

**TESTIMONY OF BILL SAUM
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before the
NATIONAL GAMBLING IMPACT STUDY COMMISSION**

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INTRODUCTION:

As the National Collegiate Athletic Association's (NCAA) gambling and agent representative, I am pleased to have the opportunity to provide the Commission with the NCAA's perspective on sports gambling and its impact on college students.

The NCAA is a tax-exempt, unincorporated association of approximately 1,150 colleges, universities, conferences and related organizations devoted to the regulation and promotion of intercollegiate athletics for male and female student-athletes. I serve as the primary staff member responsible for coordinating a comprehensive program addressing sports gambling issues. My duties in this area include: developing educational materials and programs for NCAA member institutions and student-athletes on issues associated with sports wagering; conducting investigations related to violations of NCAA rules in this area; and fostering relationships with representatives of athletics governing bodies, professional sports leagues, local, state and federal governments, and gaming regulatory bodies in an effort to develop working partnerships on issues related to sports wagering.

This testimony is intended to provide you with a greater understanding of the high incidence of gambling, particularly sports gambling, on college campuses. My comments will address the impact of sports gambling on the integrity of sports contests and, more importantly, on the college students who participate in or are affected by such activity. I will also discuss current studies that provide insight on the prevalence of gambling among college students. Finally, I will examine the forces fueling the growth of sports gambling and make suggestions for addressing the issues raised in my testimony.

THE EFFECTS OF COLLEGE SPORTS GAMBLING.

Like many other sports organizations, the NCAA has a clear, direct policy regarding sports gambling. The NCAA prohibits the participation in any form of legal or illegal sports gambling because of its potential to undermine the integrity of sports contests while jeopardizing the welfare of the student-athlete and the intercollegiate

athletics community. The NCAA membership has adopted specific legislation prohibiting athletics department staff members, conference office staff and student-athletes from engaging in sports gambling activities as they relate to intercollegiate or professional sporting events.¹ These same rules apply to NCAA national staff.

Impact on the Integrity of the Sports Contest.

As a sports organization, the NCAA is well aware of the direct threat sports gambling poses to the integrity of each intercollegiate contest. In the late 1940s, the academic community and the public were shocked to learn that the City College of New York basketball team was involved in a point shaving scandal. Sadly, today the scandals appear to be occurring with greater frequency. Within the last ten months, the public learned of point shaving scandals on the campuses of Arizona State University and Northwestern University.² The magnitude of these and similar incidents should not be underestimated. According to federal law enforcement officials more money was wagered in the Arizona State case than on any point shaving scam in the history of intercollegiate athletics. However, when it comes to sports gambling on college campuses, this is just the tip of the iceberg.

In 1995, four Maryland football players and one men's basketball player were found to have bet on collegiate sporting events.³ Two years ago, 13 football players at Boston College were involved in sports gambling activities, four admitted to betting against their own team.⁴ Just last year, a basketball player at Cal-State Fullerton was approached by a student after practice and offered \$1,000 per game to shave points.⁵ Earlier this year, law enforcement dismantled a large sports gambling ring that was operating, in part, out of a Columbia University fraternity house.⁶

As you can plainly see, the influence of sports gambling is far reaching and sports organizations continually live in fear that sports gambling will infiltrate and undermine the contest itself.

Impact on Student-Athletes.

As the NCAA staff person responsible for conducting sports gambling investigations at out member institutions, I am acutely aware of the impact that sports gambling can have on the lives of college student-athletes. I have seen students, their families and institutions publicly humiliated. I have watched students be expelled from college, lose athletic scholarships worth thousands of dollars and jeopardize any hope of

¹ NCAA BYLAW 10.3

² Josh Barr, Tim Graham and Mark Asher, *NCAA Fears Gambling Fallout*, WASHINGTON POST, March 30, 1998, at A1.

³ *Id.* at A6.

⁴ Jim Naughton, *Why Athletes Are Vulnerable to Gambling*, THE CHRONICLE OF HIGHER EDUCATION, at A51.

⁵ *Id.*

⁶ Jack Curry and Adam Gershenson, *Even at Columbia, Gambling and College Athletics Collide*, NEW YORK TIMES, at A1.

a career professional athletics. In most cases, the scenario is strikingly familiar. Student-athletes who have begun gambling on sports incur losses beyond their means to repay and, as a result, become vulnerable to point shaving schemes. Sometimes they participate in such schemes voluntarily in a desperate attempt to erase their outstanding debt, other times they are compelled by the threat of personal injury. In the latter cases, often organized crime is involved. In many cases, student bookmaking operations can be traced back to organized crime.

