

# Coalition for Justice in Hawaiian Gardens & Jerusalem

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## Summary of our November 2003 Submission the California Gambling Control Commission, Detailing the Reasons Irving Moskowitz is Not Qualified for a Gambling License

*This text was originally prepared for Coalition members to read before the Commission at its December 18<sup>th</sup> and January 9<sup>th</sup> hearings. Because of time constraints, many parts did not get read at all and some parts were summarized. It is reassembled to follow the sections of the submission which it summarizes and is slightly edited for readability.*

### Part I – The Location of the Casino is Improper and Moskowitz should not be rewarded with a license for his corruptive role in its siting

The first section of our 80-page submission recounts how, regardless of the strict prohibitions of this and previous gambling codes against establishing casinos in unsuitable locations, Moskowitz used his political power to intrude his casino into an area containing a school, a park and a church. The current code describes inappropriate siting and gives the Commission power to deny a license in such cases in Sections 19801, 19803, 19824 and 19862.

He controlled the Hawaiian Gardens City government at the time, 1995. He caused the City government to placate, then ignore, then deceive the ABC School District, which wrote to the City to express its concern about the casino exposing children to danger. The district's Ferris Fedde Middle School shared – still shares – a long property line with the casino.

The District only realized that a casino might be next door when Moskowitz's city council majority swiftly organized an initiative election to authorize it. Moskowitz's loyalist mayor of Hawaiian Gardens assured ABC it would get an Environmental Impact study and the School District could air its concerns. But the mayor, through his wife, had put over a thousand dollars from Moskowitz's Yes on Measure A casino initiative campaign committee in his

pocket. After the casino measure prevailed, that mayor rammed through the City Council the licensing of the casino and a negative CEQA declaration.

Why a negative declaration rather than the promised environmental study? The Hawaiian Gardens City Council – functioning as it has for the past decade as Moskowitz’s local executive committee –declared, with an astonishing degree of legal sophistication, not to mention a straight face, that his 22-acre development wasn’t a project at all, but only a license.

The School District sued Moskowitz and the city but appears to have lost out to more sophisticated lawyering. After delaying filing its action in order to negotiate a deal with Moskowitz and his City, the City’s lawyer told the District’s lawyer that ABC had filed a day late. So the School District withdrew the action.

The school didn’t go away a dollar short, though. For the first time since he started operating the local bingo in 1988, Moskowitz gave the district a donation: \$67,000 from his Hawaiian Gardens bingo in 1995 and 1996, the years of the casino ballot measure and the lawsuit. Not until 2001, did he give the district anything more. He gave \$7,000 that year and, because his bingo foundation has not yet filed its IRS Form 990, we do not know what he gave in 2002, or this year, or what he may have given from the casino. We do not believe he had a sudden repeat spurt of caring about local children. We believe he wanted the School District to stay quiet while the Commission was considering his license application.

The District’s silence -- *especially if it has been purchased* –does not mitigate the ongoing danger to children from patrons of the casino who might be drunks, sexual predators, or deranged losers. Indeed, as we noted in our submission, there’s already been an incident when casino security personnel left casino property for the nearby park, where they attacked and placed under citizens arrest a county parole officer who subsequently sued for false arrest and assault. We believe the possibility that the tussling men carried hand guns is frightening enough to show the wisdom of the legislature’s intent of keeping casinos away from places where young people congregate.

We hope the Commission will agree that Moskowitz should not be rewarded for imposing his casino in such an unsuitable location, even if he has, so far, quelled complaints about it.

*Moskowitz, by the way, did not disclose the District’s lawsuit in his application for a gambling license.*

## **Part II. In contravention of Gambling Code §19980, Irving Moskowitz distorted the Hawaiian Gardens referendum election that allowed for the creation of the casino.**

Another part of the Gambling Code the legislature was very clear about is Section 19980, which makes it impermissible for a would-be casino operator to use his money to

skew or distort the initiative election by which a city chooses whether or not to allow gambling. The Coalition is sure there are many instances when wealthy predators overwhelmed the democratic machinery of small, unsophisticated cities. But we would challenge anyone to find as egregious a case of manipulation as what Moskowitz did to Hawaiian Gardens.

