel May Question Ex-Lottery Director,” The Houston Chronicle, October 27, 2005.
declared that this was a lie, and Branson sued Snowden for libel. In February of 1998, “after only 2 ½ hours of deliberations, the jury awarded Branson $192,000 in damages, which the flamboyant billionaire said he would give to charity.” In other words, the jury had been duly convinced that Snowden had attempted the bribe, and thus his claim that Branson lied about the incident was libelous. For Snowden, “it was a stunning defeat.” The *Economist* referred to the episode as a “pantomime” in which “Prince Charming wins the day and the baddies get their just deserts…Mr. Snowden looks like a stage villain- he is fat and foreign and he has been seen off by the Good Prince Richard.” The magazine noted no small amount of hypocrisy on the part of Branson and argued that the real question at hand was “whether the government ought to be in the business of encouraging the public to gamble as much money as possible on the remote chance of becoming obscenely rich.” While the Camelot Group (Gtech) was able to continue running the UK lottery, Snowden was forced to step down, and withdraw himself from involvement. He briefly remained chair of Gtech, but his sullied reputation had clearly become a hindrance, and he was forced out in 2000. Given Gtech’s remarkable track record of dirty dealing in the stringent legal environments of the United States and England, one can only imagine the methods Gtech must have employed to achieve dominance in the markets of Latin America and Africa, where the law is more permeable, the press is less effective, and public corruption is more widespread.

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As early as the mid-1980s it had become clear that the American lottery market was on its way to saturation and that a next set of markets would eventually have to be found elsewhere. In November of 1986, *International Gaming* surveyed major actors within the industry to get their ideas on what lotteries might be like in the year 2000, and many executives pointed towards the “third world” as the next area for major expansion. The magazine pointed to the dilapidated state of lotteries in the so-called third world and noted that the challenge for the industry was not to secure legislative change as in the case of the United States, but rather the challenge was to convince poor countries to invest in technological upgrades in order to revitalize long standing government lotteries that had leveled off.

According to *International Gaming*, “Lotteries in the lesser-developed countries are often hard pressed to make changes in the technological aspects of their lotteries…If a nation’s resources are stretched to the limit to begin with, as indeed they are in many Third World Nations, and if the country is burdened with a crushing foreign debt…then national resources are likely to be spent on vital services and needs,” and thus “necessary technological improvements for a national lottery may be the last item on the list of priorities.” And without such “necessary” technological upgrades, such lotteries “will stagnate at best, and deteriorate at worst.” Ultimately, “can international lotteries take advantage of these technological boons? Or will the future pass them by, only because of a lack of money?”

The passage posits “vital needs and services” set against “necessary technological improvements” to lotteries. The magazine characterized this situation as an “irony,” the implication being that if only the technological improvements could be

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undertaken, then the vital services could be provided. Of course an improved lottery
would not mean new sources of wealth or new forms of development to provide vital
services, rather an upgraded lottery would mean a redistribution of the burden of
providing vital services, and this reality has remained an accepted and understood given
for many in the industry, or a willfully ignored obvious fact for others.

No company was more aggressive in securing contracts in the “third world” than
Gtech. Latin America and the Caribbean became a particularly fruitful area for the
company given that many of the nations in the region had well-established illegal
numbers games that would provide a pre-existing customer base for Gtech’s proven on-
line-real-time version of the daily numbers. Everywhere that Getch went, they challenged
the loyalties of customers to the illegal game by pursuing their strategy of terminal
saturation in order to literally envelope the citizen in opportunities to play, offering a
contrast with the inconveniences inherent in the clandestine nature of the illegal game.

In January of 1987 Gtech announced its capture of an 800 terminal contract in
Venezuela. Interestingly, the company simultaneously announced that it had “reduced its
workforce by approximately 12 percent.”67 A remarkable company, which cuts jobs as it
expands. Gtech’s signature game during the company’s early days in Venezuela was El
Triple, a game identical to the old-fashioned numbers. According to Nick Supron, in
charge of sales and operations for Gtech in Latin America, El Triple has “become our
bread and butter game of the Caracas Lottery, and not only do we appeal to that player

67 “Venezuela Lottery Gives Gtech Pact for 800 Unit System,” Gaming and Wagering
that wants a ticket for the drawing that night, but we compete against the illegal numbers
games which exist in a pretty strong fashion in Venezuela.”

Following on the heels of their success in Venezuela, Gtech, introduced a three
digit game in Puerto Rico, which debuted in November of 1990. The new game, in
partnership with the Loteria Electronica de Puerto Rico, and with a plan for 3,000
 terminals, was introduced with the stated goal, “to try to divert a large portion of the
estimated $500-$800 million currently spent by residents of Puerto Rico on the illegal
pick-3 game, Bolita or Bolipul, to government coffers.”

Gtech’s other major Latin American customer during the late 1980s was Mexico
and its Prognosticos Para La Asisténcia Publica. The company began working in Mexico
with a pilot program in 1985 to demonstrate that radio communication could function to
meet the challenge of setting up an online network in Mexico’s difficult geographic
environment. Their technology proved effective as “after the devastating earthquake in
1985, one communication system was still working in Mexico City: a computerized
network for buying lottery tickets.” By 1989 Gtech had set up 1,300 terminals
concentrated in the cities of Puebla, Guadelajara, and Veracruz. Nick Supron understood
these cities and the gambling markets they had to offer as being in line with “the concept
of a beachhead.” From there, the plan was to spread the terminal network throughout the
country and “to expand the system to about 7,500 terminals over a four year period at a
rate of about 1,500 a year.” The system that Gtech introduced into Mexico was far more

70 Randy Ross, “Lottery Machines: Betting on Overseas Success,” High Technology
sophisticated than anything TelMex, the national phone company, had to offer. Thus in Mexico, as would be the case in so many countries across the globe, the poor and the geographically isolated found themselves with access to online lottery play long before they ever found themselves with access to online service for anything else, constructive or otherwise. And as was the case in 1985, not even a cataclysmic disaster such as the earthquake that killed so many thousands, would interrupt the citizen’s access to lottery gambling.

Gtech’s reputation for being able to overcome the obstacles posed by weak infrastructure, as well as the company’s proven ability to compete head on with long-established illegal games would made Gtech the dominant service provider in the developing world to compliment the company’s dominance in the developed world.

When Gtech opened its state of the art World Headquarters in 1990 in Rhode Island, it stood as a titan in the lottery business. “The company has 41 customers on five continents and claims more than 60 percent of the worldwide on-line systems market. The company operates on-line systems in Arizona, California, Colorado, Idaho, Indiana, Illinois, Kansas, Kentucky, Michigan, New Jersey, New York, Puerto Rico, Wisconsin, and with its joint venture partner, the District of Columbia; as well as international lotteries in British Columbia, Ontario, Atlantic Canada, Western Canada, Mexico, Denmark, Finland, Ireland, Spain, Catalonia, Singapore, Victoria, South Australia, Western Australia, New Zealand, two lotteries in Venezuela, two in Iceland and four in Malaysia.”