The profile of the typical college student who gambles is someone who believes he can control his own destiny, someone who is willing to take risks, and someone who believes he possesses the skill to be successful in this endeavor. If you otherwise look at these qualities in a positive light, they are reflected in many college athletes. This may, in part, explain why some student-athletes are drawn to sports gambling.

However, environmental factors may also be playing an influential role. One of the Boston College football players involved in the school's betting scandal stated, "The attitude was: 'It's just part of the college experience.' To tell the truth, it never crossed my mind it was illegal; it was so commonplace."⁷ Other statements from student-athletes involved in sports gambling scandals reveal that their gambling habits were developed well before college. One of the athletes involved in the Northwestern University point shaving case admitted that gambling had been a part of his life ever since he was a youngster. He stated that he remembered "guys younger and older saying, 'Let's bet \$5 to see who is better in one-on-one,' I saw gambling every day in the inner city. People were playing cards and shooting dice. It was normal."⁸

Our NCAA investigations have revealed that there is a very high incidence of gambling among college students. Student bookies are present at every institution. There is certainly no dispute that the impact of sports gambling is being felt on college campuses across the country.

EVIDENCE OF THE GROWTH OF GAMBLING ON COLLEGE CAMPUSES.

Valerie Lorenz, executive director of the Compulsive Gambling Center in Baltimore, was quoted last April as saying "gambling is rampant on college campuses."⁹ While there are no comprehensive studies available that analyze the prevalence of sports gambling or gambling in general on college campuses, the preliminary evidence reveals an alarming trend. A recent University of Cincinnati/NCAA-sponsored study randomly surveyed 2000 male student-athletes in Division I basketball and football programs to assess the extent of NCAA rules violations. The survey disclosed that over 25 percent of the athletes reported gambling on college sporting events other than their own while in college. Four percent of the athletes admitted to wagering on games in which they had

⁷ Jim Nesbitt, *The Lure of the Bet; In Greater Numbers, Teens Getting Hooked on Gambling*, THE PLAIN DEALER, at 1D.

⁸ Jody Demling, *One Phone Call Led to Dion Lee's Downfall He, Pendegrast Tell of Point-Shaving at Gambling Summit*, THE COURIER JOURNAL, at 1D.

⁹ Naughton, *supra*, note 4.

played. Alarming,ly, three of the athletes admitted to changing the outcome of the game in which they played.¹⁰

In a 1998 study,¹¹ 954 students at nine universities belonging to the Southeastern Conference were surveyed. The students surveyed were enrolled in First Aid or Health and Safety Classes offered at each of the institutions and 13 percent of the participants were athletes. The results revealed that athletes were nearly twice as likely to be problem gamblers than non-athletes (12.4 percent vs. 6.6 percent).¹² In addition, athletes with Greek fraternity or sorority affiliations had a higher prevalence rate of problem gambling than nonaffiliated athletes.¹³

The high incidence of gambling on campus includes not only student athletes but also individuals from the general student body. - In a study conducted by several university researchers, 1,700 students from 6 colleges and universities in the U.S. were surveyed about their gambling behavior.¹⁴ Thirty-three percent of male students and 15 percent of female students gambled once a week or more.¹⁵ The data also revealed that the rates of pathological and problematic gambling among college students are four to eight times higher than reported for the adult population.¹⁶

Further evidence of the high incidence of problem gambling among college students is found in a recent study by the Harvard University Medical School's Division on Addiction.¹⁷ The study revealed that college students show the highest percentages of pathological and problem gambling.¹⁸

Perhaps the most revealing evidence of the impact of sports gambling on college students is confirmed by Dr. Howard Shaffer, one of the authors of the Harvard University study. According to Dr. Shaffer, research shows that more youth are introduced to gambling through sports betting than through any other form of gambling activity.¹⁹ While these studies provide us with just a snapshot of the gambling activity on college campuses, it is clear that gambling, particularly sports gambling, is touching the lives of an alarming number of college students.

¹⁰ Barr, *supra*, note 2.

¹¹ Donald L. Rockey Jr., A COMPARISON OF PATHOLOGICAL AND PROBLEM GAMBLING BETWEEN COLLEGE STUDENTS AND COLLEGE ATHLETES, August 1998.

