

1 CHAIR JAMES: John?

2 DR. SHOSKY: Thank you, Madam Chair. Concerning the
3 crime chapter there is really two large categories here. One of
4 them -- I will begin again, I'm sorry.

5 In terms of the crime chapter, there is two large areas
6 of concern here. One of them concerns gambling activities, and
7 crime within legal gambling activities, and crime related to
8 legal gambling activities. And the other large section is, the
9 other conceptual idea, anyway, would be illegal gambling.

10 So what we are trying to do is we are trying to look at
11 crime that is associated with legalized gambling, and crime
12 associated with illegal gambling.

13 With that in mind --

14 CHAIR JAMES: Wait a minute, help me understand that.
15 Crime associated with illegal gambling?

16 DR. SHOSKY: Right, organized crime.

17 CHAIR JAMES: Well, if it is illegal, it is a crime.

18 DR. SHOSKY: That is true, I'm trying to talk about
19 what we know about, though. I guess there is a better way of
20 putting it. I'm sorry --

21 CHAIR JAMES: That is okay.

22 DR. SHOSKY: I apologize. But, anyway, the outline
23 tries to find a way to organize all of this, and take us through
24 it.

25 I don't want the first section to be too misleading,
26 where I talk about the history of gambling and crime. I,
27 literally, was envisioning in the chapter just a few sentences,
28 and nothing more.

29 It was really more the intent of this chapter to begin
30 with the second point, which is the scope of illegal gambling.

1 And there is some information that we have, some of it in terms
2 of studies, some of it in terms of guesstimates on this matter.

3 Then the patron participant crime, the next thing that
4 we would discuss is the equipment, card counting, backroom
5 dealing, race fixing, things like that. And then the regulations
6 to combat crime, and regulatory models that seem to work.

7 And this concerns things like security checks,
8 financing, monitoring of gambling establishments, audits,
9 enforcement of laws and regulations, and other actions.

10 And then, finally, we look at money laundering, and we
11 have some testimony and materials on that. And, as you know,
12 that is a significant problem.

13 Then we look at crime associated with the presence of
14 gambling, and in that respect we have gathered information about
15 neighborhood crime. Some of it is of a statistical information
16 from studies, some of it is educated guesstimates, and some of it
17 is just mere speculation, but we have quite a bit of material on
18 that at the moment.

19 Here we were going to look at credit fraud, and also
20 the link between legal and illegal gambling. As you know we have
21 had witnesses that testified that legalized gambling trains
22 participants to become gamblers, and thereby that increases the
23 market for illegal gambling. You probably remember the colorful
24 testimony of Mr. Jehodo on that point.

25 CHAIR JAMES: John?

26 COMMISSIONER WILHELM: I do remember the colorful
27 testimony, the problem is that it didn't have any information in
28 it.

1 I would respectfully suggest that number 8, legal and
2 illegal gambling, is an issue that I don't believe our record
3 supports an analysis that would make any sense whatsoever.

4 You only have half the issue here. You have the issue
5 here that says that several witnesses asserted that legalized
6 gambling trains participants to become gamblers, thereby
7 increasing the market for illegal gambling.

8 There is at least as much in the record, if not more,
9 about the reverse phenomena, that is to say the reduction of
10 illegal gambling because of the increase of legal gambling.

11 So if you are going to get into this issue, at all, and
12 again I don't think the record supports any kind of intelligent
13 analysis of either end of this equation; but if you are going to
14 get into it, you are certainly going to have to get into that.

15 And then just on a minor point, which I'm sure it is
16 just a semantic mistake here, in number two, the scope of illegal
17 gambling. Again, I don't know that our record supports an
18 analysis of the scope of illegal gambling, aside from saying that
19 it exists.

20 But if you are going to get into that area, sports
21 gambling, which is as we know a huge source of illegal gambling
22 in this country, is much broader than sports book wagering over
23 the telephone.

24 So if you are going to talk about illegal gambling you
25 have to talk about, certainly, sports gambling in its manifold
26 forms.