During the 1990s the company would go on to secure contracts in Argentina, Chile, Bolivia, Jamaica, South Africa, and in numerous countries that emerged


from the breakup of the Soviet Union. All of this amounts to an incredible record of global dominance, bringing Gtech’s practices and priorities into the lives of hundreds of millions of people around the world. Yet with all these contracts secured, no international customer was more important to Gtech than their single largest client: the national government of Brazil.
Gtech’s entry into the Brazilian gambling market initially went almost unnoticed. In the spring of 1993 Gtech signed an agreement for the $13.7 million purchase of “voting common and non-voting preferred shares of Racimec, a Brazilian company engaged in the lottery and computer systems business.” The company’s primary business was the “maintenance of off-line terminals” for the Brazilian national lottery.¹ Gtech’s investment in Racimec was enabled by the government’s embrace of neo-liberal policies that opened the country to foreign direct investment. In these early days of the neo-liberal experiment it was premature to think that the national government of Brazil would proffer the service contract for the country’s lottery to a foreign company. Yet, a Gtech investment in an authentically Brazilian company such as Racimec was another matter. Thus Racimec provided Gtech with access to the Brazilian national contract, and Gtech provided Racimec with access to cutting edge lottery technology that assured that Racimec would have its contracts with the Brazilian government renewed. For the time being, Racimec would function as Gtech in disguise. More than a decade later as Gtech came under scrutiny for its dealings in Brazil, puzzled officials questioned how and when it was that the Brazilian government had even become involved with the notorious multinational, only to realize that in 1998, a year after receiving a five year service contract with the national government, Racimec changed its name to Gtech Brasil.

Racimec had long been an advocate of gambling expansionism in Brazil, and the company (Racionalização e Mecanização or in English Regulation and Mechanization), had been an energetic advocate of the failed plan to offer a government-run jogo do bicho during the late 1970s. The company published an advocacy paper written by company founder Simão Brayer detailing why the government should involve itself in the jogo do bicho, offering a comprehensive plan on how a game could be operated and featuring play sheets clearly labeled as products of Racimec. Foremost among the arguments was that “recently, developed countries such as the United States and France, after detailed social research, have concluded in favor of legalized numbers games.” Brayer noted that the game jogo-do bicho had sustained its popularity over many decades and had proven itself nearly impossible to repress through policing. Indeed attempts to police the game had only given rise to serious problems of corruption. Perhaps in a reference to the philosopher Johan Huizinga, Brayer wrote, “it is impossible to curb the ludic desire of man, who since ancient times has had the irrepressible impulse to play gambling games.” Thus acceptance of reality demanded that Brazil join “developed nations” such as France and the United States in forming a game that allowed participants to choose their own numbers.²

Advocates of state gambling expansion in 1979 did not get an actual replication of the jogo do bicho, yet they did get new number choosing games. Authorized by federal law on November 12, 1979, the Caixa Economica Federal began to offer the Loteria de Prognosticos Numericos, the centerpiece of which was Loto, a game equivalent to the American game Lotto. The new games were first sold in 1980 in Rio and were ultimately

spread throughout the national territory by August of 1982. Yet the numbers games of the Caixa lacked the attachment to animals that was deeply involved in the betting practices of loyal players of the jogo do bicho, and thus the new games did little to alter the illegal gambling market.

Perhaps the most important development in Brazilian legal gambling between 1979 and the emergence of the partnership between Gtech and Racimec stemmed from changes in the legal framework for lotteries resulting from the 1988 constitution. Decree law 204/67, a measure of the dictatorship implemented in 1967, had authorized pre-existing state lotteries to continue functioning, while forbidding any further growth of these lotteries and banning the creation of any new lotteries. The intention of the 1967 law had been to stunt the newly formed lottery of the populous state of São Paulo, thus protecting the market share of the Caixa, and to undercut the revenue sources of any state governors who might pose a political threat to the dictatorship. Thus, from 1967, state lotteries in Brazil were frozen in place (some such as that of São Paulo were basically non-existent), while the national lottery run by the Caixa had charted a path of steady expansion. Yet with the end of the dictatorship, the new constitution of 1988, in article 32, essentially undid the law of 1967, and state lotteries were once again authorized to grow.

As a result lotteries in São Paulo, Minas Gerais, Espírito Santo, and Paraná all embarked on rapid expansion after 1988. While the technology for establishing state of the art terminal networks was not yet available to the Brazilian states during the years immediately following 1988, the lotteries reached for the simple method of introducing waves of new scratch games. American and multi-national companies took notice of this
new opening for gambling expansion in Brazil and quickly became involved. The American company Webcraft was able to enter the Brazilian market by partnering with the Brazilian company Indústria Brasilierea de Formularios and delivered 30 million tickets of the game Scratch Match and Win in time for the Loteria Paulista’s launch in April of 1990. The tickets were sold out in the first week, and another 70 million tickets were immediately ordered by the new lottery, with Webcraft/IBF delivering the new tickets in only ten days. This new influx of gambling games momentarily disrupted the gambling patterns of São Paulo residents as, according Public Gaming Magazine, “newspapers reported sales of the illegal numbers game decreased nearly 80 percent” during the first two weeks of instant scratch ticket sales. The city of São Paulo also had an informal outdoor lottery exchange where traditionally tickets for the Loteria Federal as well as lottery tickets from other states were bought and sold. With the new offerings of São Paulo scratch tickets, the exchange which normally served to bring in tickets from other states, suddenly went to work in reverse as the new São Paulo tickets that went into the exchange fanned out and “started turning up all over Brazil within a day of the launch.” Meanwhile turmoil within the larger economy itself created challenges for Webcraft and the new lottery, as only a week before the first tickets went to press “the new president of Brazil froze prices and wages, changed both the name and the symbol of the currency and sequestered all savings accounts over $1,000.” Nevertheless Webcraft/IBF proved adept and “the graphic area was changed and the play area re-programmed with no delay in delivery of tickets.”³ Thus the São Paulo instant scratch ticket launch in 1990 stands as a fascinating episode in which the very currency of the

nation was in doubt, while the public expressed a remarkable faith in government lottery issued scratch and win games.

As the mania for scratch tickets soon leveled off, the Gtech-Racimec partnership allowed many of the growing state lotteries to enter the sophisticated arena of on-line gaming. In August of 1994 Gtech-Racimec signed the nation’s first on-line contract with the state of Paraná. This was quickly followed by a contract in October of 1994 with the state of Minas Gerais, and then in 1995 with the states of Santa Catarina and Goias. All of this amounted to the largest private telecom project ever undertaken in Brazil up to that point.4 Needless to say, Gtech was at the forefront of private foreign involvement in the new neoliberal Brazilian economy.

