

1 CHAIRPERSON JAMES: With that, I'm going to open
2 up the floor to commissioners. I'm sure we will have quite a
3 lively discussion. I'm going to recognize the first
4 commissioner, and after that, it will be pretty free-flowing.

5 Commissioner McCarthy?

6 COMMISSIONER McCARTHY: Before I ask my two questions,
7 I just wanted to make a couple of comments, Madam Chair, to Dr.
8 Gerstein and his colleagues. I didn't realize when the Chair, in
9 her wisdom, appointed the three members of the Research
10 Subcommittee a century ago that we were going to be so deeply
11 involved in all of the research work, but I think the three
12 members of this committee, Jim Dobson, John Wilhelm, and myself,
13 it's fair to say are pretty reflective of the mix on this entire
14 Commission.

15 And we're very heavily involved with you after you were
16 picked from what you submitted in response to the RFP. You held
17 numerous meetings with the Research Subcommittee. At length, we
18 worked on the whole question set in the telephone survey.

19 We asked endless questions. And I thought they were
20 fruitfully asked questions. We should have asked them. We did
21 ask them. And Dr. Kelly and Dr. Reuter both were there working
22 very hard trying to establish this primary research agenda.

23 So I wanted to thank you, speaking as an individual as
24 a Chair of that Research Subcommittee, as one of the three
25 members, for everything that has happened, the entire work
26 product that you're presenting.

1 I think, predictably, a lot of the findings that you've
2 made are going to arouse criticism. They have on a continuing
3 basis, of course. Your methodology was attacked. We had a three
4 or four-hour meeting in Del Mar on whether the methods you had
5 adopted for the telephone survey were appropriate or not. This
6 will continue on.

7 It's sort of related to the predisposed feelings of
8 those who think your estimates of problems in pathological
9 gambling prevalence and a lot of problems incidental to
10 problem/pathological gambling are too high or, on the other side,
11 whether they're too low. And that's going to continue.

12 I just wanted to state I think the body of work you
13 have given us is extremely important. It's going to provide not
14 only the first serious national survey on this subject because
15 the 1975 national survey did not pay much attention at all to
16 problem and pathological gambling.

17 So this is really the first national work that we can
18 use as a basis to go forward from here. I think it's extremely
19 important. It's a road map. Not only does it give us a body of
20 information now, which we can pick at and express satisfaction or
21 dissatisfaction with, but it also gives us a road map as to what
22 future research needs to be done, equally as critical.

23 It's frustrating being a member of a two-year
24 Commission, particularly for someone like myself, who did not
25 come from the industry or hadn't a lot of depth in this problem,
26 because we know that it is a continuum of attention by those in
27 powerful places in the federal government and state governments

1 and the tribal government leadership, and private sector that is
2 needed to address these problems.

3 So we don't expect what you have given us to try to
4 provide all of the solutions here, but it is a very helpful asset
5 to us.

6 Now, I have two questions or, really, one question and
7 then a kind of a comment. The first question to you, Dr.
8 Gerstein, I notice that the adult population you used, I think it
9 was 197 million.

10 DR. GERSTEIN: That's correct, yes.

11 COMMISSIONER McCARTHY: Okay. But that was defined as
12 people 18 years or older.

13 DR. GERSTEIN: That's right.

14 COMMISSIONER McCARTHY: Only a few states allow
15 gambling by people 18, 19, and 20. If you looked at the real
16 population, I think perhaps we might have been looking at, to try
17 to get accurate prevalence numbers, it would be those, the adult
18 population of legal gambling age.

19 I don't know how many 18, 19, and 20-year-old Americans
20 there are, but it would reduce that 197 million number down by --

21 DR. GERSTEIN: Twelve million.

22 COMMISSIONER McCARTHY: -- 12 million. So may I
23 respectfully suggest that perhaps what we should have been
24 looking at was 187 million as the base that would establish the
25 prevalence numbers? Just a thought. I'd like to ask you to
26 think about that.

1 Others may have a contrary view. I don't know if you
2 want to give any immediate response to that, whether that's a
3 valid concern that I have or not. It's certainly reasonable.
4 It's always reasonable to denominate.

5 I'm not sure it makes much difference because although
6 the patterns of behavior do change and there's fairly rapid
7 change, I think, in essentially the economic position of people
8 as they age from 18 to 25, I'm not sure except for the obvious
9 legal restrictions that there's a lot of change in other respects
10 between 18 and 21.

11 The real difference that seems to come out, just
12 looking at the data on adolescent gambling, adolescents gamble
13 differently, but they seem to report a fairly similar rate of
14 problems to adults if you take into account the fact that they
15 don't have any income. They can't gamble away the rent because
16 they don't pay the rent. And they don't have the wherewithal to
17 do that.

18 In terms of denominating rates, we certainly could make
19 that adjustment. My guess would be that if you take out the 18
20 to 21-year-olds or 18 to 20-year-olds, the rates wouldn't change
21 much because I think that for problem/pathological gambling, we
22 wouldn't see that their rate is appreciably different from that
23 of the other 187 million represented.

24 COMMISSIONER BIBLE: But I think if you'd take a look
25 at most states, you're going to find that most states don't allow
26 you to engage in casino gambling until you're 21, but a lot of

1 states allow you to buy a lottery ticket and most states will
2 allow you to engage in pari-mutuel wagering at 18.

3 COMMISSIONER McCARTHY: If there is pervasive
4 participation -- I knew there was some in lotteries. I was
5 unaware that there was a lot of 18-year-old participation in
6 pari-mutuel. And then that would diminish my concern on this
7 point.

8 COMMISSIONER LANNI: Leo, I just must add, your State
9 of California allows 18-year-olds to gamble in pari-mutuel.

10 COMMISSIONER McCARTHY: That law passed after I left.

11 (Laughter.)

12 COMMISSIONER WILHELM: Actually not.

13 COMMISSIONER McCARTHY: John. The second point to Mr.
14 Harwood, Mr. Harwood, the Research Subcommittee had some concerns
15 that if we were to undertake the estimation of economic costs,
16 such as some of the things you've reviewed here, one concern was
17 we could not rely upon records and data that was not sufficiently
18 fixed where the recordation was not consistent, valid, you
19 couldn't rely upon it.

20 So I see what you've done is built in a number of
21 conservative assumptions in trying to arrive at the economic cost
22 estimates that you have just reviewed for us.

23 But I don't know if you're going to continue to be a
24 part of this or not, but to Dr. Gerstein and NORC, I think it
25 would be very helpful if you tried to define for us -- you've
26 given some indications of some things that needed to be done to
27 complete such estimates.

1 It would be very helpful if you could take pains to
2 list what steps, not today, give us something in writing, to list
3 what steps could be taken, valid research steps, so that we could
4 have solid estimates.

5 Obviously there are going to have to be certain changes
6 in recordkeeping. One thing we discussed was local law
7 enforcement does not identify gambling-related white collar
8 crimes primarily.

9 So changes like that would need to be done, I think the
10 Commission might want to at least seriously consider making the
11 effort to try to bring about those changes.

12 Now, I appreciate that you didn't stray into those
13 areas in the cost estimates you just gave us, but I think what I
14 see here is that the 5 billion and the 40 billion figures you
15 have given us are incomplete. They're partial numbers. And,
16 yet, we really couldn't go beyond that in any way. We would
17 really have to try to have better sources to go to to try to
18 validate some of our estimates.

