

# Democracy North Carolina

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## EMBATTLED VIDEO-POKER INDUSTRY GIVES GENEROUSLY TO N.C. POLITICIANS

### Speaker Jim Black and Michael Decker Top List of Legislators

Despite on-going state and federal investigators, political donations tied to the video-poker industry continue to pour into North Carolina campaigns – more than \$200,000 in the last election – and continue to highlight legal and ethical issues tugging at NC House Speaker Jim Black.

That total doesn't include the \$109,000 two operators loaned their own failed campaigns for the General Assembly. One loser, distributor C.R. "Bucky" Jernigan, confessed to widespread illegal gambling soon after announcing his candidacy and the sheriff destroyed 275 of his machines.

As the industry becomes more controversial – and more of its big donors are arrested or put out of business – some politicians are refusing video-poker money. In the past year, 11 legislators returned donations from the industry's political action committee, the NC Amusement Machine Association PAC. "They view video-poker money as radioactive," said Bob Hall, research director of the nonpartisan watchdog group Democracy North Carolina. "It carries more risks than benefits."

Others continue to take the money, even though the NC Sheriff's Association has lobbied to ban the games and the current US Attorney has put two of the industry's major political donors [Garland Garrett and Ricky Goodwin] in prison for running illegal gambling operations.

Leading the list of legislative recipients for 2003-2004 are Democratic House Speaker Jim Black and – less predictable – Michael Decker, the Republican who temporarily switched party affiliations and helped Black maintain power despite the GOP's 61-59 advantage in January 2003.

Black is viewed as the industry's grand protector, because he has thwarted several attempts by the state Senate to ban the gaming machines, which by state law are limited to offering coupons worth \$10 in merchandise. Law enforcement officials say most are rigged to pay cash prizes.

Black received \$8,000 from the industry PAC (the maximum allowed) and \$38,750 from other industry-related donors for a total of \$46,750. That's a drop from his record take of \$108,000 from video-poker donors (not counting lobbyists) in the 2002 election.

Hall noted the absence in the 2004 cycle of many donors who his group suspects are linked to illegal donations – and who are the target of a State Board of Elections probe. "Bobby Huckabee and his agents don't appear on Black's latest list, or on anybody else's. He's gone from a donor of \$26,000 in the 2000 election, to heading up his trade group's political committee, to zero visibility."

But other aspects of the video-poker money raise new questions, Hall said. For example:

- Michael Decker received \$11,500 from industry-related donors, including \$8,000 on the day Jim Black was elected Co-Speaker – Feb. 5, 2003. "Video-poker money was the largest share of

\$30,000 Decker's campaign got in the 10 days before or after that vote from donors tied to interests and individuals backing Black," Hall said. None of the donors had ever given to Decker before.

- The Decker campaign report "camouflages most of these donors, which raises suspicions," he said. "You wonder who raised that money, what's to hide?" Donors are listed with misleading or incomplete information, he noted; often the spouse is listed, rather than the recognizable donor.

- Decker's donations from individuals linked to video-poker come from convenience store and truck stop owners and employees, including one Virginia manager listed as giving \$3,000 who has never previously donated to a North Carolina candidate. Hall said the manager refused to talk about the donation. His boss, Herman Sadler, is another donor on Decker's report; he owns truck stops in North Carolina and Virginia and gets his video poker machines from the same vendor as other donors on Decker's report. Sadler has given \$5,000 to Black's campaigns since January 2000.

- A week after receiving the major video-poker donations, Decker used his campaign account to pay \$8,249.50 for a Chevrolet for his automobile collection, plus a \$232 plane ticket to Florida to pick up the car. Even though he received \$104 per day for lodging and other expenses as a legislator, Decker spent thousands of dollars from his campaign account for motels, food, and gas while the General Assembly was in session. North Carolina law does not prohibit personal use of campaign funds, Hall noted, but federal law requires such money to be treated as taxable income. "The question is: Did Michael Decker report this income on his IRS tax return for 2003?"

