

1 CHAIR JAMES: With that I would like to open up now for
2 some discussion among Commissioners, and among each other, and
3 again invite other organizations who are participating with us in
4 these three days to join in as well, and remind you that a
5 microphone is available right over there on that table.

6 And the only Commissioner I will recognize is
7 Commissioner Bible, and after that, gentlemen, you are on your
8 own.

9 COMMISSIONER BIBLE: Not for discussion purposes, but
10 yesterday the National Council on Problem Gambling supplied to
11 the Commission a study entitled Parity for Coverage of Mental
12 Health Disorders: A Case for Inclusion of Pathological Gambling.
13 They have done this study at my request, and it is an excellent
14 study, I have had an opportunity to review it, and I would like
15 to thank the organization for preparing it, and I would recommend
16 it to your review.

17 COMMISSIONER MCCARTHY: To pick up on the subject of
18 problem gambling, as long as Bill started us on that track of
19 many tracks, many different kinds of problems we've got here.

20 I just, I wanted to make an observation, and maybe
21 members of this panel can respond, if they wish.

22 I said this before, I do appreciate that some members
23 of the casino industry and other parts of it, those who
24 manufacture gaming machines and others have stepped forward,
25 seven companies have contributed 100,000 a year for several years
26 now to the Center for Responsible Gambling, and we heard Dr.
27 Reilly outline some of the areas they are doing the long term
28 research in. I certainly welcome that.

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1 The difficulty I have when I switch to Mr.Fahrenkopf's
2 list of recommended actions, is that I'm trying to draw a line
3 between the dots of how we take whatever research we've got, and
4 apply it to the problem in pathologic -- I hesitate to use
5 problem gambler, because we are still searching for that. Let me
6 use types D and E, which seems a comfort level for a lot of
7 people.

8 We have really now kind of discarded one and two, which
9 created an uproar a couple of months ago when we had the pilot
10 survey. Now we are not even talking about one and two adverse
11 effects, we are talking about three and four, and then five and
12 over.

13 How we take what knowledge we have and get management
14 of all gambling facilities, not just casinos, to train their
15 management completely, and then take action, addressing whatever
16 the number is, whether it turns out when a larger study is done,
17 to be 14 percent type D and E exiting from the gambling
18 facilities that we did the patron survey on, or that is lifetime,
19 or 11 percent, that is past year, whatever it turns out to be, if
20 it is a significant number.

21 And I turn to Mr. Fahrenkopf before we begin this
22 dialogue thinking that he might, you know, be a little upset at
23 that number and he said he expected it to be higher.

24 So let's assume, maybe, that number comes close to what
25 a survey with 2,500 interviews will show. How do we -- how do we
26 connect this together in some way, not just for the casinos, but
27 for the race track industries, for the state lotteries, and get
28 them to take some responsibility.

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1 Because I welcome the suggestions from Frank that there
2 is at least three parts here that address the training programs,
3 and there are another two parts that address warning posters with
4 a hot line suggestion, those are questions we ask in the casino
5 questionnaire we just sent out.

6 And those are all helpful. But beyond that, how we --
7 because the gambling facilities themselves are in a truly unique
8 position. They have the patrons there. And most of our dialogue
9 talks about those who have gone off the cliff already.

10 I don't even know what the possible rate of return is
11 from treatment facilities. Wow, if it is, you know, we know from
12 other areas, substance abuse, and alcoholism, it is very tough to
13 get are turn on investment for people that have simply gone all
14 the way.

15 So what action do we have to maybe try to intercept
16 people in mid-flight, before they totally self-destruct, to try
17 to channel them out to some kind of counseling, just refuse to
18 let them gamble in your place, your racetrack, or whatever it
19 might be.

20 And I would be very interested in any kind of comments
21 that might help us, as we gather this information, draw those
22 lines between the dots. I appreciate the long term research.
23 Undoubtedly that will help people in the treatment field to apply
24 a more enlightened approach.

25 But how do we get research in an applied sense so that
26 those who run the gambling facilities and see the patrons going
27 through will be able to maybe use what only they uniquely can do.

28 And, again, I what to put this on casinos. It is on all
29 kinds of gambling operations.

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1 MR. FAHRENKOPF: I will take a first crack. What is
2 unique about this industry is that you don't have a right to get
3 involved in this industry, it is a privilege to be in this
4 industry granted by the state, whereby there has to be a
5 licensing procedure in order to get in. It is different than
6 most industries.

7 And it is then incumbent upon state government, or
8 local government, whatever the case maybe under the
9 circumstances. You have to urge - you have to urge state and
10 local government to require those people who are being given a
11 license, that a cost of doing business to them is going to be to
12 do the training programs, and so forth.

13 That is the club you have. It is because it is a
14 privilege, and it is not a right. And if companies or
15 racetracks, or lotteries, or other people don't do it, you pull
16 the plug, you punish them. I don't know how else to answer your
17 question.

18 But that is one big club there, is that state and
19 local government license. It is a privilege in this business,
20 not a right.

21 MS. FRANKLIN: I couldn't agree more with what Frank is
22 describing. And I have to share that I was a wee bit
23 disappointment that the statement I read from NGA the governor's
24 association, was focused on one specific piece of what this
25 entire issue is all about.