¹² *Id.* at 64-65.

¹³ *Id.* at 66.

¹⁴ H.R. Lesieur, J. Cross, M. Frank, M. Welch, C.M. White, G. Rubenstein, K. Moseley, & M. Mark, *Gambling and Pathological Gambling Among University Students*, ADDICTIVE BEHAVIORS, 16. (1991), at 517-527.

¹⁵ *Id.* at 521.

¹⁶ *Id.* at 524.

¹⁷ Howard J. Shaffer, Mathew N. Hall, & Joni Vander Bilt, ESTIMATING THE PREVALENCE OF DISORDERED GAMBLING BEHAVIOR IN THE UNITED STATES AND CANADA: A META-ANALYSIS, (1997).

¹⁸ Nesbitt, *supra*, note 7.

¹⁹ Telephone Conversation with Dr. Howard Shaffer, October 22, 1998.

FORCES FUELING THE EXPANSION OF SPORTS GAMBLING AMONG COLLEGE STUDENTS.

Illegal Sports Wagering.

Despite federal and state laws that prohibit the placing of bets on professional and college sporting events in every state except Nevada, illegal sports gambling continues to prosper. The FBI has estimated that close to \$2.5 billion is wagered illegally on the NCAA Division I Men's Basketball Tournament each year.²⁰

As previously mentioned, I have witnessed the explosion of illegal sports wagering on college campuses. NCAA investigations continue to uncover widespread student bookie operations that involve student-athletes as well as members of the general student population. In 1995, *Sports Illustrated* produced a three-part series on sports gambling on college campuses.²¹ The author noted that "[o]n most campuses illegal sports gambling is seldom further than a conversation away. Somebody in the dorm knows a bookie. Somebody in the fraternity house knows a bookie. Somebody in the frat is a bookie."²²

More recently, a December 10, 1997 episode of CBS new magazine *Public Eye* highlighted the widespread problem of sports gambling on college campuses. The segment aired footage from a college tavern on game day - just a few blocks from the Division I-A school's football stadium. A hidden camera revealed several student bookies utilizing cellular phones to accept bets on college games. According to a former bookie who appeared on the show, illegal sports gambling exists on nearly every college campus. This fact has not only been confirmed by the NCAA's own investigations but by numerous federal and state law enforcement officials.

Legal Sports Wagering.

Pursuant to the passage of the 1992 Professional and Amateur Sports Protection Act (PASPA),²³ Nevada is the only place in the country where sports betting is legal (PASPA did allow for the continuation of a sports lottery in Oregon and a hybrid form of sports betting in Wyoming and South Dakota). The 1998 NCAA Men's Division I Basketball Tournament saw approximately \$80 million wagered with Nevada bookmakers.²⁴ For the first time, more money was wagered in Nevada on the basketball tournament than on the 1998 Super Bowl (\$78 million).²⁵ Of course, \$80 million was only a fraction of the \$2.5 billion that the FBI estimates was wagered illegally during the basketball tournament.²⁶ Nevertheless, Nevada sports books handled 2.573 billion in

²⁰ Barr, *supra*, note 2.

²¹ Tim Layden, *Campus Gambling - Better Education - First of Three Parts*, SPORTS ILLUSTRATED, April 3, 1995.

²² *Id.* at 76.

²³ 28 USC Sec 3701.

²⁴ Tom Weir, *NCAA Tournament Attracts Bettors*, FBI, USA TODAY, March 19, 1998, at C1.

²⁵ *Id.*

²⁶ Barr, *supra*, note 2.

legal sports bets in 1997.²⁷ Each year in March, thousands of fans, including many college students, journey to Las Vegas to wager on the NCAA Men's Division I basketball tournament. During this two-week period, the sports book areas of the casinos are packed to capacity and nearly everyone has money riding on the outcome of the games.

Internet Gambling.

The advent of Internet gambling may soon be the most significant catalyst for the growth of sports gambling on college campuses across the United States. The most significant aspect of Internet gambling is that it provides a college student with the opportunity to place wagers on professional and college sporting events from the privacy of his or her campus residence. Internet gambling offers the student virtual anonymity. All he or she needs is a credit card or a simple wire transfer from a bank checking or savings account to place a sports wager over the Internet. Furthermore, the availability and widespread use of credit cards among college students is apparent. A recent analysis on credit card debt from students who have applied for loans from Nellie Mae revealed that 65 percent of undergraduate students have credit cards, 20 percent have four or more cards, and the average credit card balance is \$2,226.²⁸ It is clear that most students do not need to obtain their parents' credit cards in order to bet online.

