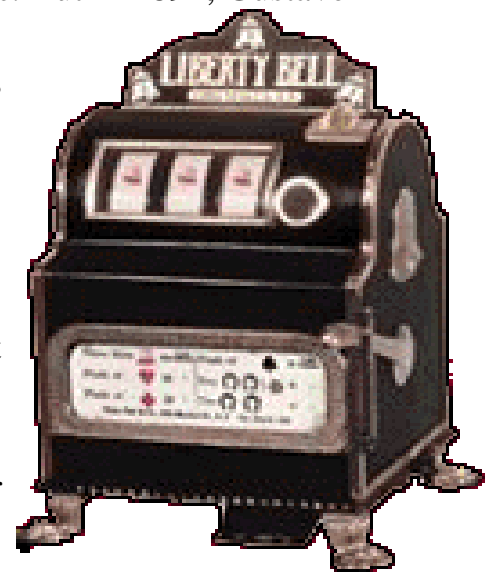


# Slot Machine History - Slots History - Slot History

Slot Machine History - Slots History - Slot History : any which way one says it, the slot machine has indeed had a most colorful past, beginning with the Gold Rush in California in 1849, when gambling started becoming a popular pastime in cities like San Francisco. Although slot machines would eventually become part of the folklore of this area, its origins were a mixture of fact and legend due to its prohibition by the authorities.

The first "nickel-in-the-slot" machines appeared in 1887 in San Francisco, California, and awarded novelty items like free drinks and cigars, or opportunities for more gambling in lieu of cash. As a result, early slot machines had to rely on attendants to pay out their winnings to players. These types of prizes were given out in times when gambling was either outlawed or disapproved of by the local, state, or federal authorities. Even the term slot machine was originally used for both automated vending machines as well as slot machines for gambling because of concern for the authorities in prohibition times, but in the first half of the 20th century, it gradually applied only to the latter. In addition, the term slots is simply an abbreviated version of the phrase slot machines: "slot" plus the final "s" in slot machines, and was a way to further distinguish a slot machine that was used for gambling purposes from other types of slot machines. Still another example of cryptic usage of a word for slot machines was the meaning of the term "slot" in gambling jargon, which came to mean both a modern and early slot machine, but it is now more often used in conjunction with the word antique, as in "antique slot", in reference to the original slot machines.

Most forms of gambling had been banned in California by the late 1800's. But in 1892, Gustave Frederick Wilhelm Schultze patented the first ever coin-operated counter-wheel machine in San Francisco, and he named it "Horseshoes", because of the horseshoe symbols used on the wheels. The first coin-operated slot machines consisted of three spinning reels. However, this slot machine continued to rely on people supervising the slot machine to pay out their winnings, which were in novelty items like cigars or drinks rather than cash, because of the ban on cash prizes. Slot machines with automatic payout mechanisms contained within the slot machine had yet to be invented.



Slot machines with automatic payouts became increasingly popular after Charles August Fey (1862-1944), a mechanic in San Francisco, built the first three-reel automatic payout slot machine in 1899, naming it the "Liberty Bell". Prior to this, he had added to Schultze's design by building his first two slot machines in 1895 and 1898, naming them "4-11-44" and "Card Bell", respectively, where the former's name represented the winning combination worth 5 dollars or tokens, and the latter used card symbols on the reels. After placing his first two slot machines in saloons and other gambling venues, their resulting

popularity encouraged Fey to build more slot machines.

Augustinus Josephus (Charles) Fey was born Feb. 2, 1862 in Vohringen, Bavaria, in what is now part of Germany. Fey arrived in San Francisco in 1885 after having lived first in France, then England. Some time after arriving in the U.S., he wanted to Americanize his name, and so changed it from August Fey to Charles Fey. After building the "4-11-44" in 1895, Fey opened up a slot machine factory in 1896 in San Francisco, called Charles Fey & Co. He built slot machines with such names as the "Klondike", "Draw Poker", and the "Three Spindle". His first automatic three-reel payout slot machine, the "Liberty Bell", had a spring-loaded lever, and cost 5 cents per play. Each of the three reels had 10 sections or stops, and had 1 symbol in each section, or stop. The reels portrayed hearts, horseshoes, diamonds, spades, stars, and bells. When the handle was pulled, the reels would begin to spin. After a short period of time, each reel would stop in a sequential order, with the symbols displayed in the window. The player won the top prize when 3 liberty bells showed up



in the payout window, which would pay the player 10-for-1 in drinks. Since the payout mechanism was in nickels, this meant that 3 liberty bells equaled 10 nickels, which represented 10 drinks. There were also lesser prizes for other symbol combinations which won 8 drinks or less for the player, depending on the particular combination. The Liberty Bell slot machine, with its automatic payout, three spinning reels, and handle, became the standard basic design for slot machines from 1899 until the 1980's.