19 So if you could detail that in something written to us,
20 I would appreciate it very much.

21 Thank you, Madam Chair.

22 COMMISSIONER WILHELM: Madam Chair?

23 CHAIRPERSON JAMES: Can I exercise Chair's prerogative? I
24 just have one quick --

25 COMMISSIONER WILHELM: Absolutely.

26 CHAIRPERSON JAMES: -- annoying question I wanted to
27 get out of the way. You may remember when we were at Regent, we

1 had a little bit of extended conversation about the combining of
2 the two data sets, the patron survey and the telephone survey and
3 in terms of looking at that data, how important it was to
4 separate it and if it were combined to delineate it. And I see
5 there has been a little bit of a shift in that. Can you --

6 DR. GERSTEIN: Well, I think the points at which it was
7 separated are laid out in the report, particularly the difference
8 between the estimates for the pathological and problem gambling.
9 That's the main place that difference arises.

10 In most of the other estimates, we don't see much
11 difference except in the differences in the size of those groups.
12 In other respects, the groups look fairly similar, regardless of
13 which base one uses, the telephone alone or the telephone with
14 the patron samples.

15 CHAIRPERSON JAMES: But they were combined?

16 DR. GERSTEIN: We did combine them for most of the
17 analyses. That's correct.

18 COMMISSIONER BIBLE: Can I follow up --

19 CHAIRPERSON JAMES: Oh, certainly.

20 COMMISSIONER BIBLE: -- with a concrete example? If
21 you go to your report on Page 29 -- you didn't bring a report?

22 DR. GERSTEIN: I did. I just left it at my seat.
23 Would you indulge me for a minute?

24 COMMISSIONER BIBLE: And I want to compare it with a
25 similar chart that was in your previous report so I can
26 understand your methodology. If you take a look at the item in
27 the drug use, 5-plus days, pathological gambler, you're showing

1 an incidence of 8.1 percent in this particular data set. You
2 take a look at the previous information. We showed an instance
3 of 31.6 percent. And that would be in the February 1 report.

4 I don't know if you have that in front of you. I
5 happen to have a copy. So maybe if I can get John to give it to
6 you. I just need to understand your methodology as to how you
7 did this.

8 And we had quite a bit of discussion over this
9 particular chart down at Virginia Beach. My recollection is that
10 we came to the conclusion from that that the people who were
11 pathological gamblers, one-third of them had engaged in illegal
12 drug activity during the current year. I believe we were looking
13 at current year individuals. And now we have a chart that shows
14 8.1 percent.

15 So maybe you can walk us through the methodology as to
16 how that number changes from 31 percent to 8.1 percent.

17 DR. GERSTEIN: Well, the number of people increases
18 substantially. I think on most of these figures, we didn't see
19 much change.

20 COMMISSIONER BIBLE: Would that chart have included
21 your patron data in the February study?

22 DR. GERSTEIN: It would, but we're talking here about
23 -- I mean, the figure here of 31.6, the precision that suggests
24 is based upon something like 21 cases. So you're talking about
25 seven people. And I'm assuming --

26 COMMISSIONER BIBLE: I just don't know how we go from
27 31 percent last month to 8.1 percent this month unless somehow

1 you stuck the patron survey in there and blended the results from
2 that survey to get a lower result.

3 DR. GERSTEIN: We did blend. We did blend the results.

4 COMMISSIONER BIBLE: Was it blended in that particular
5 graph?

6 DR. GERSTEIN: It would have to have been because all
7 the data reported were for the telephone survey alone.

8 COMMISSIONER BIBLE: And I think that follows up on the
9 point. In a patron survey, you're doing face-to-face contact
10 with people.

11 CHAIRPERSON JAMES: Yes.

12 COMMISSIONER BIBLE: In this instance, you're asking
13 them if they're engaging in illegal behavior. And I've just got
14 to believe empirically that most people are going to say no to
15 somebody that comes up and asks them on the street, "Are you
16 engaged in illegal behavior?" If they are, they may think
17 they're law enforcement or something of that nature.

18 Then you take the data. And you blend it in with your
19 telephone data. And I just question the result.

20 CHAIRPERSON JAMES: Well, I have a slightly different
21 question, which is: Okay. Blend it but not necessarily identify
22 it as having blended, which is something we specifically asked
23 for at the last minute.

24 COMMISSIONER BIBLE: That was my concern. You can't
25 tell where the data is coming from.

26 DR. GERSTEIN: Well, I'd be happy to generate -- I
27 mean, we have the same chart for both groups. And, again, with

1 that number coming off seven individuals, it's not a stable
2 number. It's a small group. I think this data is --

3 COMMISSIONER BIBLE: I can't understand the difference
4 in the 31 percent --

5 CHAIRPERSON JAMES: And the eight?

6 COMMISSIONER BIBLE: -- and the 8 percent as to what
7 happens between February and March. It's kind of like every
8 state in the Union where the --

9 DR. GERSTEIN: If you would like, we --

10 COMMISSIONER BIBLE: I think you ought to run all of
11 these charts on the telephone survey and all the charts on the
12 patron survey. Then you guys do whatever alchemy you do to
13 combine them. And it sounds like something out of Hamlet, where
14 we take an eye of a newt and a leg of a frog and we put them in
15 and we mix them up in the pot.

16 But I think we need to understand what the data is
17 before we draw any inferences that lead to policy conclusions.

18 DR. GERSTEIN: Okay.

19 COMMISSIONER LANNI: And that's significant. I still
20 have another question. Why when this Commission specifically
21 after some discussion in Virginia Beach specifically asked you
22 not to do that did you go ahead and do it anyway? I don't
23 understand that.

24 DR. GERSTEIN: I didn't understand the instruction was
25 not to do it but, rather, to show the differences.

26 COMMISSIONER LANNI: I thought it was very clear that
27 you were to separate them, not combine them. You've combined

1 them. And now you're not explaining very well why they're
2 combined to a level of 31 compared to 8.1. It just seems
3 disingenuous to me.

4 COMMISSIONER McCARTHY: May I? It was clear to me and
5 it was stated on many occasions that these numbers were going to
6 be combined to be instructive at Research Subcommittee meetings.
7 I'm trying to recall before the Commission that these numbers
8 were going to be combined to be instructive to us on certain
9 behavioral patterns of problem/pathological gamblers. Now, that
10 --

11 CHAIRPERSON JAMES: As I recall the conversation, the
12 issue was not necessarily the combining of the data but making
13 sure that, whenever that happened, it was delineated as such so
14 that we could do our analysis based on that information.

15 So I have less of an issue with the fact that they were
16 combined, but my recollection of our time together was that when
17 that happened -- and we can go back and look at the transcripts.

18 COMMISSIONER McCARTHY: So that should be cited with
19 each of the charts.

20 CHAIRPERSON JAMES: It should indeed be cited so that
21 when anyone looks at this data, they know what they're looking
22 at.

23 COMMISSIONER BIBLE: There should be two components, at
24 least. In my view, you should show the data from the patron
25 survey and right next to that the data from the telephone survey
26 so that at least the reader can draw their own conclusions
27 because I, at least, have some difficulty with the patron survey.

1 I did support the motion to go ahead and do it, but I
2 think I did it with the caveat that the information because of
3 the sample size and the gathering techniques and things like that
4 may be suspect so that I, at least, wanted that data segregated
5 out so I could attribute or give whatever weight I wanted to in
6 my own mind as to the validity of that data.

7 COMMISSIONER BIBLE: And

8 COMMISSIONER LANNI: That is what I recall the
9 instructions to be, that you would see them in both fashions.

10 DR. GERSTEIN: We can do that for each of these tables.

11 COMMISSIONER LANNI: I would request it.

12 DR. GERSTEIN: I did that for the initial table, which
13 I thought would stand for the whole, in indicating that there
14 were some differences, that they were relatively small. I can't
15 without going back and looking at it. The original data speaks
16 specifically to the modification in that one cell in the table.