Particularly in remote states such as Goias and Paraná the online gambling infrastructure, operating with Gtech’s DL-201 radio system, far outpaced any other form of on-line access for the average citizen. By making on-line lottery play a reality in these states Gtech positioned itself to be the sole entity capable of bringing the national lottery on-line quickly and easily. The company brought the terminal network of the national lottery on-line during the course of the mid-1990s, eventually offering the jackpot game Mega-Sena in March of 1996. The Caixa Economica Federal contracted with Racimec in 1997, yet as law prohibited multinationals from bidding for the contract, Gtech remained a minority partner in a consortium that appeared to be controlled by Simão Breyer and a newly created company called Racipar. According to the Jornal do Commercio, “Two weeks after signing the contract, without authorization from the Caixia, Racipar and Simão Breyer ceded and transferred” control to Gtech Foreign Holding Corporation, and

through a series of steps over the next year Gtech Brasil was born and Racimec became a ghost company. President of the new company was Antonio Carlos Rocha.\(^5\)

All of this explosive growth in state gambling came at what seemed like a moment of reckoning for the illegal jogo-do-bicho. The wave of police repression in 1981, without any meaningful changes in the legal framework of gambling, had served only to consolidate the power of the organized Rio gambling bosses, the so called Cupula. In Rio these bosses strengthened their control over carnival during the 1980s and began to magnify the commercialization of carnival as a tourist attraction and money-making opportunity, thus enhancing their own political importance in the Rio economy. Furthermore, the Rio bosses fanned outward bringing the jogo-do-bicho in other states under their control, often by means of murder and violence, and attaching the game all around the nation to their drawing called the Loteria Paratodos. Had there been a legalization of jogo-do-bicho during the late 1970s or early 1980s, it is difficult to imagine how these individuals could have been kept out of the legal game. It is plausible that had some sort of legalization occurred between 1967 and 1972, before the centralization of the game was fully underway, that a legal game overseen by the government could have sidelined the Rio bicho bankers. Yet after the Paratodos began to grow there is no doubt that the Cupula bosses would have asserted themselves regardless of whether a legal formula for the game was meant to involve them or was meant explicitly exclude them. Still, it can be argued that allowing them to emerge as corrupt but legitimate oligarchs within a legal game from 1981 onward would have been preferable to positioning them to remain as the most sophisticated criminals in a city that

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became increasingly beset by crime throughout the 1980s. Had these problematic figures been allowed to pursue their greed through legitimate channels, it is unlikely that the corrupt and criminal behavior they would have brought with them into the legitimate world would have matched the problems they created by persisting as out and out criminals with a status quo of impunity provided by unenforceable law.

Yet, as the jogo do bicho remained a criminal game, the banqueiros continued on as criminals. The extent of the interface of the grande banqueiros of the jogo do bicho with the emerging drug trafficking of the 1980s has been a subject of much debate. Many in print and politics have accused the bicho bosses of being the financiers and the masterminds of the entire drug economy. Such assertions seem unlikely, given that the drug traffickers of Brazil have descended into full on murderous warfare with the police, while on the other hand the police have traditionally been the partners of the bicho bosses. Yet it seems quite likely that the sophisticated bicho men have interfaced with the drug traffic in the area of money laundering, and, in the earlier periods of drug trafficking, by providing access to corrupt police and politicians. In the assessment of Brazilian scholar Andrelino Campos, whether the big bankers of the jogo do bicho were involved with narcotics trafficking or not, the drug trade worked through the pre-existing territorial divisions established in the city through the jogo do bicho bosses. Thus, some initial consent must have been provided by the bankers to allow drug traffic to begin to operate in their delineated zones.

The violent and brazen drug gangs of Rio quickly asserted themselves through murder and established themselves as a power in their own right, independent of bicho

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banker control. Whereas the jogo do bicho bosses had established their coercive authority by employing corrupt and enterprising police and former police, the drug gangs of Rio were more likely to shoot it out with police than to engage in close partnership. Regardless of the divergence the long suspected involvement of the banqueiros in the drug trade, left the group marred with a complicity in the escalating violence in the city.

As Brazilian society became increasing gripped by fear and worries about crime, the long standing impunity of the bicho men and their constant flaunting of the their untouchable status became a crucial matter for reformers and honest law enforcement officials. A significant case against the top bicho bosses of Rio was initiated in 1985, by Rio state attorney general Antonio Carlos Biscaia, during the first administration of Leonel Brizola as Governor of the state. When Brizola ran for governor in 1982, he expressed no interest in repressing the street level game, as harassing the low level workers did not fit with his class politics. But the case initiated by his attorney general targeted the top figures in the hierarchy of the game, positing them as directors of a vast and organized criminal enterprise. The case essentially went nowhere and was left dormant with the end of the first Brizola governorship in 1987. Brizola was followed as governor by Wellington Moreira Franco, who reportedly received many of the state’s top gambling bosses at his residence, comparing the event to the Beatles being received at Buckingham Palace. Unfortunately for the banqueiros, Leonel Brizola became

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7 In 1991 Castor de Andrade appeared on the popular late night television talk show hosted by Jo Soares a sure sign of his celebrity status. Castor was asked about his involvement in the jogo de bicho, and he responded that some of his family members had been bicho writers long ago, but that the he himself was not involved. The audience broke into laughter and Castor smiled shyly.

governor of Rio state once again in 1991, and he reappointed Antonio Carlos Biscaia as State Attorney General, who quickly revived the case against the grande banqueros do bicho. The prosecutor assigned to the case in 1991 was Luiz Carlos Caffaro, while the judge who famously oversaw the case was Denise Frossard of the 14th Criminal Court. As the case proceeded it came to encompass 14 major Rio gambling figures, and as these figures found it increasingly impossible to dissuade the prosecutors or the judge through political influence and even through intimidation, these bicho bosses grew nervous as reformers grew excited. During carnival of 1993 the banqueiros once again attempted to use their positions in the carnival structure to garner public support. The editorial page of the Jornal do Brasil expressed its predictable disgust with the high profile display of the bicho men in Carnival. The paper referred to them as the “gigolos of samba culture,” and accused them of soiling a national institution in order to penetrate the national consciousness and to gain political influence. Hiding behind a false philanthropy, “they use the people in order to exploit the people.” While much of the media seemed content to be fooled by the posture of the bicheiros as guardians of popular culture, the Jornal was enthused by the energetic efforts of Attorney General Biscaia to hold the bankers accountable.

Castor de Andrade, the most prominent figure in the bicho game, responded by using the traditional pep talk given by samba school leaders to their performers as an opportunity to give a speech on the unjust persecution of the jogo do bicho. The speech was given to a crowd of thousands and was broadcast live on television by TV Globo to a nation of millions. The Jornal do Brasil chastised its journalistic rival Globo for

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broadcasting such a speech. The Jornal noted that the Vice President for Operations at Globo was a known personal friend of Castor and that Globo’s monopoly on carnival made the coverage problematic. “It is not the bicheiros who are the patrons of carnival as they would have you believe. It is carnival that is the patron providing impunity for the bicheiros,” the Jornal went on to assert. The paper referred to carnival as a “smoke screen” for the illicit activities of the bankers. “It has been a long time since the jogo do bicho has ceased to be an activity with a romantic and folkloric side.”

Within weeks after Castor’s speech it became clear that the bankers were unlikely to escape prison, as Judge Denise Frossard demanded that the men be held in preventative detention in early March as she prepared to render her decision. A Military Police soldier known to be in the employ of Castor’s son was arrested outside the courthouse carrying a loaded Colt 45 and 357 Magnum. But attempts at intimidation were unsuccessful. As her decision approached, an optimism took hold among reformers. Judge Frossard was lauded in political speeches and on editorial pages all across the nation. The Jornal do Brasil, after denouncing the penetration of bicho corruption into the worlds of politics, carnival and football, editorialized on May 21st that “with the sentence from Judge Denise Frossard expected today in the 14th criminal court, a page could be turned, signaling the moment at which society, behind a just verdict, can prepare itself to determine what is rotten and what is healthy within itself.” On the morning of May 22, photos of the grande banqueiros do jogo do bicho wearing their prison uniforms and receiving their sentence were featured on the front page of newspapers from one end of the nation to the

other. Judge Denise Frossard sentenced the men to a maximum of 6 years for the crime of formation of an armed gang, a crime comparable to the racketeering statutes employed in mafia cases in the United States. Among the 14 men convicted were Raul Capitão, Ailton “Capitão” Guimarães, and of course Castor de Andrade.