26 And I think it is groups like the Governor's
27 Association, like my friend George Anderson from State and
28 Provincial Lotteries, folks from NIGA, folks that are in charge
29 of Bingo, and the Bingo Associations, that need to be in a

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1 position to hear what this message is all about. This is
2 enlightened self interest, this is not going to hurt them, it is
3 not going to cost them, it can help their customers, it can help
4 everything across the board.

5 But it needs to come from such a variety of
6 associations. If nothing else this whole process that you all
7 have been through has given others of us a chance to identify in
8 a clearer fashion how some of these things can happen, and how
9 many players in fact need to be involved in something like this.

10 MR. HORN: But, you know, I think that you have a real
11 difficult situation making it happen, because in many cases
12 gambling establishments are competing against each other. In
13 Atlantic City it is a hot market.

14 With respect to lottery agents, it is a hot market.
15 So if one person steps forward and says, I'm not serving you
16 anymore, there are just so many other opportunities for that
17 person to go elsewhere and get served.

18 If you don't get all 12 casinos in Atlantic City to
19 apply this standard, there is no incentive for any of them to
20 apply this standard.

21 COMMISSIONER MCCARTHY: But Mr. Fahrenkopf has said,
22 use your licensing procedures so that it is uniformly, all share
23 the obligation.

24 MR. HORN: I understand, but what is the chances of
25 that? There is licensing procedures right now for a lottery, and
26 any teenager can buy a lottery ticket. There is not the
27 enforcement effort, and you cannot expect the enforcement effort.

28 That is not to say that we shouldn't try. I think that
29 we should try, but don't expect dramatic results.

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1 MR. ASHE: Madam Chair? Some of our councils have
2 experienced some very good success in that. The Delaware
3 Council, for instance, does get a percentage for the expansion of
4 the VLT terminals. I think that can be a requirement.

5 If you can expand your gambling this is what you should
6 do, provide for the adverse consequences. Same thing with
7 licenses, licenses are renewable, I don't know how often they are
8 renewable in Vegas, but in a lot of jurisdictions they are
9 renewable. In South Carolina every two years.

10 You require it as a requirement to renew your license
11 that you comply with the following requirements. And we have
12 enumerated a bunch of them in our recommendations.

13 CHAIR JAMES: Bernie, I can see requiring the -- on the
14 funding end for research, and for treatment. But what I hear you
15 saying is that it is difficult on the enforcement end in terms of
16 that.

17 Could you talk to that a little bit?

18 MR. FAHRENKOPF: I don't think so, not with casinos. I
19 mean, you have the enforcer at the table, the hammer for many
20 years in Nevada.

21 COMMISSIONER BIBLE: -- the NORC report itself
22 indicates in casinos enforcement is very good.

23 CHAIR JAMES: See, you are doing what I've learned not
24 to do, and that is to immediately go to one segment of the
25 industry, which is casinos, because I think --

26 COMMISSIONER BIBLE: Lotteries should be able to do it
27 similarly, because they deal with a patron direct.

28 CHAIR JAMES: Because they deal with what?

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1 COMMISSIONER BIBLE: They deal with the patron when you
2 go in and buy your ticket.

3 CHAIR JAMES: How do you enforce it with a teenager
4 going to a convenience store and --

5 COMMISSIONER BIBLE: You hold the seller of the ticket
6 liable.

7 MR. FAHRENKOPF: Just like if they sell underage liquor
8 to people. And the system is not perfect, some stores will try
9 to take advantage of it, and sell to underage people, and sooner
10 or later you hope they are going to get caught. There is no
11 foolproof way, particularly with lottery tickets.

12 But as far as casinos are concerned, I don't have a
13 doubt in the world about how it can be forced.

14 COMMISSIONER LEONE: One of the more interesting things
15 about this whole process is that the representatives who come
16 before us, except for individual legislators here and there, or
17 the council members, but the organizations that represent, or
18 purport to represent state officials have said virtually nothing
19 about any obligations they feel, or any initiatives they want to
20 undertake.

21 It is interesting to me that as organizations, it does
22 not seem to be in their agenda. They have, obviously, a great
23 concern about getting a cut of any Indian gambling that comes
24 into their states, but they don't see to have much of another
25 agenda as far as gambling in the United States.

26 There have been, that may be a result of the fact that
27 it is unpopular to resist gambling. We have had recent evidence
28 in some elections that it is popular to be for gambling. But I
29 can't believe that there wouldn't be equally popular, or even

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1 more popular to incorporate into support for gambling a variety
2 of the kind of measures that are being talked about here as part
3 of the obligation that goes with making it legal in the states.

4 I mean, what is striking is that the examples of
5 variance from that are just that, they are variances here and
6 there, or the state does a little of this, or the state does a
7 little of that. It is really quite -- I mean, if we can't, and
8 if we can't, as a Commission -- I think we have to face the fact
9 that government has led the way in the expansion of gambling in
10 the United States.

11 And if we cannot get government involved in taking
12 responsibility for the consequences of that, then we have a
13 pretty tough -- we have a really tough road ahead of us.