27 CHAIR JAMES: Other comments?

28 COMMISSIONER DOBSON: I have a single recommendation,
29 Madam Chair.

30 CHAIR JAMES: Dr. Dobson?

1 COMMISSIONER DOBSON: Because a high percentage of
2 pathological gamblers are involved in financial crimes of one
3 sort or another, according to Dr. Henry LeSeur and others, the
4 criminal justice system authorities should begin a systematic
5 collection, and subsequent publication of information on gambling
6 related crimes.

7 COMMISSIONER WILHELM: I'd like to second that one.

8 CHAIR JAMES: Hearing no discussion, no disagreement, I
9 would say we have some consensus on that. Other issues on crime?

10 COMMISSIONER LEONE: I just have a question which is
11 all of the numbers we have accumulated on illegal gambling
12 activity in the United States are, of course, difficult
13 approximations, put together by quite serious people, and people
14 in law enforcement. But I think they are the best people who can
15 do it, and we certainly didn't add anything.

16 I think we ought to make clear that that is a report on
17 what we are reporting on these other reports. I guess what I'm
18 really saying is there are three, four, five, or ten places in
19 our report where I don't -- I hope we probably will, but I rather
20 not read that the Commission found this about that, or this about
21 that one, when in fact we didn't find anything except we had some
22 testimony presented to us, and some studies, and we are reporting
23 them, incorporating them into our report back to the American
24 people.

25 I mean, I personally feel like I don't know much about
26 this, even though I read all the material we got, and not to
27 disparage the people who submitted it, but given our scarce
28 resources this wasn't an area that we commissioned a lot of work
29 on, or anything, or know a lot about.

1 COMMISSIONER DOBSON: I don't think the Congress, or
2 anybody else, would have expected us to start with a white piece
3 of paper, however, and ignore all the --

4 COMMISSIONER LEONE: No, I just don't think we added, I
5 mean, I don't think that we have anything of our own to add to
6 it. We report on what we found was out there, that is all I'm
7 saying.

8 CHAIR JAMES: And I think that will come in the
9 footnoting, and how we document what we say, based on studies
10 that we analyzed we come to this conclusion, or something along
11 that line, rather than thinking that we produced it.

12 COMMISSIONER MOORE: and, again, along these, I don't
13 think that we can say on this research, I have heard a lot of
14 remarks, you know, that is a little jaundiced because the gaming
15 associations sponsored it, the casino sponsored it.

16 Along these lines that Dr. Dobson said, I don't think
17 that we can ignore a lot of these reports. I think that our
18 direct research, and our chairman of the research committee
19 should have enough intelligence to look at these, and analyze
20 them, and all the reports coming in, and I think there is a lot
21 of material out there that we can use, a lot of studies, whether
22 it is adolescent gaming, whether it is pathological gaming, or
23 whether it is crime.

24 And to follow up on your question, John, of the crime
25 and illegal gaming. In other words, this is semantics, but if I
26 play in the pool, in an office pool on a football game, and that
27 is illegal, then in essence am I committing a crime?

28 CHAIR JAMES: Any attorney like to give it a shot?

1 COMMISSIONER MOORE: So when we talk about crime here,
2 then we have got to get -- I think that we have to make strong
3 statements, and whether this would be --

4 AUDIENCE MEMBER: I wouldn't prosecute you.

5 COMMISSIONER MOORE: Right. But I don't think that we
6 can ignore -- I wasn't too satisfied with what we got from sports
7 wagering, and things of that nature, because someone said
8 everyone does it, and I'm not talking about me and Mr. Wilhelm
9 going out and playing golf.

10 But I'm worried about our children, I'm worried about
11 college students, and things of that nature. And there ought to
12 be education put out, maybe they can teach it in the curriculum.
13 As you said, we put everything on the school system.

14 But this is information that they ought, at least,
15 think about. I'm pretty old, and there is a lot of stuff that we
16 studied that I had never given much thought, and I have been out
17 here in the world pretty well, I wasn't too sheltered being
18 brought up.

