

1 CHAIR JAMES: Mr. Horn?

2 MR. HORN: On behalf of the National Coalition I would
3 like to thank you for this opportunity to participate in this
4 roundtable discussion, and Madam Chair, I would like you to make
5 sure that everyone who participated, specially the volunteers, in
6 making us feel at home here. They did a great job. Really,
7 there were some really great hosts.

8 I would like to discus proposed findings of fact and
9 recommendations. And I'm going to start with findings of fact,
10 because in a way those may be the most important things that this
11 Commission can do.

12 We suggest that this Commission find, first, as a
13 public policy, legalized gambling brings both costs and benefits.
14 The benefits are reasonably easy to determine. The costs are
15 extremely difficult to determine.

16 Two, the most significant social economic cost involved
17 gambling addiction, that this addiction is recognized by medical
18 authorities in the United States, and that it is of a different
19 nature than such things as compulsive shopping. Rather, this is
20 accepted and listed in the DSMIV.

21 Three, that as with other addictions, there are
22 different levels of severity, as you know, problem and
23 pathological gambling.

24 Four, that most of the individuals who are susceptible,
25 susceptible to gambling addiction do not currently qualify as
26 pathological or problem gamblers using any screen.

27 But the more such individuals gamble, the more symptoms
28 of addiction appear. For this reason, governmental decisions
29 which increase gambling also increase gambling addiction.

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1 This is a key finding, and something that I think that
2 is generally recognized among the professional community.

3 Five, some forms of gambling are more addictive than
4 others. Fast paced games such as slot machines, video poker,
5 keno, will cause symptoms of addiction sooner than slow-paced
6 games like bingo or once a day lottery drawings.

7 Thus social and economic costs of certain types of
8 gambling are different than the social and economic costs of
9 other types of gambling.

10 And policy makers need to know this, because they are
11 deciding what forms of gambling to offer.

12 Six, gambling industry practices such as marketing to
13 addicts, free alcohol, paycheck cashing promotions, easy access
14 to credit, influence the rate or severity of gambling addiction.

15 Seven, gambling addicts cause very real social and
16 economic costs in the United States. And although a great deal
17 of research has been commissioned, much more research is needed.

18 Eight, a very small number of gambling addicts seek
19 help, an exceptionally small number seek help.

20 I believe NORC said it was three percent, an enormously
21 tiny number seek help, and those who seek help usually do so only
22 after their lives, and the lives of their families and their
23 employers have been destroyed.

24 And, further, that even when addicts seek help,
25 gambling addiction is difficult to treat, and we have seen
26 research that at least some types of treatment have very, very
27 low rates of success.

28 Number nine, gambling industry has been extremely
29 remiss in addressing the issue of gambling addiction. There are

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1 current short-lived efforts, but they remain, compared to the
2 problem, meager and extremely inadequate.

3 Ten, the gambling industry has a strong disincentive to
4 solve the addiction problem. Of industry customers, some large
5 percentage to be established, we hope, some large percentage in
6 the 10 to 15, or maybe 20 percent range, once the weighting is
7 done, are pathological problem gamblers.

8 And since those gambling addicts spend a much larger
9 percent -- spend a lot more on their gambling trips than the
10 non-addicts, they account for an even greater percentage of the
11 revenues of the gambling establishments.

12 So there is this very large percentage of the revenues
13 coming from people who have these symptoms of gambling addiction.
14 In your research agenda adopted 18 months ago, it is stated, at
15 least twice I remember reading, that you are going to establish
16 what is the percentage of a gambling establishment's revenues
17 from gambling addicts.

18 I think there is still the opportunity to do that. I'm
19 told that the NORC study also, in addition to the information
20 they have given you in the patron study, they got information
21 about the spending of those same patrons.

22 So they should be able to estimate the spending of the
23 addicts versus the non-addicts, and give you that percentage.
24 They have the information if you ask for it.