14 CHAIR JAMES: And I think before we quickly point out
15 that well we can do it the same way we do tobacco and alcohol,
16 underage drinking, underage tobacco, I for one know how difficult
17 it was to pull government kicking and screaming to the table to
18 do something about underage drinking, and underage smoking, in
19 those areas, so I have no level of confidence that they are going
20 to be quick to come up with some solutions in this particular
21 area.

22 And so I guess that is what I'm asking. I'm far less
23 concerned about, although somewhat, but far less concerned about
24 where the casino industry is, and was looking for some help in
25 how to pull other entities as a part of this industry along to
26 lead the way, and not all governments, state, local, tribal
27 governments, and to look at all the industries, pari-mutuel, the
28 whole range, and would like to hear some discussion.

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1 Because I don't think it should take as long as it has
2 taken us to get to where we are now with those --

3 COMMISSIONER BIBLE: If you look at the problem, at
4 least you addressed in terms of adolescent gaming, I believe our
5 own data is going to indicate that most youth, if they are
6 gambling, they are doing sports wagering. That is the
7 predominant form of recreation that they are engaging in, and
8 that is almost entirely illegal.

9 You mentioned in your introductory comments, during
10 Superbowl weekend there was two billion dollars worth of wagers.
11 And Nevada is the only state that you can legally do that, and
12 the wager activity was about 70 million dollars.

13 So the rest of that, 1.9 something billion dollars, was
14 all illegal.

15 CHAIR JAMES: I was surprised to find out it wasn't
16 illegal to do that.

17 COMMISSIONER BIBLE: It may or may not be illegal. A
18 lot of that is illegal.

19 CHAIR JAMES: But for Regent students it is.

20 COMMISSIONER BIBLE: The local bookie, or went through
21 the Internet, or a lot of it just in friendly office pools, or
22 wagers between individuals. But, you know, there is a whole
23 subset of problems in terms of enforcement, and enforcement
24 activities, which I think is a little bit different question than
25 what Leo is raising.

26 I think Leo is asking, essentially, you have a problem,
27 you have identified the problem, how do you get treatment, do you
28 live it up to the states, if you do a state by state approach,

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1 you are going to have 50 different solutions, and the approach is
2 going to vary.

3 Some states at this point do have set asides. We had
4 testimony from Indiana where they have a set aside, they take a
5 portion of the revenue and put it into a fund for treatment.
6 They didn't have enough demand for treatment, so they used some
7 of the money to conduct some studies.

8 I think that is probably an extreme example of a state
9 that has actually set some revenues aside, most do not. And I
10 don't know of any states that take a portion of their lottery
11 money and dedicate it to treatment.

12 MS. FRANKLIN: There aren't very many. I was trying to
13 count them up the other day, and I think we got as high as five
14 or six, but we are going to do a report and send that on.

15 I might also add that of the states that try to do the
16 right thing, when legislation is prepared to expand, or to
17 initiate a new gambling effort, and they will add some money for
18 treatment, and what have you, that when they end up with
19 underutilized treatment services, it is partly because of the
20 somewhat shortsighted nature of their plan.

21 If we cannot increase public awareness within the
22 community, the people with the problem don't know it has a name.
23 They don't know that there is a place for them to go and get the
24 help. They don't understand the connection in terms of the
25 availability of what treatment services are all about.

26 So we certainly advocate to any given state
27 legislature, or whichever group is going to be in charge of an
28 initiative, that they combine the public awareness, the
29 education, and the treatment effort. It is a thorny problem.

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1 COMMISSIONER LANNI: You know, if you think about this,
2 if I'm not mistaken, our responsibility and our limitation, if
3 you will, is only to make recommendations. But those
4 recommendations, if I'm not mistaken, are to the President, to
5 the Speaker, to the Majority Leader, and to the Governors of the
6 several states, as well as the associated groups relative to
7 Native American gaming.

8 Now, it would seem to me that if this Commission were
9 determining, or could reach a conclusion that we should make a
10 list of recommendations, for example, to the governors of the
11 several states as to what we think are minimum standards for
12 dealing with the lottery, for example, and minimum standards
13 relative to what the casino industry should do, and minimum
14 standards for what pari-mutuel should do.

15 And then leave it to, if you will, to follow the
16 Chair's remarks in her speech in Las Vegas, is that if they don't
17 take care of the problem themselves, it is more likely that the
18 people in Washington will take care of the problem, and sometimes
19 the cure is worse than the problem.

20 And that may be, again, I think we would love to solve
21 everything with this Commission. I would like to, as much if not
22 more so than all of us, I really would like to.

23 But I don't think we are going to cure all of these
24 problems, but we could certainly set the stage for the curative
25 action with some kind of a situation that would allow members of
26 the House and the Senate to say, wait a minute governor so of
27 such and such a state, you didn't follow the recommendations,
28 even minimum standards, 13 other states did, or 37 other states
29 did. Where were you?

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1 I don't know, that may well be what - I think we have
2 to know that we have limitations. Limitations on budget,
3 limitations on time, and indeed limitations on our authority.

4 But if we could make, and we could come with a single
5 united position on this, it probably would bear some weight. But
6 I think it is going to take some time. There will be no quick
7 fixes, I think, someone said.