First, he flooded the process with his money, over half a million dollars, amounting to over \$300 per vote. He was the sole source of this “Yes on A” campaign money. Dozens of the “workers” were street gang members. According to many witnesses, the gang members intimidated residents into posting signs and casting their absentee ballots for the casino.

Moskowitz also paid over a dozen city workers and commissioners. Some of them campaigned for the casino on city time..

Fred Licon, a code enforcement officer for the City and a key Moskowitz operative, was among a number of people shown in the course of litigation who falsely claimed to have collected petition signatures. There was more fraud in the certification of signatures; the City Clerk, a Moskowitz man, ignored the Registrar of Voters’ instructions and certified or rejected signatures and ballots in a biased fashion. A Superior Court judge ordered the election stopped because of the Moskowitz-controlled city’s egregious behavior. But Moskowitz got an appellate court to put it back on its fateful track. There was also fraud in the counting, according to a lawsuit filed after the election, which Moskowitz and the City paid to settle.

Moskowitz had his city government put before voters a ballot measure that guaranteed that the only possible place casino would be established was on his Carson St. property. After he won the distorted election, Moskowitz used the City government to prevent other casino operators from submitting applications – this even though those casinos companies were offering the city millions of dollars, while Moskowitz, by then, had established a clear pattern of making his puppet government finance the casino from the Hawaiian Gardens Redevelopment Agency.

When the spurned card clubs joined Moskowitz’s political opponents in a lawsuit, Moskowitz made the City settle – and pay twice what he did for the settlement. It is hard to imagine a more distorted election or one that more exactly meets the gambling code’s criteria of what is impermissible and should cause denial of the license application.

Moskowitz also made the City and the litigation opponents sign off on agreements that the casino initiative election and casino funding (which we’ll get to in a moment) were “lawful.” He’s had his successor puppet governments repeat this oath of fealty several times.

The only cure for this mockery of an election and the legal thuggery that Moskowitz made the parties swear to, is the denial of Moskowitz’s license application.

**Part III. Moskowitz secretly negotiated the sale of shares in his casino to other card clubs and contemporaneously swore under oath to the State Department of Justice that he contemplated no partnerships.**

Our Coalition included in our submission, and we make public here for the first time, a set of documents showing that in the months after the November 1995 election, Moskowitz, through his lawyer Beryl Weiner, created an option agreement and secretly offered two other local card clubs the opportunity to become substantial shareholders in Moskowitz's casino. In exchange, the two other card clubs were to help Moskowitz secure a state gambling license.

Perhaps these secret dealings themselves would not be in conflict with the core premises and dictates of the state's gambling code at the time and now. But what Moskowitz did in his sworn registration and application to the then licensing body, the Attorney General's Division of Gambling Control, in August 1996 was in striking, and we believe, terminal violation.

We do not know if the option agreement, proposed in several versions by attorney Beryl Weiner, was ever executed and exercised and, if so, whether the other card clubs remain secret shareholders. We do know that the deal making occurred in secret and that Moskowitz has never disclosed the dealings in his applications for licenses from the state. We urged in our submission that this Commission use its investigative power to find out whether the other two card clubs secretly became joint shareholders with Moskowitz. If they did, that would represent a profound violation of the principles of fairness, transparency and competition between the card clubs in southern California.

We do not know how many sections of the Gambling Code apply to this apparent deliberate deception. We do know that it involves the very essence of what the Gambling Commission is charged with protecting: the right of California citizens to be free from the results of corrupt, unfair, behind-the-scenes dealings by entities that stand to make profit at public expense.

**Part IV. Moskowitz hired casino managers with very unsavory reputations, reflecting on his own suitability for licensing.**

The fourth section of our submission focuses on yet other sections of the Code, 19801, 19910 and 19920, on which Moskowitz falls way short. His managers Ron Sarabi and Eric Chen must surely be the most notorious casino managers in the state of California. As we noted in our December 18<sup>th</sup> presentation, we have submitted an internal private audit by one of their previous employers, which fired them in an effort to reduce its liability for their actions.

