

1 CHAIRPERSON JAMES: Mayor Jones.

2 MAYOR JONES: Thank you. It's an honor to be here
3 this morning and I want to tell you how much I enjoyed the
4 opportunity to spend some time with you yesterday and show you
5 parts of Las Vegas. I've been the mayor of Las Vegas since
6 1991. I've been a resident of Nevada for 19 years and
7 furthermore I'm the wife and the mother of three children.

8 First, let me begin by saying that I'm not against
9 regulated gaming. In fact, I'm a staunch supporter of the
10 gaming industry. I've had first-hand opportunity to see how
11 properly implemented and controlled and regulated, how it can
12 benefit a community through tax environment, also through
13 employment where it has shown that it is truly a model for
14 welfare reform, where people have an opportunity to earn a
15 living wage, have benefits and the opportunity to live the
16 American dream.

17 I also want to make very clear to the Commission
18 that although I do have opinions on convenience gaming, that
19 those opinions are to be taken in the context of application in
20 other jurisdictions. Nevada is what it is and I think that we
21 have very well dealt with our issues. I've worked in the last
22 six months on dealing with the issue of convenience gaming, so
23 my observations need to be taken in the context of information
24 you may wish to apply in developing issues for other
25 jurisdictions.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 In the early part of 1997 I began an effort to
2 change the future of the way the slot machines were operated in
3 grocery stores and convenience markets in the City of Las Vegas.
4 My reasons for pushing these changes were that I felt it was
5 inappropriate to have gaming located in these environments.
6 Grocery store and convenience markets are environments where
7 families routinely enter and I felt that having slot machines
8 present in these environments was something that should not be
9 forced upon our children. I have personally entered grocery
10 stores in this community and immediately noticed people sitting
11 at slot machines with their children sitting behind them in
12 shopping carts while their ice cream melted.

13 Convenience stores, I think we all realize,
14 aggressively market to children. One only needs to understand
15 the slurpy and witness row after row of candies displayed in
16 these outlets to understand that this is true. A target market
17 of the convenience store is the after school child market. Yet
18 when our children do drop in, there is no question that they are
19 forced to breath second-hand smoke and witness gambling.

20 I believe that having slot machines in this
21 environment may well contribute to an incidence of problem
22 gaming. I accept this fact that a percentage of every
23 population suffers from problem gambling in environments where
24 gaming exists and because of the convenience markets combined
25 with the fact that people need to buy food and gasoline.
26 Problem gaming may well be enhanced if a community offers gaming

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 in these environments. To suggest otherwise would be in total
2 denial of reality.

3 I believe that offering slot machines in grocery
4 stores and convenience markets is a terrible regulatory model.
5 Every community in the United States has struggled with the
6 apparent inability of convenience stores to stop selling tobacco
7 products to minors. So why should we believe that we would be
8 any better at stopping the selling of gambling to minors?
9 Furthermore, it is infinitely more difficult for a state
10 regulatory apparatus to monitor many locations with a few
11 machines than a few locations with many machines.

12 I am of the opinion that offering slot machines in
13 grocery stores and convenience markets hurts the State of Nevada
14 in the area of economic diversification. During my tenure as
15 mayor I have worked diligently to attract firms and industries
16 from out of state to relocate their operations to Nevada. An
17 issue that often arises in these discussions is that these firms
18 do not want to force their executives and workers to live in
19 environments where they are forced to interact with gaming.

20 While Nevadans often see this as part of our
21 cultural heritage, entrepreneurs and executives from Iowa and
22 Nebraska and the Bible belt and other states see this as just
23 too culturally shocking. I've had direct and first-hand
24 knowledge that having slot machines in grocery stores,
25 convenience markets and other venues has hindered Nevada from
26 achieving economic diversification and thus has contributed to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 placing Nevada at extreme risk of economic damage as other
2 states legalize gaming.

3 Holding these beliefs I felt it was appropriate to
4 do something. I put together a task force that was comprised of
5 members of the slot route industry, community and neighborhood
6 gaming. It was chaired by Mike Humbolt, former chairman of the
7 Nevada Gaming Control Board and currently an executive with a
8 firm that provides slot machines to convenience store outlets.
9 We did come up with some agreements. The State of Nevada now
10 requires that grocery stores and convenience markets post
11 information both on their slot machines and in the environment
12 which informs patrons of how to contact help if they feel they
13 have an issue with problem gambling. Grocery stores have agreed
14 to, when possible, relocate slot machines to alcoves or areas
15 that are out of the way.

16 Air filtration systems have been put in place to
17 reduce the incidents of second-hand smoke and in many cases the
18 operators have put on full time personnel to monitor the
19 machines to insure that minors are not in the area. I've
20 received a number of cards and phone calls from people who
21 suffer from problem gambling and have had both men and women
22 call and thank us for trying to help them cure their gambling
23 addiction by making gambling less convenient to them.

24 Some of the things I think the Commission needs to
25 really consider when looking at the issue of convenience gaming
26 is the distinction between specialty and convenience. Specialty

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 gaming locates itself in the resort districts. It brings in new
2 revenues. It stimulates an economy. It provides jobs and it
3 helps to build a community.

4 Convenience gaming is more often located in
5 neighborhoods and generates revenues that would otherwise go for
6 goods and services. You will hear the argument made that it's
7 only fair because it allows the mom and pop operators an
8 opportunity to compete. I think if you'll look at the reality,
9 you will find that's not true. It's not moms and pops. It's
10 large corporations who operate the machines. Things that should
11 be considered that I've heard here as well, however, is that
12 convenience gaming locates in poor neighborhoods. That is not
13 the case. I think more often than not, you will find that
14 convenience gaming is in more upscale neighborhoods because
15 they're looking for people with revenues, indispensable
16 revenues, and in certain of our lower income neighborhoods,
17 there is a very good opportunity that we would not have
18 supermarkets or major chain supermarkets if they didn't feel
19 they had the revenue from convenience gaming to offset their
20 cost of doing business.

21 As I noted in my state and city address this past
22 January, I take a strong stance regarding convenience gaming and
23 to continue to encourage all elected officials to do the same.
24 I don't know how we can say that we're for economic
25 diversification if we cannot reconcile the belief with a stance
26 on convenience gaming. If we're interested in creating world

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 class communities, we must reconcile why we believe that a world
2 class community would include slot machines where people shop
3 for groceries, buy gasoline and where children come for
4 slurpies.

5 If we say that we're interested in the health and
6 welfare of our constituents, we need to reconcile why they must
7 buy their gas in smoke-filled environments. I also believe this
8 issue is beginning to attract the attention of the gaming
9 industry proper as I believe the visionaries of the gaming
10 industry; the Steve Wynn's, the Terry Lanni's, the Kirk
11 Korkorian's (ph), recognize that convenience gaming and its
12 image can hurt us. It damages the overall impression of the
13 State of Nevada and at times its leading industry.

14 The Commission's Chairperson, Ms. Kay James, has
15 observed all forms of gaming during the past two days. I would
16 hope that your images include the best of Las Vegas as well as
17 some of those issues that are necessarily intrinsic to our state
18 and I would say, again, because I think it's very important that
19 this Commission understand, we are what we are. Convenience
20 gaming has been a function of Nevada life for the last 40 years
21 and I think we have taken steps as a community to deal with that
22 issue.

23 The information and the opinions I offer are only to
24 be taken into consideration when considering applications as we
25 move forward into other jurisdictions. Thank you.

26 CHAIRPERSON JAMES: Thank you, Mayor Jones.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com