Unfortunately, Fey's slot machine factory was later almost totally destroyed by the San Francisco Earthquake and Fire of 1906. Only a small number of the original slot machines managed to be salvaged.

Fey could not get a patent for his slot machines because the devices were technically illegal under California law at that time. Since he would not sell his slot machine manufacturing and distribution rights to anyone, he opted for a 50-50 split in revenue between himself and the gambling venue owners and operators. The only way for someone to find out about Fey's slot machine design was to steal one of his slot machines. In 1905, a Liberty Bell slot machine was stolen from a San Francisco saloon. The following year, Herbert Stephen Mills (1872-1929) of the Mills Novelty Company of Chicago, Illinois, began manufacturing slot machines that resembled Fey's design, having similar payouts, and even using the same name for its slot machine, but with some changes that would favor gambling owners and operators. First, he expanded the number of slot machine symbols from 10 to 20. Today, typical slot machines have 3 reels consisting of either 20, 25, or 32 symbols. This would expand the number of symbol combinations and reduce the chances of winning. To disguise this, he made the symbols larger. By adding more symbols and enlarging them, he made the reels larger as well. Then, he added a larger payout window which would display three lines of symbols instead of one, with one line above and one line below the pay line, to show the player how close they could have come to winning. This was to become known as the "near-miss illusion". But this practice was eventually outlawed in Nevada in 1989. He also added a see-through coin window, so the player could see the previously played coins, encouraging him or her to play more in order to win all the coins. Another innovation was the invention of the first slot machines that stood upright without the aid of a stand, in 1906. This slot machine was

called the "Kalamazoo". Mills was also the first to use the term "jackpot". In 1910 however, virtually all forms of gambling were made illegal in the U.S., so in that same year, Mills added a gum vendor to his slot machine in the hope that this type of slot machine would be classified as a vending machine, since it would pay out in pieces of gum. Since gum came in a variety of flavors, Mills changed the symbols on the reels of this slot machine to different fruit gums, which eventually became just fruits. This was the first slot machine in history to have fruit symbols, and was called the "Operator Bell". Its reels consisted of bars, bells, cherries, lemons, oranges, and plums. Mills was also encouraged to change the symbols because the card symbols used until that time were in turn banned because they represented an illegal gambling game. Fey, not to be outdone, invented the first 3-reel dollar slot machine in 1929. He named it the "Silver Dollar".



From 1910 until the 1930's in the U.S., despite the prohibition against gambling in all states except Nevada, which had lifted its ban on slot machine gambling in 1913 as long as novelty items were paid out, slot machines became popular across the nation, particularly in resort areas. Even by 1919, it was difficult not to find slot machines in any part of the nation, but suspicions and fears that slot machines and gambling in general were falling into the hands of organized crime raised the question of what constituted legal and illegal gambling. This once again caused owners and operators of slot machines to substitute novelty items as payout prizes in lieu of cash. For instance, owners of slot machines would use items such as drinks or cigars instead of cash as payouts, or would pay out a piece of gum or some other item for each time they played the slot machine, to show law enforcers that players were really buying a product from the slot machine, which would then deem them to be vending machines. Other methods that gambling owners and operators used to avoid their slot machines being labeled as a gambling or "game of chance" device included telling the player exactly what they would win once they began to play any of the slot machines. This eliminated the slot machine as being a game of chance, since the player knew exactly what to expect upon playing any of the slot machines. Placing signs on slot machines saying that they were not gambling devices was a less effective, but still legally challenging method of avoiding the "game of chance" label. Another way of limiting the probability of owners' gaming devices being seen as slot machines containing games of chance was to actually give the player some control over how the spinning reels would display their symbols upon stopping. By installing buttons on their slot machines, owners gave players the opportunity to determine when the reels stopped. This eliminated the slot machines being seen as games of chance, since a player who knew what they were doing could always win when they played these types of slot machines. Another method owners and operators used was to play music upon inserting coins into any of the slot machines, with the strategy of encouraging the player to put more coins into the slot machine by saying that in order to hear more music, any coins that came out of the slot machine had to be reinserted into the slot machine. Still another idea was to show symbols of legal games on each reel, although one wonders how this avoided the actual game of chance that was played.