A qualified ethical casino operator would have shunned these two above all others. If Moskowitz had done the most rudimentary due diligence, as the code requires, he would never have hired these two. In addition to the private audit conducted by their previous employer – the Commerce Club, who fired them, the allegations of political money

laundering and embezzlement against them are reiterated in several publicly available legal actions.

It would be reasonable to assume that a casino owner would not bring in Sarabi and Chen as his top managers unless he wanted them to repeat the practices for which they gained notoriety. As the document we submitted shows, the men were found to have laundered political contributions, embezzled funds and tolerated sexual harassment by an employee.

And wouldn't you know, there are already allegations of their misbehavior at the Hawaiian Gardens casino. Sarabi and Chen have allegedly forced dealers to pay them for the right to work. One of the dealers, who alleges he was fired when he complained about Sarabi and Chen's practice of looting the tips he made on his minimum-wage base, is suing the casino over this treatment and the case could become a class action. As the dealer, Mr. Lu, testified last week, the National Labor Relations Board, has issued a complaint against the casino.

We included with our submission to the commission a letter from another casino employee who alleges similar unethical behavior, plus loan-sharking to casino employees under the management of Sarabi and Chen. The letter writer told us in phone conversations that he is a middle manager at the casino and said he had communicated the same allegations about Sarabi and Chen to Division investigators.

While we believe these allegations, if not disproved, are sufficient bases for denying licensure to Sarabi and Chen, that is not our concern. We are concerned that sufficient weight be given to Moskowitz's reprehensible action in seeking out and hiring these two men. The code makes him responsible for key employees' acts and, thus, we believe, ineligible for a casino license.

#### **Part V. Moskowitz's pervasive corruptive influence over Hawaiian Gardens, purportedly his regulator, disqualifies him for a California Gambling license.**

The Gambling Control Act's Section 19980 warns about gambling revenues being used to corrupt local officials charged with regulating gambling, and it emphasizes that the Gambling Control Commission has the police power to prevent such a situation in order to protect the public welfare. The fifth section of our submission has a detailed history of Moskowitz's corruption of Hawaiian Gardens. Here, we will just note the highlights.

In our submission we show several instances in which, to create a comfortable regulatory environment, Moskowitz used the Hawaiian Garden bingo funds he controls to entrench his power over the city, inevitably controlling the destiny of residents. For example, we show how, as city manager, Leonard Chaidez worked to give Moskowitz more public funds and less government oversight, most notably a continued pass on an

environmental study of the casino and a disproportionately tiny share of the mounting eminent domain costs;

When Chaidez executed documents without benefit of Council vote and the City Attorney engineered his firing, Moskowitz backed his run for City Council. Once Chaidez was seated on the council (and the City Attorney turned out of office), a wrongful termination case Chaidez brought was quickly settled and he was paid \$239,000 – so quickly that the matter appears on no City agenda and it is not known whether Chaidez even recused himself. Moskowitz in due course replaced the councilmembers who voted to terminate Chaidez.

Chaidez's settlement was nothing but a bribe -- especially when one considers that another element of Moskowitz's ongoing and long term corruptive influence on Hawaiian Gardens involved choking off all alternative forms of income, making the city desperately poor and desperately dependent on his bingo (and, subsequently, his casino) for operating funds.

At one point, as he sought various actions, the city was forced to lay off about 100 of its staff of less than 150. (The Moskowitz operation blamed the layoffs on its long-vanquished challengers – even while Moskowitz was forcing the city to spend millions of dollars on his casino.)

Moskowitz corrupted the City Council by using funds from his bingo to control specific city acts. There are numerous examples in our submission of how he did so. The report of the Joint Legislative Audit Committee (JLAC) quoted several witnesses and documents in which Moskowitz's operation demanded specific actions if the city wanted this or that bingo proceeds check which it desperately needed to make payroll.

