

IN THE CIRCUIT COURT OF THE FOURTEENTH JUDICIAL CIRCUIT  
OF THE STATE OF FLORIDA, IN AND FOR JACKSON COUNTY SPRING TERM  
TWO THOUSAND AND ELEVEN

IN RE: GRAND JURY INVESTIGATION

IN THE NAME OF AND BY THE AUTHORITY OF THE STATE OF FLORIDA

The Grand Jury of Jackson County, Florida, for the Spring Term of Court, empanelled and sworn on July 22, 2011, has received evidence that gambling in violation of Florida law has been taking place in this county and respectfully reports as follows:

Gambling interests based in South Florida, and in other states, have placed electronic games of chance in business premises within Jackson County establishing several electronic casinos contrary to Chapter 849, Florida Statutes. These electronic games are modernized versions of the implements, devices or apparatus that have historically been used in gambling houses by gamblers. For a price, players are permitted to engage in games of chance in hopes of winning a prize. The operation of these casinos is not only unlawful, they are a detriment to Jackson County and constitute a public nuisance.

Lawyers for the gambling interests who have sponsored or operate these casinos claim that their activities are exempt from Florida's gambling laws. They contend that the casinos are in the business of selling consumer products - - high speed internet minutes or phone cards - - and that the games of chance are really "sweepstakes" or "game promotions" authorized by § 849.094, Florida Statutes. The Grand Jury has considered these claims and finds that they are a sham.

Game promotions are familiar marketing tools. McDonalds and Coca-Cola both use them: If you buy a Big Mac you can get a game card with a chance to win a prize; a Coca-Cola

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cap may entitle a consumer to win something. Florida law places requirements on such game promotions:

1. If the prizes offered are valued at more than \$5,000.00, the game operator must register with the Department of Agriculture and Consumer Services by filing the rules of the game and list all prizes;
2. A trust account with deposits totaling the value of the prizes must be established or a bond in that amount must be filed; and
3. A list of persons winning more than \$25.00 must be provided to the Department within 60 days after the winners are named.

None of the casinos in Jackson County have registered.

Initially we note that there is no legitimate market for the products these casinos purportedly sell. Except for the casinos, there are no places of business devoted solely to the sale of internet minutes or phone cards. While phone cards may be purchased at stores such as Wal-Mart, they are a miniscule portion of their sales and certainly would not support a shop exclusively offering phone cards. Moreover, the phone cards cannot be used at pay phones and expire ninety days after purchase.

The market for the sale of internet minutes as offered by the casinos is even more questionable. The internet minutes that the casinos claim to sell are practically useless. They must be used in the casino and at one such casino, common internet sites could not be accessed. Indeed, a person having a home computer with internet access has no need for this product, and a person having a computer that is not internet connected has no way of using casino-sold minutes. Moreover, public libraries provide free internet access.

The casinos do not use the games as a promotion. They do not advertise. Legitimate businesses like McDonalds and Coca-Cola use their game promotions to entice consumers to purchase their products through advertising. Inquiries to the major advertising outlets in Jackson County revealed that no advertising has been placed for the casino sales of phone cards or internet minutes. The product the casinos sell is gambling, and that needs no promotion.

In 2009, the Jackson County Sheriff's Department served search warrants on two electronic casinos. One claimed that it was promoting the sale of internet minutes. Cash transaction slips from that casino were seized, and this Grand Jury has reviewed them. They tell the true story: A player pays money to the casino cashier. The player's account is credited in two ways. Internet minutes are added to an internet time account. The cash is applied to a cash account. Activity in the cash account shows gambling transactions. Deductions in the internet minutes account would show internet use. A review of those records show that very little internet time was being used while hundreds of dollars were being gambled. Players with hundreds of hours of accumulated internet time continued to place money in their accounts and to gamble their cash balances away. It is clear that the purported sale of internet minutes is merely camouflage for casino-style gambling.

During investigation of the casinos currently operating in Jackson County, undercover officers visited the casinos. Players and gaming stations were observed. Those officers report that during their casino visits, no one was on the internet. In fact, when those officers set up their player accounts the casino personnel did not maintain even the pretense of selling internet minutes or phone cards; their instructions were entirely on the way in which the games are played and on winnings and losses.

Gambling interests have been searching for loopholes in Florida's gambling laws for years. They have sought to exploit suspected loopholes by means that often are more legalistic than sensical. Their game promotion efforts are more of the same. The Grand Jury agrees with Florida's Attorney General (AGO 2007-48):

"Gambling activities may not be disguised as a "game promotion" under the terms of § 849.094, Florida Statutes, in an effort to avoid the criminal sanctions attendant to violations of Florida's gambling laws."

Claiming that casinos are selling internet minutes or phone cards is a thin disguise at best.

These electronic casinos constitute a public nuisance. Their continued operation is a disgrace and a detriment to Jackson County. The Sheriff of Jackson County, the Chief of the Marianna Police Department, and the State Attorney for the Fourteenth Judicial Circuit of Florida are encouraged to employ the remedies provided by law to bring about the abatement of these gambling activities as quickly as is practical.

Further, we sayeth not.

Respectfully submitted this 22<sup>nd</sup> day of July, 2011, A.D.

  
Foreperson of the Grand Jury



Glenn Hess  
State Attorney  
Fourteenth Judicial Circuit  
PO Box 1040  
Panama City, FL 32402  
(850) 872-4473  
Florida Bar No: 287806



Larry Basford  
Assistant State Attorney  
Fourteenth Judicial Circuit  
PO Box 1040  
Panama City, FL 32402  
(850) 872-4473  
Florida Bar No: 361951