19 And there is a lot of stuff that comes out that I had
20 never put it in perspective, and never thought about too much.
21 So I think we need to talk about that.

22 COMMISSIONER DOBSON: If I can go back to your first
23 point, I want to clarify what I was saying. It would be foolish
24 of us to ignore the incredible research that has been done, that
25 has been paid for by the Gambling industry, and I don't imply
26 that at all.

27 But I will say that studies that were supported by the
28 tobacco industry, for example, have less credibility for me than
29 those that are supported by independent academic research.

1 And I think that independent research ought to be
2 funded, and that we should not depend, solely, on the industry
3 that has self-preservation at its core, and we all do.

4 COMMISSIONER MOORE: Well, I agree with that 100
5 percent. But other than this time, that we have been discussing
6 about, there has been a paucity of research dollars, and we have
7 had to depend on these people.

8 COMMISSIONER DOBSON: We need to change that.

9 CHAIR JAMES: John?

10 COMMISSIONER WILHELM: Actually this conversation
11 raises an interesting question, which I think probably is
12 applicable to the entire report. Which is how it is that we are
13 going to hope to give the reader of the report some indication of
14 the validity, or the thoroughness, or the seriousness, or the
15 rigor of whatever source we cite.

16 And I want to say up front that I have never been one
17 of those who dismisses so-called anecdotal evidence. I happen to
18 think that the so-called anecdotal testimony that we heard from
19 problem gamblers is extremely helpful.

20 Likewise, I think the so-called anecdotal testimony
21 that we heard from workers is extremely helpful, and others.

22 But I do think that we owe it to the reader to, because
23 obviously all reports are not equal in their rigor, or their
24 validity. And somehow or another it seems to me that we owe it
25 to the reader to give some kind of an indication of the depth, or
26 substance, or validity of -- or at least an accurate depiction of
27 the kind of source, anyway, of that which we put forward.

28 There is a difference between the research we
29 commissioned and analyzed in detail, and the stuff we heard.

1 CHAIR JAMES: You may remember that very subject came
2 up at a previous meeting, and we struggled with it a little bit
3 then, and talked about the fact that perhaps one way to get at
4 that would be in the introduction of documents to talk about the
5 types of research that we used, and we would talk about
6 categories at that point, and give some examples.

7 Now, I don't know how you would go about identifying
8 every footnote, but we can talk about the fact that we will be
9 referring to research that we commissioned, that we have a high
10 degree of confidence in. There is other documents that are less
11 so, but perhaps we are not prepared to put the weight of this
12 Commission behind.

13 So we can talk about it in general terms, and give a
14 sort of a warning to readers that they will need to evaluate
15 that. I don't know how you would do it, maybe we have some
16 ideas.

17 COMMISSIONER LEONE: Well, it is a great danger for us
18 because you can see the problem that people are drafting it have.
19 As you go along in the flow, and you want to cite some study, and
20 you look at the footnote, I wonder what was really in that study,
21 was that somebody else's study that that was citing, or did they
22 talk to 12 people on all sides of the argument?

23 And you are right we don't, you know, we don't have
24 them color coded according to how carefully we looked at them.
25 And that troubles me, because I think there is nothing more
26 common in public policy debates than some half-baked study quoted
27 by some other person who didn't do the study, then that person
28 becomes the expert on it, and winds up on a television show where
29 somebody else gets quoted, and the thing bounces along, and the
30 next thing you know there is some --

1 CHAIR JAMES: Some --

2 COMMISSIONER LEONE: -- finally somebody catches up to
3 it.

4 Now, that is an argument for getting as much text out
5 in public as possible, as soon as possible, because we do have
6 people, the great function that interest groups will serve on all
7 sides of this to help us police the report before it is final,
8 come in and say that study you are quoting, do you know what that
9 study really was?

10 But still we should be careful about it, even if the
11 flow is not as vivid as it might be if we quoted these studies.
12 I think we, you know, this is not physics where there are peer
13 panels, and a lot of people out there, and you know what you are
14 getting when you quote different stuff.