We believe Moskowitz also used bingo funds to bribe key loyalists and decision makers. We located and reported to the Gambling Control Division a \$300,000-plus discrepancy –missing bingo money that we believe Moskowitz used to bribe or pay off City loyalists.

We need to explain, at this point, that Moskowitz funneled most of the \$6 million in bingo funds he gave the City between 1988 and 2001 through "pass-through" foundations he created and funded solely from the bingo; these foundations were headed by hand-picked local loyalists, some of them related to City officials. There was no legitimate reason for their existence, since Moskowitz could – and did – give the city money directly from the Moskowitz Irving I. Moskowitz Foundation, with which he ran the bingo.

In the instance that we called to the Division's attention, Moskowitz claimed in his federal filings, IRS Forms 990, to have put \$323,464 more into one of those foundations, the Hawaiian Gardens' Public Safety and Police Foundation, than the City received. We know because we obtained under the Public Records Act a printout from

the City of all the donations it received. And the City was this pass-through foundation's only declared charitable recipient. In early 2002, we gave a Division investigator a written report and an explanatory spreadsheet and encouraged him to look at the payees of that pass-through foundation. It was nominally run by the daughter of two councilmembers and the current city clerk.

We should note that, while \$6 million in bingo donations sounds like a lot of money, Moskowitz cost the Hawaiian Gardens Community Redevelopment Agency at least twice that much; he cost the city uncountable millions more in bond indebtedness and foregone development – the kind that, unlike the casino, raises property values and a community's class.

If we reckon in how much Moskowitz got in profits from the casino, the \$6 million bingo investment is peanuts – especially since it didn't cost him, personally, a dime (and, as we show later on in this summary, gave him access to millions in personal profit). But let's mention one more thing about the bingo funds, which Moskowitz touts as his generous charity to local causes. The city council gave him the bingo in 1988 – despite a negative recommendation from sheriff's investigators – because he promised to spend most of the money locally. Instead, as we have mentioned, he ships most of it off to violence-prone groups fighting Israeli-Palestinian peace.

### **A comfortable regulatory environment**

Moskowitz certainly reaped the fruits of his corruptive influence over Hawaiian Gardens in slack regulation of the casino. Indeed, we have recently learned that the City never properly audited the casino to determine whether it was getting its share of taxes. But his benefit from gaining power over the city went way beyond that.

In our submission we show how thoroughly Moskowitz picked Hawaiian Gardens clean of its public redevelopment funds. Moskowitz forced the Community Redevelopment Agency (CRA) to finance the lion's share of his casino development even though he has touted his business success, which presumably has made him wealthy. The city, as we hope you've seen for yourselves, remains a sea of blight and idle youth – right up to the very edge of Moskowitz's Hawaiian-themed casino. Home prices are among the lowest in the county. Poverty is high.

Around the turn of the century, when the CRA went totally broke, Moskowitz forced the City to take a loan from him so it could keep funding the CRA's work on the casino development. He charged market rate interest on the loan.

### ***Attorney Weiner – and his fees—opposed on the Agency***

Moskowitz also imposed his attorney, Beryl Weiner, to act as the attorney for the CRA in its eminent domain actions, ultimately costing the City about one million dollars; the exact total is unclear as the city issued bonds to pay many of the Moskowitz-caused debts. According to several sources, the city council never even voted to hire Weiner, with his blatantly obvious conflict of interest.

Moskowitz's abuse of the City where he harvests millions of dollars is a clear manifestation of his corruptive influence, especially when you consider that competing casinos had offered the City cash on the barrelhead for the opportunity that Moskowitz, through his corruptive influence, forced the City to reserve for himself.

