

1 CHAIRMAN JAMES: At this point, I'd like to open it
2 up for any questions. I would remind the commissioners of the
3 time and ask that we ask very focused and pointed questions. I
4 don't want to cut off any discussion or debate but I don't think
5 we have time for a lot of speeches either.

6 Commissioner Dobson?

7 COMMISSIONER DOBSON: Just a question to your staff.
8 Did we get Mr. Jahoda's report in writing?

9 MR. JAHODA: If I can answer that question, no. I
10 was invited quite late and I didn't even -- I barely had time to
11 put an outline together, but I do have copies here and I was also
12 told that it would be 15 minutes.

13 So when we were told this morning or this afternoon
14 that it would be ten minutes I was editing like mad but I have a
15 15-minute copy and I have a ten-minute copy.

16 CHAIRMAN JAMES: Well, all of that can be submitted
17 to the record and will be distributed to all the commissioners.

18 COMMISSIONER DOBSON: Yes, we'd like to have a copy.
19 Thank you.

20 CHAIRMAN JAMES: Commissioner McCarthy?

21 COMMISSIONER McCARTHY: Ms. Kelly, thank you for
22 coming to testify here. I like to say this to people who have
23 the courage that you have.

24 We -- now, I'm trying to think of how many witnesses
25 that tell a story similar to yours that we've heard of in a half
26 a dozen site meetings. It must be 70 or 75 at least. And it's a
27 story that we must hear before we write our final report.

28 Unfortunately, many of the stories haven't succeeded,
29 at least as much as yours has, because a lot of them didn't have

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1 husbands like yours who stayed through all these very tough
2 months.

3 I wanted to ask Mr. Margolis because I wasn't sure I
4 followed his advice when he said phone every police chief that
5 has a substantial amount of gambling in his or her jurisdiction
6 and they would be able to share with us, as I understood what you
7 were saying, the fact that there aren't any really substantial or
8 significant or material increases in crimes that are engendered
9 by gambling in their jurisdictions.

10 Did I understand you correctly?

11 MR. MARGOLIS: Well, pretty close. What I said, sir,
12 was that if you call all the chief law enforcement officers, be
13 they chiefs or sheriffs, in regulated gambling jurisdictions, I
14 believe that the vast, vast majority will tell you that there is
15 little change.

16 Occasionally you'll see a tiny increase for a period
17 of time. More likely you'll see decreases. They'll generally
18 either tell you that there is virtually no statistical change, or
19 at least in the areas near the facilities, you will see
20 decreases.

21 COMMISSIONER McCARTHY: Now, I don't know what the
22 truth of it is because when I've asked these questions in prior
23 meetings or talked to people, one of the things that I've been
24 told is that many local jurisdictions' police records would not
25 reveal whether various kinds of crimes involved a significant
26 factor of gambling.

27 So regardless of whether the FBI collects these stats
28 in the UCR, they're not going to tell us whether it's -- and it
29 may not be there.

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1 I don't know the reality, to tell you the truth, and
2 I'm thinking -- I was hoping some of you would give us advice on
3 any requirements we could ask of all the local police chiefs and
4 sheriffs where there are gambling, how you put together a form
5 that, in a fair and objective way, says was gambling a
6 significant factor in this category of crime or that -- you know,
7 so that it's fair, so that it doesn't elicit an answer that
8 really may not be accurate.

9 MR. MARGOLIS: Right. There are 13, I believe,
10 socio-demographic factors that every annual edition of the FBI's
11 Uniform Crime Reports, lists as causes of crime. Gambling's not
12 among them. They're unemployment and poverty and the quality of
13 government and climate and a whole -- they're in my report and I
14 mean, they're in any FBI UCR report.

15 When I was director of the state police, one of my
16 responsibilities was I was the state repository for such
17 information. My personnel gathered those statistics, put them in
18 the FBI format and sent them in.

