

1 CHAIR JAMES: I would like to recommend that we not go  
2 for a break but push right through to the casinos right now.  
3 Unless someone really needs to take a break.

4 Hearing no objection, John?

5 DR. SHOSKY: Actually I would like to indicate that I  
6 think we have a problem with the casino chapter. It is a major  
7 structural problem, is what I mean by that.

8 We have siphoned off so many different issues from  
9 major exploration in individual chapters, that we are sort of  
10 missing, I think, the story of the casinos, with what is left,  
11 the residue.

12 You can see from the outline here that I'm trying to do  
13 a lot of cross-referencing to other chapters. And that is, in my  
14 opinion, the only way this chapter is going to work at the  
15 moment, because most of the issues are being dealt with somewhere  
16 else.

17 Cases in point, regulation someplace else; social cost,  
18 economic cost, someplace else; labor issues, someplace.

19 CHAIR JAMES: Well, not to worry, Terry is writing this  
20 chapter, it will be ready in a couple of days.

21 DR. SHOSKY: Wonderful. He will have to negotiate that  
22 issue as he does it, because there is not much left. So what I'm  
23 trying to do at the moment is, in addition to cross-referencing,  
24 flesh out other issues that would be uniquely important here.

25 For instance, we do have the NORC survey, we have some  
26 other pieces of information that are coming in, and that will  
27 help beef this chapter up a little bit. But, you know, absent  
28 that we would be -- in addition to cross-referencing, unless we  
29 come up with some other stuff, we would just be reduced to going  
30 back to saying the same old stuff other people have said.

1 CHAIR JAMES: What do we want to say about casinos?

2 COMMISSIONER BIBLE: Have we defined casino?

3 CHAIR JAMES: That is a good place to start.

4 DR. SHOSKY: I have not in what I have done so far.

5 COMMISSIONER BIBLE: One slot machine, two slot  
6 machines, twenty slot machines?

7 COMMISSIONER DOBSON: Convenience, is that convenience  
8 gambling?

9 COMMISSIONER BIBLE: Well, no, use the term  
10 interchangeably. We talked about tracks earlier this morning  
11 having slot machines, and we called them a casino. Is that a  
12 casino? Maybe you have to have table games, do you have to have  
13 your workers have quality jobs, do they need to be represented by  
14 a national organization, and how do we define casino?

15 DR. SHOSKY: May I add something to that? This problem  
16 comes up again in the convenience gambling chapter, too. It  
17 depends on how you define convenience as to what you end up  
18 talking about here, because as Commissioner Bible has pointed  
19 out, one of the many ways of doing this is if you define  
20 convenience as local, as some people do.

21 They contrast that with what they call casino resort.  
22 So you could actually have a local casino that you consider  
23 convenience gambling if you accept this definition of local.

24 CHAIR JAMES: Bill, let me ask you this. I remember  
25 visiting a couple of bars when I was out in Las Vegas.

26 COMMISSIONER BIBLE: Really?

27 CHAIR JAMES: Doing research.

28 COMMISSIONER BIBLE: Me too.

1 CHAIR JAMES: And I was with the Major, she took me  
2 there at lunch time. And I was surprised to see the number of  
3 slot machines, and how many slot machines can be in a bar?

4 COMMISSIONER BIBLE: Up to 15.

5 CHAIR JAMES: Up to 15.

6 COMMISSIONER BIBLE: And we have defined it as --

7 CHAIR JAMES: However --

8 COMMISSIONER BIBLE: -- arbitrary. We define a casino  
9 in Nevada as being a non-restricted license, anything that has  
10 more than 15 slot machines, or less than 15 slot machines and no  
11 table games.

12 CHAIR JAMES: But isn't there a phenomenal, 15 in one  
13 area, because couldn't you just put a partition up and put 15  
14 more?

15 COMMISSIONER BIBLE: No.

16 CHAIR JAMES: You can't.

17 COMMISSIONER BIBLE: We limit it by permits as to the  
18 number of licenses. You can only have one license on a premise.

19 COMMISSIONER WILHELM: Well, that is Nevada, though.

20 COMMISSIONER BIBLE: That is Nevada, and every state is  
21 going to have a different definition, and look at it differently  
22 as to what constitutes a casino.

23 CHAIR JAMES: It seems to me somewhere in the last year  
24 I heard about that phenomena happening, and how you define a  
25 premise.

26 COMMISSIONER WILHELM: South Carolina there is a five  
27 machine limit, so in the event you have a room with five and an  
28 attendant, and you have a room with five next to it, and another  
29 attendant.

1           COMMISSIONER MOORE: The tour that we took in Las Vegas  
2 out to the community we went into these places that had the less  
3 than 15 slot machines like Kay was talking about, and then we  
4 went in to this place, a small place that was really a building  
5 that had maybe one crap table, some --

6           COMMISSIONER BIBLE: And we would characterize that as  
7 a casino. And the point that John is making is that it is  
8 probably considered convenience gaming because it is within the  
9 community.