### **Moskowitz can use language he put in DDA to stop paying casino taxes**

Moskowitz can't even say in good conscience that the casino is now making it all up to the City. He can't do that because, since 1993, Moskowitz has been relying on what we call stealth language, that he inserted into the DDA he signed with the city and CRA governing the development of the casino, to wit:

[N]either the Agency nor the City of Hawaiian Gardens may at any time designate the Site or any property or business in, on or about the Site, or any other property or business located at or near the Site on property now owned or hereafter acquired by Redeveloper as a special assessment district or single out the Site, or any property or business in, on or about the Site, or any other property or business located at or near the Site on property now owned or hereafter acquired by Redeveloper, for greater tax assessments or treatment (including, but not limited to, business license or other taxes) that established for all other properties or businesses within the City of Hawaiian Gardens, nor may any such taxes, assessments or treatment (including, but not limited to, business license or other taxes) be hereafter increased by any percentage greater than such increases for all other properties and businesses within the City of Hawaiian Gardens.

As you can see, this language will give Moskowitz the option of halting casino revenue tax payments to the city whenever he wants to. We believe he will want to stop paying taxes the moment he gets a permanent license. His pet-poodle City government won't complain.

This is not a matter of our interpretation. In 2000, as we note in the submission, Coalition Co-director Jane Hunter asked city attorney John Cavanaugh why he didn't advise the council to amend the DDA and excise that language. He said he'd tried to do just that but "Beryl won't hear of it," a reference to Moskowitz operative Beryl Weiner.

### ***Food Bank***

We have been told by Hawaiian Gardens residents that Moskowitz also uses the food bank he controls in the City (and touts as evidence of his charitable activity) and the bingo to pay off and reward loyalists and pay election campaign volunteers.

### ***Moskowitz's corruptive influence has killed democracy***

In this section of our submission on Moskowitz's corruptive influence on the city, we detail and document the slow death of Hawaiian Gardens' democracy at his hands. No



one now speaks at open mike sessions and no one has filed to run for City Council. They canceled the election. It has not occurred to the current Moskowitz-run council to spend some of the casino tax revenue on improving the community. One has only to look to see that.

## **Part VI. Moskowitz's failure to disclose relevant information on his license application.**

In the sixth section of our submission we present a lengthy list of Moskowitz's failures to make the disclosures to the Commission and the Division required by Code Sections 19859, 19865 and 19866. What he didn't disclose is hardly insignificant. It is telling:

Most notably, Moskowitz failed to disclose in the list of litigation he was required to submit with his application, the ABC School District's lawsuit over the siting of the casino and the secret options agreement we mentioned last time.

Additionally, we, using public sources, have found a long list of lawsuits and a business that Moskowitz didn't disclose. We believe that the cases and the business are more germane to Moskowitz's qualifications (that is, his lack of qualifications) for licensure than those he *did* disclose.

Here are a few highlights of what Moskowitz did not disclose to the commission.

- A lawsuit involving false arrest by casino guards who went into the park adjoining the casino to make the arrest. Moskowitz's casino settled a suit for false arrest and assault.
- The case filed by Mr. Lu, a dealer at the casino who addressed you at the previous hearing. He's suing Moskowitz's casino for making him pay for his job. Moskowitz didn't disclose this action.
- A lawsuit filed by the Mexican American Legal Defense and Education Fund against Moskowitz and his Hawaiian Gardens Bingo on behalf of workers there whom Moskowitz paid only in tips, compelling the mostly Mexican immigrant workers to subsist as "volunteers." Moskowitz didn't disclose that litigation.
- Nor did he disclose a lawsuit against him Israel involving a property he purchased for a radical settler yeshiva that blocked construction of an already permitted Palestinian girls school.

Moskowitz has failed to disclose other litigation as well. The JLAC Report indicates that Moskowitz filed a lawsuit against the Hawaiian Gardens Community Redevelopment Agency (CRA) at the same time that his own attorney Beryl Weiner was representing the Agency.

Among the other cases we found that Moskowitz did not disclose in his license application are:

- A lawsuit filed in 1991 by Irma Cox against the Moskowitz foundation, through which Moskowitz runs the bingo.
- A lawsuit filed in 1999 against that same “bingo foundation” by Dale and Patricia Carey.
- A lawsuit filed in 2000 against Moskowitz’s bingo foundation by Edith Droge.
- A 1994 lawsuit against the Moskowitzes and their bingo foundation by Lakeview Meadows Ranch
- A lawsuit filed in 2002 against the bingo foundation by Helen Torrance.