Slot machine and casino gaming-themed cities in the U.S. had a head start in Nevada. The Great Depression of the 1930's put pressure on many states to find alternate sources of revenue. Some states

began legalizing some forms of gambling such as bingo and horse-racing. The Depression hit Nevada especially hard, with crop and mineral prices falling dramatically. To offset this, Nevada legalized most forms of gambling, which for the most part, had been operating underground. By 1951 however, legislation against gambling across the U.S. was again almost total, except in Nevada. Nonetheless, private social clubs across the U.S. continued to operate slot machines and other casino games, and this was virtually ignored by the authorities. The consolidation of slot machines in the state of Nevada came



as a result of the federal government's Johnson Act of 1951, which stated that owners and operators of illegal gambling devices would not be prosecuted if such devices were located in areas that permitted them. So, as a result, owners and operators of slot machines moved to Nevada to set up their gaming businesses, which allowed cities like Las Vegas and Reno to develop into the first gambling-themed cities, with thousands of slot machines and other games in casinos and other venues. But by late into the 20th century, more and more states began to permit slot machine gaming and gambling in general. This legalization was also expanded to allow slot machine gaming and gambling in general on some Native American reservations, riverboats, and cruise ships. For instance in late 1977, New Jersey legalized gambling, restricting it to Atlantic City, and the first casino and slot machines appeared in Atlantic City almost immediately after

that in May 1978, followed by four more casinos in the following two years. Similarly, Puerto Rico issues special licenses for opening up gambling venues like casinos. Mississippi, as of 2003, has become the third largest gambling state in the U.S. after Nevada and New Jersey, with cities like Tunica and Biloxi having most of the action in that state. And the world's largest casino is on a Native American reservation, and its name is Foxwood's Resort Casino in Ledyard, Connecticut. This casino includes a total gaming area of 193,000 square feet (17,900 square meters), and has more than 5,800 slot machines, 17 different table games, and a 3,200-seat bingo hall!

Although slot machine designs had changed little since the time of Charles Fey, they nonetheless received improvements to their basic functions. Electromechanical slot machines replaced the original mechanical slot machines in the 1950's and 1960's, with improvements in security, higher payouts, more bells and whistles, and better reliability. This was in response to many instances of rigging and gaffing mechanical slot machines to pay out their jackpots, and the resulting need for their constant supervision. For instance, some players drilled holes into slot machines in order to make them pay out, others soldered wires to coins so that they could pull them out once the slot machine was activated for play, and still others put wires up the slot machine to release the coin holder so that the coins would spill down.

While some players were trying to cheat the slot machines, many gimmicks were being used on slot machines by casino owners and operators to better their odds and lessen a player's odds of both winning a jackpot, and gaining more money from a player. Nudge buttons were used, where a player could move a symbol up or down to land on the payout line. Another idea was to add a fourth reel to slot machines comprising of more symbols and more symbol combinations on the slot machine reels while using the old trick of making the symbols larger to hide these changes. Then there was the idea of introducing multiple-coin slot machines, where each inserted coin increased the jackpot by a certain fixed amount. For instance, 1 coin inserted equaled a 1,000 coins jackpot, 2 coins inserted equaled a 2,000 coins

jackpot, and so on. There was also a double-or-nothing strategy, where players could reinvest a win. The introduction of progressive slot machines meant that the jackpot on each of these slot machines would increase with each play, and would increase by the amount of each play so that, for instance, a dollar bet would increase the jackpot by that amount. And finally, a more player-favored strategy was the introduction of multiple payoff lines, where the winning combination for a jackpot could come in a variety of patterns such as across, diagonal, zig-zag, or other pattern.

For a time until the early 1960's, three companies dominated the manufacturing of slot machines, including the Mills Company of Chicago, and another company called Jennings. In 1931, a new company called Bally's invented the Ballyhoo pin ball machine, which paid out more pin ball games instead of money. However, if the player kept winning more games, there was the possibility that they actually could be rewarded with cash payments. Bally's was very aggressive in promoting its pin ball machines to restaurants and bars, and once it saw a loosening of gaming regulations in the Johnson Act of 1951, it lobbied the state of Illinois in the early 1960's to repeal its law prohibiting the manufacturing of gaming machines so that by 1963, Illinois repealed its law prohibiting the manufacturing of gaming machines. From that time on, this allowed Bally's to continue its aggressive drive to dominate the amusement gaming manufacturing market so that by the early 1980's, it controlled three-fourths of the U.S. market.

Bally's was the company that developed slot machines with larger storage areas for coins which allowed for bigger payouts. This inevitably led to the idea of a progressive slot machine, where the jackpot would grow every time a player didn't win when playing a slot machine. In 1964, Bally's named its first progressive slot machine the "Money Honey". This marked the transition of slot machines from being mechanical devices to electromechanical devices, because there were now two different methods of activating a slot machine: either by pulling a handle or by pushing a button. Bally's also invented slot machines that had more than one line of reels, featuring its first model of that kind in 1968, and also introduced multiplier slot machines that accepted up to five coins, where each time a player inserted a coin into the slot machine, the payouts or prizes would multiply. In addition, jackpots could now grow big enough so that players could expect to receive payouts that were positive, meaning over 100%. Bally's also created slot machine innovations in the late 1970's such as the low-boy machines, with their flat horizontal playing surfaces. This enabled the player to lean over while playing a slot machine. Also, Bally's created large slot machines such as "Big Bertha", which drew attention from players in casinos, and this encouraged players to increase their number of plays with Bally's slot machines. Finally, in 1980, Bally's introduced the idea of connecting slot machines together in a network so that one massive progressive jackpot could be won by players at any of the networked slot machines.

