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Bookies Prove Adept With Electronic Gear In Flashing Race Data

Gambling Ring Linking 16 Cities Used AT&T Lines Free; Raid Uncovers Little 'Black Boxes'

By DOUGLAS BEDELL

Staff Reporter of THE WALL STREET JOURNAL

PHILADELPHIA—In the Damon Runyon era, bookmakers took bets in candy stores and sat around a radio in the back room to learn the horse-race results. Today's up-to-date big-time gambler, recent events suggest, is more likely to be as adept in the use of sophisticated electronic gadgetry as any graduate engineer.

Raids by Federal Bureau of Investigation agents in Philadelphia and 15 other cities have uncovered an elaborate electronic network with which bookies were conducting an eight-state telephone betting ring. From a "wire room" headquarters in South Philadelphia, the operation was making as many as 100 long-distance calls a day without paying a dime for the service, while leaving no trace of the calls.

The extent of the operation can only be guessed, but at the time of the raids a couple of weeks ago, the syndicate was making illegal calls through six American Telephone & Telegraph Co. subsidiaries at the rate of at least \$30,000 a year, AT&T spokesmen say. "This is the first time telephones were used extensively for funneling gambling information illegally on a large scale," reports an FBI official. A telephone company source says it was "the biggest single concentration of illegal calls we've had," although smaller-scale incidents of telephone larceny had been reported earlier.

Phone companies long have been plagued by customers who cheat but the use of electronic wizardry is a growing concern. "We're finding it harder to keep one step ahead of the game," one industry official says. "We develop a new device and somebody else makes a device to counter it." An FBI man adds that discovery of the illegal Philadelphia operation shows gamblers are "keeping up with the industry in electronic progress."

Operations Geared to Direct Dialing

The tip-off to the Philadelphia gang's operations came last March, when AT&T's own equipment first sensed something wrong with its circuits. But FBI men say they have unconfirmed information the wire room may have opened as long as four years ago, starting with one or two cities at about the time direct long-distance dialing was becoming widespread. At the time of the raid, the hookup linked 16 Eastern and Southern cities, and so far 23 arrests have been made.

AT&T is understandably reluctant to describe the gamblers' equipment. "We don't want to encourage any similar devices," says an official. The company specifies only that the gear "can be built with tubes or without tubes; more are built without tubes."

The devices are dubbed "black boxes," but some are as small as fountain pens. Installed at the receiving point for calls, they permit voices to be transmitted, but somehow distort the signals that should be sent back to the point of origin to record the call for billing; all the point of origin gets is a busy or out-of-order signal. Combinations of the black boxes linked as many as six cities for horse-playing conference calls. (The gear can be used only with direct-dial phones; with other phones, an operator asks the caller's number.)

Investigators say the gamblers rigged their office from four phones installed in two houses near the wire room at 1309 South Chadwick St., a modest and apparently vacant row house. They either paid the bills of the original phones' listed users or had the instruments installed under fictitious names. Then the gamblers hooked the phones to illegal extensions in the wire room.

Remote Locations Used

Authorities were particularly impressed with two clever "cheesebox" hookups in houses a few blocks away from the wire room. The cheeseboxes permitted two or three lines to be tied in together and turned on automatically when one was dialed from another point. The connecting wires were run through pipes under local streets and back yards. Business could be carried on in a remote cheesebox location, and if the spot were raided, lawmen would find only phones and a few wires, not the headquarters wire room.

The network gave the bookmakers' Philadelphia hub the closest thing possible to instant reporting of race results, in a pursuit where time is the essence of success. Runners at tracks around the country would dash out of the parks to nearby phones and call the results in to the wire room or cheeseboxes free of charge. The speedy transmission gave the gamblers a big edge. Some major stakes races are televised "live," of course, but everyday horse races aren't, and in many areas laws hinder gamblers by barring instant reports of race results.

Knowing the results first, the Philadelphia mob could in some cases place wagers with other bookies who weren't in the know, and who still were taking bets. Moreover, the prompt reports encouraged the ring's own clients to bet on more races in a single day. Since the odds are against the punter, more bets meant more profits.

The Philadelphia investigation is continuing. The ring leader remains at large, and sleuths are seeking to decipher volumes of coded records. Agents still don't know the dollar volume of the wire room's business, but one official quips: "It wasn't penny-ante."