

1 CHAIRMAN JAMES: And at this point, I'd like to open
2 the panel up for discussion and question among commissioners. I
3 think I saw Commissioner Lanni first, then we'll go to Wilhelm,
4 and Dobson.

5 COMMISSIONER LANNI: Thank you very much, Madame
6 Chair. Just as a correction for Mr. Rychlak, I think it's a soft
7 20, not a soft 21. There's no such thing as a soft 21.

8 MR. RYCHLAK: He actually hit on 21.

9 COMMISSIONER LANNI: There's no such thing as a soft
10 21; you either have 21 or you don't have 21.

11 For Representative Perkins, if I may. Relative to
12 the issue of contributions, you indicated there have been some
13 restrictions approved by the legislature, I assume signed by the
14 governor here, in the state of Louisiana. What are those
15 restrictions now?

16 MR. PERKINS: It's now illegal for gambling
17 establishments or gambling interests to directly make
18 contributions to political campaigns. However, it's fairly easy,
19 I think, to circumvent those through lobbyists or through others
20 that have multiple clients.

21 COMMISSIONER LANNI: I would represent to you that
22 you might want to take a look at the law passed by Michigan which
23 actually outlaws any contributions from operators, employees, or
24 suppliers of goods and services to casinos. In fact, they can't
25 even get a casino license to serve a casino if they have given a
26 contribution. Something I think you might want to, as a
27 legislator, look at. I think it's the best law in the land, as a
28 matter of fact.

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1 You obviously caught my attention when you mentioned
2 that you knew, I think you said individuals, former employees of
3 casino entities that had indicated that 40 percent of their
4 revenues, or up to 40 percent of their revenues came from
5 targeted -- and I think that's my word, not yours -- problem
6 gamblers.

7 MR. PERKINS: Right.

8 COMMISSIONER LANNI: How many people told you that?

9 MR. PERKINS: I spoke with one who was a former -- he
10 was involved very heavily in the management of one, and I've also
11 seen studies that indicate numbers ranging anywhere from, I
12 think, 20 to 50 percent of revenue coming from problem gamblers.

13 COMMISSIONER LANNI: I think it would be very helpful
14 if you would submit that person's identity, and possibly that
15 individual would be willing to meet with either the Commission or
16 staff and would make him or her available to submit proof of that
17 claim.

18 MR. PERKINS: Be happy to.

19 COMMISSIONER LANNI: I personally find it outrageous.

20 MR. PERKINS: Be happy to.

21 COMMISSIONER LANNI: And the last comment I would
22 make -- and I'm not going to go into detail on this -- but you
23 mentioned that corruption since gaming has come to the state of
24 Louisiana has been a reasonably significant factor.

25 Now, I have not lived in the state of Louisiana, but
26 having been reasonably well educated, I think -- even though it's
27 the University of Southern California; I think Jim and I would
28 agree it's a great institution -- I know you're a young man, but

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1 I've got to tell you that Louisiana and corruption have had a
2 long history from the Huey Long and the others, with all due
3 respect to your state.

4 And I understand you're a person of very high
5 caliber, high quality, and a very high moral standard, and I
6 suspect you and others will be trying to change that, but I
7 wouldn't want to have this Commission feel that corruption did
8 not exist in the state of Louisiana before gaming was legalized.

9 MR. PERKINS: No, and I wouldn't want to leave the
10 panel with that impression either, but it's been like pouring
11 gasoline on a bonfire. It has certainly increased where we have
12 public officials being put in jail. We've really created a new
13 class of criminals.

14 As a former police officer -- I ended my career in
15 law enforcement just prior to the expansion of gambling, but have
16 kept contact -- you know, we're finding all new types of people
17 that would not normally commit crimes that are now being
18 identified as criminals.

19 And some of those include some what I would consider
20 to be good public servants who just, for whatever reason, were
21 tempted and used bad judgement and have landed up in jail. And
22 that was not as prevalent, although it was here but not as
23 prevalent prior to the introduction of gambling.

24 COMMISSIONER LANNI: The first part of that statement
25 is very similar on a national level right now, as a matter of
26 fact.

27 MR. PERKINS: Character matters, that's true.

28 COMMISSIONER LANNI: Thank you very much.

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1 CHAIRMAN JAMES: Thank you.

2 Commissioner Wilhelm.

3 COMMISSIONER WILHELM: Good thing you identified
4 yourself as a Republican earlier.

5 (Laughter.)