The 1980's marked the age of computers for the slot machine industry, and several competitors emerged to challenge Bally's dominance of the slot machine manufacturing market. Bally's decided to stay with their business strategies they saw were successful in the 1960's and 1970's. That allowed competitors who were more eager to develop computerized gaming devices to gain a foothold in the gaming manufacturing market, which led to a declining market for Bally's products in the 1980's, and an increasing market for companies such as International Gaming Technologies (IGT), Sigma, and Aristocrat, with their cathode-ray tube video screens and other computer technologies. By the time Bally's joined in the manufacturing of electronic slot machines, its competitors had caught up and passed

them, in particular, IGT. Today, as of the year 2003, led by IGT, they are now the dominant players in the slot machine manufacturing industry in the U.S., and perhaps worldwide.

Today's slot machines are much more sophisticated than the original slot machines which required just a simple pulling of a handle, either after one coin or after a certain amount of coins were inserted into the slot machine before pulling the handle. Slot machines can now display either reels or video images, and even play you a song when the jackpot is won. In 1988, slot machines began accepting bills, lessening the need for change people. There are even coinless or coin-free slot machines now, where one simply inserts a card with a bar-code into an electronic reader in the slot machine which then reads the bar-code and displays how much credit one has to play the slot machine. And of course, the internal functions of a slot machine have changed dramatically, with each slot machine being controlled by a single chip known as a random number generator (RNG). The RNG consists of billions of numbers, with each number representing a certain combination of symbols. The RNG continuously circles through these billions of numbers when the slot machine is not being played. Once a player inserts a coin, the RNG stops and waits for the player to either push the spin button or pull the handle, to make the reels spin. Once the reels are spinning, the RNG sends out the combination of symbols to the reels based on the random number it stopped at when the player inserted their first coin. This particular combination of symbols is then displayed in the slot machine window to the player. The RNG's purpose is to create a situation where each play of a given slot machine is independent of any previous play of the same slot machine, meaning that the number generated by the RNG when one inserts their first coin into that slot machine will be determined entirely at random, and not influenced by any other factors.

Because the variety of slot machine games has proliferated since the 1980's, the amount and variety of rules governing each of those slot machine games has increased as well, with the number of new games and rules involving slot machines increasing all the time.

With the rising popularity of the internet and World Wide Web in the 1990's, a new concept of casino came into being: the online casino. Now, players could sit in a chair from the comfort of their home and play online slot machines and other gambling games on their personal computer, without the distractions one might experience in other casino environments. These online slot machines try to simulate not only the look and feel of playing in a physical, land-based casino, but try to re-create their sights and sounds as well. The owners and operators of online slot machines and online casinos in general strive to create an easy-to-use intuitive environment where the player can easily move from one step to the next step as they would on slot machines in other casino venues.

The popularity of slot machines in the U.S. has resulted in its spreading to other countries, with some name twists. In Australia for instance, slot machines were legalized and appeared in the state of New South Wales in 1956, and became known as "poker machines", or "pokies". In the U.K., slot machines are known as "fruit machines", because of the fruit symbols displayed in the slot machine window.

Slot machines received their nickname as "one-armed bandits" because the original slot machines had one handle or "arm" on one side of the slot machine that was pulled by the player to activate it, and that

owners of slot machines could vary the payouts resulting from the pull of the "arm", paying out small amounts when there were lots of players playing the slot machines, or paying out large amounts when few people were playing the slot machines.

Until the invention of the progressive slot machine, slot machines accounted for almost half of the revenue for casinos in Nevada and Atlantic City, New Jersey because players were not sophisticated enough at playing them. However, after progressive slot machines were introduced to casinos in Nevada and Atlantic City, revenues from slot machines increased to over 50% of the total revenue of casinos in each of those two states. Females over 45 have traditionally been the primary group of slot machine players.

As of the year 2003, the world's largest jackpot ever won on a slot machine was achieved by Cindy Jay, a cocktail waitress, on January 26th, 2000. She netted \$34,959,458 dollars U.S. (£ 21,258,282) on Megabucks at the Desert Inn Hotel's Casino in Las Vegas, Nevada. As one may have guessed, Megabucks is a progressive slot machine jackpot, with various slot machines that are part of the Megabucks network linked together across the state of Nevada to offer one huge jackpot.

We hope you enjoyed reading about the history of slot machines and we wish you the best of luck when playing the slot machines, either on land, on water, or online!

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