- The Amusement Machine Association PAC gave a total of \$48,800 to 67 state legislative candidates in the 2004 election, about the same level as the 2002 election, when it first became active. In addition, the PAC contributed \$4,000 to the NC House Democratic Caucus and \$3,800 to the NC Black Legislative Caucus during 2004.

- Representative Bill Culpepper (D-Edenton) received \$6,000 from the Amusement PAC in 2004, ranking him second behind Black's \$8,000. Culpepper handled the 2004 legislation backed by Black and the industry that would have increased regulatory fees on video-poker machines, rather than ban them. The state Senate refused to go along with that version of the bill and it died.

- Hall pointed out the overlap in the money and votes on the bill. Of the 60 House members who backed the Culpepper/Black bill on its crucial second roll-call vote, 50 received video-poker PAC money. By contrast, of the 53 House members who opposed the bill, only 7 received Amusement PAC funds during 2003-2004 – and 4 of those 7 changed their votes on the final, third roll-call vote to Yes or Not Voting.

- Only two state Senate candidates (David Hoyle and Janet Cowell) received contributions from the industry PAC – a total of \$750.

- The individual donors include video-poker distributors and operators with machines in their bars, convenience stores, adult nightclubs, or truck stops. Hall said that some of the donors have run afoul of the law for offenses ranging from illegal nudity and drug activity in their strip clubs (e.g., W.D. "Slim" Baucom, who had 18 video-poker machines in eight Charlotte locations during this period) and seizure of illegal gambling devices, including video-poker machines that pay out cash winning (e.g., Bobby Harrison, Clarence Ray "Bucky" Jernigan, Keith Farrish and Jeff Burleson).

"When you look at the track record of this industry, you can understand the frustration of the sheriffs who don't understand how it continues," said Hall. "The danger is that its pattern of illegal behavior will infuse our political system. This is a case where politicians should 'Just Say No' to money linked to corruption and push hard for an alternative source of clean campaign money."

## HIGHLIGHTS FROM MICHAEL DECKER'S CAMPAIGN REPORT

The video-poker related donations to Michael Decker (other than the \$500 from the Amusement Machine Association PAC) are listed on his campaign report for Jan. 1 to June 30, 2003. All of his contributions for this six-month period were received in the month surrounding the vote for House Speaker. Expenditures for the Florida airfare (on 2/19/2003) and the wire transfer of money for the car (2/18/2003) are listed on the expenditure pages of this report. The report can be viewed on the website of the State Board of Elections: [www.sboe.state.nc.us/CF\\_Report/cf\\_report\\_main.htm](http://www.sboe.state.nc.us/CF_Report/cf_report_main.htm)

### Details for Video-Poker Contributions from Individuals to Michael Decker

- \$1,000 from James Testa, Kings Mountain, who owns Kings Mountain Roadside Truck Plaza, which has video-poker machines supplied by Truck Stop Games.
- \$2000 from Thomas C. Stevenson Jr. and Carolyn W. Stevenson of Henderson, who run Chex Truck Stop or Chex Truck World. They have video-poker games supplied by Truck Stop Games.
- \$4,000 from Harold G. Clemmer Jr., Dallas, owns several businesses, some with video-poker games, some without, as well as C & B Distributors in Lowell.
- \$1,000 from Herman Sadler Jr., Emporia, Va., owns truck stops in Virginia and NC that both have video-poker games from Truck Stop Games. He is also a repeat donor to Jim Black's campaigns.
- \$3,000 from Aubrey N. Temple, Emporia, Va., is listed as "businessman." He is manager of Sadler Travel Plaza in Emporia, owned by Herman Sadler.

Democracy North Carolina confirmed that most of these businessmen had video-poker games in from Truck Stop Games in Virginia (H. Keith Farrish, owner of Truck Stop Games, donated \$2,000 to Jim Black in 2004. His wife, Debra Farrish, gave Black \$4000 in 2000 and \$4,000 in 2001).