10          COMMISSIONER MOORE: But that was a casino?

11          COMMISSIONER BIBLE: That is what I would consider a  
12 casino by our definition, yes.

13          COMMISSIONER MOORE: What else did it have besides the  
14 crap table?

15          COMMISSIONER BIBLE: It had three or four tables and  
16 slot machines, but it was in a commercial area that was located  
17 near residences, versus along the strip corridor, or something of  
18 that nature.

19          COMMISSIONER WILHELM: I agree with John's description  
20 of the structural problem here. In fact, when I first read this,  
21 I wrote on top, why this chapter? I'm not, I don't have a  
22 position at the moment as to whether or not there ought to be a  
23 -- or not to be a separate casino chapter.

24          But in addition to the issues that we have carved out  
25 already, John, there is also the Indian gambling issue, because  
26 most if not all tribal gambling of establishments with -- by most  
27 definitions would be called casino. So this isn't even a casino  
28 chapter, it is a commercial, or non-tribal, or whatever  
29 terminology you want to use, casino chapter.

1           And I really don't have an opinion at this moment on  
2 the structural question. But I think that the definitional  
3 problem goes beyond what is casino and what is not a casino. I  
4 have believed for some time, and we have discussed this at length  
5 in the research subcommittee, that both with respect to economic  
6 impacts, and with respect to social impacts, that there is a good  
7 deal of difference between even various kinds of casinos.

8           And I think it is most useful to look at gambling  
9 establishments across, at least, two spectrums. And you could  
10 combine these, and probably should. One is the size of the  
11 establishment measured by the number of gambling stations,  
12 whether it be a table or a machine. Or maybe measure it in some  
13 other technically more correct way.

14           And the other one is -- I'm sorry, not two but three.  
15 The second one is where it draws its customers from. As we have  
16 discussed before, there is arguably, and you can argue both sides  
17 of this, but there is arguably a significant difference in the  
18 social impact, and I think unquestionably a difference in the  
19 economic impact of a large destination resort that draws its  
20 customers from all over the country, or all over the world, as  
21 distinguished from a gambling establishment, large or small, that  
22 draws its customer from the immediate neighborhood or area.

23           So I think that the first question is the number, the  
24 first variable that we ought to look at is the number of gambling  
25 stations, meaning tables or machines.

26           The second variable is the market area from which the  
27 place draws, and the third variable is whether it is just an  
28 opportunity to gamble with nothing else, or whether it has  
29 entertainment, and hotel rooms, and things like that.

30           CHAIR JAMES: Shopping.

1           COMMISSIONER WILHELM:     Shopping, thank you.     And I  
2 recognize that from the point of view of those who think it is  
3 all bad that those may be distinctions with little difference.  
4 But I believe it is accurate to say that the economic and social  
5 impacts will vary over those spectrums.

6           So, again, I don't know about the structural problem at  
7 this point, I don't have an opinion about it at this point.     But  
8 I think that we have to capture those variables, however we deal  
9 with the structural issue.

10          CHAIR JAMES:     Yes.     Let's set the structural issue  
11 aside for a minute, and figure out what we want to say, because I  
12 have a sneaky feeling that once we go through all the topics, and  
13 figure out what we want to say, we may have to go back at the end  
14 and make some substantive structural changes to the entire  
15 document.

16          So I don't want to spend a whole lot of time talking  
17 about that, realizing that it is -- but what do you want to say  
18 about casinos?     I heard one thing, you want to define it, and  
19 then I hear you also want to talk about the differences, and that  
20 could be a very helpful --

21          COMMISSIONER BIBLE:     The problem John is struggling  
22 with is what we want to say will get picked up in other areas of  
23 the report.     I mean, if you look at his outline almost every one  
24 of these areas gets included elsewhere.

25          COMMISSIONER LEONE:     But that is an easy problem, in a  
26 sense, when we get to it, it is an editorial problem.     We don't  
27 want to -- and since we are not saying most of these things in  
28 the abstract.

1           There are things we want to say about regulated  
2 gambling operation, legal gambling operations. We may want to  
3 categorize them by sizes, we can deal with that.

4           However they are distinguished what do we think the  
5 issues are that come up there, and there are obviously different  
6 issues from the issues that come up when the government is,  
7 itself, in the gambling business.

8           And then -- at our meetings we discussed  
9 extraordinarily broad range of issues. And we devoted a fair  
10 amount of our research to finding out, trying to find out more  
11 about the actual social and economic impacts of, in many cases,  
12 these facilities.

13           And I think that that is the question Kay asked, the  
14 issues that we visited.

15           COMMISSIONER DOBSON: One of the issues might be to  
16 address the proliferation of casino facilities across the  
17 country, and what is causing that, what are the circumstances  
18 around which this spread of casino gambling is occurring.

19           One concern related to this that I had from the  
20 beginning has to do with the states that put casinos on the  
21 border with another state, where you have a feeder situation  
22 coming from the city such as Tunica, and the impact that that has  
23 on Memphis, and so on, or Council Bluffs, Iowa, and Omaha.

24           There are other examples, riverboats in Cincinnati, and  
25 that sort of thing, which creates that chasing activity that  
26 Richard is talking about, you know, people in Memphis see that  
27 they are losing revenues because that money is going across the  
28 border, and therefore there is great pressure on people there to  
29 keep them at home.