6 COMMISSIONER WILHELM: Although, as usual, I agree
7 with you.

8 I just have a comment and just a factual question.
9 The comment -- I will be very careful with this because Dr. Moore
10 has advised me that the only thing that can be said about anybody
11 from Ole Miss is something good. I'm happy to say I enjoyed your
12 presentation, Mr. Rychlak, however, I am compelled to say that in
13 your written testimony I believe you're the first person I've
14 encountered, at least personally, who uses a Hollywood fictional
15 film, namely the film "Casino" as a source which I thought was
16 bold of you.

17 MR. RYCHLAK: It's actually based on sort of a
18 factual book, I think.

19 COMMISSIONER WILHELM: Yes. It's one of them
20 historical novel type things.

21 (Laughter.)

22 COMMISSIONER WILHELM: But on a serious note. Mr.
23 Bowen, forgive my ignorance, but could you explain what an eight-
24 liner is and what the legal dispute is pertaining to that?

25 MR. BOWEN: Sure. It looks like a slot machine and
26 operates like one. It's called an eight-liner because there are
27 eight different ways to win: three rows down or diagonally.

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1 And in particular the way they operate in Texas and
2 the way they tried to fit in under the exception is that in 1995
3 an exception was introduced to the general definition of gambling
4 devices which would outlaw slot machines that said if it's
5 created for bona fide amusement purposes and doesn't award you
6 more than ten times the amount that you insert, then it's not a
7 gambling device.

8 And the problem with that is that technology outran
9 the definition rather quickly -- or already had at the time that
10 it was passed -- and through internal accumulation, what a single
11 play is is ambiguous at best, and the eight-liner is effectively
12 designed to, at least from the industry's perspective, fit within
13 that exception.

14 COMMISSIONER WILHELM: So a person like me who came
15 in and looked at it might think it was a slot machine.

16 MR. BOWEN: It's a slot machine.

17 COMMISSIONER WILHELM: Thank you.

18 COMMISSIONER MOORE: Sort of like tic-tac-toe?

19 (Laughter.)

20 MR. BOWEN: Exactly.

21 COMMISSIONER MOORE: I mean, how many do you have to
22 line up: three?

23 MR. BOWEN: There's three rows and you can actually
24 select how many different rows you want to bet on, so you can
25 increase your odds as well -- which is another reason why it's
26 illegal.

27 CHAIRMAN JAMES: Commissioner Dobson.

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1 COMMISSIONER DOBSON: Representative Perkins, I want
2 to go back to a question that I asked yesterday during the
3 testimony and get your perspective on it. We heard from Mr.
4 McCormick that the Coast crime commission in Biloxi had increased
5 dramatically, the incidence of crime had increased dramatically
6 since the introduction of gambling: larceny is up 40 percent;
7 the number of assaults also up 268 percent; drug arrests and DUI
8 arrests, and so on were up dramatically.

9 I understand you said a minute ago that you have a
10 background in law enforcement.

11 MR. PERKINS: Yes, sir.

12 COMMISSIONER DOBSON: Do you still have contacts?

13 MR. PERKINS: Yes, sir.

14 COMMISSIONER DOBSON: When I asked this question of
15 the mayor of Biloxi yesterday and why his glowing report on the
16 effects of gambling had been more or less contradicted by these
17 statistics, the answer that was given was that it's because of an
18 influx of people, that there are more individuals coming in to
19 gamble there, and so the statistics rise as far as crime is
20 concerned. Give me your view of that.

21 MR. PERKINS: Well, I can speak from the Baton Rouge
22 area, and the Baton Rouge area does not bring in a lot of people
23 to gamble. In fact, the economists at Louisiana State University
24 say that the market for the Baton Rouge area is really about a
25 50-mile radius; it's mainly residents that gamble.

26 We have seen an increase in certain types of crime.
27 Bank robbery has been up tremendously; we have seen more theft,
28 embezzlement, a lot of bad checks. Now, there are really two

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1 factors. Law enforcement is cautious to pin that solely on the
2 back of gambling. We're trying to better track gambling-related
3 crime now, and that's one thing with the FBI stats that are
4 reported: they can begin tracking better gambling-related crime
5 as they do drug crime. Those are our two biggest problems that
6 are behind crime increases: drugs and gambling.

7 But what's significant, as I mentioned just earlier,
8 is in a town like Baton Rouge of 250,000 residents in the area,
9 you pretty much know who your criminals are, you've got a mug
10 album that has your typical criminals that commit your thefts and
11 your burglaries, and when you get witnesses to come in from
12 different events, you have them look through the mug sheets and
13 probably 60 percent of the time you can identify who it was, and
14 you go get them because they're constantly doing it.

15 Since gambling has come in, you don't find them in
16 the mug sheets because it's a new breed of criminal, people being
17 prompted into crime as a result of their gambling addictions. So
18 it has had an effect in the Baton Rouge area.

