

1 CHAIRMAN JAMES: Mr. Brosig.

2 MR. BROSIG: Chair James, distinguished
3 Commissioners. Thank you for allowing me to address you this
4 morning.

5 My name is Tom Brosig, and I am president and chief
6 executive officer of Grand Casinos, a relative newcomer to the
7 gaming industry, specializing in management of Indian-owned
8 casinos and the operation of company-owned casinos in emerging
9 markets. We operate casino resorts in Minnesota, Louisiana and
10 Mississippi; we also failed in our effort to operate the
11 Stratosphere Casino Resort in Las Vegas, thus providing tangible
12 evidence that not every casino automatically makes money. In
13 fact, I suspect one thing your research will uncover is that many
14 casinos don't make money and that this business is capital
15 intense, highly competitive, highly taxed, and highly regulated.

16 That being said, it is the business I chose to be in
17 and it is the business I wish to talk about today. More
18 specifically, I wish to talk about gambling addiction and the
19 role of the casino operator relative to gambling addiction.

20 In discussing the subject of problem gambling from my
21 industry's perspective, I offer my remarks based on my
22 experiences and observations and those of my company. However, I
23 believe that the programs and efforts in place at Grand Casinos
24 are representative of the casino entertainment industry as a
25 whole.

26 Grand Casinos strives to be aggressive and innovative
27 in responding to problem gambling issues. We are only one of

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 many companies with a strong commitment to the subject before
2 you.

3 I should also mention that I have no professional
4 experience as a treatment provider, counselor, clinician,
5 researcher, scientist or other educator, public policy maker, or
6 problem gambler. However, I do have responsibility for fostering
7 a culture that cares about doing the right thing and helping
8 people. I also helped set a business philosophy that responsibly
9 addresses problem gambling.

10 At Grand Casinos we have programs in place throughout
11 our operations to help our employees recognize and respond to the
12 signs of problem gambling. In addition, we are committed to
13 public efforts to promote responsible gambling.

14 Our company mission statement relative to this issue
15 is as follows: "At Grand Casinos we recognize that certain
16 individuals may not be able to responsibly enjoy the
17 entertainment product we offer; we believe that it is our
18 responsibility to be sensitive to our employees, customers, and
19 host communities by pro-actively addressing problem gambling. At
20 Grand Casinos we will: educate our employees and provide them
21 with resources to help themselves and others; provide information
22 and assistance to our customers; fund research and contribute to
23 agencies that assess the prevalence and address the treatment of
24 gambling disorders; participate in industry programs and
25 initiatives at the national and community level to increase
26 awareness and ensure that accurate information is placed in the
27 public domain; and lastly, prevent underage gambling of all
28 kinds.

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 Before I go into more detail about how we translate
2 the words of our mission into actionable deeds, I'd like to give
3 you a very short history on our company. Grand Casinos was
4 founded in 1991; Grand Casinos has realized its success in a
5 segment of our industry known as emerging gaming which refers to
6 casinos developed in geographic vicinities outside of Nevada and
7 Atlantic City.

8 From the first casino we opened in rural Minnesota to
9 subsequent facilities in Louisiana and Mississippi, the presence
10 of our business produced a major impact on the communities that
11 welcomed us. Because our presence created such a dramatic impact
12 in these communities, we quickly adopted an approach openly
13 facing the negative dynamics created by our presence. It has
14 never occurred to us to treat the issue of compulsive gambling
15 any differently.

16 When we opened that first casino in Minnesota, the
17 response was overwhelming. Results far exceeded any projections
18 and the challenge of operating a complex labor-intensive business
19 with a totally inexperienced staff and management team was nearly
20 all consuming. However, in the midst of our daily struggles, a
21 social conscious and corporate philosophy developed and matured
22 along with the business.

23 I acted as general manager of our first casino. It
24 was during the many hours I spent on the gaming floor that I
25 noticed individuals who appeared to be spending a considerable
26 amount of time. They also appeared by their clothing and cars to
27 perhaps not have the means to support their newly found interest.

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 I had no idea how to help these individuals or what a casino's
2 role in addressing problem gambling was, but we tried anyway.