8 MR. ASHE: There is a lot of consensus here if you
9 analyze the comments. We would agree 21 is not a bad age to have
10 as a plateau for gambling. That means in Florida minors shouldn't
11 be allowed to accompany their parents to the track, and learn how
12 to be gambling on horses. They shouldn't be allowed to buy
13 lottery tickets through an adult, which is some litigation in
14 Florida.

15 The Ohio lottery has taken a good example. They have a
16 person who is a deputy director in charge of problem gambling in
17 the Ohio lottery. Some of the lotteries have done that, the
18 Texas lottery has provided funding, some of the other state
19 lotteries have provided funding for that.

20 So there is some precedent established already. But I
21 think if this Commission, like Commissioner Lanni has just
22 enumerated, came out with guidelines saying these are 13 or 15
23 criteria which you should follow, X percent of your money should
24 go towards problem gambling, you should have signs posted about
25 underage gambling, et cetera, et cetera, come down with a whole
26 shopping list, I think it could be very effective.

27 And that would apply to bingo, it would apply to
28 racetracks, casinos, lottery, pull tabs, whatever form of
29 gambling is in that state. Jai Alai, whatever it is.

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1 I think it has been -- there has been no national
2 policy on this at all, and I think if this Commission could lead
3 the way in that regard I think we could avoid the Bs and Cs from
4 becoming Ds and Es.

5 And that is what the national council is concerned
6 about. No matter what you classify it, what the percentage is,
7 if you don't do something about it, and have some
8 prevention/intervention along the way, and education awareness,
9 we are going to have more people falling into the D and E
10 category.

11 COMMISSIONER DOBSON: Speaking of that, Leo, I hope I
12 misunderstood you a minute ago when you were seemingly waving off
13 the Cs for consideration here, because they may be in the process
14 of becoming Ds and Es, and some of them already have some
15 problems that ought to be addressed.

16 So I hope you weren't implying that we shouldn't look
17 at the data with regard to the Cs.

18 COMMISSIONER MCCARTHY: I wasn't implying that. I was
19 taking the type D and E and saying that is, by our own research,
20 a very sizable problem by itself, which should spark a lot of
21 action.

22 But, you know, frankly I want to look much more at what
23 the type C means, and how that correlates.

24 I mean, at this juncture we don't know what the NRC is
25 going to do, how they are going to try to define problem gambling
26 versus pathological gambling. You know, we are going to have to
27 pull these pieces together and see what that means.

28 So I'm not dismissing anything, I was just trying to
29 emphasize that just looking at D and E, we have a sizable -- a

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1 sizable problem and that ought to alarm any reasonable woman or
2 man.

3 COMMISSIONER DOBSON: Good.

4 MR. HORN: I would like to emphasize that treatment by
5 itself is not the solution. Treatment, for example, was
6 mentioned how Delaware doubled the number of slot machines and
7 then they put some money into the Delaware Council's pocket.

8 You know, that money that they gave the Delaware
9 Council does not balance off the problems that they created. And
10 the reason is that people become addicts, and they suffer, and
11 suffer, and suffer, and then they get treatment.

12 Treatment is at the end of the line, after a lot of
13 harm has occurred.

14 What we are trying to do is to prevent the harm in the
15 first place. Now, there is education, of course. But I don't
16 think you can really expect that to stop the problem either.

17 MR. HORN: I would like to emphasize that treatment by
18 itself is not the solution. Treatment, for example, was
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26 harm has occurred. What we are trying to do is to prevent the
27 harm in the first place.

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29 you can really expect that to, you know, stop the problem,

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1 either. We need education, research, and treatment money, but
2 the fact is, it is the expansion itself.

3 When Delaware doubled the number of slot machines they
4 increased the problem. And they did not prevent the problems
5 from getting worse by throwing money at the Delaware Council.

6 MS. FRANKLIN: I will throw another element in to
7 something that is quite a complicated concern. Availability and
8 its connections to growing numbers of pathological gamblers, we
9 will use the one term, is certainly looked at from many different
10 angles right now.

11 But I would remind and ask all the Commissioners to
12 consider some of what we have learned, in terms of history.
13 Until the mid-'70s, when the Hughes Act was passed, it was very
14 difficult to be an alcoholic and have a job.

15 It was hard to find anything in the way of protection
16 in terms of being a federal employee and allowed to, go get
17 treatment, we will keep the job for you, we will see what we can
18 do. It was Senator Hughes that stood up and said, I know I am
19 one, and we can be helped, and jobs can be saved, and it created,
20 or it added to, I will say, much of what today's EAP work is all
21 about.

22 Compulsive gamblers, pathological gamblers, problem
23 gamblers, crazy gamblers of any kind do not step forward and say
24 I am one, because they will lose their jobs. They have no
25 protection. I will lose my license, I will lose my bond, I will
26 lose my security clearance.

27 I have done work with FBI agents that had this problem.
28 I have done it for the CIA, I have done it for the Pentagon, I do

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1 it for a whole variety of industries, and they are incredibly
2 afraid.

3 Someone, namely my boss, will find out I have this
4 concern, and my life is done. I mean, the entire vocation, the
5 job is history.