The editorial page of the Jornal do Brasil, feeling victorious in its several decades long struggle to highlight the problems posed by the cupula of the jogo do bicho, heaped praise up Judge Frossard. The paper saw the sentencing as something of a national rebirth. In an editorial titled “The Rescue of the Law,” the paper proclaimed, “For citizens tired of so much violence, so much corruption and so much impunity, there is nothing better than the imprisonment of the bicheiros to finally initiate the path towards the rehabilitation of our institutions.”

Yet despite the optimism of the moment, it quickly became clear that the men were unlikely to serve more than a full year behind bars before they were placed on a regimen of nightly imprisonment coupled with daytime freedom. After 3 years they would be eligible for conditional freedom on the basis of good behavior. It also became immediately clear that jogo do bicho play on the streets of Rio would continue even in their absence. Apparently, during the weeks leading up to the men’s sentencing as well as in the days immediately after, the majority of winning bichos drawn were among the so-called “bichos do povo” or bichos of the people. These animals were notoriously more popular with bettors, while other animals were well known as unpopular and thus came to be considered bichos of the bankers. When a bicho of the people (donkey, butterfly, horse, dog, cat for example) was drawn that meant that the bankers were stuck making

huge payouts, while when a bicho of the bankers (ostrich, eagle, turkey, tiger for example) was drawn, the bankers took in a great deal of money. Police sources told the Jornal do Brasil that in the days surrounding the sentencing, the bichos of the people predominated the results. “In the analysis of some police sources who understand the issue, the constant drawing of bichos populares is no mere coincidence.”16 Beyond indicating that the bicho drawings were not random, but rather fixed, the episode amounted to the bankers trying to satisfy their loyal customers, while also demonstrating that winning bets would be paid, regardless of what went on in criminal court number 14.

While the game was slowed to a certain degree, by July the pace of gambling in the street had returned to its normal level.17 The Jornal do Brasil argued that the police had undermined Judge Frossard by failing to compliment her takedown of the bankers with vigorous street level enforcement, while prison authorities had undercut the judge by letting the bankers run the game from their jail cells.18 The paper complained that the game seemed to run “on autopilot despite the jailing of the bosses.”19 Regardless of the persistence of illegal gambling in Rio State, the efforts of Judge Frossard and those who she worked with stand historically as a moment of professionalism and diligence in the judiciary branch of Rio state.

Inevitably, the trial of the bankers brought forth the question of the legal status of the jogo do bicho specifically, and the status of gambling more broadly. Numerous proposals emerged in the federal Congress outlining one form of legalization or another. Some of

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the proposals were no doubt cynical ploys on the part of the political allies of the bankers intended to temporarily muddle the issue of the bicho’s illegality and thus undercut the legitimacy of prosecuting the bankers. Yet other proposals amounted to reasonable paths to regulation, while still others amounted to governmental takeover of the game. Taken together the wave of proposals and the confused arguments caused the perpetual gridlock on the issue to persist in a repeat of the inertia characteristic of the late 1960s during the period of General Jaime Graça’s accusations, and again in 1981 during the crackdown in the aftermath of the murder of Mariel Mariscot. Other issues at hand in 1993 included the question of whether the initiative in a legal game would go to the states or to the Caixa, while the issue of a legal game as an easy structure for use in money laundering also contributed to the impossibility of easy legislative solutions. A basic triangulation prevented any meaningful action, with supporters of a legal game divided on the matter of how and by who a legal game should be run, and with a clear block of hardcore opponents to any form of legal gambling ready to align itself in whatever way necessary to prevent gambling expansion.

Outside of the legislature many important Brazilians weighed in on the matter, and their comments and thoughts highlighted the complexity of the issues at stake. The Governor of Rio state Leonel Brizola, while applauding the actions of Judge Frossard, urged legalization of the jogo do bicho, pointing to the game as the most “traditional” system of gambling.20 The editorial page of the business newspaper *Jornal do Commercio* pointed to the irony of the government promoting gambling in some instances while repressing it in others. Noting the impulse of so many persons to gamble

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the paper pushed for rational solutions and a clear legal framework. “Cultured nations, of the highest respectability such as the United States, for example, and other European countries of equal moral and political stature, possess famous casinos as sources of income for the national treasury.” The secretary of Rio’s Military Police, Carlos Magno Nazareth Cerqueira, did not endorse legalization, yet he posited in an editorial in the Jornal do Brasil that the contradictions between the law and accepted social practices led to much broader social confusion. He argued that when organized society gives tacit approval to such a group of people as the bicheiros, and such an economic structure as that of the jogo do bicho, which “lives off of something prohibited by written law, established through legislative channels of our own society, the notion of right and wrong becomes completely obscured for the major part of society.”

The venerable Archbishop of Rio Eugenio Araujo Sales, who had been so vocal in his denunciations of the bicheiros in 1981, wrote an editorial on legalization in the Jornal do Brasil. He pointed to a current “moral rottenness” and claimed that the 14 bankers were not alone in their guilt, rather the multitudes who cheered them at carnival time were complicit as well. He argued that those in government who sought a solution for corruption through “a legalization of casinos and the so called jogo do bicho” were in error. “Nobody of good sense thinks that you can correct a problem by legalizing it,” Dom Eugenio argued. “It has been proven ad nauseum that gambling is a factor in social

decay and the destruction of family life.” Those who seek legalization are trying “to make the label of moral offense disappear.”

Dom Eugenio was not alone among Catholic voices resistant to gambling expansion. The President of the National Conference of Bishops, Luciano Mendes de Almeida, conceded that the jogo do bicho as a game did not amount to a moral affront, but claimed that any legalization would lead to a broader proliferation of gambling. The Federal Minister of Justice sent a copy of a proposal for a legal bicho game to Bishop Mendes de Almeida with the hope that the Bishop would be enthused regarding the potential for funding social services with gambling revenue. Yet the Bishop rejected the idea. In a letter to the Minister of Justice, the Archbishop argued that a legalization of the jogo do bicho could be the door through which casinos would enter Brazil.

For his part the Minister of Justice, Mauricio Correa was an established advocate of legalizing the jogo do bicho and had stated that the country should cease attempting to delude itself regarding the game. In June he joked publicly about placing bets himself. The editorialists at the *Jornal do Brasil* chastised the Minister for his stance on the issue as well as for his admission of lawbreaking. “Very few times in Brazil has such a high authority confessed, so shamelessly, such a warm sympathy for a contravention,” the paper chided. “The bicho is a mafia structure that serves as a mask for other activities of organized crime, such as drug trafficking, auto theft, kidnapping, death squads and murder for pay, along with being the largest factor responsible for police and political corruption.” Pointing to the river of blood that had flowed in states where the game was present, the *Jornal* argued that “to suppose that with a simple legalization of the jogo do

bicho, that all of this will disappear is to believe that there are magical solutions for
problems that are real.” As for the Minister of Justice and his bets, he should pay the fine
requisite “to his confession of having bet on the jogo do bicho.”