1           There is an issue related to casino growth that I would  
2 like to see addressed. As a matter of fact, this is a regulatory  
3 issue, again. Maybe it goes in the other place, but I would like  
4 to see Congress require, because it is an interstate issue, I  
5 would like to see Congress require that where there is a casino  
6 placed within 50 miles of the border, so that it is going to have  
7 an impact on the other state, that negotiations occur, a compact  
8 is developed between those states, so that you don't have a  
9 situation where you are almost forcing your competitors across  
10 the state lines, for tax money, to create the same kind of  
11 facility.

12           COMMISSIONER MOORE: What if the other state allows  
13 casino gambling?

14           COMMISSIONER DOBSON: Well, if there is an agreement to  
15 it, then there is an agreement. But it is my understanding that  
16 in these other places they had nothing to say about it.

17           COMMISSIONER MOORE: Well, see, that is the way the  
18 river ran.

19           COMMISSIONER DOBSON: That is the way the river ran.

20           (General laughter.)

21           CHAIR JAMES: Interesting concept. Any responses to  
22 Jim's suggestion?

23           COMMISSIONER MOORE: It is not a bad idea. We have  
24 heard 50 miles used a lot in gaming, a 50 mile radius here, and a  
25 50 mile radius here.

26           COMMISSIONER DOBSON: If you don't like it, put it 55  
27 miles away. But there ought to be some closeness there, some  
28 proximity that you would have to deal with in negotiations.

29           CHAIR JAMES: Is there a model that exists like that  
30 for anything else?

1 COMMISSIONER WILHELM: Well, Richard asked the Port  
2 Authority of New York and New Jersey -- it is a fairly  
3 complicated problem, I think, and I never thought about that  
4 particular proposal, but what do you do with the lottery, for  
5 example?

6 You say that no state can have a lottery unless all the  
7 surrounding states agree with it?

8 COMMISSIONER DOBSON: At least it is not implicit to a  
9 particular area with an impact on a particular city. We have had  
10 testimony on that occurring, specially with regard to Memphis.

11 COMMISSIONER WILHELM: What are you going to do about  
12 tribal casinos?

13 COMMISSIONER DOBSON: Not a whole lot.

14 COMMISSIONER LEONE: I was just making a list here of  
15 the causes of proliferation, that I can think of, off the top of  
16 my head, to try and think whether there was any way to address  
17 them.

18 I think obviously one primary reason is t there is  
19 money to be made, that is just capitalism doing what it is  
20 supposed to do. And because there is money to be made that leads  
21 to the second one, there is a development of a political  
22 constituency for the proliferation, which is willing to spend  
23 money and do a variety of things, and not touching.

24 I think that there are three other things, though, that  
25 have made -- it has always been possible to make money running a  
26 gambling establishment, and usually it has been a forbidden,  
27 there has been some attempt to influence the politics to make it  
28 -- several things have changed in this country.

29 One very specific factor is that the proliferation of  
30 Indian gaming has reduced the argument that it is not around

1 here, and that comes up in a lot of conversations I have had with  
2 people. And now that is already in New York, in Pennsylvania, in  
3 Connecticut and other places, it is only a matter of time, we  
4 ought to allow it some other places.

5           The next thing I thought of is that there has also been  
6 a movement in this country away from government regulation and  
7 restrictions, across the board, a laissez faire attitude about  
8 government getting in the way, which normally might try to crack  
9 down in lots of things that here has a more of a facilitator in a  
10 sense, than overseeing.

11           But I think the public culture has changed. I think  
12 this was clearly political impossible years ago, in most of the  
13 country. And, apparently, it is not any more.

14           When I look at that list, I think about the practical  
15 things that might be done, I'm back to where Jim was on some of  
16 these things. I think there are some things that would make it  
17 more difficult, make it a higher hurdle, make it -- and also make  
18 it clear to people what the choices are, and what the  
19 consequences are.

20           I don't think we can, as a practical matter, propose a  
21 federal law. But I do think that there are things you can  
22 possibly do, and I don't think prohibition, I think prohibition  
23 is a red herring.

24           We know a lot about the effects of alcohol, we know  
25 about millions of people who have become alcoholics, we know  
26 about the tens of thousands of people who die every year from  
27 alcohol, but we don't believe in prohibition.

28           Therefore we put in place a variety of restrictions,  
29 can't advertise it anymore, except for beer. The scarcity of

1 liquor licenses. We have Alcohol Tobacco and Firearms people out  
2 doing all sorts of things, we tax it very heavily.

3 We do some of those things already in the casino  
4 business, and I think we should do more. I'm sure some people  
5 think we should do less. But I think as far as what we can do  
6 about the causes, probably can't do much about the causes, we can  
7 address the effects.

8 CHAIR JAMES: Well, let me just remind us of some of  
9 the things that came up as points of discussion at -- when we  
10 talked about the availability of credit in casinos, and how that  
11 is handled, when we talked about alcohol, and the alcohol  
12 policies in casinos.

13 I mean, some of those kinds of things that we talked  
14 about. And I'm trying to remember some others along those lines  
15 that would necessarily go here. All those things came up, and  
16 there seemed to be a great deal of consensus on that time.