6 This goes way back. I mean, it goes back in terms of
7 how the Government views this disorder, and as I think it was
8 Commissioner Bible that mentioned, by and large the government
9 doesn't want to see this disorder, much less acknowledge it, give
10 it a label, give people some kind of an avenue where they can
11 pursue help without being, losing more than they would gain, I
12 will put it that way.

13 MR. ASHE: The other point Commissioner Leone was
14 criticized earlier about anecdotal information, and sometimes it
15 can be very informative and helpful.

16 I want to assure this Commission --

17 COMMISSIONER LEONE: I call it history.

18 MR. ASHE: History, fine.

19 I believe it is not a curse word, but the stories you
20 heard all around the country are not the exceptions, but they are
21 commonplace. The people you heard from in San Diego, in
22 Louisiana, Mississippi, you heard the good side, you heard the
23 bad side.

24 Those are not -- it is not a curse word, those are
25 commonplace occurrences, and when you man these hot lines, we get
26 probably 15,000 calls on one of our hot lines a year, Florida
27 gets about 12,000 calls, and you hear these cases over, and over,
28 and over again.

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1 And it is our belief that if they are part of the
2 problem they should be part of the solution. They are part of the
3 problem, whether it is a lottery, whether it is the racetracks,
4 whatever it is.

5 Florida is just starting to do that, the state of
6 Georgia has done it. The only trouble we have there in Georgia
7 you have money allocated from the Department of Mental Health,
8 and it is used for drug and alcohol, it is not used specifically
9 for gambling. That is a big problem.

10 And Indiana, John reminds me. So it happens in many
11 states. Texas threw a lot of money at it in the beginning, but
12 there wasn't an education awareness program, in the initial part
13 of it, and it didn't work properly.

14 So there is a lot of planning to be done, not just
15 write a check and say the problem is going to go away. We think
16 the recommendations we made, plus the recommendations you have
17 from the AGA, and some of those from the national coalition
18 against gambling, you know, pretty well solidify some of these
19 recommendations, and a lot of them say the same thing.

20 And I think if we take an affirmative act to do some of
21 these things, it is up to the states to do it, and like you said
22 in your summer conference in Las Vegas, if it is not done, be
23 careful, some day it will be done.

24 COMMISSIONER MOORE: This is such a big problem, and it
25 is not a problem that has just come about, and it is not a
26 problem that we heard other conditions, or problems as well. And
27 go ahead and we will just use alcohol.

28 Let's use mental health. Mental health, for years and
29 years, by insurance companies, didn't consider -- I mean, mental

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1 health, hell, he was just crazy, and let him go ahead and do what
2 he wanted to do. They didn't cover mental health, and still do
3 not cover it adequately.

4 They put a limit on the policy, and you stay at a
5 hospital, and now we have all of these nice hospitals that they
6 can go to, and they will use that up. They will use that 10,000
7 dollar limit up in about 7 days, if they are not careful. And
8 then where are they?

9 This comes back, I believe, to something that has got
10 to be somewhere it has to be education. There has to be education
11 of people taking responsibility. Now, when I say that, I don't
12 mean to wash it away. We need some quick fix, also, I'm sure.

13 Maybe we need to listen to Dobson a little bit more,
14 and get on and listen to his Family Focus TV program every
15 morning.

16 COMMISSIONER DOBSON: Call for the question.

17 COMMISSIONER MOORE: This is just another segment of a
18 big problem that is out there in society. Now, how are we going
19 to go about it? You know, I mentioned at one time at one of our
20 conventions, one of our meetings, someone mentioned getting the
21 word out in the community. How are you going to get it out in
22 the community?

23 Maybe we can get it out in the
24 community. Every high school, every place has vocational schools,
25 all of them have community colleges, things of this nature.
26 Maybe we could get a little curriculum and more people would come
27 and go.

28 And you want to say that people won't go because they
29 don't want people to know that they are addicted to gambling, and
addicted to alcohol, and what have you.

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1 Alcoholics are very difficult to treat. The rate on
2 alcoholic recovery is very, very low in the medical profession,
3 we think. We think, like mental health program, they spend
4 millions, and millions of dollars from the federal government,
5 and it is spent on mental health problems.

6 And if you ask ten doctors what they thought of our
7 mental health program, if he wasn't a psychiatrist, eight of them
8 would probably tell you that they are not worth a damn.

9 MS. FRANKLIN: Well, I might take a wee bit of
10 exception to what you are saying, doctor, because some of the
11 work in mental health, and I grant you it is a rather narrow
12 focus, has in fact done some of the neurobiology work that
13 Christine was referring to, and we have done, essentially, away
14 with the straitjacket, thanks to medications that have been
15 developed, and a variety of other things.

16 But your point is very well taken, and treatment is not
17 an answer in and of itself, but we have groups like SAD that
18 brought the attention of teen drinking to teens, and that makes a
19 difference.

20 We have groups like MADD that influence the judges,
21 that influence the incarceration of repeat offenders, that
22 influence states an state police cracking down on, okay one more
23 offense and in you go, or whatever the different state law and
24 enforcement policy happens to be.

25 It didn't come from nowhere, it came from a unified
26 kind of grass root movement; it is real, it is a problem, we are
27 not putting up with it anymore, we need help, et cetera, et
28 cetera.