We haven’t read the filings in these cases, so we don’t know if the cases might show yet additional reasons for denying the Moskowitz license. (We have included case numbers for each case with our submission.) We simply call to the Commission’s attention Moskowitz’s failure to comply with the regulations in making the full required disclosures.

But there’s more:

Moskowitz also failed to disclose several cases against the casino that he seeks a license to operate. In addition to the case brought by Mr. Lu, which we mentioned above, Moskowitz did not disclose these cases:

- One filed by Jerry Goodman in 2000
- Another filed by Minh Hoang in 2001
- Another filed by Jeanne Christensen in 2002
- Another filed by Carlos Sajor in 2003.

Again, we note that we haven’t analyzed these cases and want simply to make the point that Moskowitz has flagrantly failed to disclose more than a dozen cases directly bearing on his Hawaiian Gardens gambling operations. The law empowers the Commission to deny a license application for *any* failure to disclose.

### **Possible failure to disclose a second bingo**

We believe that Moskowitz also failed to disclose a business through which he operated another bingo, this one in New York. The name of the business is Globe Mart of Long Island, Inc., which he formed in 1988 and dissolved in 1994.

Moskowitz may well have failed to disclose other of his business activities, but this is a particularly glaring omission. A reporter for the *Los Angeles Times*, who investigated Moskowitz's activities in Hawaiian Gardens, told a leader of our Coalition that the paper's investigative team had learned that Moskowitz had a bingo operation on Long Island, in New York.

Moskowitz established Globe Mart on Long Island, using his Long Beach, California address. Its existence was certainly a fact material to Moskowitz's current pursuit of a permanent license in California. Yet he failed to disclose its existence in the application for a gambling license in which he swore he had made a full disclosure.

We, as private citizens, cannot investigate the nature of Globe Mart's activities, but the Commission certainly can, if it believes that Moskowitz's simple act of disclosure is not sufficient reason to deny his license application.

We respectfully ask this Commission to consider this long list of Moskowitz's failures to disclose required information both in its own right and as an apparent expression of his contempt for the law under which he seeks a permanent license for the Hawaiian Gardens Card Club. We urge you to deny him that license.

### **Part VII. Irving Moskowitz – and co-applicant Cherna Moskowitz—do not have the requisite good character to hold a gambling license in California.**

In the end, a critical concern about Moskowitz is character. We discuss it in the seventh section of the submission we filed with the Commission in November.

The California legislature considered the character of an applicant for a gambling license to be important enough to warrant several sections of the Gambling Code. The legislature directed the Commission to consider whether an applicant has a suitable character. ***The mere absence of a criminal record is insufficient to satisfy the good character requirement.***

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Character -- What is character? We think it is a pattern of activity. After many years of observed behavior we begin to understand who possesses character and who doesn't. We posit that it is quite clear that Moskowitz's patterns of behavior are a threat to the "health, safety, and welfare of the residents of California." We have seen the patterns in his misuse of the privilege of running a charitable bingo that grosses as much as \$45 million in one year. We discuss below the use and misuse of the non-profit Hawaiian Gardens bingo.

But first, we want to pose the question: what could the community of Hawaiian Gardens have done with the \$33 million in bingo funds that Moskowitz gave to right-wing causes?

Instead of the token contributions he made to charities in the City, a few thousand dollars here for little league, another few thousand there for a handful of scholarships.

What would \$33 million represent in after school programs for teenagers trying to stay out of gangs? Guaranteed scholarships for all high school students with passing marks? These are the kinds of contributions that would make a real difference...their absence represents lost chances that are truly tragic in their scope.

In our submission we address the Gambling Code's requirement that gambling license holders be of good character. Here we detail the ways in which Moskowitz simply does not meet this criterion.