While the jogo do bicho and its future were at hand in the political discourse
during June, July and August of 1993, a series of events in Rio came to shock the nation
and even the world and inevitably shaped the discussion of gambling legalization. The
lynching and mutilation of two teens by an angry crowd in Olaria, the killing by police of
over twenty people in the neighborhood Vigario Geral, and the massacre by death squad
of 8 children on the steps of Candelaria church forced a moment of public reckoning. The
events taken together amounted to a national shame, and in particular the incident at
Candelaria church brought international attention to Brazilian practices of policing.
Given the role of the jogo do bicho and its bosses as a font and starting point for extra-
legal activity by police, the game was marred by association with these dramatic crimes
of violence. The lynching at Olaria was linked quite directly to the jogo do bicho, as a
bicheiro name Davi was accused by the Jornal do Brasil as well as Veja magazine of
having ordered the lynching to punish the young men for stealing and creating a
disturbance in the area of a ponto do bicho.26 The Jornal linked the massacre in Vigario
Geral to the jogo do bicho through a policemen turned politician, Emir Larangeira,
suspected of being in the pay of the bicho and responsible for the distribution of bicho
money to other officers in the area of Vigario Geral.27 A direct link between the jogo do
bicho and the death squad massacre at Candelaria was not forthcoming, but the Jornal

laid responsibility for the development of the death squad culture and a parallel system of justice at the feet of the grande banqueiros do jogo do bicho. In an editorial titled “The Tree of Violence,” the paper referred to the “parallel system of justice of the jogo do bicho that judges and executes in just a matter of hours, and disposes of the bodies in the Baixada Fluminense.” In the words of the Jornal, “Everything indicates that the Candelaria Massacre has the same meaning as the execution of the enemies of the bicheiros.”

With the nation repulsed by such scandals of extralegal violence, and with urban Brazil gripped by warring drug gang factions, the prospects for a legal jogo do bicho dimmed. The constant denunciation of the game and its operators as a source of all that was rotten by respected newspapers and revered religious leaders left the big bankers of the jogo do bicho ineligible for legitimacy. Regardless of the status of the game as a long standing cultural practice, too much violence and corruption had come to be associated with the men at the top of the game’s structure for these men ever to receive legal absolution. While they easily exploited the permeability of the Brazilian penal system to operate their businesses from behind prison walls, and while they all found themselves back out on the street in far less than six years, none have ever seen their reputations cleansed. The extent of corruption associated with the bicho and its bosses was confirmed a year after their conviction with a raid on Castor de Andrade’s headquarters. The police action turned up numerous computer disks and files detailing bribery schemes that flowed at all levels of society. The British magazine The Economist wrote of the incident, “Among those named were Fernando Collor de Mello, Brazil’s former president,

impeached in 1992 for his own corruption scheme. Rio’s state governor Nilo Batista, and the city’s mayor Cesar Maia, were there. So was Paulo Maluf, mayor of São Paulo and at the time a would be president, plus a handful of state legislators.” Also included in the list of those receiving payment were “Herbert ‘Betinho’ de Souza, a social activist widely acclaimed for his work to combat hunger and AIDS…two priests had even taken a collection from the bicheiros.” State Attorney Genera Biscaia conceded that some of the names might have been included in the corruption logs as decoys, yet nonetheless 63 indictments, mostly of persons in law enforcement and criminal justice, resulted from the raids.29

Castor de Andrade, who had gone to great lengths to cultivate his image as a legitimate business man and had maintained close connections in important circles, would never cross the line to legitimacy. Castor died in March of 1997 while attending a card game at the home of a friend in the upscale Rio neighborhood of Leblon. He was officially on house arrest at the time. The man died literally as he had lived, ensconced in luxury, surrounded by friends, gambling, and violating the law with impunity. It is worth noting that while Castor had come to be viewed as a gentleman bicheiro, his death came exactly twenty years after the murder China de Cabeça Branca, the old fashioned bicheiro who had accused Castor’s Cupula of rigging the daily drawings in which the bicho playing public put so much faith. In the years following Castor’s death, bloody murder ensued over control of his gambling activities and areas. The violence resulted in the murder of his son Paulo de Andrade in 1998. Thus in 1977, with the death of China de Cabeça Branca, Rio saw the death of the honorable jogo do bicho, only to be replaced by

an image of honor promoted by Castor. And with the death of Castor, and with the clear impossibility that the bicho game will ever be anything but a crime, even the pretension of honor became unnecessary as the jogo do bicho would clearly remain a criminal activity as far into the future as anyone could see.

In an interesting and somewhat unfortunate irony, just as the mid-1990s confirmed that the jogo do bicho would not cross the threshold of legality, the field of action for illegal gambling operators was being greatly enhanced by the gambling expansionism embraced by the Brazilian government. Whereas in the United States government agencies duplicated illegal numbers and took hold of the gambling public, the Brazilian government stopped short of a full replication of the jogo do bicho, while nonetheless embracing growth in state gambling as both a source of revenue and as a solution to the problems presented by the illegal game. The result was a growth in the variety and forms of gambling products that Brazilians were apt to consume, and thus the enterprising bosses of the jogo-do bicho took note of these new habits of consumption and set about meeting the gambling needs of the Brazilian public. During the presidency of Fernando Collor de Mello, the states were authorized to run bingo houses through their lotteries, and these bingos became easy sites of penetration for the bicheiros. The most auspicious enterprise of the bicho men, which exploded during the 1990s, was the illegal slot machine business, which grew in conjunction with the bingo locations. High tech video slot machines could appear to be simple video games, while actually functioning as gambling machines, and thus proved difficult to define legally and were of course difficult to police. The broadened gambling culture fostered by the state fit perfectly with the video slot machine product. The government had stimulated the tendency towards
instantaneous results and repetitive instant play, encapsulated in the scratch game form sold by the state and federal governments. A faith in technology as an arbiter of one’s fate had been enhanced by the computerized gambling network implemented by Gtech/Racimec. In particular, the technological innovation known in the United States as Quick-Pick, known in Brazil as *Da Imposta Surpesa*, through which the computer picks the customer’s numbers, amounts to a total capitulation to technological control.

While the illegal numbers games of the past were so often derided as fostering and abetting the fatalism of the poor, it would seem that the Quick-pick function stands as a new fatalism. Gone is the fatalism by which the poor allegedly give themselves over to mysterious powers, and in its place is the fatalism by which the poor give themselves over to the mystified power of technology fully beyond their control. The instant habit of the scratch game and the technological worship of the Quick-Pick fit perfectly together in the modern video-slot machine form. While the government has shied away from embracing such activity in Brazil, the big bankers of the jogo-do-bicho have seized the initiative in this area. It is worth noting that the 1998 murder of the son of Castor de Andrade, killed by ten bullets fired on the order of his own cousin, was not a result of a dispute in the jogo do bicho. Rather the murder was a dispute over control of the emerging illegal video slot machine business. Thus while the murder seemed to be more of the same, another violent act stemming from one of Rio’s oldest criminal sectors, it was in fact something new, a next generation of gambling criminals in violent struggle over who will be able to capitalize on the shifting interests of the Brazilian gambling public.