17 COMMISSIONER DOBSON: Dr. Gerstein, as you are aware, I
18 also served on the Research Committee. And, like the chairman of
19 our committee has indicated, we have appreciated working with
20 you. You have been very cooperative, competent in the way you
21 have approached this. And I have enjoyed the process.

22 Now that the data have come back, however, and we have
23 had a better look at the methodology and the other aspects of the
24 report, I do have some major concerns that I would like you to
25 respond to, not, as Leo indicated, because the data are too high
26 or too low. That's not a good reason to question the results but

1 from what I would consider to be serious questions about the way
2 the study was done and the implications that came back from it.

3 First of all, I am concerned about the results of the
4 RDD study with regard to pathological gambling, which would
5 contradict reality or what you would expect, which are
6 counter-intuitive almost to the point of fantasy in some cases.

7 As you acknowledged in the report, some of the
8 respondents or the pathological respondents indicated that their
9 earnings, their winnings over the past year when extrapolated for
10 the population at large represented a net increase of \$2 billion
11 from an industry that reports \$50 billion in intake per year.
12 And that's just not reasonable that it would be that way.

13 This industry is not in the business of losing to
14 anyone who gambles over a long period of time. These people
15 obviously are addicted. They're regular customers. And it is
16 not reasonable at all to say that they came out with more money
17 than they went in with.

18 So that's the first concern. And if that is the case
19 with regard to pathological gamblers in this area where we have
20 some empirical evidence, -- I mean, you know that's simply not
21 true, simply not true -- then it casts doubt on the other answers
22 that those pathological gamblers had given to us as a place to
23 start.

24 DR. GERSTEIN: If I might just make one correction?
25 When you look strictly at the pathological gamblers and the
26 results they yield, they're not adding up to say they're ahead.

1 Quite the contrary. It's the low-risk gamblers who don't seem to
2 realize that they're losing money.

3 The low-risk group seems to think that it's taken away
4 twice, I mean, viewed as a group, that it's taken away twice as
5 many dollars as it's left behind. The pathological gamblers
6 don't see it that way overall. They see themselves as a group,
7 as walking away with much less money than was left behind.

8 The problem doesn't in general arise with the
9 pathological gamblers not recognizing that they're losing money.
10 It's that 150 million low-risk gamblers and even those who are at
11 risk and even to some extent the problem gamblers who when you
12 add up all of their numbers view themselves coming out ahead.

13 COMMISSIONER DOBSON: We'd know that's not true.

14 DR. GERSTEIN: Well, of course, it isn't true.

15 COMMISSIONER DOBSON: And not only with regard to
16 casinos but racetracks. They reported the same thing with regard
17 to pari-mutuel gambling. And in their personal gambling, they
18 estimated, what, 10 to one, the ratio of winnings to losses at
19 about 10 to one, which unless you're somebody named Slim and
20 you've got a cowboy hat over your eyes, it ought to be at about
21 50 percent. So again it's counter-intuitive, what we're finding
22 here in regard to some of these answers.

23 DR. GERSTEIN: It's not counter-intuitive if you ask:
24 Why do people gamble? If you ask why people gamble and why,
25 particularly, do 150 million people, who report no problems,
26 gamble when -- leave aside the private games for the moment. Why
27 do people gamble in a situation where at the end of the day,

1 every indication is that the group as a whole is going to walk
2 away, having spent money, having in a sense dropped money because
3 they do walk away having had entertainment value, having
4 experienced a kind of excitement that many of them say that
5 they're interested in, having had the chance to win, of course,
6 because the odds on any given bet are not zero chance to win?

7 But it seems sensible that if people think that if they win,
8 they're going to keep gambling; whereas, if they think they lose,
9 they won't.

10 COMMISSIONER DOBSON: Now, again, I'd like you to
11 address specifically the fact that it's obvious that those
12 answers were either not truthful or at least gross exaggeration
13 and the implications of that for everything else that's said.

14 And that leads to my second concern, having to do with
15 the fact that the behavior that we're attempting to evaluate,
16 especially with regard to pathological gambling.

17 Is it self-defined by a lack of candor, a lack of
18 honesty, if you will? I mean, lying is one of the
19 characteristics of this behavioral pattern, just as it is with
20 alcoholism or anorexia and bulimia or a spendaholic or any of
21 those behavioral problems that represent obsessive-compulsive
22 types of behavior.

23 And, yet, we are placing a great deal of weight in
24 those cases on people who have been called on the telephone and
25 who are being asked questions that are potentially embarrassing
26 or threatening or perhaps even illegal. They don't know whether
27 you're with the IRS or who you are when you call.

1 Bill, you referred to people feeling that way in the
2 patron survey. I think it would be even more so over a
3 telephone, where they can't look people in the eye.

4 And these are people who continually lie. That's part
5 of the pattern. And, yet, we're drawing significant information
6 about those individuals on the basis of their personal responses.
7 That seems suspect, at best, to me, especially when we do have
8 this one instance where there seems to be an underestimation of
9 the winnings and losses.

10 DR. GERSTEIN: The problem with survey methodology is
11 that it does indicate to us that all behavior in a survey
12 situation is not of a piece. At the same time, for instance, we
13 looked at the lottery results. And we've looked at these very
14 carefully.

15 You'll hear subsequently in this meeting from Phillip
16 Cook, who has also looked at these data again and I think has
17 some revisions based upon that second and closer look.

18 We ask two kinds of -- and this is really generally
19 true of all of our questions. We ask different questions of
20 people about the money that they put out in their gambling
21 activities.

22 In the case of the lottery, we ask two different kinds
23 of questions. We ask: How much did you win or lose? And we
24 also ask just plain: How much did you spend buying tickets?

25 We know two things about lotteries. The first thing is
26 that, by and large, lotteries pay back a little more than half of
27 what people spend. So out of the 30-odd million that people

1 spend buying lottery tickets, they, as a whole, get back more
2 than half of it. They leave less than half of it.

3 When we just ask people a question, how much you spend
4 on lottery tickets, and try and calculate up from that to the
5 total amount spent, we come within a hair's breath of the
6 estimate that has been made for the same year, for '98.

7 The final totals, as always with these financial
8 things, aren't fully in but the number that Cook and Clotfelder
9 used, which comes off of Terry LaFleur's run-through of all the
10 lottery receipt data, as a best estimate of the national
11 expenditure, \$31.9 billion. Our analysis of the survey data said
12 31.5 billion, which is pretty darned close.

13 Using a slightly different methodology, Cook and
14 Clotfelder added up our numbers and said: Well, we think maybe
15 it's only 27 and a half billion.

16 But, still, we're counting up most of the money people
17 spend in lottery when we ask them the question, "What do you
18 actually spend for tickets?" And, yet, in the same breath,
19 these same people have two interesting things going on. One,
20 when we ask them what they think the odds are, how much money
21 comes back from the lottery, by and large, they think they're
22 getting a much worse deal than the lottery actually gives them.
23 A large fraction of people think that you only get back ten cents
24 on the dollar, that your odds are substantially worse. They play
25 it, nonetheless.

26 And when we ask these same people who are giving us
27 numbers that account pretty much for all of the money that they

1 actually spend buying tickets, when we ask them, "Well, how are
2 you doing?"; there is about a billion dollars accounted for that
3 they say that they're ahead all together, adding them all up, and
4 about \$4 billion that they say they're behind, for a net
5 difference of 3 billion.

6 Now, this is a very different number. This isn't
7 nearly as good in terms of the dollars because we know that
8 they're leaving behind about 15 billion in the hands of the
9 lottery commissions.

10 So side by side in the same questionnaire, not very
11 many questions apart, you have answers that look right on target
12 and answers to other questions that don't.

13 And all I'm suggesting here is it's not the case of the
14 probity of the individuals judged by whether you get an accurate
15 answer to any one question and that enables you to look at all
16 the others. You sort of have to look at this a question at a
17 time.