17 The industry responding to pathological and problem  
18 gamblers, and we were -- we said that there were some excellent  
19 models out there, and some casinos did a far better job of it  
20 than others, and we should highlight, and encourage the industry  
21 to do more.

22 COMMISSIONER DOBSON: Excuse me, Kate, but before we  
23 leave Richard's comment, could I link something there, because  
24 you are taking me into a new area, and I can't think about both  
25 of them at once.

26 Richard, in your comment about whether or not there is  
27 a federal role and so on, in the late '80s I had an opportunity  
28 to participate in the Reagan Administration, in 1987, on an  
29 executive order that required a family impact statement for any

1 new federal initiative with regard to how it would affect the  
2 family.

3 Bill Clinton, in his wisdom last year, canceled that  
4 executive order for reasons I still don't understand, because it  
5 sounds like a good idea to me.

6 Would it make sense for Congress to require an economic  
7 and social impact study when gambling or casinos are going into a  
8 new area, in the same way that an environmental impact report or  
9 study has been required in the past, which would allow the public  
10 to look at the cost, the implications, and to participate in the  
11 process, rather than having something done strictly by state  
12 agency, or someone who can gain influence?

13 That seems to make sense to me. And that probably goes  
14 back into the regulatory department like you said, John,  
15 everything overlaps. But --

16 CHAIR JAMES: But that is okay, I think it is important  
17 to get the issues out. Any response to that?

18 COMMISSIONER WILHELM: There goes Jim, again, with big  
19 government. This may be disjointed, I wasn't trying to cut off a  
20 response to that particular point.

21 But on Richard's list of things that contribute to the  
22 proliferation of gambling, I don't disagree with the list, but --  
23 I don't mean this to be critical, obviously we are just thinking  
24 out loud here.

25 But it seems to me there is a number of other things  
26 that ought to be added to that list. For example, there is a  
27 need or at least a perceived need in the part of many state and  
28 local governments for tax revenue. It is a -- I believe that one  
29 of the principal impellers of the -- if that is a word, I'm not  
30 sure if that is a word. One of the principal propellers of the

1 spread of gambling in the last decade, ironically, has been the  
2 anti-tax rhetoric that beats governments all the time, because  
3 most political views are justifiably afraid to talk about tax  
4 increases, no matter what the need may be, whether it is for  
5 schools, or whatever it might be.

6 And that is, you know, a direct result of the  
7 political rhetoric of the last decade, or so, the last 20 years.

8 So state and local governments look elsewhere. The  
9 needs don't go away, the population grows, immigration, there are  
10 more immigrants in this country today than at any time in this  
11 country's history. And I happen to think that is a good thing.  
12 I want to be clear about that. I think we gain strength, as a  
13 nation, from immigrants.

14 But, nevertheless, there is more kids to put through  
15 school, and there is more people driving the bus, and all the  
16 other things that state and local governments are left holding  
17 the responsibility for.

18 So I think that is a clear propeller of the expansion  
19 of gambling. I have been pretty good today, most of the day, but  
20 I think clearly in some communities there is a desperate need for  
21 good jobs, and most particularly for good jobs for people who  
22 don't have a lot of formal education.

23 CHAIR JAMES: 2:45.

24 COMMISSIONER WILHELM: My best, isn't it?

25 CHAIR JAMES: Yes.

26 COMMISSIONER WILHELM: I mean, I've said this before,  
27 and I will probably say it again. In my mind, and that is  
28 because I lived in Connecticut for 24 years, I cannot get away  
29 from what happened in Bridgeport, Connecticut, as compared to  
30 what happened in Gary, Indiana.

1 Bridgeport, Connecticut, a couple of years ago,  
2 certainly somewhere in this range, it was the third poorest city  
3 in America. It is a desperately poor community, and it has been  
4 for 25 years. Nobody has invested a dime in Bridgeport in 25  
5 years. The people in Bridgeport voted, by better than 80  
6 percent, in an advisory non-binding referendum of the Connecticut  
7 law to say they wanted a casino.

8 And in its wisdom the Connecticut legislature, led by  
9 the legislators from the first, second, and third wealthiest  
10 county in America, which surrounds Bridgeport, Fairfield County,  
11 depending on which year you measured it, decided that the people  
12 in Bridgeport shouldn't have a casino.

13 Of course, nobody went back to Bridgeport with any  
14 other jobs, just left Bridgeport like it was. And if you  
15 contrast that with the story we heard from Gary, from the Mayor,  
16 from the community leaders, from the workers, I think that the  
17 need for good jobs, and specially jobs for people who don't have  
18 a lot of formal education is a clear propeller. And that is a  
19 function of what is going on in this society, you know, we are  
20 wiping out good jobs, we are not going to have a middle class  
21 anymore, we are going to have a few rich people and everybody  
22 else.

23 And the third thing, and it really is the first, in my  
24 view is the flip side of the kind of riches that can be made by  
25 capitalism doing what it does. There is money to be made. But  
26 the reason there is money to be made is because there is a  
27 consumer demand.