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As the bicho men have worked to respond to the newly stimulated interests of the consumer, they have simultaneously worked to penetrate the legitimate sphere of government sponsored gambling at the sub-national level. The expansion of gambling enterprises by the Brazilian states has been extremely vulnerable to corruption. The bosses of the jogo do bicho, with their ample local connections and their abundant experience in the gambling sector, have become significant actors in the workings of state level lotteries in Brazil. The bosses all but took over the state’s bingos, before they were consolidated under federal control. Particularly noteworthy was bicheiro Carlos Cachoeira, a known associate of Gtech president Carlos Antonio Rocha. In 2002, the bicheiro bribed a man named Waldomiro Diniz, then president of Rio’s state lottery, in order to secure the state technology contract for a company associated with Cachoeira and Gtech. In 2004 a video-tape of the state level bribery surfaced in the media. The tape came to have national political significance, and to be an item of international news. The tape showed Rio state lottery director Waldomiro Diniz accepting a bribe and a promise of significant contributions for candidates from the Workers Party (PT), in exchange for favoritism on the state contract.

Yet the scandal itself was more complicated than the simple bribery of a lottery official at the state level to favor a company connected to a bicheiro. According to reporting in the respected business newspaper *Jornal do Commercio*, the video recording itself was essential as a tool for blackmail in an even larger scandal relating to the federal lottery. Thus at the center of the scandal was the notorious Gtech. In late 2004 Gtech was cleared by police and spared prosecution for bribery, but in-depth reporting by the *Jornal*
*do Commercio* appearing in 2005 documented the complex scheme that Gtech had perpetrated on the Brazilian nation.

As the presidential administration of Fernando Henrique Cardoso came to a close there was significant concern as to whether Gtech would be able to maintain its contract with the Caixa. In early 2003, hoping to wield influence within the new government controlled by Lula and the Workers Party (PT), Gtech put their agent bicheiro Carlos Cachoeira into action, “to find Wladomiro Diniz and threaten him with the release of the video.” According to the *Jornal do Commercio*, “The plan was simple: inform him of the tape that was made in a room maintained by Gtech in Rio Sul Tower, clarifying that the tape would not be made public if he was disposed to collaborate.” Wladomiro Diniz attempted to influence the Caixa on behalf of Gtech but proved ineffective. The company directed Wladomiro to meetings with its top directors at public locations such as hotels, while also directing him to meetings at the Caixa, all the while providing evidence for a secondary narrative being constructed for Gtech’s big maneuver. Unable to work through Wladomiro Diniz, the company reversed course and accused Diniz of trying to shake the company down for a bribe. The video-tape of the several year old bribe-taking was conveniently made public to demonstrate that Wladomiro Diniz was a corrupt actor. Meanwhile the trail of meetings between Wladomiro Diniz and Gtech officials and Wladomiro Diniz and the Caixa made it seem as if Diniz had been working his bribe scheme hard. According to the *Jornal*, “A version of events was thus produced in which Wladomiro, notoriously corrupt, was making the renewal of the contract conditional on a bribe. Consequently, any attempt to oppose the renewal,” could be made to look like a collaboration with Wladomiro’s corruption. Gtech, by blackmailing Wladomiro into
going through a particular set of motions, had created a pantomime of a shakedown with Gtech as the seeming victim. The contract between Gtech and the Caixa was promptly renewed, while Waldomiro Diniz was convicted in the 7th Federal Court of Brasilia. According to reporting in the newspaper Estado do São Paulo, he was convicted on the basis of his many meetings with top Gtech officials, and on the testimony of Gtech functionaries. “Thus closed another chapter. Gtech with the contract obtained, continued controlling the lottery activities of the Caixa.”

While Gtech seemed secure in 2004, the scandal resulted in the creation of a Commission of Parliamentary Inquiry in June of 2005, to examine corrupt practices in the nation’s Bingos, Lotteries, and illegal gambling sectors. Obviously Gtech was brought under significant scrutiny. During the investigation the Tribunal of Public Accounts determined that there were gross irregularities in the Caixa’s contracting with Gtech dating back to 1997 up through the recent scandalous renewal. The irregularities were found in contract adjustments in Gtech’s favor that far outpaced inflation. It was determined that from 1996 to the beginning of 2003 the government had overpaid Gtech by R$310 million, and during 2003 and 2004 had overpaid the company by approximately R$120 million. Gtech denied any law breaking, and claimed that the irregularities could plausibly be explained away as a matter of the Caixa failing to negotiate optimal pricing on their own behalf, and thus on behalf of the Brazilian

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Regardless of the plausible deniability at hand, such contracting at a glance would seem like the standard padded contract kickback scheme employed by Gtech back in Kentucky and New Jersey. In the assessment of journalist José Silvera, “The case of Gtech-Caixa constituted the most scandalous sequence of irregularities in the public administration of the country.”

The final report of the CPI, determined that the contract with Gtech should be adjusted, and that ultimately, the Gtech monopoly on the nation’s lotteries should be brought to an end. The running disgrace left the Caixa with little choice but to try and distance itself from Gtech. The Caixa decided in October of 2005 to partner with a consortium made up of Bradesco/Diebold and Vicom/Comstat in order to create a new lottery network to replace the Gtech network. As the expiration of Gtech’s contract approached in March of 2006, the Caixa hit several technological stumbles. In the words of the head of Sincoesp, a lottery retailers association, “What they don’t want to admit is that this fight with Gtech is causing collateral damage to the network, because the government does not want to suffer the disgrace of prolonging the contract.”

Gtech, ever the best in the business, thus had its contractual relationship extended in order to facilitate smooth transition. While the Caixia Ecomomic Federal now operates its lotteries without Gtech, the Brazilian federal lottery network is in every way a modern and aggressive lottery outfit. The annual intake has more than tripled since 1993, when Gtech

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and Racimec first came together. The jackpot game Mega-Sena dominates sales, and the terminal network covers the landscape and envelopes the citizenry.

Ultimately Gtech lost its hold on the Brazilian Federal Lottery. Yet it is unclear what role Gtech currently plays with the many smaller companies that provide gambling technology around the country. In the state of Pernambuco, where the bicho is tolerated, the game has been brought on-line, yet it is not clear where the technology came from. The game in São Paulo has also been computerized. Gtech is known to have offered an exact replica of the jogo do bicho through the state lottery of Minas Gerais, and given the company’s propensity for exploring all gambling opportunity’s and partnering with bicheiros when convenient, it seems highly possible that that source of the technology to computerize the illegal sector has been Gtech or one of the company’s countless subsidiaries. It is also unclear what role Gtech has played in the growth of video slot machine terminals in Brazil. Yet it is well known that under the leadership of CEO Bruce Turner since 2000, Gtech has been a major worldwide producer of such machines. Given the company’s history of multimillion dollar bribes, kickbacks, and cloak and dagger blackmail schemes, it does not seem far fetched to imagine that the company has been responsible for the influx of much “gray market” gambling machinery into Brazil, to be operated in the illegal video-slot machine parlors of the mafia do jogo do bicho.