18 In a similar vein having to do with whether the
19 telephone or an in-person interview is the best way to get
20 information, people have done methodological studies with answers
21 to questions about drug use. And it just happens. There are
22 reasons we obviously can discuss. A great deal more money is
23 spent on research about drug problems than has been spent on
24 gambling.

25 The national household survey on drug abuse is spending
26 more money this week on its annual survey than we spent once in
27 25 years on a national survey on gambling.

1 One of the interesting findings out of the national
2 survey is that there is very little difference between the
3 answers people give on the phone when they're asked about
4 marijuana use versus when they're asked in person. However, when
5 you ask about cocaine use, you get very different answers. You
6 get a much higher rate of cocaine use revealed over the phone
7 than you do in person.

8 So the difficulty here is that item by item you get
9 somewhat different patterns of how people respond. And that's
10 why item by item it's necessary to try and figure out how -- I
11 mean, to go into these data, as we have here and we tried to lay
12 out for you.

13 I'm sure you can appreciate how difficult it is for a
14 researcher to look at data and say, "This particular set of items
15 that we asked doesn't relate to the real world in a
16 straightforward way, but they do relate" -- CHAIRPERSON

17 JAMES: Let me interrupt just a second because I know that there
18 is a great deal of interest. I'm just going to ask that we try
19 to get our answers a little concise so that we can have more
20 opportunity for discussion.

21 COMMISSIONER DOBSON: I still have some other concerns

22 -- CHAIRPERSON JAMES: Yes, absolutely.

23 COMMISSIONER DOBSON: -- if I can express them.

24 CHAIRPERSON JAMES: Absolutely.

25 COMMISSIONER DOBSON: We don't really know that the
26 population that that particular research that you talked about is
27 based on, is the same kind of group.

1 In other words, it could be that drug usage is
2 represented by younger individuals, as compared with gambling and
3 so on. We don't know what the implications of that are for
4 telephone surveys of this nature.

5 DR. GERSTEIN: That's exactly my point. It's hard to
6 generalize from one to the next because we get contrary examples
7 throughout the --

8 COMMISSIONER DOBSON: And I know that it is difficult
9 to do what we've asked you to do. Behavioral research, where you
10 don't control all the variables and you're trying to involve a
11 lot of people, some of whom don't want to respond, that's tough.

12 And so I'm not critical of you, but I do think we owe
13 it to the scientific community to take a good, hard look at what
14 you're finding and whether or not it meets the test of validity
15 and reliability.

16 The third concern that I have is the one that goes back
17 to what I expressed at Virginia Beach, where the RDD study
18 contradicts or underestimates or understates the findings of a
19 body of literature that exists in peer-reviewed journals,
20 especially with regard to the youth studies and the incidence of
21 gambling among young people.

22 Those differences are so great. I know the criteria
23 have changed and the instruments have changed and the questions
24 have changed, but they are so far off that it raises a lot of
25 questions for me.

26 As I indicated last time, I spent ten years in medical
27 research at University of Southern California School of Medicine.

1 And whenever you come up with findings that are very, very
2 different than a whole body of scientific information, the new
3 information is suspect until proved otherwise.

4 And you are aware of Dr. Schaffer's meta analysis that
5 found youth pathological gambling rates being around 6 percent,
6 somewhere between 4.4 and 7.4. And, of course, the studies that
7 I mentioned in Virginia Beach about the reports released in
8 August of last year to the American Psychological Association in
9 San Francisco revealed rates of five to eight percent.

10 The NORC estimated the lifetime pathological gambler
11 incidence was 1.5 -- or that's NRC. And NORC's RDD revealed.89.
12 So there's a gigantic gap there between those findings that
13 raises significant questions from me.

14 Do you want to respond to that?

15 DR. GERSTEIN: In a sense, the response is not much
16 different from the point I made in Virginia Beach, that is that a
17 lot of the --

18 COMMISSIONER DOBSON: In the interest of time, let's go
19 on. I've really just restated what I tried to say there. And
20 you have responded to it. I want to add that to the record as
21 yet another concern, especially with regard to youth.

22 COMMISSIONER DOBSON: Fourth and last is what you all,
23 Mr. Harwood and Dr. Gerstein, just reported with regard to the
24 social costs of gambling, associated with gambling.

25 I'm concerned by what seems to me to be a relatively
26 small constellation of factors on which you reached that \$5

1 billion figure when there are other very significant costs that I
2 admit are difficult to get at. But they're still there.

3 Common sense would tell us that the cost of divorce is
4 not simply limited to the legal cost. I mean, there's a wide
5 range of implications for child abuse and for spouse abuse and
6 for all the other things that are associated with divorce. The
7 wide-ranging implications of theft have I think some concerns for
8 us here.

9 I think, again, going back to Dr. Lesieur's research,
10 one-half of the pathological gamblers that he studied had
11 admitted lying and stealing, especially stealing, from employers,
12 from spouses, from friends, from anybody, stealing anything that
13 wasn't nailed down. You know, that is a significant cost that
14 I'm not sure you have attempted to estimate. So there are just a
15 lot of social implications there that would change that \$5
16 billion figure dramatically.

17 And, again, it's difficult to get at those things, but
18 I'm bothered by the statement that you made on Page 50, which
19 says, "The main conclusion is that the current economic impacts
20 of problem and pathological gambling are relatively small, both
21 in terms of the number of current prevalence," and then you have
22 parentheses, "and cost per prevalent case."

23 I don't think you can make that statement without
24 addressing the things that you have a hard time getting at in
25 terms of social costs.

26 DR. GERSTEIN: In stating that that's the main
27 conclusion in the analysis that was conducted, that conclusion,

1 especially that it's relative to the other numbers, is accurate
2 to that analysis. That it's the main conclusion in a larger
3 sense, namely that it summarizes everything there is to know, is
4 not the meaning intended. It really was focused on that
5 comparison.

6 CHAIRPERSON JAMES: I really am concerned that that
7 statement standing alone could send a very wrong message,
8 particularly in light of other data that we have coming forward
9 that said it's just hard to get at. In many cases, the research
10 doesn't exist, the data doesn't exist to support that statement.
11 And we're jumping right in.

12 COMMISSIONER LEONE: May I jump in here?

13 COMMISSIONER DOBSON: Madam Chairman, there's nothing
14 there for a suicide, the implications of suicide and the cost of
15 that. There are a number of factors. We could fill a page.

16 COMMISSIONER LEONE: We have a problem measuring these
17 costs everywhere. Let me give a simple example. If somebody
18 goes into a store and buys a shirt for \$29, we say that shirt was
19 worth \$29 to them. Presumably they could have bought another one
20 for \$28 or \$30. Theoretically, that was the amount of
21 satisfaction embodied in buying that shirt and usefulness. And
22 because it's a physical article, we feel comfortable saying that
23 that was a \$29 shirt.

24 Now, when they go in and lose \$29 gambling or spend \$29
25 on gambling, we tend to say: Well, they got \$29 worth of
26 satisfaction. We know that's a fuzzier number in that they
27 didn't really say, "I'm going to get \$29 worth of satisfaction.

1 I could have gotten 30 or 28, but I bought the \$29 package of
2 satisfaction."

3 In the casino, when somebody loses a lot of money and
4 then let's say they get a divorce, maybe -- God knows I don't
5 want to say the wrong thing about Reno or any other place or any
6 other group or subgroup in the United States. But let's say they
7 can get a divorce for \$29 in Reno. And we say: Well, the cost
8 or the down side of their pathological gambling which led to
9 divorce we can measure is \$29.

10 Now, that becomes absurd because if you say the
11 dissatisfaction cost of a divorce to the family, to the spouse,
12 the children, to society, to the individual, the individual's
13 dissatisfaction is not measured by the professional service cost
14 of hiring a lawyer or filing papers. It's obviously a much
15 larger cost that we can't measure.