Accessibility to the Internet is perhaps the greatest reason for concern regarding Internet gambling on college campuses. Many college students have unlimited use of the Internet and most residence halls are wired for Internet access. In fact, there may be no group in this country who has more readily available access to computers and the Internet than college students. For the NCAA, the potential exists for a student-athlete to place a wager via the Internet and then attempt to influence the outcome of the contest while participating on the court or playing field.

Although Internet gambling is a relatively new phenomenon, every indication is that it is reaching a large market. The rapid growth of Internet gambling was outlined in a recent *Sports Illustrated* cover story.²⁹ The article reports that analysts predict "explosive growth" in the Internet gambling industry. According to *Sports Illustrated*, "What was a \$60 million business in 1996 will handle \$600 million in bets in 1998, with another tenfold increase likely by 2001."³⁰ Furthermore, the number of on-line sites that handle sports bets has grown from two in 1996 to 90 today.³¹

Most troubling to the NCAA and college administrators is that Internet gambling operations are illegal in this country. Under section 1084 of Title 18, anyone engaged in

²⁷ Sebastian Sinclair, *International Gaming and Wagering Business: 1997 The United States Gross Annual Wager*, "A New Entitlement", August 1998, pg. 17.

²⁸ Alan Blair, *A High Wire Act: Balancing Student Loan and Credit Card Debt*, AMERICAN BANKER, September 8, 1998.

²⁹ Steven Crist, *Cyber Gambling: Should It be Stopped? Can it be Stopped?*, SPORTS ILLUSTRATED, January 26, 1998, 82-92.

³⁰ *Id.* at 85.

³¹ ROLLING GOODTIMES ONLINE (www.rgtonline.com), October 27, 1998.

the business of betting or wagering who knowingly uses wire communication facilities for the transmission in interstate or foreign commerce of a sports bet or wager is committing a federal crime. Nevertheless, I continue to receive calls from student-athletes and athletics administrators who are concerned about e-mail solicitations inviting them to visit online sports book Web sites. To date, there is no data available on the prevalence of Internet gambling on college campuses but there is no doubt that operators are cognizant that college students represent a very lucrative market for their illegal product.

Sports Touts.

Browse through the *USA Today* sports section and you will find advertisements for sports handicappers, commonly referred to as sports touts. In most cases, the ads ask consumers to call a 1-800 or 1-900 telephone number and pay to listen to a recording of the tout's picks of sports teams that will beat the published point spread. While there is nothing illegal about this operation, the information provided is, in most cases, used by consumers to place illegal sports bets.

Furthermore, there does not appear to be any regulation of these businesses. Recently HBO Real Sports produced a segment which investigated the legitimacy of several sports tout operations.³² The show revealed an industry plagued by false and fraudulent claims. Ironically, law enforcement is not likely to hear complaints from consumers who are duped by sports tout services. It is doubtful that a person who relied on the false claims of a tout to place illegal sports bets will contact law enforcement officials to register a complaint.

Despite the lack of regulation in this industry, there are some that are fighting back. Just last month, the NFL received a favorable judgment in a lawsuit against tout service Sports Advisors, Inc. for making false advertising statements.³³ The NFL complaint was triggered by advertisements that depicted NFL coach Bum Phillips as claiming to have inside information for the betting service. In its ads, the service also mentioned that Phillips' son, Wade, coaches for the Buffalo Bills. Sports Advisors Inc. was required to place correction advertisements in numerous publications indicating that the company never possessed inside information from any NFL coach or player or from any other NFL personnel.

Sports touts are not just marketing their services in newspapers and sports publications. In cities across the United States, there are weekly syndicated television and radio shows that feature sports touts promoting their services and providing picks for upcoming college and professional sports contests.

Little is known about sports tout services except that it is a growing industry. Given the pervasiveness of the advertising, it is likely that college students are utilizing sport tout services to engage in illegal sports gambling.

³² Reporter, HBO REAL SPORTS.

³³ *Touting the NFL*, USA TODAY, October 20, 1998, C3.

CONCLUSION.