While the loss of the Brazilian federal contract was a blow to Gtech, the company bounced back quickly. In early 2006 Gtech sold itself to an Italian lottery company Lottomatica at $35 a share, a 15 percent premium over the stock’s trading price, for a total of $4.65 billion in cash. “In acquiring Gtech, Lottomatica is taking over a company
nearly twice its size by revenue.” Together, “the companies plan to create centralized lotteries in countries that do not yet have them, as well as sell new products to governments with longstanding lotteries.” In a discussion of the merger and the vision for growth for the new company, Gtech CEO Bruce Turner pointed out “65 percent of the world’s people do not have access to a centralized lottery. It was agreed that in the new company “the Gtech management team will hold many of the top spots.” The deal brought Lottomatica to the top of the gaming business, while it brought Gtech the opportunity to maximize the Italian lottery contract held by Lottomatica, while also giving Gtech access to the cash flow of the De Agostini conglomerate that backed the deal, all of this making the Gtech bosses even richer than they already were. Most notably it made Gtech quintessentially multinational, a company that was no longer truly based anywhere but was interconnected to gambling activity almost everywhere.

In late 2006, news surfaced that Gtech had paid a $20 million bribe to a “consultant” in Poland in order to secure the nation’s lottery contract. But as has been the case so often, the performance of Gtech in securing money for governments through enhanced lottery performance overshadowed their murky practices, and the company has continued to expand. Pushing towards its goal of servicing the 65% of the world’s population without lottery access, Gtech signed an agreement with the Nigerian National Sports Lottery in late 2008 to bring that nation’s lottery on-line. Pointing to its large population and its “strategic position in the West African sub-region,” Gtech CEO

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Jaymin Patel explained, “The Nigerian market has, for quite a long time, been very attractive to Gtech.” Adding a new wrinkle to the benefits of national partnership with Gtech, a Nigerian official speaking in reference to the deal explained that “technology and talent transfer will immensely benefit Nigerians,” as the partnership “will forever change the landscape of electronic transaction processing in Nigeria.” Whether any such benefits will be reaped remains to be seen. What sort of corruption went into the Nigerian deal can only be imagined.

Yet Nigeria is by no means to be Gtech’s final frontier. Speaking during a conference call of investors regarding Lottomatica’s goals for 2010, Gtech CEO Jaymin Patel pointed to China as a highly promising area for growth. “It’s a very important market for us,” he explained. Noting that the company already had three contracts operating in China, he said, “We’re going to look for smaller acquisition opportunities and ways for us to enter into new government contracts, so we take a commanding share of the growing online industry there.” He told the investors that in China “you have a large amount of illegal gaming, which is estimated at something like 10 times the legal market.” Yet the dominance of the illegal activity was due in large part to the fact that the legal lotteries “have very few points of sale relative to the population.” Pointing to a goal of a point-of-sale to human ration of 1 to 2,000, Patel argued that an ambitious effort to “roll out an incremental 500,00 plus retail points-of-sale over the next several years”

could go about “converting the illegal to legal market as these points of sale are rolled out.”

Even the global economic collapse of 2008 could not stifle Gtech’s optimism. During Lottomatica’s investor “conference call to discuss 2008 full year results,” the Lottomatica Chairmen and CEO expressed optimism for 2009 despite the already evident global financial crisis. He quite plainly explained to the investors that it was “easy” to “insulate” the company “when the economy stalls.” As he stated very simply, “Historically, difficult economies have fostered a gaming expansion.”

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Time will tell how the conduct of gambling in Nigeria, China and elsewhere will be transformed by the arrival of global corporate gambling. But if past history holds any lessons, then we can assume that popular games built around rotating distribution of winnings at reasonable odds, will give way to jackpot games built around fantasies of great wealth. The basic similarities of the processes that unfolded in the United States and Brazil confirm that changing patterns of gambling consumption are not particular to any one area or nation.

The comparable emergence of numbers games in Rio and New York City in tandem with the process of intense urbanization points to numbers gambling as a response to the shift from rural to urban life. These games grew among the excluded as stock speculation grew among the elite. By positing numbers betting as analogous to the stock market, the poor thus mocked the rich and any claims they might make to a status

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40 Lottomatica S.p.a 2008-2010 Strategic Plan Presentation, Final, Fair Disclosure Wire, Waltham, April 7, 2008.
born of merit. By positing bets made on the basis of dream interpretation as analogous to
decisions made on the basis of the science of high finance, the poor thus challenged the
claims of market-based rationalism. The numbers game and the jogo do bicho, were
open, simple and inexpensive games of chance. For the patient bettor, willing to stick by
his or her lucky number until it came around, winning was experienced at relatively
frequent intervals. While most players put more money into these games than they got
out, the act of diverting small amounts towards the game on a daily basis, allowed for the
possibility of accumulation of substantial sums, albeit at a negative interest. Whereas
attempts to save money under the mattress would have been undermined by the
constantly arising expenses and economic demands of urban life, numbers gambling
allowed the poor to put money out of their hands in small bits in order to see it return in
large sums. As Claude McKay explained long ago, a person “may as well invest a dime
on a lucky number as he might in a glass of beer or a piece of candy.”

Money put into the numbers game and the jogo do bicho passed through countless
hands along vast networks of gambling employees. Such money also found its way into
the hands of police, and thus beyond the social and psychological challenges these games
presented to capitalist relations, the games also posed a challenge to the very legitimacy
of the state. When collusion between police and gamblers served as an equilibrating force
by supplementing police salaries, criminal gambling was often tolerated. Yet as broader
fears regarding urban crime captivated elites, illegal numbers games were cast as
intolerable erosions of public order. Thus confronting urban gambling was portrayed as
fundamental element of the necessary process of police reform, and promotion of legal
state gambling was posited as a remedy. As long standing arrangements began to unravel,
numerous actors attempted to shape new frameworks for gambling. The alternatives at hand were often simplified as a choice between legal and illegal, clean and corrupt. Yet at the center of the changes underway was struggle and conflict over the complicated question of who would have access to the jobs and profits of taxed gambling and who would be subjected to gambling as taxation. Police, politicians, clergy, corporations, criminals, and average bettors, all scrambled to secure their places in the emerging framework.

The potential for lottery growth to solve the problems of police and political corruption was at the very heart of experimentation with new and expanded lotteries during the late 1960s and early 1970s in both Brazil and the United States. Rather than lotteries simply being promoted as mechanisms of revenue capture, and thus representing an attempt to meet the fiscal needs of the state through morally questionable practice, the promotion of lotteries to combat police corruption gave lottery expansion social and political legitimacy as a reform measure. Yet any claims that lottery growth solved the problem of the bribery would be dubious at best. The most effective measure in this regard seems to have been the moratorium on low level gambling arrests begun by New York Police Commissioner Patrick Murphy. Not only did this measure begin to dry up the “pad,” but it also fostered greater autonomy for independent black and Hispanic numbers bankers attempting to operate free of control by organized crime. Meanwhile the severe repression of the jogo do bicho initiated by the military dictatorship in Brazil in 1969 seemed to have the opposite effect. The jogo do bicho survived by spreading the spoils of corruption more broadly, beyond the Civil Police to the larger Military Police, and beyond local and state governments to the national government. Within the jogo do
bicho itself, centralized control was increased and autonomy for small operators was diminished. The fact that gambling-related corruption has persisted in Brazil to an astounding extent demonstrates that an expanded government lottery apparatus will not simply clear away the problem. The presence of police corruption in Brazil, despite the existence of state of the art government lotteries, would also seem to imply that reductions in corruption in the United States were driven by factors other than lottery growth. A comparative analysis of police pay, as well as police collective bargaining rights might be highly revealing on this matter. This study falls short in that regard, yet perhaps further exploration is in order. While police corruption has abated in the United States and persisted in Brazil, the corruption of the Gtech corporation appears to know no national boundaries.