16 And one of the real problems when we try to look at the
17 costs and benefits in this area and try to quantify them -- and I
18 admire the attempt to do it -- is our apparatus breaks down
19 because -- and it's probably erroneous on the other side, too,
20 but at least we have developed convenient ways of saying: What's
21 the satisfaction somebody gets? They're willing to spend this
22 much.

23 I think, again, the problem we have here is that we
24 have one study in 25 years. And we're going to put so much
25 weight on it, I'm afraid, publicly that it will sink because it
26 is a study that may include some outlier results, for all we
27 know.

1 I'm sure this is being done, a very professional group,
2 a very professional job, but they would never argue that there
3 weren't results embodied in the survey that subsequently the next
4 ten surveys wouldn't show. Well, that one was out here on the
5 range of possible conclusions you could have.

6 There are other things that point the way, but it's
7 just the baseline for what ought to be a lot of research before
8 we can get a handle on these things.

9 And as far as measuring the costs and benefits, this
10 kind of research is not going to help us very much ultimately
11 until we learn either to quantify other things or to admit there
12 are things we can't quantify but we value them so much that we
13 don't view this as simple arithmetic. And we do that all the
14 time.

15 I sympathize, actually, on this one because, on the one
16 hand, you want to push people who are doing the research to come
17 up with numbers: What do you think it costs? On the other hand,
18 we all know that doesn't measure the real cost in all the ways we
19 might think about costs.

20 So I think it's very important that these statements be
21 conditioned in that way -- I think Kay is right and Jim is right
22 -- or they will be misused and misinterpreted.

23 Like all areas where the research is limited and maybe
24 our intellectual ability is limited, the arguments in this
25 attempt to be fragments of arguments that various people on both
26 sides bring to the table. I hate to see this become another
27 fragment in both sides of the argument.

1 CHAIRPERSON JAMES: If I went to the Women's Resource
2 Center and said, "What's the cost of divorce to women in
3 America?" I'll bet they would calculate it in some way other than
4 the legal fees. And I don't know how they gather that data. I
5 don't know how they come up with that information. It would be
6 interesting to know.

7 But there is a danger. There is a real danger. And,
8 Frank, you know I love you, but already, I mean, the AGA says the
9 NORC report also makes it clear that "Not only are the numbers of
10 pathological and problem gamblers relatively small, but their
11 estimated cost to society is many magnitudes below previous
12 estimates."

13 And so already what you have said and how you have
14 framed it in your report is being put forward as saying: Gee,
15 look, the costs of gambling are minimal.

16 COMMISSIONER WILHELM: Can I?

17 CHAIRPERSON JAMES: Yes.

18 COMMISSIONER WILHELM: I was on the short end of many
19 scintillating and in-depth discussions in the Research
20 Subcommittee, one of which is what you're talking about.

21 I thought naively that what we ought to do is go places
22 that people could have a good deal of confidence in and not go
23 places that nobody would have any confidence in.

24 And this last one is an example. I argued that we
25 shouldn't get into this because it's so murky. And I think, at
26 the risk of saying "I told you so," I told you so.

27 (Laughter.)

1 CHAIRPERSON JAMES: Why don't you call in adolescents
2 while you're at it, too?

3 COMMISSIONER WILHELM: I'm getting to that.

4 However, I would just point out that while, unarguably,
5 the comments about divorce that have been made by Jim and Kay and
6 Richard's comments as well are true, the same points could be
7 made about a number of the other categories of social problems --

8 CHAIRPERSON JAMES: Sure.

9 COMMISSIONER WILHELM: -- to which these are compared.
10 That is to say, drug abuse produces all sorts of costs that fall
11 in the same category of murky. So that I don't think it would be
12 fair of us to say, "Well, you know, the economic costs attributed
13 to the problem/pathological gambling group is any more or less
14 murky than the costs attributed to, say, drug abuse."

15 I think they're all a little murky. So if we're going
16 to compare murk to murk, I don't think it's an unfair exercise if
17 we're going to get into it in the first place.

18 I wanted to make a couple of other comments and
19 questions.

20 CHAIRPERSON JAMES: Can I respond to murk --

21 COMMISSIONER WILHELM: Certainly.

22 CHAIRPERSON JAMES: -- just before you move? You know,
23 I think the only thing that disturbs -- well, not the only thing,
24 but the thing that disturbs me about that particular statement is
25 it sounds so definitive. And it isn't. And we know it isn't.

1 And I think that everybody on the Commission has really
2 struggled with this. How do you estimate the social cost? And
3 it's a very difficult thing to do.

4 And, at best, I think what we could say at this point
5 is we really do need more information. We'd really do need more
6 research and not get by with the easy answer of "You can't get
7 your hands around it" because I think, Dick, you're absolutely
8 right. It may be difficult, but we can do a far better job than
9 we have done in the past and perhaps --

10 COMMISSIONER LEONE: I think we just have to make clear
11 these are extrapolations, attempts to measure some costs, limited
12 our ability to measure costs.

13 I think the problem, frankly, in the report is it --
14 and the problem we all have is we tend to push it and make it
15 seem definitive when it's not.

16 This is like the survey itself. This measures the
17 responses of some people. Some of their answers are good and
18 some are suspect. And some generalizations are possible, but
19 even those you would argue are tentative because we really ought
20 to do this survey every year. And then after a while, we would
21 begin to really --

22 CHAIRPERSON JAMES: There you go.

23 COMMISSIONER LEONE: -- have a handle on things. And
24 this measures some of the costs of gambling and negative costs,
25 negative and maybe only some of the positive costs of spending.
26 And that's all you tried to do. So I just think conditional
27 language is important.

1 COMMISSIONER DOBSON: And what concerns me is that
2 comment, that conclusion is added to some of the conclusions of
3 the Adam Rose report, which also leads us to some of the same I
4 think erroneous information.

5 So I'm not critical at all of your inability to do
6 this, but I am like Richard. I'm critical of your bottom line,
7 which is not supported by the completeness of the finding.
8 Excuse me, John.

9 COMMISSIONER WILHELM: Not a problem. If you had voted
10 with me, we wouldn't have had this problem.

11 (Laughter.)

12 COMMISSIONER DOBSON: Think of all the things you would
13 have had us do, though, John.

14 COMMISSIONER WILHELM: Yes. I would have had a real --
15 anyway --

16 (Laughter.)

17 CHAIRPERSON JAMES: Gentlemen.

18 COMMISSIONER WILHELM: Having said that, I do think
19 this Commission owes an enormous debt of gratitude to
20 Commissioner McCarthy for the vast amount of time that he has put
21 into shepherding not only this project but the really lengthy
22 agenda of the Research Subcommittee. I very much appreciate
23 that. And I have said that to Leo privately as well as publicly.

24 However, I do want to say with respect to at least the
25 way I heard the comment earlier about predispositions, I realize
26 there are interest groups out there that will, as the Chair just

1 indicated, seize upon whatever it is that anybody says to prove
2 whatever it is they thought in the first place.

3 But I do not believe that that is any longer going on
4 in this Commission, if it ever was. Quite the contrary. I think
5 that the views that, for example, Jim, who has a different
6 position on a lot of this stuff than I do, don't come out of his
7 predispositions, though his predispositions are quite strongly
8 felt. I think people are trying to get at the bottom of this
9 here. And I listened to the commissioners' comments, all of
10 them, in that light.

11 I wanted to first repeat a comment that I had made in
12 Virginia Beach about this lottery finding, which some people seem
13 to think is quirky but which I think is actually quite important,
14 the finding that people participate on a very widespread basis in
15 the lottery thinking the odds are even worse than they really
16 are.