28 And I realize this is a subject that is distasteful to  
29 a lot of people. But the record, I think, is crystal clear. I  
30 don't think anybody can be confused about this, that the American

1 people like to gamble. And, you know, if they didn't then there  
2 would not be so much money to be made.

3 Now, I know it does not follow from that, for me, you  
4 said quite some time ago, Richard, that there is a consensus you  
5 believe in the Commission, and I agree with you, that gambling  
6 should not be totally laissez fair, and it ought to be restricted  
7 in some ways. I agree with that, I'm not arguing with you that  
8 it shouldn't be restricted in some ways.

9 But if we are going to try to make a list of the things  
10 that propel the pell mell expansion of gambling, there is things  
11 today that we need to include, tax revenue, the need for good  
12 jobs, and the fact that there is an enormous consumer demand, a  
13 lot of the other things that you have probably listed. Probably  
14 a lot of others that we haven't thought of yet.

15 COMMISSIONER LEONE: Well, John, I agree with all three  
16 of those, and I'm sure there are others. I think on the first  
17 one, in fact, I could read you something I have written on the  
18 great surge of legal games of chance over the past two years  
19 matches a great turning in national politics.

20 I think actually two phenomenon, the government wanted  
21 the increase of legalized gambling, and the other is increase of  
22 debt are probably a product of the anti-tax character of politics  
23 today. People don't, you know, want to make the cuts, and they  
24 don't want to raise taxes. They have cut taxes, and they are  
25 looking for ways to keep everybody happy.

26 On the economic development front I think the single  
27 most powerful argument for the gambling in Indian country is that  
28 if we are going to accept that argument, particularly that it  
29 ought to be unionized, and if accept that argument, then the most  
30 compelling case that can be made for exceptionalism, which is a

1 theme I use over and over again, there is a lot of need in Indian  
2 country --

3 COMMISSIONER WILHELM: And I would agree.

4 COMMISSIONER LEONE: -- more than the Atlantic City,  
5 Bridgeports, or other places. And finally I would -- certainly  
6 there is public demand. That is incorporated in my plan about  
7 capitalism. Capitalism is about encouraging people, and  
8 enhancing their desired buy as much as possible. But it doesn't  
9 work unless people want it.

10 I mean, I would never say that they didn't, although  
11 that is the reason I harp so much on the importance of reminding  
12 them of what the transaction is all about. And as I say there  
13 are lots of other places where we feel perfectly comfortable  
14 doing that.

15 I'm still struck by the fact that in the securities  
16 business, which is hardly suffering in the United States these  
17 days, we insist on a variety of disclosure statements, and of  
18 claims being modified, and very strict language in advertising,  
19 that we do not insist on in this area. We insist on it in the  
20 alcohol, and we have done it in tobacco now.

21 I wouldn't even claim that gambling has the negative  
22 effects of alcohol and tobacco, but I do think that -- although I  
23 must say, just as an aside on the securities business, since I  
24 think the phenomenon known as day trading is out and out  
25 gambling, and not by any conceivable analytical approach be  
26 considered investing, or -- it is gambling.

27 And it is now -- they put people on television to show  
28 them at home, or on the Internet, day trading as though this were  
29 somehow lubricating the capitalist system. You know, in an

1 upmarket many of them will survive. But in general day traders  
2 are merely gambling, and will lose.

3 COMMISSIONER WILHELM: Those of us who have something  
4 to do directly, or indirectly, with the gambling industry would  
5 rather leave day trading with those of you who have something to  
6 do with securities, we don't want it.

7 I agree with virtually all of what you said. I think  
8 that, actually, that Indian gambling presents the most difficult  
9 issue about which this Commission could reach any conclusion at  
10 all. And I'm leaving completely aside from this comment the  
11 issue about the lack of worker rights. I just want to talk about  
12 Indian gambling, aside from that issue.

13 Because on the one hand I would agree with you. I  
14 think that the most compelling case that can be made for the  
15 economic benefits of gambling can be made on many, though not all  
16 -- let me rephrase that, on the overwhelming majority, though not  
17 quite all of the reservations.

18 On the other hand, as you pointed out, Richard, it is  
19 also Indian gambling that is the -- that is a major propeller of  
20 the unrestrained expansion of gambling because clearly there are  
21 at least 500 plus reservations in the United States that have the  
22 right to put up gambling establishments.

23 And theoretically, through the Trust Land mechanism,  
24 there is an awful lot more than that, although there is more  
25 restrictions on that category. But I think at the same time it  
26 is the best case, or I would rank it equal to, not more  
27 compelling than, places like Gary, Indiana and Bridgeport,  
28 Connecticut. But that is a quibble, it is not a disagreement.

29 I think it is the best case for the value of casino  
30 gambling for economic development. But it is also this thing

1 that most propels expansion. I don't know how you are going to  
2 say to the people of any state in the union that Indian gambling  
3 is okay, but other forms of gambling are not, unless that is the  
4 decision the people of that state choose to make.

5 But if the people of that state want to make a  
6 different decision, I don't know how this Commission or anybody  
7 else is going to say A is okay, but B is not. How does that  
8 work?