The big bankers of the jogo do bicho also achieved long term survival by deepening their involvement in carnival and by eventually transforming carnival into an indispensable commercial enterprise. The closest analogy to this dynamic to be found in the historical narrative of gambling in the United States would be the involvement of black numbers barons with Negro League baseball. Ownership of Negro League teams gave numbers operators alternate identities as legitimate business men. Yet after the demise of the leagues, black numbers operators did not develop another visible and easily identifiable base of popular support. The bankers of the jogo do bicho were able to use their involvement in the samba schools to stave off attacks by the government. On the other hand, the numbers men of New York had no such claim to legitimacy other than a set of loose and anecdotal accounts of the typical numbers man as a reliable source of loans or benevolence. Instead, the black and Hispanic numbers operators of New York
relied on appeals to racial justice in their efforts to protect their corner of the economy. These appeals found little favor as they were made in an environment of increasing racial backlash, growing hostility towards taxation, and an emerging demagoguery regarding welfare cheats.

Racial dynamics seemed to be a minimal factor in the political contestation over the jogo do bicho. Yet this is perhaps a feature of the way in which race itself, while a fundamental social reality in Brazil, rarely emerges as a source of cohesive political or economic action. In fact, it can be argued that the Brazilian tendency to mute discussion of racial difference was a factor in allowing the predominantly white big bankers of the jogo do bicho to maintain popular support in the samba schools and poor neighborhoods so heavily populated by people of color. Meanwhile the overt discourse of race in the United States led Congressman Adam Clayton Powell Jr. to denounce Italian numbers bankers as outsiders engaged in exploitation of the Harlem community as early on as 1960. Comparative analysis of the interactions of race and class in the United States and Brazil has not been an ongoing theme of this study, yet perhaps the histories presented here will be of value to the many scholars of comparative racial dynamics.

Ultimately, the demand for community control of numbers gambling as a matter of black economic self-determination went nowhere in the United States. While appeals for racial justice were met by the countervailing rise of backlash politics, such appeals were further neutralized by the supposed connection between the New York State Lottery and funding for education. The criminal operators of the numbers game stood little chance when their priorities to stay in business were portrayed as competing with the needs of the state’s school children. Even before the first ticket was sold, it was clear that
lottery money would function only as substitute for, rather than as a supplement to, education funding, and thus any relationship between the lottery and education funding is purely symbolic and exists in name only. Yet this symbolism has proved powerful, and it was crucial to the process of transforming the perception of lottery gambling from vice to virtue, and ultimately achieving a “consensus of legitimacy.” The lotteries of the Brazilian national government have not claimed such a high moral purpose and have been most closely associated with support for amateur athletics. While amateur athletics are no doubt worthy of support, the fact that the jogo do bicho bosses support samba schools and operate many soccer teams, would seem to give the bicho a comparable claim to legitimacy, this standing as another factor in the survival of the jogo do bicho.

While the big bosses of illegal gambling in Brazil proved able to adapt to, and even manipulate the efforts of the government to suppress and replace the game, the tens of thousands of workers involved in the game have not fared quite as well. Addressing the marginalization of these workers was never taken up as a priority of either the government or the bicho bosses. They were described by a member of the Guanabara state legislature in 1967 as an army of “tens of thousands of people, marginalized by society, accused and grouped in with contraventores, without even the minimal rights provided by Constitutional labor laws.” And this they remain. Gambling workers in the United States on the other hand went from marginalized to almost non-existent. While this would seem to be a difference between the two histories, it speaks to a basic commonality within the processes that unfolded in both places. As illegal gambling was cast as a problem to be confronted, preservation of the gambling employment base was never given priority as an element within the solution. Thus the result has been a process
by which gambling itself increases while employment in gambling is made to decrease. And herein lies the global phenomenon that these two histories confirm. The poor and the working classes have been rejected as producers of gambling, while they have been simultaneously cultivated as consumers of gambling.

While the workers of the old games have been marginalized, the Gtech corporation has thrived in both the strict legal environment of the United States, and amidst the weak legal institutions of Brazil. This speaks to the differing function of the law in advanced capitalist and developing capitalist nations. In a country such as the United States the law stands as a bulwark to the social order. In Brazil on the other hand it is the permeability and inconsistency of the law that stand as the norm. While inconsistent law leaves the poor with “weak citizenship,” the rich have access to an enhanced citizenship, securing contracts, favors, and near total impunity. Thus in Brazil, global corporate gambling as represented by Gtech, and Brazilian criminal gambling as represented by the big bankers of the jogo do bicho were not so much opposites as equivalents. Gtech fit comfortably into the patterns of corruption prevalent in Brazil, and the bosses of the jogo do bicho adapted quickly to the techno-gambling promoted by the corrupt corporate sector.

The nature of the overall increase in gambling has been multifaceted. The old-style numbers or jogo do bicho bettor has been introduced to the new habits of the scratch game and the jackpot game. Many citizens who were never interested in the modest games of old, have now become gamblers attracted by the magnetism of large jackpots or the convenience of ubiquitous government lottery games. Rural citizens, whose communities never featured the population density to sustain illegal gambling networks,
have increasingly been brought into the gambling fold as the technology of the
governmental corporate lottery partnership has conquered the challenges of distance,
geography, and isolation. Hovering in the atmosphere over all of these new opportunities
to gamble, are the messages of advertisement flowing through numerous channels and
mediums. We can say with clarity that it is government policy in much of the United
States, in Brazil and in countless other places, to encourage citizens to gamble. People are
stimulated to gamble, who might otherwise not be predisposed to do so. Governments are
prodding citizens to make economic choices that are not in their best interests. It is highly
unlikely that lottery gambling will shrink as a budgetary element. As was understood as
early as 1976, any decrease in lottery sales creates a need for new taxes. It is more likely
that lotteries will continue to grow. As Russell Gladieux, of the New York State Lottery
explained so well back in 1985, “We’re caught in a syndrome that constantly demands
new games and methods of selling.”

The newly transformed gambling habits of the poor and working classes of Brazil
and the United States amount to new forms of social conditioning. To bet on the numbers
game “single action” at 1 in 9 odds or to bet on the jogo do bicho certainly involves
different meanings, assumptions, and beliefs than betting on the Megamillions at odds of
1 in 175,711,536. The odds of a prevalent gambling game in a society are in and of
themselves a pattern of distribution. For a society to embrace a game with odds of 1 in 9
is a decision to pool collective resources so that one person out of every nine persons can
have at least a modest sum. For a society to embrace a game with odds of 1 in
175,000,000 is a decision to pool collective resources so that one person out of almost
two-hundred million persons can become extremely rich. Gambling in the jackpot form
has conditioned the poor and working classes to embrace the prevailing inequalities and concentrative patterns of distribution under late capitalism. Lottery expansion over the last forty years has not simply changed gambling from illegal to legal, or turned less gambling into more gambling, rather lottery expansion has produced a new social dynamic of gambling. Challenge has been converted into obedience, dreams have been exchanged for fantasy, man has been replaced with machines, jobs have been destroyed as taxes have been established, distribution has been rejected in favor of concentration, and winning has become losing.
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