19 I don't know of any that one can identify some sort
20 of variable that will identify the mystical relationship between
21 someone's interest in pulling slot machine levers and a couple
22 days later committing a burglary, any more so than there is some
23 way to measure the relationship between a young man who is
24 outraged because his father slapped him or how you would
25 measure -- I mean, any other event in a person's life.

26 The best that the FBI and the 16,000 agencies that
27 submit this data can do is to report crimes, hopefully as
28 accurately as they can, according to the statistical breakout
29 that the Bureau gives them.

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1 And all I'm suggesting -- and I think the best
2 evidence available is to look at, say, a 20-year record before
3 and after gaming and see what happens. And I'm not suggesting
4 that that's ironclad proof because even if you see an increase or
5 a -- let me put it this way.

6 I don't know that Chief Keller in Las Vegas will
7 claim that the reason why his city is so statistically safe as
8 compared to other major cities and particularly tourist venues,
9 is because it's gaming.

10 I don't think he'll say that the gaming chases away
11 the crime although their crime rates are low, any more so than
12 somebody who may have some episodic little blip can say, well, I
13 don't like gaming so I'm going to say that it's not the fact that
14 the sheet tube factory broke down and people are out of work that
15 the crime went up, it's because the casino was down the road.

16 I just think that's silly. And you can -- pros and
17 cons can pick a little statistic and try to build an argument on
18 it, but it's a hokey argument. The best you can do is to lay out
19 for a long period of time.

20 COMMISSIONER McCARTHY: Could I narrow it down to --

21 MR. MARGOLIS: Sure.

22 COMMISSIONER McCARTHY: -- the question I was trying
23 to ask? You just heard Ms. Kelly's testimony and it's pretty
24 clear that a number of those crimes were directly related to her
25 addiction to gambling. There are many, many cases like that that
26 have given testimony before this commission.

27 MR. MARGOLIS: Sure.

28 COMMISSIONER McCARTHY: It must be -- I don't want
29 any police chief or sheriff to speculate. But in clear instances

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1 of where gambling is the proximate cause of the commission of a
2 crime, it's a significant factor of that crime, as I understand
3 it, we now do not really have a way of collating all that data.
4 It's not even entered into most local police records.

5 Now, whether they don't take the time to do it or the
6 forms aren't printed out in that fashion, it's clearly -- now,
7 maybe it's because gambling has mushroomed in the last 10 or 15
8 years and it's no longer Nevada and Atlantic City and a few card
9 rooms here and there. Now it's nationwide. Now it's a very big
10 deal.

11 Isn't there a way those of you that have been
12 involved in law enforcement can agree on a nationwide basis to a
13 lot more accurate record-keeping so we would really know a true
14 statistic without any speculation as to in which crimes is
15 gambling a significant causal factor?

16 MR. MARGOLIS: I am humbled by Ms. Kelly's strength
17 in presenting her personal despair in public and I don't mean her
18 any disrespect, but in order to answer your question, I think, as
19 a former prosecutor, former police chief, former statistics
20 gatherer for the FBI, it would be very difficult to design a
21 system that would help me divine whether it is some personality
22 characteristic or a fact in her background or a family issue that
23 led her to this addictive compulsive behavior.

24 It's difficult for me as a law enforcement
25 professional for 18 years to figure out why one person does this
26 video poker thing, which is not regulated gaming, and another
27 person, you know, drinks too much or eats too much.

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1 COMMISSIONER McCARTHY: I'm sorry. I wasn't really
2 asking you to go back to her childhood and try to find out the
3 sources of it.

4 MR. MARGOLIS: I think you'd have to, sir.

5 COMMISSIONER McCARTHY: I don't want to go that far.
6 I don't think we have to go that far. And I just would be amazed
7 if we aren't intelligent enough to formulate a series of
8 questions without making it a lengthy survey, just a few --
9 because police chiefs and sheriffs have a lot of duties to take
10 care of, but there are people, that, you know, they could have
11 somebody on their staff to try to do a better job than this.