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1 I mean, the fantasy that I can have, and as a clinician
2 you are allowed to have those before anybody locks you up, is
3 that the work that this Commission will put forth with reports
4 from the National Research Council, and we have been working
5 closely with them, and I have been there several times to testify
6 on this, that, and the other, is that we will find the angel, an
7 angel in the House or the Senate, that will be to gambling what
8 Senator Hughes was in terms of alcoholism, and allow people to
9 have this problem without having all of the stigma. They will
10 always have some, but they don't have to have all of the stigma,
11 and make it easier for the states to step forward and do the
12 right thing with support from all their constituents, commercial,
13 private, public, across the board.

14 COMMISSIONER MOORE: I couldn't agree with you more.

15 MR. FAHRENKOPF: Could I just add one thing to that?

16 CHAIR JAMES: Sure.

17 MR. FAHRENKOPF: If you look at this chart I think you
18 will see that one of the things that we try to focus on is public
19 awareness. And we have some thoughts here with regard to public
20 awareness, and the tool kit that we are going to finish with will
21 in fact be, it is not only for the casino industry, I think
22 clearly the pari-mutuel industry will be able to use it, and can
23 start that public awareness.

24 MR. ASHE: And if you come to Florida on February 19th,
25 we are having a curriculum about high school gambling. And one
26 school in Jacksonville, Florida, has started a curriculum for
27 high school students, teaching them about gambling, the odds of
28 gambling, that it is not a risk-free activity.

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1 I think Shaeffer is also doing that at Harvard to
2 develop a curriculum to do that as well. So there is some work
3 being started in that respect, but it is far from mandatory.

4 What we are suggesting is this should be, if the
5 governor is going to have forms of gambling, he should encourage
6 his educational department to say you know, Mississippi
7 educational department should have this as part of an orientation
8 course, just like they talk about hygiene and all the other
9 problems.

10 COMMISSIONER MOORE: Maybe we will recommend all of
11 that.

12 MR. FAHRENKOPF: Wonderful.

13 MS. REILLY: Prevention is one of our research
14 priorities, and you are absolutely right, we don't know enough
15 about the at-risk people, and that gets back to the whole thing,
16 we don't know we don't have the knowledge base.

17 I mean, the research takes a long time, and I know
18 that is frustrating for everybody. But until you have the
19 knowledge base about why some people fall into these patterns,
20 how can you possibly have effective prevention and treatment.
21 That is why the research is so important.

22 And anyone in any of the other areas, alcoholism, drug
23 abuse, will tell you the same thing, that is what they have
24 learned, also.

25 I have one of the most senior prevention people in the
26 country in my advisory board, Richard Evans. He helped to write
27 the Surgeon General's report on teen smoking. And he said, this
28 is the hardest thing to do, is to figure out good prevention. He
29 said we have a lot of successes, we also have a lot of failures.

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1 And I think that we just have to remember that this is
2 a very difficult area to work in. We are doing our best, we are
3 trying to fund some things that are specifically focused on
4 prevention research.

5 But I think it is going to take a while to get there.

6 CHAIR JAMES: John, did you have a slightly --

7 COMMISSIONER WILHELM: On other points. I didn't want
8 to interrupt this extremely useful and interesting discussion.

9 Frankly, I love listening to Jim. We are going to
10 require you two as one of our recommendations. But it won't be
11 interactive, Jim, you don't have to --

12 (General laughter.)

13 COMMISSIONER WILHELM: First, Kay, I would like to ask
14 you to consider requesting the staff to put together in some sort
15 of relatively user friendly packet all of these -- not only
16 these, but all of the specific recommendations we have heard,
17 which are extraordinarily useful.

18 And one of the things that strikes me, and someone
19 referred to this, is that there is a good deal of overlap,
20 actually, in a lot of these, which is heartening.

21 So I think that would be extremely useful if you would
22 ask the staff, if you would consider asking the staff to do that.

23 Secondly, I wanted to say that although I think it was
24 extraordinarily ill advised of the National Governor's
25 Association not to bother to show up in response to the Chair's
26 office to permit the NGA to testify, going back for a moment to
27 the Indian gambling issue, I would hope that the NGA's
28 unfortunate absence would not prevent all of us from studying
29 their written submission.

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1 The Indian Gambling Subcommittee is agreed on
2 Commissioner Loescher's formulation that we need to try to come
3 up with a positive set of recommendations that would attempt to
4 balance tribal sovereignty with state's rights, and in that
5 regard I think we need to consider, regardless of what we might
6 ultimately do with them, to consider the National Governors
7 Associations recommendations.

8 And I know that we get all kinds of paper, and it would
9 be easy to overlook them in view of their, to me, unexplicable
10 failure to appear.

11 And then finally I wanted to comment, just a little bit
12 more, beyond what Matt Walker said about this question of these
13 machines. Non-casino, and this exhibit that we passed out should
14 have said also non-track.

15 So, for example, it would include Delaware or West
16 Virginia, which has put machines at tracks. But this is an issue
17 that I frankly didn't know very much about until recently. We
18 have been, as Matt Walker indicated, trying to research this.