25 And your research agenda called upon you to ask for it.

26 Eleven, social and economic costs of gambling include
27 such things as bankruptcy, suicide, crime, divorce, domestic
28 violence, child abuse, neglect, hopelessness, underage gambling,
29 cannibalization of businesses.

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1 In each case there is a real cause and effect link,
2 although in most cases it has not been quantified, or not been
3 fully quantified, a great deal more needs to be done to establish
4 the costs.

5 Twelve, all forms of gambling, specially lotteries, are
6 a form of regressive taxation. And I think that NORC as much
7 said so, that the amount of spending remained the same despite
8 the income level of the gamblers. That is the definition of a
9 regressive tax.

10 Thirteen, the governments and corporations which profit
11 from gambling do not pay a fair share, and in most cases pay
12 nothing, of the social and economic costs of gambling. That is
13 both an unfair and unwise public policy.

14 Moving to recommendations for governments. Generally
15 speaking, and you can take this just because this is the name of
16 our organization, but we recommend that you recommend that
17 because the social and economic costs far exceed the benefits
18 that governments should not authorize any new gambling
19 facilities, or the expansion of existing gambling facilities,
20 simply on a cost benefit analysis.

21 Regarding addiction, number two, the federal and state
22 governments should spend substantial sums in research, education,
23 and treatment on gambling addiction, recognizing that in most
24 cases they spend nothing. But even those that spend substantial
25 sums should spend substantially more, because they are the cause,
26 they are largely the cause.

27 Number 3, again, regarding addiction. Any government
28 that offers gambling should operate, or financially support a hot
29 line, a gambling addiction hot line.

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1 Number four, a warning label, and including the
2 gambling addiction hot line number, should be included on all
3 advertisings for gambling.

4 Five, the federal government should reimpose its prior
5 comprehensive ban on the broadcast advertising of gambling. As
6 you probably know, the Supreme Court has accepted a case
7 involving the broadcast advertising of casino gambling, and there
8 is a pretty good chance that they will rule that any type of
9 gambling can be advertised without restriction on broadcast
10 television.

11 We are very likely to see, in a year, any kind of
12 gambling broadcasts, advertising. And the effect on gambling
13 addiction will be exceptional. Something that we wish we could
14 avoid. And the federal government should avoid it.

15 Six, incidentally, it is not unconstitutional for a
16 government to ban the advertising. The lower courts have ruled
17 it is unconstitutional for them to discriminate among different
18 forms of gambling, allowing some forms to advertise, and others
19 not.

20 That doesn't mean that Congress can't ban all, the way
21 they used to, which was, previously upheld by the Supreme Court.

22 Six, all types of loans, loans by gambling
23 establishments, credit card machines, as well as ATM machines
24 should be prohibited in the gambling establishments.

25 Seven, there should be loss limits. Eight, disregards
26 youth gambling. Government should increase penalties and
27 enforcement efforts to keep youth from gambling.

28 Nine, concerning -- these are three recommendations
29 concerning lotteries. If state governments continue to sponsor

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1 gambling, they should nevertheless stop the promotion of
2 gambling. It is one thing for governments to make gambling
3 available, or to allow people to gamble, but it is quite a
4 different thing for governments to tell people to gamble, to
5 entice them to gamble, to encourage them to gamble. It is not an
6 appropriate role for government, they should cut it out.

7 Ten, if state governments must continue to sponsor
8 gambling, they should stop offering the most highly addictive
9 forms, the fast paced slot machines that Delaware has. There was
10 some discussion of lottery yesterday where I wish I had been up
11 here.

12 The question was, what states have these video lottery
13 machines, and what do they like? Well, in Delaware, the Delaware
14 lottery has slot machines that are identical to the ones that are
15 in Las Vegas or Atlantic City, and they have a little sticker on
16 the side that says, Delaware lottery. And that is the only
17 difference, that little sticker.