### Other donors listed on this report with ties to Jim Black include:

- Charlotte donors - \$6,500: Cameron A. Harris (\$2,000), a Charlotte insurance executive and former chairman of the Mecklenburg County Democratic Party. Fletcher G. Keith (\$1,000), a Charlotte chiropractor and loyal Black supporter. W. Brian Berry (\$500) of Charlotte is married to Judy Harrison Berry, a political fundraiser and repeat donor to Jim Black. Peter L. Tucker (\$3,000) is a Charlotte plastic surgeon and another major Black donor.
- Chiropractors - \$4,000: Fletcher Keith of Charlotte ([see above](#)); Thomas M. Brown (\$1,000), who is practices with Keith in Charlotte; Steve Willen (\$1,000) of Greensboro; and Dennis L. Hall (\$1,000) of Concord.
- Optometrists - \$4,400: M. Scott Edwards (\$4,000) of Murfreesboro, NC. Christopher Moshoures (\$200) of Shalotte and, at the same address, Karen M. Moshoures (\$200).
- Nurse Anesthetists - \$2,000: Dale Camp and Jeff Caudle are partners in Carolina Anesthesia Associates in Hickory; their wives, Sandra Camp and Michelle Caudle, gave \$1,000 each
- Hog donors - \$4,000: Linda H. Turner (\$2,000) of Pink Hill is related to Jeffrey Turner, vp for governmental affairs at Murphy Brown. J. Ralph Britt (\$2,000) of Mt. Olive is related to Lois Britt; before her death, she head of public relations for Murphy Family Farms.
- Womble Carlyle attorneys - \$2,500: Mark Poovey (\$1,000), Richard T. Rice (\$500), Kenneth N. Shelton (\$500) and Erik D. Bolog (\$500) are attorneys with the Womble Carlyle law firm - all gave on 1/27/2003. Mark Poovey became a registered lobbyist in May 2004 for the video-poker industry.
- Payday lending businessman A. David Davis (\$500), listed as living in Cincinnati.