19 This exhibit that we passed out is extremely
20 preliminary, but I frankly have been quite shocked by this, and
21 it does not appear to be a widely understood phenomena. And
22 there are very, very, very preliminarily it is clear that there
23 are far more legal, semi-legal, maybe legal, slightly legal, and
24 totally illegal free-standing machines in the United States, that
25 is outside of casinos, and outside of tracks than there are, for
26 example, in the entire state of Nevada which of course is
27 generally thought to have a lot of machines.

28 And these are machines that are in facilities that
29 generally speaking don't produce any jobs, or at least don't

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1 produce any jobs that are worth anything, particularly since most
2 of them are illegal, and even the legal ones produce little or
3 nothing in the way of tax revenue.

4 A number of people have testified to us, and I'm not
5 competent to determine, but a number of people have testified to
6 us, as you know, that these kinds of convenience machines are
7 particularly dangerous in terms of some kinds of problem
8 gamblers.

9 We believe there is about 100,000 of these machines
10 that are legal in places, as Matt indicated, ranging from highly
11 regulated Nevada to, you know, places like South Carolina. I
12 think all of us were somewhat stunned when we heard in November
13 about the lack of regulation in the machines of South Carolina.

14 But what really startled me was the huge number of
15 quasi-legal and illegal machines that are all over the country.
16 We have been able, preliminarily, to identify at least 135,000 of
17 these machines in ten different states, just based on scientific
18 reports of the proliferation of these things.

19 There are, as the exhibit indicates, there are also on
20 top of those 135,000 machines in ten states, estimated at the low
21 range of the estimates, that there is another five states that
22 apparently have significant illegal machines, and another ten
23 that have at least some.

24 And I think that we need to pay attention, even though
25 this information comes to us relatively late, and not very
26 complete. In particular because it appears to me that these
27 machines are a significant part of the sort of thing that drives
28 growth of gambling in ways that I'm not sure anybody anticipates,
29 or plans for.

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1 This is an example, and I'm going only by media
2 accounts here, and I would apologize in advance to the people in
3 the government of Wisconsin if some of these accounts are
4 inaccurate.

5 But Wisconsin started out having a significant amount
6 of Indian gaming, and I believe it is fair to say that the State
7 of Wisconsin has successfully developed positive relationships
8 with the gaming tribes in that state.

9 And also in Wisconsin, and I didn't know this, there
10 is an estimated 3 to 5,000 machines that are in bars, and
11 taverns, and things, that are clearly illegal.

12 And recently the brother of the Governor got arrested
13 for having some of these illegal machines. The fact that the
14 Governor is a Republican is totally unrelated to any of this.

15 CHAIR JAMES: Thank you for noticing.

16 COMMISSIONER WILHELM: Where upon, and I'm not
17 suggesting it is because of the fact that they happen to be
18 brothers, but the Governor of the State then said, we have Indian
19 casinos all over the place, why don't we just legalize these
20 things, and then we won't have to deal with them anymore.

21 You know, that kind of thing is going on all over the
22 country in a way that I don't think anybody has really studied.
23 And I don't know if anybody else is amazed by this as I am, but I
24 did want to highlight that a little bit, because I don't think we
25 ought to lose track of it.

26 Finally, and I would like to give each of the
27 Commissioners a copy of this before you leave today, but the
28 Chair had suggested some time ago that in order to put a -- and I
29 really thought this was a wonderful suggestion.

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1 In order to put a human face a little bit on what runs
2 the risk of being a somewhat dry government report, the Chair had
3 suggested that we might consider actually taking some pictures of
4 people who have benefited from the gambling industry, employees
5 or perhaps others, and also people who have been hurt by it,
6 people with problem gambling issues, many of whom of course have
7 testified, often quite movingly, to us.

8 I thought that was a wonderful idea, and we decided in
9 our union that we would put together a little album of just a few
10 of the individuals who have testified before this Commission. So
11 we took pictures of a few of them, and their families in some
12 cases, and joined it together with excerpts from some of their
13 testimony, and I showed a copy to the Chair earlier, and she said
14 she didn't mind if we gave a copy to each of the Commissioners,
15 for two purposes.

16 One because I thought, as I said, that the Chair's
17 suggestion of trying to humanize our report is a terrific idea.
18 And, secondly, just by way of a little bit of a thank you to the
19 Commissioners for their patience in listening to so many of the
20 employees.

21 And in that regard I want to particularly thank Jim
22 Dobson. I have previously thanked him for all the time he took
23 in Las Vegas. Jim, not only in the hearing, but outside of it,
24 meeting some of the employees. But I want to publicly thank Jim
25 for the comments he made about some of the employees in Las Vegas
26 in his recent letter to his constituency.

27 So we would like, before you leave today, to give each
28 of you one of these albums. And, again, we very much appreciate

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1 Kay's suggestion, and we very much appreciate your patience in
2 listening to all of those employees.

3 COMMISSIONER LEONE: And we appreciate the t-shirts.
4 Like the color, too.

5 CHAIR JAMES: Let me just say, before you leave that
6 subject that I know the rest of the Commissioners have not
7 received them yet, but the pictures are compelling, and the
8 stories are fascinating, of course, and very moving.

9 And I would encourage all of the Commissioners to
10 submit similar stories, or sort of anecdotal evidence, history,
11 personal history that could help us put a human face on our work.