Moskowitz and his wife Cherna have a long and well-documented history of supporting, in rhetoric and with money, the most violent echelons of the Israeli political establishment. Cherna made headlines several years ago when she was exposed as the sponsor of an internet video game that invited players to "play" at assassinating Israeli politicians who advocated peace in the region. *(Please note that this document was prepared before Moskowitz's attorneys said that the webmaster posted the "game" without authorization and [click here to read our skeptical analysis.](#))* Mother Jones reported that Irving Moskowitz made a statement justifying the assassination of Prime Minister Yitzhak Rabin.

This embrace of political violence as a means to an end is nothing new for the Moskowitzes. In 1975, writing in a newspaper column she produced for several years, Cherna Moskowitz praised the two members of the terrorist Stern Gang who assassinated the British Middle East Minister Lord Moyne in Egypt.

In 1994 Irving Moskowitz wrote a column justifying Baruch Goldstein's assault-rifle massacre of Palestinian Muslims at prayer.

Moskowitz himself has directed bingo profits and private funds to settler groups that seek to undermine the peace process in Israel. In the submission we explain just how far outside the bounds of non-violent political discourse these groups that Moskowitz backs really are. Today (January 9, 2003) we call to your attention a recent evaluation of the threat posed by these groups by the head of Israel's FBI, the Shin Bet. He warned of the "strategic threat" posed by Jewish terrorists who dream of removing the mosques on Jerusalem's Temple Mount," which, he warned, would turn the Israeli Palestinian struggle into a global battle of 13 million Jews against a billion Muslims. Moskowitz has given over five million dollars to Ateret Cohanim, which is preparing priests for the anticipated time when a Jewish temple replaces those mosques.

### **Moskowitz profits from his non-profits**

Another manifestation of Moskowitz's lack of good character that we discuss in our submission is his practice of profiting from the non-profits he controls. In Hawaiian Gardens, Moskowitz uses the non-profit status of his hospital to generate more profits for himself. In 1996, Moskowitz converted the hospital into a non-profit entity. He then used the Irving I. Moskowitz Foundation to donate \$4.9 million in tax-free bingo money to the hospital, and collected the money back in the form of the hospital's monthly rent

payments, most recently exceeding \$110,000 per month, to his private landlord company.

In contravention of the claims he made in order to obtain non-profit status, the hospital does not serve the medical needs of the low-income population in and near Hawaiian Gardens; instead, the lion's share of profits are generated by patients who come from outside the area for surgical procedures that will help them lose weight.

He also pockets a large rental fee from the bingo and has paid himself as much as \$322,000 in salary for running the Moskowitz Foundation (not the bingo itself) – from Miami Beach. These and other examples we cite in our submission show that Moskowitz purports to use his money and businesses for philanthropic purposes when what he really does is use his money to generate more money for himself and his ignoble allies.

### **Moskowitz's abuse of the powerless**

Also included in our submission and worth noting here for its sheer gratuitous meanness is Moskowitz's abuse of those whose economic destinies he controls: most notably, and in glaring contrast to his six figure salaries from the bingo, is Moskowitz's treatment of the mostly Mexican immigrants working at his bingo. He takes cruel advantage of a state law requiring bingo workers to be volunteers for the non-profit operating the bingo. These hard-pressed workers have no ties to, or even knowledge of, the aims of his foundation. But Moskowitz pays them nothing but the tips they can get from bingo winners. As we mentioned, the Mexican American Legal Defense and Educational Fund is currently suing Moskowitz's bingo on behalf of 24 unpaid bingo workers.

We talk in our submission of his gratuitous abuse of a donut stand operator and the other businesses forced off the casino site. Moskowitz and his attorney put these people through years of abuse before they got the relocation settlements they're entitled to under the Constitution – and then the city, not Moskowitz, paid the settlement.

You also heard last month from Ron and Linda Silverman, who ran the food concession at the bingo for years, until Moskowitz terminated their concession and forced them to leave without thousands of dollars to which they were entitled.

### **Moskowitz's failure to satisfy other Gambling Code sections connotes lack of suitable character for a license.**

The elements of Moskowitz's behavior we discussed in other sections of our submission, as being at odds with various sections of the gambling code, also manifest Moskowitz's lack of sufficient character to qualify for the privilege of a gambling license. To recap:

- Moskowitz's use of street gang members to win the 1995 initiative election authorizing his casino.
- Moskowitz's hiring of infamous managers Sarabi and Chen.
- Moskowitz's corruptive influence over Hawaiian Gardens

- Moskowitz's failure to disclose businesses and litigation materially related to his application.