19 I think we're still a few years away from actually
20 being able to label it a gambling problem, but certainly as the
21 introduction of gambling has come and has risen, so has crime;
22 and I think you could make an educated guess, at best -- or at
23 worst -- that there is some connection.

24 COMMISSIONER DOBSON: Let me ask you one other
25 question. I think you said that free and open elections to
26 determine whether gambling comes into a particular area are very
27 difficult, that it just does not work because the amount of money
28 that's involved. Where should those decisions be made?

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1 MR. PERKINS: Well, I think that can be accomplished,
2 although there's still a lot of money that goes in prior to
3 gambling being established. But understand that we had our
4 elections after they were already operating and where the
5 citizens of the state were already losing \$1 billion a year going
6 into the pockets of the gambling industry, who could then turn
7 that money back around to advertise and to promote themselves for
8 the election: giving money to schools, buying pumpkins for
9 elementary schools to color, giving money to the gambling
10 addiction establishments to show their good citizenry.

11 So when there's that much money that's out there that
12 they can use to -- they do a wonderful job at PR, at showing
13 themselves as a good public citizen -- it's very difficult to
14 have elections that are based upon the merits of gambling after
15 the introduction of gambling. And if anything that I would bring
16 to this Commission, it's that you could tell Louisiana's story to
17 other states that are considering jumping headlong into this that
18 they do it the right way, if they're going to do it at all.

19 COMMISSIONER DOBSON: That money corrupts the
20 political process and their decision-making power too, does it
21 not?

22 MR. PERKINS: Well, when you have the president of
23 the senate handing out checks from the gambling industry on the
24 floor of the senate prior to and after votes, yes, that has a
25 tendency to corrupt.

26 CHAIRMAN JAMES: Commissioner Bible.

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1 COMMISSIONER BIBLE: Are other industries in Louisiana
2 allowed to contribute to the political process, make
3 contributions to campaigns?

4 MR. PERKINS: No other industries that have been
5 considered vices under the constitution previously in Louisiana
6 can do that.

7 COMMISSIONER BIBLE: But any other industry can
8 contribute freely to the political process?

9 MR. PERKINS: Yes.

10 COMMISSIONER BIBLE: And gambling is the only
11 industry where there's a prohibition?

12 MR. PERKINS: Yes, where they cannot contribute
13 directly to candidates.

14 COMMISSIONER BIBLE: And it sounds, as you described
15 the legislation, like there are a number of loopholes left in the
16 law?

17 MR. PERKINS: I think there are, yes.

18 COMMISSIONER BIBLE: Was that done deliberately?

19 MR. PERKINS: Well, since we are still considering
20 gambling and gambling is continuing to expand in Louisiana, and
21 we've yet to repeal any type of gambling, and there's a lot of
22 influence still held over the legislature from the gambling
23 industry, I would say yes.

24 COMMISSIONER BIBLE: But I assume the politicians
25 like to collect the contributions.

26 MR. PERKINS: They do.

27 CHAIRMAN JAMES: I'm going to take a point of
28 privilege here right now. It's 12:15 and evidently we do have

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1 some weather problems -- and I'm trying to confirm that right
2 now -- in terms of flooding surrounding the hotel and our ability
3 to get cars in and out and that the hotel is doing sandbags right
4 now and preventing a flood, but there's nothing really to worry
5 about there. And I figured if we float, we could be at the
6 casino.

7 (Laughter.)

8 COMMISSIONER WILHELM: You mean continuing our
9 hearing is kind of a gamble?

10 CHAIRMAN JAMES: Yes, that's right.

11 (Laughter.)

12 So I thought this would be a good time for us to go
13 ahead and stop, figure out exactly what's going on. We will be
14 going into executive session at this time; that will give the
15 audience the opportunity to figure out what's happening.

16 But before we all break, as at previous meetings, the
17 Commission usually operates in executive session during lunch to
18 discuss various items, including personnel matters and the
19 handling of confidential information, as permitted by our statute
20 and with prior notice as was done in connection with this
21 meeting. So I'd be happy to entertain a motion.

22 COMMISSIONER WILHELM: So moved.

23 CHAIRMAN JAMES: Second?

24 COMMISSIONER DOBSON: Second.

25 CHAIRMAN JAMES: All in favor?

26 (A chorus of ayes.)

27 CHAIRMAN JAMES: And panelists, I want to thank you
28 very much for participating and for your input. We still want to

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1 hear from you throughout this process, and I thank you for being
2 here today, particularly with the weather as it is.

3 We're going to try to convene again at 1:30.

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