In an effort to address the high incidence of sports gambling on college campuses, the NCAA supports the following efforts:

1. Campus Initiated Sports Gambling Education Efforts.

As previously mentioned, I spend a great deal of my time traveling the country discussing the issues associated with sports gambling among college students. While campus crime is a hot topic in the higher education community, the issue of sports gambling on college campuses is still largely overlooked by college administrators. There needs to be comprehensive gambling education programs conducted on each campus that target all students (athletes and non-athletes). These programs need to discuss, in particular, the dangers of sports gambling and provide assistance for those in need.

2. Internet Gambling Prohibition Legislation.

No one would deny that there are an unlimited number of positive uses of the Internet. However, Internet gambling is not one of them. Congress has ensured through legislation that, with only a few exceptions, it is illegal to wager on sporting events in this country. Surely, Congress did not intend to make exceptions for those trying to skirt existing federal and state laws through the use of a new communications medium. There is a real need for the passage of federal Internet gambling prohibition legislation. First, in an unusual move, the state attorneys general have called for federal legislation to prohibit Internet gambling.³⁴ The attorneys general have recognized that Internet gambling, by its very nature, cannot be kept within any state's borders. Only a uniform federal prohibition will be an effective response. Second, existing law needs to be updated to address the development of a wireless Internet. Third, additional civil enforcement mechanisms must be available to ensure that law enforcement officials, under certain circumstances, can require Internet service providers to block access or discontinue service to gambling Web sites. Fourth, a new federal law with strong criminal penalties will serve as a strong deterrent for both individual gamblers and those who operate Internet gambling operations abroad. A strong federal law, prohibiting Internet gambling in this country, will hopefully curtail the growth of an Internet gambling industry that receives a significant amount of revenue from U.S. customers.

3. Crackdown on Sports Tout Advertising Practices.

Sports tout services advertising needs to be examined. As evidenced by the NFL lawsuit against Sports Advisor Inc.³⁵ and the HBO Real Sports segment,³⁶ companies are making misleading and false statements in advertisements for their sports tout services.

³⁴Beth Berscilli, Gamblers Play the Odds Online, WASHINGTON POST, August 19, 1997, A1, at A8.

³⁵ *Touting the NFL*, *supra*, note 33.

³⁶ HBO Real Sports, note 32.

Many sports handicappers are advertising their success in picking "winners" with no evidence to support their assertions. Without some type of regulation, consumer fraud practices will continue.

In addition, the NCAA remains concerned about the impact of sports tout advertising on teenagers and college students. Recently, Congress has focused its attention on the impact of alcohol and tobacco advertisements on our nation's youth, however, little has been said about the effects of sports gambling advertisements. Sports tout services provide information for an activity, sports betting, that is illegal in 49 out of 50 states. With sports touts now appearing on television and radio, young people are subject to more sports gambling information than ever before.

4. More Studies Devoted to Teenage and College Student Gambling Behavior.

More research needs to be conducted in order to gain a better understanding of the extent of gambling on college campuses. All existing studies point toward an extremely high incidence of gambling among college students. However, in order to ensure that the most effective response is taken, we all must better understand the nature of the problem. Studies need to explore such issues as student attitudes toward gambling, the extent of sports gambling on campus, the prevalence of Internet gambling among students, and the influence of gambling advertising and other factors on student gambling behavior.

5. Continued Assistance from Law Enforcement.

In order to combat illegal sports gambling in this country, law enforcement must ensure that compliance with federal and state laws is a high priority. Over the past several years, the NCAA has received valuable assistance from local, state and federal law enforcement officials in identifying and prosecuting defendants in sports gambling scandals at several NCAA institutions. In addition, the NCAA and federal law enforcement officials have begun to share information on sports gambling activity. These types of efforts need to continue.

Also, the state attorneys general have recognized the difficulties in enforcing state law prohibitions as they pertain to gambling on the Internet. The state attorneys general are actively encouraging Congress to pass a federal Internet gambling legislation that would result in a single, uniform law prohibiting Internet gambling in this country. The legislation would also provide stiff criminal penalties and flexible civil enforcement mechanisms that will act as a strong deterrent.

Illegal sports gambling, whether it is through a bookie or over the Internet, will continue to flourish on college campuses and in cities across the United States unless a strong effort is made to enforce state and federal laws prohibiting such activity.

The NCAA appreciates the opportunity to appear before you and hopes that the Commission will include in its final report a discussion and a list of recommendations on

how to address issues related to sports gambling among our nation's youth. The integrity of our game is at stake.

Thank you.