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State, The (Columbia, SC)

1991-01-20

Section: METRO/REGION

Edition: FINAL

Page: 1B

GAMBLING CHARGES DROPPED SEIZED POKER MACHINES MUST BE RETURNED, U.S. JUDGE SAYS

JOHN ALLARD, Staff Writer

A federal judge has dismissed gambling and money laundering charges against 13 Lancaster County residents accused of operating illegal video poker machines.

U.S. District Judge Joseph F. Anderson Jr. ordered the federal government to return 365 video poker machines seized last May because the machines do not violate state or federal gambling laws.

Anderson refused, however, to dismiss charges that four of the defendants violated the Hobbs Act, which prohibits public officials from accepting money and private citizens from paying bribes to public officials. In a 14-page decision, Anderson wrote that state law prohibits the use of video poker machines that pay money directly to customers. The machines used by the Lancaster County operators provide vouchers redeemable for cash, which is not illegal.

And because the machines don't violate state laws, they cannot violate federal gambling laws, Anderson wrote.

Two state judges also have ruled that video poker machines do not violate state gambling laws, Anderson wrote, adding that recent efforts in the Legislature to outlaw the machines have failed.

Federal prosecutors have not decided whether to appeal, U.S. Assistant Attorney Greg Harris said. He plans to meet Monday with U.S. Attorney Bart Daniel to discuss Anderson's decision.

Attorneys **Jack Swerling** and Pete Strom, who represent the owners and employees of five video poker machine businesses, said their clients were pleased with the decision. Their clients said they did not want to comment until they learn whether prosecutors will appeal.

"We're very happy and elated," **Swerling** said.

Swerling said the question of whether video poker machines violate state law will have to be resolved by the state Supreme Court. A case in which a state judge ruled video poker machines in Lancaster County did not violate state gambling laws is pending before the court.

There are about 6,600 businesses in South Carolina that operate 20,000 video poker machines, according to the State Coin Operators Association. Those machines generate \$30

million annually for the state in license fees. It costs \$1,500 annually to get a state permit to operate a video poker machine, compared with \$100 for

other video game machines.

"These machines are everywhere in the state. We have believed all along that the activity did not violate state law," **Swerling** said.

The 13 business owners, employees and a Lancaster County deputy were indicted in September after a yearlong state and federal investigation called Operation Busted Flush.

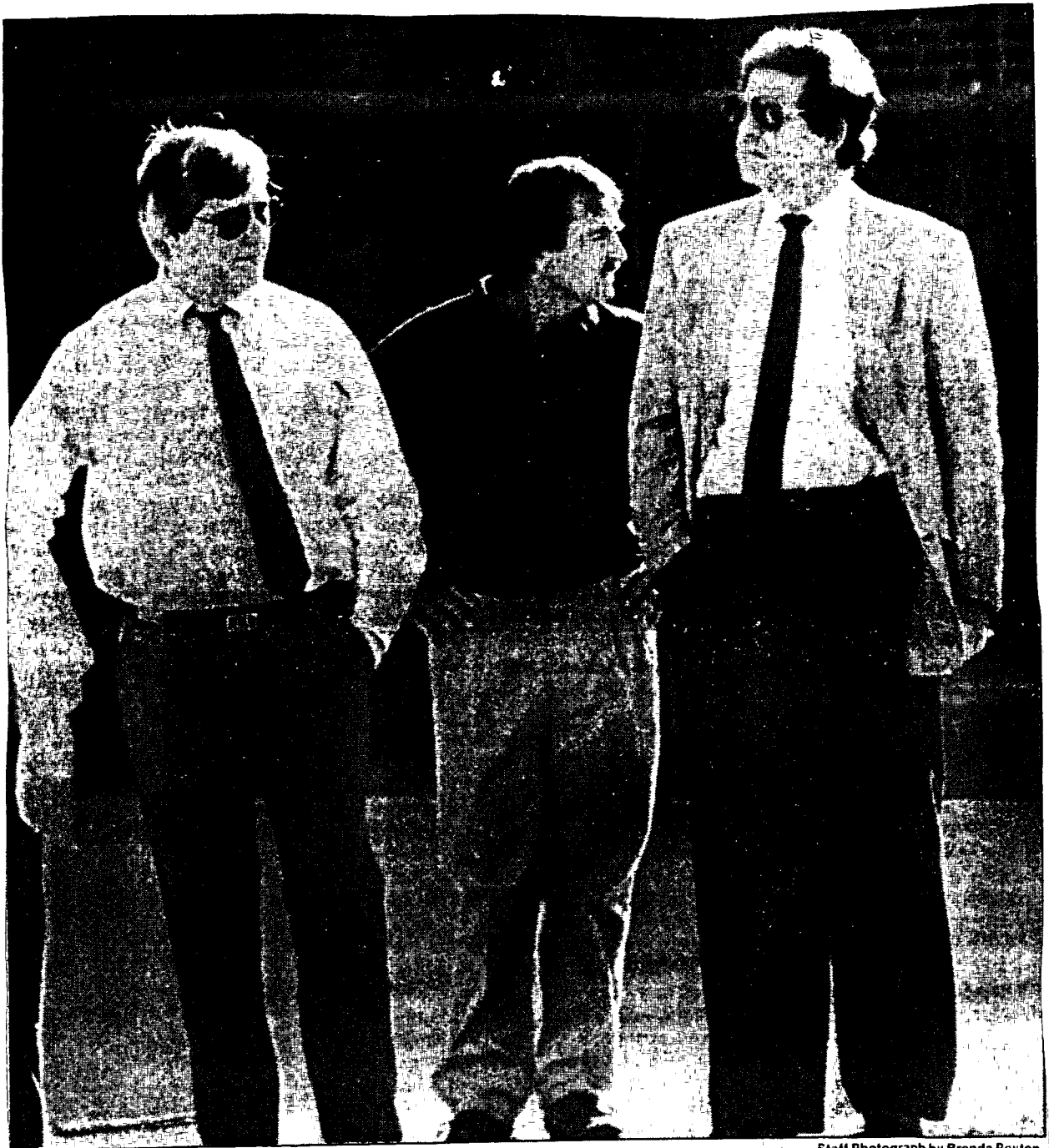
The deputy and three others were indicted on charges they violated the Hobbs Act. They are Deputy Ronnie Lloyd, Leonard Lucas, Tony Parker and **Jack Clayton Strawn**.

According to affidavits, informants were taught how to make payoffs without arousing the suspicions of law enforcement officers, and federal agents were paid off on games during their investigation.

Lloyd, 34, a 14-year law enforcement veteran, has been suspended without pay since being indicted Sept. 26. He has pleaded not guilty to the charges.

Lloyd was suspended with pay May 3, the day state and federal agents raided 50 Lancaster County businesses and confiscated 365 poker machines and \$180,000 in cash.





Staff Photograph by Brenda Peyton

INDICTED — Thirteen Lancaster County residents were arraigned Friday in Federal Court in Columbia. From the left are, deputy Ronnie Lloyd, who was charged with two counts of public corruption, Jimmy McDonald,

who was charged with operating an illegal gambling business and five counts of money laundering, and Columbia attorney Jack Swerling, who represents McDonald.