17 I think that that's a very important concept, and I
18 think intuitively we could extend that to all of the forms of
19 gambling, leaving aside pathological and problem gamblers.

20 For example, the suggestion has been made a number of
21 different times in our Commission meetings by commissioners and
22 others that: Well, you know, we ought to publish the real rates
23 of return of these things.

24 Well, I'm assuming that if we publish the real rates of
25 return of lotteries, more people would engage in the lottery
26 because it's not as bad as they thought.

1 And I don't mean by that just to make a joke. What I
2 mean by that is that I think that when we think about the issue
3 of gambling and why people gamble, that we ought not be
4 patronizing.

5 I believe that as a group, the American people are
6 quite smart. Individually we're all capable of being fools. But
7 as a group, I think people are pretty smart. And I think we
8 ought not to have some high-brow point of view that: Well, you
9 know, the only reason people gamble is because they're stupid,
10 because they don't know the odds or something like that. I mean,
11 people on this e-trading business probably look down their nose
12 at people who buy lottery tickets, and maybe that should be the
13 reverse.

14 I think it's very important for us not to fall into the
15 notion that people gamble because they're stupid. I think people
16 may not know whether they're getting 28 or 30 dollars worth of
17 whatever it is they get out of gambling, but they're getting
18 something out of gambling that causes them to spend the \$29 in
19 Richard's example.

20 With respect to what I consider to be the basic finding
21 of the NORC survey, I'm sort of schizophrenic about how I react
22 to it myself personally. I'm comforted by the fact that in
23 ballpark terms, the prevalence rates for problem and pathological
24 gamblers in this study, in at least the executive summary of the
25 NRC report, which we'll hear more of later today, I guess, and
26 also in the Schaffer study, they all seem to me to be in sort of
27 the same general ballpark.

1 I realize there is a difference between .8 and 1.5 and
2 so on, but they're not to me wildly different, proportional to
3 the entire population. And I think that's a subject, on the one
4 hand, of considerable comfort. It seems to me that I know at
5 least the zone of the prevalence of problem and pathological
6 gambling.

7 The reason I say I'm schizophrenic is pragmatically I
8 almost sort of wish that the figures were higher. And what I
9 mean by that is not that I wish that there were more problem
10 gamblers in the country. Obviously none of us would wish that.
11 But if they were higher, maybe there would be a bigger impetus to
12 do something about it. I think that in hindsight, if this
13 Commission is perceived to have had any value, it will be in
14 sounding the alarm on this subject.

15 I know that in the case of our union's medical
16 insurance coverage, we have never had any push from the
17 membership -- and we poll the membership on a regular basis -- to
18 include problem gambling coverage. But because of the work of
19 this Commission, we're going to do it anyway, even though it's
20 not something the membership has pushed for.

21 I think Commissioner Bible in his former capacity as
22 the Chair of the Nevada Gaming Control Board probably was able to
23 push further and faster with his ground-breaking efforts to enact
24 regulations in this area because of the focus that this
25 Commission put on it. So in that sense only, I almost wish these
26 figures were higher.

1 I'm comforted basically by the fact that all of these
2 findings on pathological and problem gamblers appear to be in the
3 same zone. I'm troubled, however, by this so-called at-risk
4 category.

5 I really wish for, again, pragmatic purposes, Dr.
6 Gerstein, that you had stuck to your pronouncement at Virginia
7 Beach that you were going to use what you referred to as neutral
8 labels because you didn't change the numbers around, I don't
9 think. You just changed the labels. And you have now called
10 this third tier at-risk. I think you used to call them Type C.

11 I'll tell you what bothers me about that. It goes back
12 to your colleague Mr. Harwood's statement that these ought to be
13 looked upon as warning bells. I'm really worried that the
14 definition of that third tier group as at-risk is a very kind of
15 misleading warning bell because I'm befuddled by the science for
16 saying that that is the group in the population that is more at
17 risk than other people.

18 I don't see in your report what the science for that
19 is. In terms of common sense, it doesn't make any sense to me,
20 particularly because this is lifetime. I mean, other people may
21 accuse you of not being responsive to your concerns, but you were
22 highly responsive to mine. When I said lifetime doesn't make any
23 sense to me, you just said "past year."

24 (Laughter.)

25 COMMISSIONER WILHELM: Clearly I'm having a persuasive
26 impact. But lifetime I really don't know what at-risk means. I
27 mean, as an example, one of your categories is lying, "Have you

1 ever lied to family members, friends, or others about how much
2 you gamble or how much money you lost on gambling? If so, has
3 this happened three or more times?"

4 Well, look, everybody does that. Now, I'm not in the
5 category that some of you associate with the incumbent President
6 of the United States here. But everybody knows that when people
7 go to Las Vegas, most people say, "Oh, yeah. Well, I won." And
8 what they really meant was, well, they won Tuesday night and they
9 didn't win Monday or Wednesday or Thursday. Whenever I hear
10 that, I find them saying: Well, Mr. Lanni and his colleagues
11 didn't build these big buildings on winners.

12 So, I mean, people just do that. Well, if I've done
13 that 3 or more times in my life -- and, you know, 30 million
14 people a year go through Las Vegas. And I'd wager 29 million of
15 them engage in this little lie, which I don't regard as a --

16 DR. GERSTEIN: How much would you wager?

17 COMMISSIONER WILHELM: -- mortal sin. Pardon?

18 DR. GERSTEIN: How much would you wager? I'm --

19 COMMISSIONER LANNI: He's going to put you at risk,
20 John.

21 (Laughter.)

22 COMMISSIONER LANNI: A hundred dollars.

23 COMMISSIONER WILHELM: No. Wait. If I just bet, I'm
24 not at risk. It's if I get upset about it.

25 Any amount you want, Dean.

26 CHAIRPERSON JAMES: No. Keep it under 100.

1 COMMISSIONER WILHELM: Any amount you want, and we'll
2 do a patron survey to figure it out. No. But, seriously, if the
3 definition of somebody who is at risk is somebody who three times
4 in their entire life has engaged in some form of lie about how
5 much they lost or didn't lose or if the definition is that once
6 in my life I gambled to relieve uncomfortable feelings, well, gee
7 whiz.

8 I mean, you know, some people have a drink once in
9 their life to relieve uncomfortable feelings. Does that make
10 them an at-risk alcoholic? I doubt it.

11 So I'm troubled, one, by the science of that. And I'm
12 even more troubled because clearly -- and you're frank about this
13 -- we don't understand, no one, I believe, understands, the
14 relationship between the propensity to become a problem gambler
15 and a whole bunch of other things.

16 And you have been candid about the risky behavior, drug
17 and alcohol abuse, mental illness, poverty even. We don't really
18 know sort of what's the chicken and the egg or what's the cause
19 and effect or what is the relationship among those things.

20 And so, in fact, on those -- can you put up that
21 comparison chart, Doug? I think it's the last one, the one that
22 compares. Yes. I mean, I may be misreading this chart, but you
23 pointed out a number of cases, such as divorce and others, which
24 are important to point out, where the rate of the consequence for
25 pathological gamblers is much higher than the predicted rate
26 without gambling. By the same token, if I'm reading this right,

1 the rate for low-risk gamblers, as you categorize them, is much
2 lower.

3 And I don't know where the at-risk falls in that, but
4 it just doesn't seem to me that we're doing any good in terms of
5 the warning bell to identify a group of people who may or may not
6 have ever become problem gamblers as those who are at risk.

7 It seems to me that virtually everybody in this society
8 is at risk in this particular field as gambling expands. So I'm
9 worried that in labeling that group at risk, as opposed to Type
10 C, that you're kind of giving us a false comfort.