9 CHAIR JAMES: It doesn't. Let me ask this, because I'm  
10 very conscious of our time, and I want to make sure that we have  
11 a full discussion on the particular subject that we are on. We  
12 are going to start wrestling with that very tough nut to crack on  
13 Native American gambling, and we will do that tomorrow.

14 But if you had to summarize, what do you want to say as  
15 a Commission about casino gambling in America, what would it be?

16 COMMISSIONER WILHELM: I will take a crack at that, and  
17 --

18 CHAIR JAMES: Okay, after jobs.

19 COMMISSIONER WILHELM: I want to say that the closer  
20 the model of the casino comes to being a large scale destination  
21 resort with a multitude of offerings, and the further away it  
22 gets from being convenience gambling with the limited number of  
23 gambling opportunities, and with fewer, if any, other offerings,  
24 with few jobs and with a local market, the farthest away you get  
25 from that end of the spectrum, and the furthest toward the  
26 destination resort end of the spectrum, the better the economic  
27 impacts are going to be, and the lesser the social negativities  
28 are likely to be.

29 CHAIR JAMES: What would you say, Jim, if you could --  
30 you are writing the chapter on casino gambling?

1 COMMISSIONER DOBSON: I think some of the things I have  
2 already addressed.

3 CHAIR JAMES: Paul?

4 COMMISSIONER MOORE: Well, I will stay with that, and I  
5 think I would have to take in Jim's suggestion on sticking on a  
6 50 mile radius, because within the destination gambling, I think,  
7 we don't need to -- but if we are going to have it, I think --  
8 another thing that worries me, and I want to add, casino gambling  
9 is a profitable -- we should make these things environmentally  
10 stable. We shouldn't have too much smoking, or none at all. And  
11 it is the only industry I know that would try to get a fellow  
12 drunk. We don't let a guy drive a car drunk, they want to  
13 impound his car.

14 And I think we ought to have some control of gaming  
15 serving alcohol on the floor, we ought to have some control of  
16 cigarette smoking, and we also ought to have, someone might have  
17 already mentioned this, the convenience of credit in the casino.

18 I think that those are the main things, ATM machines in  
19 close proximity to the casino floor, but the line of credit that  
20 is allowed certain gamers. Another thing you might add to that  
21 would be how we encourage and carry people to these places to  
22 gamble on the assumption that they will spend so many dollars.

23 Those are some of the issues, I believe, in my mind.  
24 And they are talking about the same thing when you read -- he is  
25 talking about the customers that like to gamble, he is talking  
26 about the same cultural change. To me those two areas are the  
27 same, in my opinion.

28 COMMISSIONER DOBSON: May I ask for a clarification  
29 from Bill about something you said. Is it a good thing that ATMs  
30 are brought to the gambling tables?

1 COMMISSIONER BIBLE: Well, Nevada outlawed the use of  
2 credit cards to activate a gaming device. One jurisdiction does  
3 allow you, but I don't believe they permitted them to do it, to  
4 actually activate a gaming device with a credit card. You can  
5 use like a debit card which is the same as cashing a check, in a  
6 number of jurisdictions, to make an electronic transfer to a  
7 gaming device. That is not occurring very much.

8 But there really is not much evidence to suggest, one  
9 way or the other, in terms of credit practices whether there is  
10 an effect if an individual gets up from a table, or gets up from  
11 a machine and goes over to the cage and cashes a check, or goes  
12 outside and gets money out of the ATM. It probably has at least  
13 some impression that maybe it is helpful if there is a bit of a  
14 cooling off period.

15 But I don't believe there has been any empirical  
16 evidence --

17 CHAIR JAMES: At least with a debit card you can't  
18 spend more than you have, with a credit card you can.

19 COMMISSIONER BIBLE: And I advocated very strongly in  
20 Nevada that credit cards be prohibited, which is a matter of  
21 state law now in Nevada, that credit cards not be allowed to be  
22 used to activate gaming devices.

23 COMMISSIONER WILHELM: Or a table either, right?

24 COMMISSIONER BIBLE: Or the table.

25 COMMISSIONER DOBSON: Should that be recommended?

26 COMMISSIONER BIBLE: I don't have a problem with that,  
27 it creates a credit in terms of your play.

28 COMMISSIONER DOBSON: One of the things I observed --

29 COMMISSIONER BIBLE: At some point you have to  
30 recognize that the individual has to make a judgement. There is

1 an individual responsibility involved as to how you are going to  
2 do your business, and how you are going to conduct your life, and  
3 whether you choose to gamble or not gamble. You have to  
4 recognize it.

5 You know we are a country where the individual makes  
6 his own choices, and makes his own determinations. When you talk  
7 about gambling in terms of restricting, gambling is probably one  
8 of the heaviest restricted industries in the country.

9 You had a zoning question, essentially. Most states  
10 have considered these decisions very, very carefully in terms of  
11 where gambling is going to be located. Nevada has a fairly  
12 different model because of historic precedent, but you look up  
13 and down the river in states like Illinois, Missouri, Mississippi  
14 and Louisiana made decisions as to where they are going to locate  
15 gambling, and there tends to be a nexus with the river.

16 I really do not think it is the role of the federal  
17 government to tell the states where gambling should -- it is a  
18 philosophical difference.