12 Otherwise, all of the testimony that we hear, I
13 can't -- I don't know what I can rely upon as far as how many
14 gambling engendered crimes are really occurring or not occurring
15 out there.

16 Professor Albanese, in my town of San Francisco, we
17 call that Albanese but in Virginia do they call it Albanese?
18 Albanese, huh? It sings the way we pronounce it in San
19 Francisco.

20 DR. ALBANESE: There aren't as many Italians in
21 Virginia.

22 COMMISSIONER McCARTHY: I was interested in your
23 comments -- and I think Mr. Margolis said something to this
24 effect, also -- that when we look at crime statistics in a
25 jurisdiction that has gambling and where there are a lot of
26 visitors coming in, it's been stated -- I think it's kind of
27 self-evident -- that, of course, there would be more crimes if
28 there were three times as many visitors coming in as actually
29 live in that jurisdiction.

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1 But is that what we're really -- isn't what we're
2 really looking for is gambling a significant factor in causing
3 crimes, whether the crimes are committed by visitors or by
4 residents of the jurisdiction. I was a little bit confused at
5 some of the testimony I heard.

6 It really wasn't important to me whether the crime
7 statistics were caused because there were a lot of visitors
8 coming in. It's rather, was gambling demonstrably the cause of
9 crimes being committed in that jurisdiction?

10 DR. ALBANESE: Yes. Two issues. First, the original
11 question because what you get at is a fundamental point. The
12 only way you're going to know the answer to that question, that
13 is the extent to which, for example, embezzlements are gambling
14 related, would be to interview a large number of people who have
15 been caught embezzling and do individual interviews to find out.

16 The police aren't going to do it because they're a
17 prosecuting agency. You know, they have many other things to do
18 other than interview offenders about their motivations. But what
19 is needed is a study to do exactly that.

20 I think if you interviewed large numbers of
21 embezzlers -- and there have been studies but none recent -- you
22 could get at that. To what extent are they drug related, are
23 they -- is it alcoholism, is it just greed or bad spending habits
24 or is it -- you really -- you could do it but it would have to
25 be, I think, a separate study of offenders who have been arrested
26 for crimes that may or may not be connected to gambling to assess
27 the link.

28 CHAIRMAN JAMES: Dr. Albanese, thank you very much.
29 And Dr. Brunner, I know that you have a lot more you'd like to

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1 contribute and we'd like to hear from you. I recognize, however,
2 that we have many people who are here for the public comment
3 period, and I want to make sure that we have the opportunity to
4 get there.

5 Are there any final questions or comments from
6 just -- is it a very short question?

7 COMMISSIONER LOESCHER: I'm not -- I don't really
8 care. I'm going to sit here --

9 CHAIRMAN JAMES: Well, I do care, and it's my job to
10 care, Mr. Loescher.

11 COMMISSIONER LOESCHER: Well, I have something to ask
12 and say, Madam Chair.

13 CHAIRMAN JAMES: Well, I will give you two minutes.

14 COMMISSIONER LOESCHER: Well, thank you very much.

15 CHAIRMAN JAMES: You're welcome.

16 COMMISSIONER LOESCHER: You know, since I've been on
17 the commission, we've had various experiences. We've seen --
18 I've gone to casinos and seen surveillance equipment, 3300 in one
19 casino, and when I go to Vegas, I imagine I'm going to see more
20 surveillance type things.

21 We've seen increased dollars going to police
22 departments; we've heard, you know, because of the gaming
23 industry and what not. We've heard about minimum regulatory
24 standards. We've heard about background checks for employees.

25 Some places, they don't even allow alcohol in the
26 gaming facilities; they don't allow children in gaming places;
27 they work with the Treasury Department on money laundering, fraud
28 and credit controls, multiple agency regulatory oversights by

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1 state, local and national agencies; and then qualifying
2 managements certifying them, qualifying them.