11 I mean, I don't know that 15 million people are at
12 risk. I think maybe 200 million people are at risk because
13 gambling is more and more pervasive and it's on more and more
14 street corners.

15 So while I'm comforted by your basic findings on
16 pathological and problem, I'm very troubled by this labeling of
17 the types, what you used to call Type C, as at risk.

18 I'm almost done here. I don't know if you would have
19 any comment on that or not. The Chair has already pointed out
20 that I'm compelled to repeat my comment that I wish we knew more
21 about youth gambling, although it is intriguing to me -- and I
22 wonder if you have any reflection on it -- that apparently young
23 adults are not proportionately gambling as much more as other
24 people between '75 and now, which I would be interested if you
25 have any view on that.

1 And, finally, so as not to disappoint Commissioner
2 Bible, who keeps a clock every day on how long it takes me to say
3 "jobs" --

4 COMMISSIONER BIBLE: You just got there.

5 COMMISSIONER WILHELM: Not now, Dr. Gerstein, but I
6 would be very interested if you could provide me at a later point
7 with some information on the fourth bullet under the heading
8 "Community Impact of Casinos." You say, "Per capita income stays
9 the same, indicating the communities reap more jobs but not
10 necessarily better jobs. Local unemployment does continue, and
11 the new jobs are often low-paying, part-time, and/or without
12 benefits."

13 I have the impression -- and I don't know this -- that
14 the communities that you studied are not dominated by communities
15 that either have destination resort-type casinos or that have
16 union casinos. And I would be very interested in knowing the
17 types of casinos and other gambling establishments that the
18 "low-paying, part-time, and/or without benefits" finding came
19 from.

20 And I don't know if your data will reveal that or not,
21 but at some point if you could tell me whatever is known about
22 that, that would be helpful.

23 In Virginia Beach, you made the observation that even
24 though per capita income stays the same, because of the reduction
25 in unemployment rates, welfare outlays, and unemployment
26 insurance, that there are more people getting the same per capita
27 income from jobs, as opposed to previously getting part of that

1 same per capita income from transfer payments. And I think
2 that's an important point.

3 But if you could shed any light on that part-time
4 benefit issue and no-benefit issue, I'd be grateful. Thank you.

5 CHAIRPERSON JAMES: I counted at least seven questions
6 in there. If you want to start at the top, the first one I got
7 was on the switching from the, quote, "neutral categories," A, B,
8 C, over to the designation of at risk, low risk, pathological
9 problem. Do you want to answer that one first quickly?

10 DR. GERSTEIN: In a simple sense, focusing on one
11 category, the main categories, we can say: Well, there are
12 problem, pathological, low-risk, non-gambler, and Type C.

13 The term "at risk" has really two points to it. One is
14 it is a common epidemiologic term for people who have any sign
15 versus people who have none. That's for the specific sign.

16 I went through the distributions of the kinds of
17 particular criteria that people at different levels were
18 reporting. And the most common thing that people at this at-risk
19 are reporting is the criterion called chasing, which is the
20 phenomenon of going back and trying to win back the money that
21 you lost and doing that on a sort of steady and accelerating kind
22 of basis.

23 Of all the people in that category, half of them got
24 there, in part, at least, because they answered. They said:
25 Yes, I've done that. Some of these other categories come out at
26 a very much lower rate.

1 Lying is consistently the fourth most frequent of the
2 categories affirmed at every level. There is a lot of stability
3 as you go up the chain from what gets affirmed by people who are
4 at this one or two and people who are at the five or more up to
5 the ten.

6 Obviously more things get affirmed across the board.
7 But in terms of rank order of the different things, it's really a
8 remarkable table.

9 COMMISSIONER BIBLE: Do you have a table that shows
10 that?

11 DR. GERSTEIN: I just generated it. I will put this
12 table into the appendix, which we'll add to the report. But the
13 main thing it tells me is that there is no particular thing that
14 is only true of the people in this at-risk category but not true
15 of others. And it differentiates them from those who have gone
16 beyond the stage of being at risk to having some pretty serious
17 set of problems.

18 I wouldn't say that the term "at risk" is meant to
19 indicate anything more than epidemiology usually means by it,
20 which is it's a group in which there is some sign there. It
21 doesn't mean the sign is definitive. It doesn't mean that every
22 single person there is in any sense equally at risk with every
23 other.

24 But compared with the people who have had sort of
25 similar exposure and shown none of these signs, it seems like the
26 right thing to call it, at least in terms of the language that's
27 generally used to classify people with these kind of indicators.

1 COMMISSIONER LANNI: Dr. Gerstein, if I recall
2 correctly from the meeting in Virginia Beach, we talked about and
3 I think you volunteered that you chose at that time to use more
4 neutral terms. You used the word "neutral." I recall that. I
5 think the transcript would so support.

6 Why did you determine since that date, in the last four
7 weeks, to change it to something that one could argue is not
8 neutral? When one says "at risk," it is certainly not from my
9 standpoint a neutral term.

10 You used in your presentation earlier today the word
11 "transitional." Well, that has --

12 DR. GERSTEIN: That is the term that Shaffer uses for
13 the same thing.

14 COMMISSIONER LANNI: Right, right. I'm just wondering:
15 Why did you decide that you had to have a change of opinion that
16 you shouldn't stay with the neutral positioning and move to
17 categories that were less than neutral by some people's
18 interpretation?

19 DR. GERSTEIN: I actually think the term "at risk" is a
20 relatively neutral term considering where it lies in this
21 spectrum from non-gambler to pathological gambler.

22 COMMISSIONER LANNI: That's obviously in the eye of the
23 beholder. I wouldn't agree with that particular statement.

24 DR. GERSTEIN: That's certainly your prerogative.

25 COMMISSIONER LANNI: The other issue is you took great
26 pain in Virginia Beach to share with us the aspect that we would

1 have past year as well as lifetime. And you've chosen now to
2 disregard in many instances in these calculations past year.

3 Especially when you get into at-risk considerations,
4 which to me is less than neutral, -- you perceive it to be
5 neutral, and I accept that -- I think it would be helpful for
6 people reading such reports, which would have the ability to see
7 past year experience and what that percentage is, what those
8 percentages would be as compared to lifetime.

9 Because I think if you take a person who is 75 years
10 old and ask them if "At one time 35 years ago, did you have a
11 drink?" or "Did you have to relieve anxiety or pain in some
12 function that you decided to gamble?" and it was \$100 in one
13 instance in one year, you would be at risk.

14 And I'm not so sure that makes as much sense. I think
15 a reader might like to look at it: What's the past year's
16 experience? I think it was even mentioned by you, sir, that
17 people may be coming through treatment.

18 You used the term not to say in the past year, there
19 may be requirements with -- they allowed you to look at last
20 year, in addition to it, but you're saying they may be in
21 treatment. So someone may be out of the problem area and no
22 longer at risk.

23 I just think it would be helpful to have the prior year
24 in addition. You have that information available. It was
25 calculated accordingly; correct?

26 DR. GERSTEIN: We do, yes.

1 COMMISSIONER LANNI: Would you object to having that
2 included in the final report as well as the lifetime? DR.

3 GERSTEIN: No. I think, from our point of view, the reason we
4 focused on lifetime is that we got feedback from people who are
5 in the psychiatric epidemiologic area who returned to the point
6 that the way the DSM-IV criteria are defined, that they
7 fundamentally don't talk about particular periods of time.

8 It is, in fact, still something that we need to work
9 out within the field, what the year-by-year kinds of analysis
10 would reveal if you started looking at people's careers year to
11 year and see whether indeed the kind of periods of relapse and
12 the notions about chronicity that are really baked into the
13 definitions continue to hold.