18 Now, that is what lotteries can do, and that is totally
19 inappropriate. Other lotteries, like West Virginia, for example,
20 has a video lottery terminal which offers ten different games,
21 different types of poker, and keno, and blackjack. And you put
22 in cash into the machine, but if you have winnings, it comes out
23 on a piece of paper that is printed, and you go and -- go to the
24 cashier and you get paid that amount on that piece of paper.

25 But other than the fact that it prints out on paper, it
26 is the same as the video gambling machines that are in casinos in
27 Las Vegas or Atlantic City.

28 These kinds of fast-paced gambling games should not be
29 sponsored and owned by states.

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1 Eleven, if the states must continue to sponsor
2 gambling, they should be required to spend a substantial portion
3 of the proceeds on the treatment of gambling addicts.

4 With respect to tribal gambling, much of this obviously
5 applies to tribal gambling, but specifically on tribal gambling
6 the most disruptive issue, politically, out in the country, is
7 the newly acquired land issue.

8 And I don't know to what extent you all got into this
9 over the course of the last year and a half, but the possibility
10 that a tribe may buy land that is not currently theirs make it
11 tribal land, make it trust land, and then place a casino on it,
12 is the most disruptive aspect of the Indian Gaming Regulatory
13 Act. It is very, very rarely accomplished, but it is very, very
14 commonly suggested.

15 And there is an awful lot of bad feelings out there
16 that are caused by this aspect of IGRA. And it is unnecessary,
17 and we think it is inappropriate.

18 With respect to Internet gambling and other types of
19 telecommunications, number 13, gambling on the Internet should be
20 ended, existing laws are not being enforced, and should be
21 enforced involving sports betting on the Internet, or through 800
22 telephone numbers, which are very, very, very common.

23 All you have to do is pick up a copy of casino player
24 magazine, and you will see how common it is.

25 Number 14 about cruises to nowhere, a topic that has
26 not really been before this Commission much. We believe this is
27 a type of unregulated gambling which is similar, in many ways, to
28 Internet gambling, and should simply be prohibited.

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1 Number 15 begins five recommendations for continued
2 research. Governments should continue to sponsor research in
3 three critical areas. A, the prevalence of gambling addiction;
4 B, the economic and social costs; and C, the percentage of
5 profits from any form of gambling that is derived from gambling
6 addiction.

7 These are really the things that policymakers want to
8 know. In Pennsylvania right now, the legislature is trying to
9 decide whether to approve riverboats, or slots at the tracks, or
10 video machines in taverns, and restaurants all over the state.
11 And that is the information they want to know, not some of the
12 more esoteric facts about gambling and gambling addiction.

13 Sixteen, the federal government should conduct
14 substantial ongoing gambling addiction research through the
15 National Institute of Mental Health, and any other appropriate
16 agency.

17 Seventeen, the federal government should immediately
18 sponsor research into the areas that this Commission didn't have
19 the time and money to get into. For example, the relationship
20 between gambling and suicide, and other gambling addiction caused
21 deaths, targeting of elderly, and government corruption.

22 Number 18, the U.S. Justice Department should conduct a
23 comprehensive study of the relationship between gambling and
24 crime. This is something that they do all the time for other
25 aspects of crime. And it would not be difficult or unusual for
26 them to get into.

27 Nineteen, states should conduct or commission impact
28 studies when they have proposals to expand gambling, and they
29 should have impact studies on existing gambling.

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1 And, finally, number 20, the government should sponsor
2 comprehensive study of gambling, similar to the National Gambling
3 Impact Study Commission every five years, it shouldn't be
4 something done every twenty years.

5 CHAIR JAMES: I hope we are term limited.

6 CHAIR JAMES: I believe in term limits.

7 MR. HORN: Thank you.

8 CHAIR JAMES: Thank you, Mr. Horn, and I want to thank
9 each of our presenters this afternoon. You have given us a lot to
10 think about and to discuss.

11 And not only for this afternoon, but as you have
12 participated in our deliberations. I see, around the table right
13 now, some faces that I have seen at every single meeting. And I
14 want you to know that that is very much appreciated by this
15 Commission, and your input is very valuable to us.

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