15 So that is a good point, John, I think. And really the
16 point I was making about this crime chapter, I think we want to
17 talk about crime, and I think we want to point to the regulatory
18 regimes that seem to be effective, and what their characteristics
19 are, and we want to talk about the areas where there is clearly
20 still a lot of criminal activity, and a lot of potential for
21 problems, like sports wagering, and other things.

22 All I was saying is we haven't added anything to the
23 sum total of human knowledge about that, we are just reading what
24 we found in other people.

25 Do we have any other recommendations? I mean, I guess
26 that in itself is -- will be read as a sign that we are not too
27 concerned, which is something we should think about as we
28 actually draft. This chapter report makes me a little uneasy.

1 I don't know what I should be concerned about. It is
2 obvious that the big area, the state sponsored gambling and the
3 big commercial enterprises are not perceived as having a problem.

4 COMMISSIONER DOBSON: With organized crime?

5 COMMISSIONER LEONE: Yes, with organized crime. But we
6 all know about lots of other things.

7 COMMISSIONER MOORE: Is there any evidence that there
8 is any organized crime in the ancillary portions of commercial
9 gaming, casino, that is construction, laundry, the service people
10 to those? We hear in New York someone used to, I don't know
11 whether we heard it or not, that the garbage collection was
12 controlled by organized crime, or something of that nature. I
13 heard statements like that, they got prosecuted.

14 Does anyone know if there is any such thing?

15 CHAIR JAMES: I don't think we heard any testimony
16 about that.

17 COMMISSIONER MOORE: -- testimony is in there.

18 COMMISSIONER DOBSON: In just a conversation between
19 Bill and me at the last meeting, I asked him -- I hope I'm not --
20 I don't think what he said was confidential. But he said that it
21 was his opinion that there is, perhaps, some organized crime
22 element in the periphery of gambling. He wasn't specific, and I
23 hope I'm not putting words in his mouth, but that is what I heard
24 him say.

25 COMMISSIONER WILHELM: Our record doesn't address that,
26 but it would seem to me that the issue of the potential
27 involvement of organized crime in the services provided to the
28 gambling industry is probably not any different than the same
29 issue with regard to people that service industries that are not
30 gambling.

1 In other words, if trash collection for example, in a
2 particular place is believed to be associated with organized
3 crime, it is probably not because they happen to pick up at the
4 casinos, it is probably because that industry has that problem.

5 Construction in New York City, portions of it, have
6 that problem, which they apparently do, if you believe the
7 criminal record. I don't think it is because they happen to
8 build an office building, it is because that industry has that
9 problem.

10 It would appear, from the record, our record as well as
11 the regulatory and law enforcement record, that with respect to
12 the casino industry itself, as distinguished from those services,
13 that that problem has been dealt with and eliminated.

14 I think I made some comments on the record in
15 Mississippi with respect to that issue, in the history of our own
16 union, but it has been wiped out, according to the federal
17 government.

18 So I think the record is pretty clear on that. With
19 respect to services, I don't know that it would have anything to
20 do with whether it was gambling or some other industry.

21 I have had the impression, from the beginning of the
22 Commission that to the extent that the Commissioners, or the
23 public was concerned about crime in the gaming industry, no
24 longer organized crime, it is issues about does the introduction
25 of a casino in your community increase crime generally?

26 CHAIR JAMES: And in remembering our audience, in terms
27 of who will find this particular document helpful, and we are
28 talking about state and local officials, as well as federal
29 government officials, and policy makers, it may be irrelevant
30 whether we heard over and over again that, you know, Disney World

1 created as much of an issue with some types of crime, as did a
2 casino. I mean, looking at crime statistics and data.

3 From my perspective, if you put either one of them in
4 my neighborhood, I would not be prepared to deal with what I
5 meant. So if a local community leader is trying to make a
6 decision, it doesn't matter whether they are making that decision
7 about whether to bring an amusement park, or whether they are
8 bringing in a casino, there are issues of increased public
9 services, and crime, and things like that, that they will need to
10 consider.