## NCAMA PAC Donations & Votes on Culpepper/Black Video-Poker Bill

PAC RECIPIENT	AMOUNT GIVEN	VOTE-2	VOTE-3	PAC RECIPIENT	AMOUNT GIVEN	VOTE-2	VOTE-3
Adams, Alma S	\$ 750	Y	Y	Jeffus, Maggie	\$ 750	Y	Y
Alexander, Martha	0	N	N	Johnson, Charles	0	Y	Y
Allen, Bernard	250	Y	Y	Johnson, Linda P	0	N	N
Allen, Gordon P	0	Y	Y	Jones, Earl	250	Y	Y
Allen, Lucy T	250	Y	Y	Justice, Carolyn H	0	N	N
Allred, Cary D	0	N	N	Justus, Carolyn	500	N	N
Baker, Rex L	0	N	N	Kiser, Joe L	0	N	N
Barbee, Bobby Harold	0	N	N	LaRoque, Stephen	750	Y	Y
Barnhart, Jeff	0	N	-	Lewis, David	0	N	N
Bell, Larry M	250	Y	Y	Lucas, Marvin W	0	Y	N
Black, Jim	8000	Y	Y	Luebke, Paul*	250	Y	Y
Blackwood, J Curtis Jr	0	N	N	McAllister, Mary E*	250	Y	Y
Blust, John M	0	N	N	McComas, Danny	0	N	N
Bonner, Donald	0	Y	Y	McGee, William C	0	N	N
Bordsen, Alice L*	400	Y	Y	McHenry, Patrick	0	N	N
Bowie, Joanne W	1000	Y	Y	McLawhorn, Marian N	800	Y	Y
Brubaker, Harold J	2000	N	N	McMahan, W Edwin	250	Y	-
Buchanan, C Monroe	500			Michaux, H M (Mickey)	300	Y	Y
Capps, J Russell	0	N	N	Miller, Paul	0	-	-
Carney, Becky	250	Y	Y	Miner, David*	1000	-	-
Church, Walter	250	-	Y	Mitchell, Frank	0	Y	Y
Clary, Debbie A	250	-	Y	Moore, Timothy K	0	N	N
Coates, Lorene T	250	N	-	Morgan, Richard T	0	N	N
Cole, Nelson	1500	Y	Y	Munford, Don	400	Y	Y
Cowell, Janet	250			Nye, Edd	0	N	N
Crawford, Jim	0	N	N	Owens, W C (Bill) Jr	1000	Y	Y
Creech, Billy J	0	N	N	Parmon, Earlene W	250	Y	Y
Culp, Arlie F	0	N	N	Pate, Louis M Jr	0	N	N
Culpepper, Bill	6000	Y	Y	Preston, Jean R	250	Y	Y
Cunningham, W Pete	250	Y	Y	Rapp, Ray*	750	N	-
Daughtridge, Bill	800	Y	Y	Ray, Karen	0	N	N
Daughtry, Leo	0	-	-	Rayfield, John	0	N	N
Decker, Michael	500	Y	Y	Redwine, E David	250		
Dickson, Margaret H	0	N	N	Rhodes, John W	0	N	N
Dockham, Jerry C	1000			Ross, Deborah K	0	N	N
Dockham, Jerry C	0	Y	Y	Sauls, John I	250	Y	Y
Earle, Beverly	500	Y	Y	Saunders, Drew	250	Y	Y
Eddins, Rick	0	N	N	Setzer, Mitch	0	N	N
Ellis, J Sam	0	N	N	Sexton, Wayne	250	Y	Y
England, Bobby*	250	Y	Y	Sherrill, Wilma M*	900	Y	Y
Farmer-Butterfield, Jean	300	Y	Y	Stam, Paul (Skip) Jr	0	N	N
Fisher, Susan	250	Y	Y	Starnes, Edgar V	0	N	N
Fox, Stanley H.	0	Y	Y	Steen, Fred F	0	N	N
Frye, Phillip	0	N	N	Stiller, Bonner	0	N	N
Gibson, Pryor	0	-	N	Sutton, Ronnie	0	N	N
Gillespie, Mitch	0	N	N	Tolson, Joe	250	Y	Y
Glazier, Rick	0	N	N	Wainwright, William L	500	Y	Y
Goforth, Bruce	750	Y	Y	Walend, Trudi	0	N	N
Goodwin, Wayne	0	N	N	Walker, R Tracy	0	N	N
Gorman, Michael A	0	N	N	Warner, Alex	500	N	N
Grady, Robert*	250	Y	Y	Warren, Edith D	400	Y	Y
Gulley, Jim	0	Y	N	Weiss, Jennifer	0	Y	Y
Hackney, Joe*	500	Y	Y	West, Roger*	250	N	Y
Haire, R Philip	750	Y	Y	Williams, Arthur J	1500	Y	Y
Hall, John D	250	Y	Y	Williams, Keith	500	Y	Y
Harrell, Jim	2000	Y	Y	Wilson, Connie	0	N	N
Hill, Dewey	500	N	-	Wilson, Gene	0	N	N
Hilton, Mark K.	0	N	N	Womble, Larry	250	Y	Y
Holliman, L Hugh*	500	Y	Y	Wood, Steve	0	Y	N
Holmes, George M	0	N	N	Wright, Thomas E	1250	Y	Y
Howard, Julia C	1000	-	-	Yongue, Douglas Y	250	Y	Y
Hoyle, David W	500						
Hunter, Howard Jr	250	Y	Y	Total	\$48,800	(candidates only)	
Insko, Verla	250	Y	Y	* Returned money to Amusement PAC			