3 All these things we've heard about -- and I sort of
4 categorize them as crime prevention -- and millions of dollars
5 and lots of people are involved in this thing, but I didn't hear
6 anything from the panel to say that the things that have been
7 undertaken over the last 20 years, have they done anything to
8 prevent crime because all of these things are just really
9 significant and loss of investment and a lot of people involved.

10 So I'd like to hear if anybody has a comment on that.

11 MR. MARGOLIS: I do. That was in my last five
12 minutes that I cut, because we're down to ten. And if the
13 commission contacts the regulators, this is what they'll tell
14 you, because I used to be one.

15 What they'll tell you is the background
16 investigations and screening and licensing process is more
17 intrusive than in any industry in America, including the nuclear
18 power industry.

19 I represented an FBI agent in a national security
20 related case a couple years, and my top secret needed to be
21 updated, and I marveled at how minimal that background
22 investigation was compared to the scrutiny that Mr. Lanni has to
23 go through on a regular basis as his personal finances are opened
24 up for strangers.

25 And that is the process and the aggressive regulatory
26 presence which puts literally billions of dollars of investment
27 at risk if you mess up in one jurisdiction. Your investment
28 across the board, and in other jurisdictions as well, is at risk.

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1 That, and the kind of oversight and scrutiny that's
2 present in a public traded company, which is essentially what
3 this industry is now in large measure, has made an extraordinary
4 difference. And anyone who wants to deny that, I submit with
5 respect is just, you know, ignoring the simple facts.

6 CHAIRMAN JAMES: Thank you.

7 MR. MARGOLIS: Sure.

8 CHAIRMAN JAMES: Any other questions before we wrap
9 up this portion of our time?

10 COMMISSIONER LOESCHER: Madam Chair, may I just have
11 one more comment? You know, listening to this, this is almost --

12 CHAIRMAN JAMES: Commissioner Loescher.

13 COMMISSIONER LOESCHER: -- the only time we're going
14 to have to talk about crime.

15 CHAIRMAN JAMES: No, Commissioner Loescher. We will
16 be addressing this issue tomorrow.

17 COMMISSIONER LOESCHER: Okay. Anyway, my
18 observation, you know, after reading and thinking and hearing
19 from many people is that -- here's where I'm focused at.

20 Credit card controls seem to be where crime is
21 occurring and needs to be dealt with somehow by the government;
22 also, interest in coordination among policing agencies seems to
23 be a problem; and then lastly dealing with the social aspects and
24 the crimes that occur there within the family, you know,
25 behavioral problems and financial management.

26 Those three areas seem to be what I'm deducing as the
27 areas of focus.

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1 CHAIRMAN JAMES: Thank you. And hopefully we can
2 address those areas tomorrow as well as when the commission gets
3 together later to delve more deeply into some of these issues.

4 Again, I want to thank our panelists and to tell you
5 that your time before us, although brief, we are most anxious to
6 continue to receive information and data from you. That data
7 will be distributed to all of the commissioners and will be a
8 part of our deliberative process. Thank you very much.

9 COMMISSIONER MOORE: Madam Chairman, may I ask Mr. J
10 one question and he can answer yes or no?

11 CHAIRMAN JAMES: How long is the question?

12 COMMISSIONER MOORE: Short.

13 COMMISSIONER JAMES: Okay.

14 COMMISSIONER MOORE: Do people gamble to win or for
15 fun?

16 MR. JAHODA: Well, I'll tell you, sir --

17 COMMISSIONER MOORE: Yes or no.

18 MR. JAHODA: Which one?

19 COMMISSIONER MOORE: Which one of those do they
20 gamble for?

21 MR. JAHODA: They gamble to win.

22 CHAIRMAN JAMES: Thank you. I am going to take a
23 five-minute -- maximum five-minute break so that we can set up
24 for public comment period, and we'll be right back after that.

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