

# TAP CITY

As casinos have opened up across the United States, the gaming industry in the once-prosperous Atlantic City is down for the count. Can sports betting come to the rescue?

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Casino gambling was still a novelty in Atlantic City when Leonard Tose used to go there with bags full of money. It was the early-1980s and Tose was the well-heeled owner of the Philadelphia Eagles, always sharply dressed with a cigarette in his hand. Jimmy Murray, his general manager, used to drive him there and carry the cash in what he would come to call 'The Green Bag'. 'There was enough in there to buy an NFL franchise,' Murray told me years later with some exaggeration. But it



would never be enough to get Tose through one of his lengthy sessions at the blackjack table, where he would wager \$5 000 per hand on seven hands simultaneously and drink himself blind. 'Leonard used to take a hit on 19 – what more can I say?' said Murray, who looked on with increasing anxiety as the casino would begin issuing Tose credit vouchers once the contents of The Green Bag vanished. 'If he was a driver in the Indianapolis 500, he would have never stopped to refuel. There were no pit stops for him.' Murray shook his head and

added, 'The casinos did everything but throw confetti when Leonard showed up.'

But they did more than just that. To keep him betting large sums, they plied him with vast amounts of alcohol. According to one Maryanne Smeraski, a former cocktail waitress at The Sands Hotel and Casino – where Tose dropped \$1.2-million during three gambling sprees in August and September of 1985 – she was under orders by her bosses to 'never to let his drink go more than halfway down, and never allow the ice to melt in his glass'. Smeraski added: 'It made me sick to the stomach. He was bombed.' So bombed that he had trouble standing, that his speech became slurred and that he knocked over his stack of chips. His former brother-in-law, Charles Pusatere, said Tose downed 20 tumblers of scotch and Perrier in one two-hour period at the tables. Allegedly, Tose was so incapacitated that dealers stepped in and 'helped' him place bets. Concerned by the debt Tose was accruing with the credit vouchers he was signing, a friend of his asked a pit boss: 'Hasn't he had enough?' The pit boss just shrugged his shoulders.

Casino records revealed that Tose dropped \$14.6-million between 1981 and 1986. During that span, he had had '72 losing nights', according to the legal paperwork that would ultimately grow out of his sad compulsions. In an effort to collect \$1.3-million in unpaid gambling debts incurred by Tose, The Sands hauled him into court in 1993. 'They bled me dry and came looking for more,' said Tose, who countersued to recoup some of his losses on the grounds that the casinos took advantage of him while he was drunk. By then he had stripped off the wealth that had once allowed him to live so extravagantly – and give so generously to causes. As incredibly self-destructive as his old boss was, Murray says: 'Leonard had a big heart.' But the \$60-million in proceeds he received from the forced sale of the Eagles in 1985 had evaporated, his trucking company had gone into bankruptcy, and he would soon come to rely on the compassion of old friends simply to get by. That The Sands would sue him seemed odd to one industry insider, who observed: 'You can't get pants off a bare ass.'

**A**tlantic City could use a big spender like Leonard Tose these days. In fact, it could use whatever you got. The place is in one hell of a slump. Four casinos have shuttered their doors this year, including what had been its newest and most exclusive property, The Revel; eight have closed since 2000. According to the University of Nevada-Las Vegas Center for Gaming Research, casino revenues have plunged 45% since 2006 – from an all-time high of \$5.2-billion to a 2013 total of \$2.8-billion. Consequently, plans for the development of 12 additional casino properties have been scuttled. Six were to be built on land that is now occupied by empty lots, which only underscores the grim aspect of the city. Only a short walk from the eight casinos still in operation are city blocks steeped in poverty, the very urban decay that years before the state government had promised casino gambling would alleviate. Boom times followed, but that promise was never kept.

But I have always found Atlantic City to be an intriguing place. To begin with, it sits on a barrier island, which is to say it probably should have been swept out to sea long before it became a casualty of hedge funds. Barrier islands are intended to exist as a buffer against hurricanes, not as a potentially lucrative piece of real estate. Hurricane Sandy destroyed a fair section of the legendary Atlantic City boardwalk, but it was up and running again by the following summer, if not with the same grandeur it had held when an array of fine hotels lined it during the late 19th and early 20th centuries. By the onset of Prohibition in 1919, Atlantic City had become a highly desirable destination for tourists, owing its popularity to the wink-and-a-nod acquaintance the city had with the federal liquor laws under political boss Enoch L 'Nucky' Johnson. But with the end of World War II, tourism ebbed with the easy availability of jet services to Miami Beach and the Bahamas. With the exception of the annual Miss America contest, and the appearance of a young Frank Sinatra at 'The 500 Club', Atlantic City slid into decline.

Until New Jersey legalised casino gambling in 1976, Nevada had the gaming industry to itself in the United States. Las Vegas had been settled as a gambling oasis by mobster Benjamin 'Bugsy' Siegel, one of the founders of Murder, Incorporated. Siegel opened the Flamingo Hotel on 26 December 1946, only to be assassinated by rivals in a hail of bullets at the Beverly Hills home of his girlfriend, actress Virginia Hill. In the ►



*Bank-owned lots for sale on the boardwalk next to the shuttered Revel Casino in Atlantic City*

years that followed, as syndicated crime skimmed millions of dollars annually from its ever-expanding gambling enterprise in Las Vegas, the city became an ideal spot for vacationers in search of a thrill. The big acts played there – Sinatra and his fellow Rat Packers, Dean Martin, Sammy Davis Jr, Peter Lawford and Joey Bishop. Accommodation was always affordable. And if it was something you were looking for, sex was for sale legally just outside the city limits. Conventioneers poured into Las Vegas, which years later would advertise itself nationally with the slogan: ‘What happens in Vegas stays in Vegas.’