### ***Egregious acts manifest unsuitable character***

Here we will briefly mention some of the more egregious acts which demonstrate Moskowitz's failure to demonstrate the good character the code requires.

In 1997 when Moskowitz moved three militant Jewish families into an Arab section of East Jerusalem, this was too much for the US State Department, which pressured the government of right-wing prime minister Benjamin Netanyahu, a friend of Moskowitz, to intervene. Netanyahu's government demanded that Moskowitz remove the settlers, and Moskowitz purportedly compromised by installing yeshiva students to guard the property, where he planned to build apartments. Recently, though, a pro-settler radio station aired the claim of one of the "move-in" participant that the settlers had never left and Moskowitz merely delayed construction while Netanyahu was in office. The moment pro-peace Prime Minister Ehud Barak won election, Moskowitz sent the bulldozers back to work.

In 1999, work on a Moskowitz-funded Jewish settlement prompted a bloody clash between Palestinian protestors and Israeli police.

He has purchased numerous other properties in sensitive neighborhoods leading to provocative settler move-ins and forced evictions of longtime Palestinian residents.

We do not suggest that the Moskowitzes are not entitled to a political viewpoint regarding Israeli politics. Our point is that by purchasing property and helping to locate Israeli settlers in such a way as to inflame one of the longest and bloodiest conflicts in the world, the Moskowitzes display the very opposite of good character and integrity. Theirs is not the kind of character that the state of California ought to reward with the granting of a permanent gambling license.

### ***Moskowitz's misleading portrayal of himself as a local philanthropist***

Returning to Moskowitz's abuse of Hawaiian Gardens, and the lack of good character he thereby demonstrates, if one tallies all of Moskowitz's foundation donations to charities in Hawaiian Gardens from 1987 through 2001 (the year for which the most recent Foundation IRS Form 990 is publicly available), the total comes to \$18.5 million, an impressive sounding sum. Yet the average charitable donations of \$1.3 million per year constitutes about one-thirtieth of the foundation's annual profits from the bingo, and of the \$18.5 million, \$11.8 million went to organizations that Moskowitz either controlled or profited from directly – or that were run by political allies.

And, as mentioned in other sections of our submission, Moskowitz demanded specific quid pro quos from the city that included millions in financing for his casino. Attorney Beryl Weiner threatened to withdraw the bingo donations if city officials or agencies were not thoroughly compliant in providing funds and permits for his casino and heeding his

other demands. On one occasion, former City Clerk Dominic Ruggieri told Moskowitz that Weiner was not going to make any more financial commitments until City Attorney Julia Sylva was removed from her position.

Ultimately, Moskowitz stopped funding the Public Safety and Police Foundation and cut off all other channels of bingo proceeds to the City. In order to survive with its budget reduction, the City simply disbanded its own police department and laid off 70 percent of the City's staff. In 1999, when, as noted above, he paid himself a lavish salary, Moskowitz gave \$3,600 (thirty-six hundred dollars) of the bingo's profits to the City.

A real philanthropist is one who makes charitable donations for the good of the community, not for the good of the donor. Dr. Moskowitz is entitled to engage in as many money-making opportunities as he wants. In Hawaiian Gardens, however, he uses the façade of non-profit status to move money from one of his entities to another, to create the illusion that the bingo and its profits are good for the people of Hawaiian Gardens when, in fact, he has turned the City into a private fiefdom. This is the height of dishonesty and lack of good character. We urge this Commission to find Moskowitz ineligible for a gambling license on this basis.

We come to this Commission not for the purpose of seeking criminal prosecution against Irving Moskowitz but rather to urge the Commission to deny him a permanent gambling license. Only through denial of the license can this Commission act to protect the health, safety and welfare of the public, as the Legislature intended it to.

Thank you very much!