11 It is going to be an issue. It is nothing to give a
12 black eye to the gambling industry, it is just a fact of life,
13 when you bring that many people into an area, what are some of
14 the potential side effects of that.

15 And I think we need to remind local officials when they
16 are making decisions that that could be an issue.

17 COMMISSIONER DOBSON: Is there any evidence to support
18 the position, and this is a real question, I'm not making a
19 statement, that people who come to gambling facilities, to
20 destination gambling, are also more likely than the general
21 population to be looking for drugs, prostitution, etcetera,
22 etcetera?

23 COMMISSIONER WILHELM: I don't believe we have been
24 presented with any evidence of that kind.

25 CHAIR JAMES: I don't know the answer to that, Jim, I
26 haven't seen anything. I don't know. I don't know how you go
27 about --

28 COMMISSIONER DOBSON: That is the perception I came
29 into the Commission with.

1 COMMISSIONER LEONE: We had some presentations that
2 talked about the crime statistics, and talked about it relative
3 to the population, generally.

4 COMMISSIONER WILHELM: In the NORC study.

5 COMMISSIONER LEONE: No, in communities. And I have
6 seen numbers like that that then say, relative to the additional
7 number of people, there is not a big difference between that and
8 some other place with the same number of people that doesn't have
9 gambling.

10 I think I have seen that, although I find that
11 counter-intuitive. I don't think I have seen anything that says
12 the opposite of that. But I, you know, did anything like that
13 turns up --

14 COMMISSIONER MOORE: I don't know whether we are in
15 this or not, but I want to sort of turn this around the other
16 way, and say that before there was gambling anyplace, I think
17 that there is another class of people on the other side that
18 comes there to offer their services, because of the large number
19 of people, to sell their drugs, to sell their bodies, or whatever
20 they are going to sell.

21 I think you would see an accumulation of those people
22 offering those services in those communities.

23 COMMISSIONER DOBSON: That ought to be relatively easy
24 to evaluate then. People who go to Colorado Springs where two,
25 or three, or four million people come in the summer, and other
26 places, any resort; whether there is the same phenomenon there.

27 That was the answer that was given to the letter that I
28 wrote with regard to Nevada being the number one suicide, and
29 number one in -- that has caused a lot of people to -- but I can

1 sure name a number of resort destinations where that is not the
2 case.

3 COMMISSIONER MOORE: It would be interesting to know.

4 COMMISSIONER DOBSON: Or Cour d' Elaine, Idaho, or some
5 of the other places.

6 COMMISSIONER WILHELM: Well, we do have something in
7 our record, as the Chair indicated, about Orlando. The NORC
8 community data base says that with respect to, if I recall that
9 right, with respect to crimes that are reported to the FBI, which
10 includes violent crime, and some kinds of property crime, as I
11 understand it, that there is no discernible change associated
12 with the introduction of casinos. That is one source, for
13 whatever that is worth.

14 COMMISSIONER MOORE: Another point that I would make
15 along that line, we are talking about end destinations. And that
16 is what the casinos are working toward, and that is what even you
17 suggested, maybe that is a thing that we need.

18 Right now I don't believe that we have reached that
19 definition of end destinations. Right now I believe that there
20 is more single guys, or more single girls, or whatever you want
21 to call them, that go to Gulfport, Mississippi, or Las Vegas,
22 Nevada, than total families go.

23 I believe that you can run a survey on this, and on a
24 junket, I never have been on a junket, but I have some friends
25 that have, and I don't know too many of their wives who go with
26 them, or things of that nature. It is a planeload of guys.

27 COMMISSIONER WILHELM: There is an awful lot of ladies
28 playing those slot machines.

29 COMMISSIONER MOORE: Well, that is right. But they may
30 be single, also.

1 COMMISSIONER DOBSON: Spring break time.

2 COMMISSIONER MOORE: So I don't know, that would be
3 interesting.

4 CHAIR JAMES: Any other direction we want to give to
5 staff on this particular subject area, suggestions?

6