12 Thank you.

13 MR. ASHE: With regard to South Carolina, I promised
14 the staff that I would do some research in that matter, and we
15 have done, we spent about the last two years helping develop
16 programs in South Carolina. I will pass around some cards here
17 that we have established.

18 About ten percent of the owners, about 31,000 machines
19 in South Carolina, we are urging them to form a gaming
20 commission, a gambling commission in South Carolina, and the new
21 governor -- by the way, the incumbent governor was a Republican,
22 and he threatened to take down the Confederate flag, and they
23 almost lynched him for that.

24 But then when he was opposed to video gambling he was
25 defeated. That was the straw that broke the camel's back. So a
26 Democrat did win, which was backed by the industry. But he did
27 promise, in his campaign, that he would do something about
28 problem pathological gambling, and we are working with the Chief

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1 of Staff with the Governor's office in South Carolina, to do
2 something about it.

3 But they have taken the slogan that we have in many
4 casinos in Las Vegas, if you or someone you know has a gambling
5 problem, help is available with our national toll free number.

6 So we have done some inroads in South Carolina. They
7 also have quarterly reports they file. I know Dr. Frank Quinn
8 testified here, and I didn't want the Commission to be misled
9 that it is strictly the wild west. There is a lot of work being
10 done there, it is a state RICO violation if they do falsify the
11 reports, which I think is a 30 year prison sentence, to do that.

12 So they are trying to do some inroads. But this new
13 Governor has promised some consideration for the pathological and
14 problem gambling problems.

15 They also required, under the previous act, one
16 employee for every five machines. So they had 6,000 employees
17 just by virtue of having the machines there. There was a very
18 unique way they got around it, they built video malls which
19 consisted of 20 rooms with five machines in each room, and had one
20 employee -- the employee just sat there, but they had to have one
21 employee in each room to do that.

22 Plus they had managers and cashiers, I think the total
23 number was about 20,000 people employed by the Coin-Op
24 association, and the state.

25 So I think they had, you know, they had a sort of an
26 unfair representation here, previously. But I think we will see
27 -- time will tell what the new Governor will do in that regard.
28 I think a lot has to be done.

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1 But there are other states where they have tickets
2 that are dispensed, where gambling is not legal, like in Georgia,
3 you go to a truck stop, and you can't cash it in, but you can buy
4 fuel. So a lot of the truck drivers are hooked on the machines
5 because they go ahead and buy gasoline with the tickets. So they
6 are circumventing the law in a lot of states.

7 COMMISSIONER WILHELM: There is a variety of schemes
8 and scams to pretend these things are legal, but the bottom line
9 is that they don't exist just so people can watch the thing go
10 around.

11 MR. ASHE: I think part of the thing the Commission can
12 do is to notify the states that there is a lot of this going on,
13 and there should be some compliance, and some uniformity in among
14 the states to prevent the problem.

15 CHAIR JAMES: Any other questions? Any other points of
16 discussion?

17 Let me do a couple of things. First of all I want to
18 thank our panelists, again, not just for today, but for all of
19 your participation as we have gone through this process, and for
20 the volumes of information that you have sent us to begin our
21 deliberations.

22 I have several points of clarity for our
23 Commissioner. One, I wanted to remind you that there is a
24 regulation enforcement and internet subcommittee meeting tonight
25 at seven, and that is in the Harrison Room in the Founder's
26 Installation. It is going to be at 7, is my understanding.

27 I would also remind Commissioners that the hospitality
28 room remains open for you over at the Founder's and for informal
29 time together.

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1 Any other business to come before us?

2 COMMISSIONER LANNI: I have to say one thing to Paul,
3 as a Republican I have to say, remember a lot of Democrats come
4 to office making predictions, just be sure you follow up on that
5 one, all right?

6 COMMISSIONER LOESCHER: Madam Chair, I just have one
7 comment. I want to join Commissioner Wilhelm in his observation
8 about the National Governor's Association. And it seems to me
9 that they should be re-invited again to come and visit with us,
10 since they have so much to say about our business. I would like
11 to extend my invitation and have the opportunity to share with
12 them my views of their very interest gaming.

13 COMMISSIONER DOBSON: I would like to see a letter
14 from this Commission go to the Governor's organization inviting
15 them again, but expressing disappointment, as John indicated.

16 CHAIR JAMES: So done.

17 COMMISSIONER MCCARTHY: May we have some discussion in
18 the morning about that, because I have a suggestion I wanted to
19 make to the members of the Commission about sending a series of
20 questions to the governors, particularly in the lottery states,
21 but to governors that have any kind of gambling, to ask them
22 their personal opinions on a series of policy questions.

23 CHAIR JAMES: I think that is certainly appropriate,
24 and at a minimum level I think we should invite them back, and we
25 can have that discussion in the morning.

26 MR. ASHE: You might consider inviting the National
27 Council of Gambling State Legislators, because they have
28 announced that they are going to do their own prevalence impact

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1 study, they call it a public sector study. And I think a lot of
2 duplication can be avoided if they could give you their input.

3 I don't know if they have been here yet, or they made
4 any appearances, but it might be useful.

5 CHAIR JAMES: Thank you very much for that suggestion.
6 With that we stand in recess until tomorrow morning.

7

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