New Jersey presented Atlantic City as an alternative. Geographically, it was a short drive away if you lived along the densely populated Atlantic seaboard, as opposed to a plane ride to Nevada that would exhaust the better part of a day. Quickly, crowds began herding to Atlantic City just as soon as the owners of Chalfonte-Haddon Hall Hotel completed its renovations and reopened on 26 May 1978 as Resorts International. From 1978 until 1985, gaming in Atlantic City experienced sharp annual increases (with average growth rates of 55.07% per year). But Atlantic City did not get the same crowd as Las Vegas, which is to say, visitors who came and stayed a week at the hotel, saw a few shows, and entertained themselves at the tables. Atlantic City drew ‘day trippers’. They arrived on buses, played the quarter slots and went home on the same bus that had dropped them off. It was an older clientele than typically found in Las Vegas, pensioners largely, who found it to be a handy escape from the quotidian. Between 1986 and 2006, year-to-year revenue increase continued at a 4.37% pace, only to then see the bottom fall out. In the seven years that have passed since 2006, the yearly rate of decline in revenues has been 8.72%.

So what happened?

One can point to a few explanations. I also have a theory.

Surely, the 2008 financial crisis and the protected recession that followed did not help Atlantic City. But Las Vegas has been saddled with the same dismal economy and has staged a strong recovery. Some of it also has to do with the inescapable fact that ‘the day trippers’ who once swarmed the city are no longer showing up in big numbers. Atlantic City is now just one of countless gaming options out there, as casinos have opened up across the United States (including a few just an hour away in the Philadelphia area, once



*The Mirage Resort Race and Sports Book in Las Vegas is filled with basketball fans during the NCAA March Madness Tournament in 2010*

the exclusive draw of the Atlantic City casinos). Moreover – and this is a huge factor – the advent of the internet has enabled anyone in search of action to be able to find it without leaving their house. Online poker has become immensely popular. The same goes for the variety of table games and slots casinos offer. But that has not stopped Las Vegas from continuing to prosper, which brings me to the theory I have: Atlantic City is just an unpleasant place.

I have been to Las Vegas and I have been to Atlantic City and there is no comparison between the two. Though they are ostensibly in business with the same aim – which is to relieve you of your money – Las Vegas exudes an air of western friendliness. Plus, Las Vegas is located in a desert. The weather is far better there than Atlantic City, which always seems to sit under a shroud of grey clouds. But the big problem is that Atlantic City is exorbitantly expensive. Las Vegas gives its customers a break on the cost of rooms and food with the understanding it will get it back and then some in the casino. Atlantic City squeezes its customer in a way I have always found unsettling. A friend agreed with me. He told me: ‘We had driven up and played at one of the casinos all day. We decided to spend the night, so I asked the pit boss if he could get us a rate on a room. He told me, “I can get you a room for \$279.” I was flabbergasted. Given the volume of play I had given them, I would have gotten ▶

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that same room in Las Vegas for less than \$100. But that is Atlantic City. Greed has done them in.'

So is there a way back? In the wake of the casino closures this year – which has led to thousands of job losses in Atlantic City – New Jersey governor Chris Christie has been a proponent of bringing sports betting into the state. Betting on sporting events is legal only in Nevada at this point, although an additional hundreds of billions of dollars are waged on offshore online sites and illegally with bookmakers. In an effort to secure a piece of that action and bring customers to the Atlantic City casinos, Christie signed the 2014 Sports Wagering Law in October, which would have enabled sports betting to commence immediately in the state. Predictably, the four major professional sports and the National Collegiate Athletic Association joined forces to block the move in an effort to preserve the integrity of the games. A judge obliged them with a temporary restraining order. It seems likely the leagues and the NCAA will ultimately prevail, and Atlantic City will remain on what has become a losing streak that only Leonard Tose could have appreciated.

**I**n the last years of his life, Leonard Tose lived in a well-appointed Philadelphia hotel paid for by an old friend he had once done well by. I spent an afternoon with him in the lobby there one day. There was a sadness in his eyes, yet he remained the same old Leonard, dapper in appearance and brimming with charm. He told me: 'The doctors only allow me an eye-dropper full of scotch each day. How sad.' Even

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sadder: he lost his case against The Sands (which closed in November 2006) and soon thereafter lost his palatial Main Line home in foreclosure. All told, he figured he squandered between \$40- and \$50-million in the casinos. He died at age 88 in 2003.

It was hard not to like Leonard. Even his four ex-wives agreed on that. For all his excesses, he was an enormously generous man, someone who was always willing to help a friend or slip an anonymous cheque to charity. Few people know it, but he and Jimmy Murray were the driving force behind the creation of the Ronald McDonald House, which provides a place for young cancer patients and their parents to stay while they are undergoing treatment. The Eagles had a player, Fred Hill, whose daughter Kim had been diagnosed with leukemia. When Murray asked one of her doctors what the Eagles could do, the doctors replied: 'What we could really use is housing for families when they come in out of town for treatment.' Tose told Murray: 'Get it done.' So it was because of that side of Tose – that big heart of his that was always on display – that Murray endured his eccentricities. Even when Tose fired him.

The breaking point between the two occurred when Murray asked for help with Tose from Dr Robert L Custer, a psychiatrist who was a pioneer in the field of compulsive gambling. Murray arranged for Custer to sit down with Tose at a lounge in Philadelphia. Tose had a cigarette in one hand and a scotch in the other. When the Eagles owner asked him why he had come, Custer told Tose he was there to help him with his compulsive gambling problem.

Tose squinted at him across the table and replied, 'I gave up smoking and I gave up drinking. What makes you think I can't give up gambling?' ■

*Philadelphia Eagles owner and team president Leonard Tose announces the sale of his shares of the team for \$65-million in 1985*



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