19 COMMISSIONER DOBSON: Recommend --

20 COMMISSIONER BIBLE: -- a compact or something of that  
21 nature, that is a local determination.

22 COMMISSIONER DOBSON: Well, it is an interstate issue,  
23 too, where the federal government gets involved.

24 COMMISSIONER BIBLE: But you can stretch the line into  
25 100 miles into most any activity and say that there should be a  
26 compact before you locate a plant, before you do this and that  
27 next to another jurisdiction. We don't do that within other  
28 areas of commerce.

29 COMMISSIONER DOBSON: Let me go back to the issue of  
30 credit. Two factors; when we were at Foxwoods I think I observed

1 something, and then I haven't been able to get a handle on it. I  
2 wrote a letter when I came back, and I still don't really have an  
3 answer to it, and maybe we can't get it from the tribes and so  
4 on. Pin numbers were not required on the ATM machines there.

5 And the implication was that a rather large fee was  
6 charged to use the ATM to perhaps compensate for misuses of  
7 credit cards, or use of credit cards where the losses occurred.

8 I don't know whether that is a problem anywhere else,  
9 or whether I got the wrong information there. But that is what I  
10 came out of there with.

11 COMMISSIONER BIBLE: I don't know. The only  
12 conceivable place where I could see you wouldn't be using a pin  
13 number is if there is a third party provider, a financial  
14 institution, and they are giving you credit by taking your  
15 current electronic imprint and they are charging you some amount  
16 of money because there are going to be so many people there who  
17 claim that, hey my credit card was stolen, and it is not my pin  
18 number.

19 I would think the individual, if they have a charge  
20 against their credit card, or a debit card, where they have not  
21 used a secure code to code it in would have a defense against  
22 fraud, I would think.

23 COMMISSIONER DOBSON: Anybody else see that when we  
24 were there?

25 DR. KELLY: Madam Chair, I think I know what Dr. Dobson  
26 is referring to. It is a credit card company that offers a  
27 specific product that people can get advance money through them  
28 without going through their particular accounts. If I'm  
29 remembering right, I think that is what you are referring to.

1           COMMISSIONER BIBLE:  When you encounter that particular  
2 issue in Las Vegas where there was some testimony that there were  
3 some independent providers that somehow create charges in excess  
4 of your limitation.  Typically on an ATM card you are allowed to  
5 withdraw something like 300 dollars, 400 dollars, or whatever it  
6 is, with the card.  But there are some third party providers who  
7 will allow you to take more, and they apparently do something  
8 with the transactions, and then they charge you extra for that  
9 particular service.

10           COMMISSIONER DOBSON:  Go back to the other statement  
11 with regard to the use of credit cards in the casinos.  Is that  
12 regulation in Nevada also rather widespread within the industry,  
13 and riverboats, and other places?

14           COMMISSIONER BIBLE:  I don't know.  I don't believe  
15 that there is widespread activation of gaming devices with credit  
16 cards, or ATM cards.  It is electronic, it is possible, but I  
17 don't believe jurisdictions are doing that.

18           I think there are people that will go into a casino and  
19 there will be a device that will allow you to withdraw cash, the  
20 same as there is a device in a supermarket or a bank, which will  
21 be an ATM, and that will probably be an ATM and they can withdraw  
22 monies out of their bank account and go use it for gambling  
23 purposes, they can go buy t-shirts, they can go to the restaurant  
24 and buy food, they can go put a credit against their card, they  
25 can use it for the same kind of activity.

26           If I run out of cash today I will go across the street  
27 to this bank and take money out for me to take a taxi to the  
28 airport tomorrow.

1 COMMISSIONER MOORE: This is what I was talking about.  
2 The close proximity of the ATM, I was not referring to using a  
3 credit card to activate a slot machine.

4 COMMISSIONER BIBLE: Well, Nebraska or Iowa, Iowa I  
5 believe considered some legislation to do exactly what you have  
6 described, and they had no empirical evidence to support the  
7 policy position, whether or not there were concerns, I don't know  
8 if we have collected anything or not to demonstrate there is any  
9 kind of a problem in the area.

10 COMMISSIONER DOBSON: Bill, the other question that --

11 COMMISSIONER BIBLE: I think generally the problem,  
12 when we talk about credit cards, the problem is -- I don't know  
13 if you open your mail, but if I don't have three or four offers  
14 every week from some credit card company offering to send me a  
15 credit card, and giving me some preferential rate, I'm amazed,  
16 I'm astounded at the amount of consumer credit out there. And  
17 you are talking about just one small segment of what is probably  
18 a national problem that is created by the banking industry.

19 COMMISSIONER DOBSON: Yes, some of them sent to a  
20 freshman in college who didn't have four dollars to his name.

21 COMMISSIONER BIBLE: How much do you owe.

22 COMMISSIONER DOBSON: Yes. When we were in Atlantic  
23 City, I think at the Taj Mahal, they showed us what they called  
24 check bank. I don't know if that is characteristic of other  
25 casinos, but I was bothered by what I saw.