3 From our earliest beginnings, we knew that we didn't
4 endorse an ideology of profit at any cost; we knew that we wanted
5 to understand problem gambling behavior; we knew we wanted to
6 expose our staff to the characteristics and attributes associated
7 with problem gambling; we knew we wanted to educate our staff to
8 the various stages of the disorder and determine what we as a
9 company could do; we knew we wanted to do the responsible thing;
10 what we didn't know was how to do the things we knew we should be
11 doing.

12 So we turned to the experts. I contacted Betty
13 George, the executive director of the Minnesota Council on
14 Compulsive Gambling. Initially, Betty was hesitant to get
15 involved with a casino operator, perhaps believing, as many do,
16 that our business was responsible and to blame for the condition
17 that she treated. Despite her hesitancy, we began a relationship
18 and developed a partnership which exists today.

19 Back in 1991 we sought guidance and direction from
20 Betty and the Minnesota Council because they were the experts; we
21 looked to them to tell us what we should do to help people and we
22 took their advice, and we continue to take their advice, along
23 with that of Dr. Howard Schaffer from the Harvard School of
24 Medical Addictions, as well as other researchers, educators and
25 treatment providers.

26 As I come before you this morning, do I know how
27 effective the effort we have expended to combat problem gambling
28 has been? No, I do not. I cannot give you any statistics or

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 provide you with any authoritative research to prove that what we
2 do works or helps or even makes the slightest difference; that is
3 for the scientists and researchers and counselors to figure out.

4 It is my job to reach out, to listen, and to remain
5 open to that which the experts promulgate. We have been told by
6 the experts that what is most needed to address the issue of
7 disordered gambling is quality research. We have been told that
8 despite tremendous progress made over the past few years, sturdy,
9 reliable unbiased research is lacking. That is why we at Grand
10 have devoted resources, both financial and human, which
11 contribute to efforts to produce solid research.

12 In 1992 we realized that even the experts didn't have
13 the answers. We helped organize and fund the Minnesota Public
14 Policy Think Tank, a conference inviting all the stakeholders in
15 the issue of problem gambling from both the public and private
16 sectors. This was a watershed event and resulted in a roadmap
17 for the State of Minnesota in addressing the issue of problem
18 gambling.

19 In Mississippi we again helped organize and fund a
20 similar think tank sponsored by the governor's office. The
21 results of this think tank also shaped public policy in
22 Mississippi, and along with other critical planning initiatives,
23 enabled the Mississippi Council on Compulsive Gambling to be
24 founded and funded.

25 Both the Minnesota and Mississippi think tanks
26 focused on a need to concentrate efforts toward prevention of
27 youth gambling addiction. Our active participation in this
28 process continued with the work at the national level as Grand

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 helped organize and fund the North American Think Tank on Youth
2 Gambling Issues held at Harvard University in 1995.

3 Today we continue our commitment to funding ongoing
4 national research efforts targeted toward the assessment and
5 treatment of gambling disorders through support and participation
6 with the National Center for Responsible Gaming. In fact, I am
7 privileged to serve as a board member of the foundation which
8 funds the center, and I am actively involved in fundraising
9 efforts which in 1997 resulted in more than \$4.5 million being
10 committed by members of our industry to enable quality, unbiased
11 research.

12 The experts told us to fund research and we have.
13 What else have the experts told us? They have told us to keep
14 our eyes open: keep our eyes open to customers who may exhibit
15 signs of a problem; keep our eyes open to employees who may have
16 a problem; keep our eyes open to the problem itself. This means
17 acknowledging the problem instead of diminishing its existence;
18 it means responding to it in a direct proactive meaningful manner
19 and not attempting only cursory half-hearted endeavors.

20 Some in the casino industry, in the parimutuel
21 industry, in the lottery industry, in the charitable gaming
22 industry or in the cardroom or bingo industry offer only half-
23 hearted efforts to mitigate this problem, and they need to stop
24 that. But others are making very conscientious and committed
25 efforts to heed the advice from experts. We should identify best
26 practices and build upon what works.

27 In our industry, the American Gaming Association is
28 the catalyst behind consolidating all our efforts. Keeping our

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 eyes opened means casting aside the speculation and accusation of
2 who or what is to blame for the problem.

3 At Grand Casinos, our programs focus on awareness and
4 education. The experts have told us the best way to help someone
5 with a gambling disorder is to make the resources and referrals
6 of professional assistance available and easily accessible.
7 Something as simple as providing a brochure which publicizes a
8 helpline number, we have been told, can make a difference for
9 someone when they are ready to seek help for their problem.

10 We make sure the Compulsive Gambling Helpline phone
11 number is displayed throughout our properties, both in the public
12 access areas and in the staff and support areas; we print the
13 helpline phone number on brochures and posters; we put it on our
14 business cards, on Player Club cards, on ATM and credit card
15 advance receipts, on credit card applications and correspondence,
16 in hotel directories, and on the in-room videos played in our
17 hotels.

18 We've also developed a public service announcement
19 about problem gambling featuring the helpline phone number. This
20 PSA has been requested and provided to more than a dozen state
21 councils on compulsive gambling. We've adopted a responsible
22 gaming tag line: When you need to win, you need to quit -- which
23 we print on our marketing collateral and include on our print and
24 television advertising.

25 Experts have told us to educate our employees and
26 help them recognize the signs of disordered gambling behavior.
27 In concert with the Minnesota Council on Compulsive Gambling, we
28 have developed two original training classes for employees. The

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 first we call Red Flags and Referrals, and it's objectives are to
2 help our employees understand company policy related to problem
3 gambling. All of our employees who work on or around the gaming
4 floor either have or will participate in this training.

5 The second training class is related to underage
6 gambling. In every gaming jurisdiction, strict laws prohibit
7 those under the legal age from participating in gambling
8 activity; however, the law in and of itself is not enough to
9 ensure that minors do not gamble. Training for our security
10 staff and others begin with an understanding of why minors are at
11 risk for developing gambling disorders. Our employees wear
12 buttons with the message "WE check IDs" to provide a visible
13 reminder to everyone that we will prevent underage gambling to
14 the fullest possible extent.

15 New employees are introduced to Grand Casinos'
16 policies and practices regarding problem gambling during their
17 orientation. Finally, specialized training is provided for those
18 managers who volunteer to take a role in intervening with those
19 customers suspected of having a
20 gambling disorder.

21 When you evaluate the social and economic impact of
22 disordered gambling, I urge you to take into account the positive
23 impacts that employment in the casino entertainment industry
24 have. We provide extensive benefits to our employees, many of
25 whom were denied access to quality benefits before we came to
26 town. Additionally, take into account the dependents of our
27 employees, and you will realize that over 22,000 lives have been
28 positively affected by access to quality benefit programs.

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 At Grand Casinos we have a comprehensive benefit
2 program called Health Quest. Our Health Quest program helps us,
3 as an employer, recognize and react to threats to the health and
4 well-being of our employees and their families, such as smoking,
5 poor diet, lack of exercise, or addictive disorders. All of our
6 employees and their family members have access to our employee
7 assistance program, and finally, because we are self-insured, we
8 mandate that all of our health coverages for our associates
9 include disordered gambling.

10 Our policies and practices are designed to address
11 problem gambling directly and up front. There is undoubtedly a
12 lot we don't know about compulsive gambling behavior. I have
13 already told you I don't have figures or reports or statistics to
14 share with you about the percentage of people who suffer from
15 gambling disorders or research to evidence the effectiveness of
16 programs in place throughout the operation.

17 We as an industry continue to emphasize the
18 relatively small numbers of people who suffer negative
19 consequences as a result of their inappropriate gambling
20 behavior. We, nonetheless, believe it to be our responsibility
21 to be sensitive to the problem and pro-actively address it.

22 In approaching this issue, like so many others that
23 face our business, an enlightened approach is really the best
24 approach. My company and the industry we are a part of will not
25 close its eyes to the issue; we take it seriously and we are open
26 to learning more and doing more, not because we are obligated to
27 do so, but because it is the right thing to do.

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 My father once taught me if you always do the right
2 thing, you will never find yourself on the wrong road. Thus, for
3 me and for those other casino executives who I believe share my
4 opinions, there exists a very strong commitment to do the right
5 thing to help those negatively affected by the product we offer.
6 But to do so, we need guidance, not regulation; we need
7 information, not assessments; and we need collaboration, not
8 isolation.

9 Thank you for taking the time to hear what I have to
10 say, and I will submit some support documents for the Commission.

11 CHAIRMAN JAMES: Thank you very much.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com