26 COMMISSIONER BIBLE: You have to tell me what it was.

27 COMMISSIONER DOBSON: It is the room where drafts of  
28 money loaned to people, unsecured, are made on the premises with  
29 almost -- I mean, if they have any reason at all to provide that

1 money they do so, and the reason is because people walk out of  
2 there and lose it, and then the casino has it in both places.

3 And they indicated that they hold those drafts for  
4 seven days, and then send them through the bank. And these are  
5 drawers all the way around this room from the last seven days.

6 COMMISSIONER BIBLE: These are drafts that they are  
7 carrying themselves in terms of them making the extension --

8 COMMISSIONER DOBSON: Somebody is, the way I understood  
9 it, somebody is gambling, they run out of money, so the casino  
10 then gives them a draft, loans them money right on the spot, up  
11 to 1,000 dollars or more.

12 COMMISSIONER BIBLE: And we had some fairly extensive  
13 testimony in the Las Vegas meeting on the credit practices, at  
14 least, as it is used in Las Vegas where the casino, in effect, is  
15 carrying the credit themselves as to what they do as an  
16 institution, before making that credit decision, and the  
17 practices they go through, that there is a credit clearinghouse  
18 that gets some sort of credit information, and they exchange  
19 credit information among themselves before they grant the credit.

20 COMMISSIONER MOORE: You can go back and cash them in  
21 before seven days, and your wife doesn't know you were in there.

22 COMMISSIONER DOBSON: What bothered me about it was the  
23 ease with which those so-called loans were made, because they  
24 said that, they said that more often than not they will loan you  
25 up to -- it isn't a loan, it is a bet up to 1,000 dollars,  
26 because they are going to get it, anyway.

27 COMMISSIONER LEONE: I think, coming back to John's  
28 original question, and it is a little discussion we had about the  
29 definition, what this all illustrates is a couple of -- it is  
30 hard to use the classic categories, because of the -- I think if

1 you start with a picture in your head of Las Vegas, and that is  
2 casinos, and they get into trouble.

3 And maybe the best we can do is to indicate upfront  
4 that one of the phenomena the Commission has realized, is the  
5 blurring of these lines between classic elaborate destination  
6 resort, and the neighborhood sort of casino like activity that  
7 shades very close to what we are calling convenience gambling,  
8 and in addition that calling -- separating private commercial  
9 casinos from Indian tribal gaming, can also lead to confusion.

10 I mean, Foxwoods casino is a big, professional  
11 operation that is a lot more like MGM Grand in terms of the way  
12 it looks to consumers, and operates, than it is like -- I think  
13 we just have to be upfront about the fact that so many  
14 distinctions are arbitrary, and we are using them as a way for us  
15 to discuss different phenomena, and different ideas that the  
16 Commission has.

17 And we may wind up with a different organization, we  
18 may have to change these chapters around.

19 CHAIR JAMES: Which leads into something, a point that  
20 I wanted to make in terms of the agenda scheduling. I would like  
21 very much to exercise the prerogative of the Chair, and take off  
22 of our agenda for today the discussion of the book production,  
23 and appendices, and executive summary.

24 I would rather get through all of our discussion areas,  
25 and look at even taking off tomorrow, but hold that one for a  
26 while, the acknowledgements and resources, those sort of pieces.  
27 I want to save as much of our time as we can for the substantive  
28 issues.

29 And we can get to some of the structural things and  
30 some of the administrative pieces later.

1 COMMISSIONER DOBSON: Madam Chair, as we conclude this  
2 discussion on casinos, there are some other recommendations that  
3 I would have that I don't want to take the time here to -- I  
4 would rather distribute them to the rest of the Commission for  
5 later consideration.

6 I don't want to dominate this thing, I have already  
7 done a lot of talking.

8 CHAIR JAMES: No, this is our time to do that. Is it  
9 something, Jim, that you have prepared that people could read  
10 overnight?

11 COMMISSIONER DOBSON: Yes.

12 CHAIR JAMES: Okay. Then my suggestion is going to be  
13 that maybe we distribute those at the end of the day today, and  
14 we pick -- is it specifically on casinos?

15 COMMISSIONER DOBSON: Yes. But, you know, you can take  
16 five or six of my issues and spend another hour doing it. And I  
17 think some of that might be better done with people thinking  
18 about it.

19 CHAIR JAMES: Well, why don't we do this? Why don't  
20 you distribute that at the end of the day today, and we will take  
21 it up first thing tomorrow morning.

22 COMMISSIONER WILHELM: Along the lines of distribution,  
23 I had earlier today mentioned that the testimony that I at least  
24 found interesting from the subcommittee on Indian Affairs by  
25 Monty Deer, the Chairman of the National Indian Gaming  
26 Commission, I brought copies of that which I would like to give  
27 sometime today to the Commissioners and the Staff.

28 CHAIR JAMES: Why don't we do all of that at the end of  
29 the day today, and we will have our evening reading for us.

1           With that I would like John to go ahead and summarize  
2 what he thinks he heard thus far. You know what? Why don't we  
3 do this. Why don't we withhold that until after we complete it  
4 tomorrow after Jim distributes whatever he has, and we have that  
5 discussion. Because we will have to do it all over again,  
6 anyway.

7           With that I'm going to call for a break, and we will  
8 get back together at 3:30.