14 COMMISSIONER LANNI: If we look at this as I look at
15 this report, -- this is no disrespect to you or to NORC -- this
16 is a work in process. I mean, it's beginning. It's something
17 after 20 years. It's \$1,200,000, which is a lot of money, but
18 maybe in the context of other things, or it could be spent.
19 Maybe there will be some other funding someplace in the future
20 for this.

21 I would reiterate the comments that were made earlier,
22 I think by Mr. Leone and by others, that there is no doubt that
23 there is a certain percentage of the population in this country
24 and in the world that have problems or either problem or
25 pathological gamblers. There is no doubt about that. And we
26 need to do far more.

1 I mean, not just the part of the industry that I'm
2 involved in but all aspects of legalized gaming in the United
3 States in my opinion have a responsibility to help deal with
4 these particular problems, both for employees as well as for
5 patrons. That needs to be done.

6 And, if anything that this Commission can look back on
7 and say as individuals and collectively that we have been able to
8 achieve, if we can achieve that, I think we will be well worth
9 the money that was funded in Congress for us in that particular
10 area.

11 But I don't think any of this that you're talking
12 about, with all due respect, is as definitive as some aspects of
13 the report would indicate. And I think the more we include in it
14 in that report -- I'm not saying to adjust anything -- to include
15 past year as well as lifetime, let the next people looking at
16 this and let other commissions or other individuals looking at it
17 get more information to deal with to reach the conclusions that
18 are necessary.

19 We're never going to get to the point in my opinion, no
20 matter how many surveys are done, that will get an actual
21 definitive number that is totally conclusive.

22 We know that there are certain percentages of people
23 who have problems in gambling, no doubt about that, as they have
24 problems with a lot of other things.

25 And I think that that is why I say it's a transition.
26 I don't think we need to be as definitive as you have reached in

1 some of your conclusions as I think is appropriate in that
2 regard.

3 So since you don't necessarily follow my requests,
4 since you said you don't have an opposition to it, with the
5 Chair's and the Commission's approval, I would request that you
6 include the past year information that you have already derived
7 from your surveys in the final document. If there's no
8 objection, I would really recommend that.

9 COMMISSIONER McCARTHY: May I on that point?

10 CHAIRPERSON JAMES: Certainly.

11 COMMISSIONER McCARTHY: I think Jim Dobson and John
12 Wilhelm know how strongly I've felt from the very beginning of
13 the Research Subcommittee's work that when we've received final
14 reports, we didn't want changes in the reports because one, two,
15 or three Commissioners felt there should be a change.

16 I haven't heard anything here that would come to any
17 major change in the report, but I heard you comment in response
18 to Commissioner Lanni's question as to why you use lifetime in
19 the particular chart you're using.

20 So fine, if you want to add that chart, but I want to
21 make sure that you annotate that to say what you just said to
22 this Commission, why you use the lifetime figures and why that's
23 used validly in other kinds of research. And the same is true of
24 anything else that may be added in appendices.

25 With that chart being added, would you -- I'm making
26 this request. I'm not saying don't add the chart. I'm saying
27 please explain why you used the other chart and this chart has

1 been requested and added for additional information. Right? In
2 other words, stay true to the report that you gave us.

3 I have one other question, if I may, Madam Chair.

4 COMMISSIONER LANNI: May I?

5 COMMISSIONER McCARTHY: I didn't want to alter anything
6 you --

7 COMMISSIONER LANNI: No, no. I understand that,
8 actually, it's rather normal to use past year numbers. So, I
9 mean, if you're going to put the reason you used lifetime, I
10 think you should also put the reasons why people use past year
11 numbers. Just in fairness, I think we should have explanations
12 of --

13 COMMISSIONER McCARTHY: Whatever usual and customary
14 practice is.

15 COMMISSIONER LANNI: Is that appropriate?

16 DR. GERSTEIN: It's certainly appropriate when you
17 collect data to present all of it. I do think --

18 COMMISSIONER LANNI: I think that's appropriate. You
19 won't get an argument from me on that.

20 DR. GERSTEIN: I think we have strong reasons for
21 interpreting data as relatively more important for the kinds of
22 analyses we're doing than other --

23 COMMISSIONER BIBLE: Was there consensus in the
24 consulting group to omit the past year data?

25 DR. GERSTEIN: There was a view that clearly in the
26 group of our technical advisers who study this that the most
27 important data are the lifetime DSM-IV criteria.

1 COMMISSIONER BIBLE: Did Dr. Volberg concur with that?

2 DR. GERSTEIN: Absolutely.

3 CHAIRPERSON JAMES: You know, as long as we're
4 clarifying, the point that was raised earlier on the social cost
5 and we were looking at the, quote, "murk" factor and looking at
6 the statement that's in the report about how definitive that is,
7 Leo, in being sensitive to your response that you should not
8 change just on the basis of an individual Commissioner's request
9 and we wouldn't want them to do that, I wonder how we intend to
10 handle that because I think there was consensus that that
11 statement standing alone is a bit definitive and doesn't reflect
12 what we believe to be the current status. How are we handling
13 that?

14 COMMISSIONER McCARTHY: I think the way that I would
15 ask Dr. Gerstein to consider doing that, Madam Chair, is what I
16 mentioned in my comment an hour ago, that I think you
17 acknowledged in several places here that you simply cannot get at
18 information and cannot make a complete economic cost estimate.
19 You try to do it in some limited areas.

20 And I'm inclined to agree with the Chair and with Dr.
21 Dobson that that statement doesn't quite connect with that
22 reality. Now, I don't know how you want to address that. Don't
23 address it in any way other than -- this is just one person
24 talking -- what you're ethically comfortable with.

25 I think there is a bit of a disconnect here from what
26 the Chair has said and what Dr. Dobson did say earlier.
27 Obviously I don't think we should write these reports concerned

1 about any particular group sending out a press release. I mean,
2 that's going to happen in any event. They'll cherry-pick
3 throughout this report depending upon what their point of view
4 is.

5 I think there is some validity in the point that has
6 been raised here, but I would say no more than that and just ask
7 you to look at it as one person.

8 COMMISSIONER DOBSON: It would satisfy me if you would
9 list some of the areas that are difficult to analyze there, some
10 of the things that I mentioned and others that are difficult to
11 get a handle on. Admit it and say these would obviously change
12 the numbers if we were able to evaluate them. At least there
13 needs to be some kind of statement that qualifies what you have
14 stated here as a firm conclusion.

15 COMMISSIONER BIBLE: Are we asking them to go back and
16 rewrite portions of their report? Is that what we're doing?

17 COMMISSIONER DOBSON: Well, I would.

18 DR. GERSTEIN: In some sense, let me simply state as a
19 reaction to this that I think the statement that you have all
20 pointed to and said, "You pull this out, put it on a table, and
21 say, 'This report says this,'" it really in that sense is out of
22 context because the beginning and the end of that chapter clearly
23 state all of the reservations and caveats that have been stated
24 here.

25 I think maybe what this amounts to is we haven't done
26 as good a job of building in sentence by sentence the kind of

1 qualifications that would clearly express when you read the
2 multiple paragraphs.

3 I guess back in the days when I was at the NRC and from
4 the time I would write a sentence until the time it appeared in
5 print would have gone through six or eight or ten months of
6 review, I would say that one could fix every sentence.

7 But you clearly found a sentence that does give a bad
8 rendering of what we meant, and I think it's perfectly fair for
9 us to say what we mean, revising if we need to, I mean, with the
10 permission of the Commission. That's not something I --

11 CHAIRPERSON JAMES: Well, I don't think we're asking them to
12 rewrite the report. My question is: Is that what you meant to
13 say? And if it isn't, would you say what you meant to say?

14 COMMISSIONER DOBSON: And, Dr. Gerstein, this is not just
15 something lifted out of the report somewhere. This is under your
16 conclusions. This is under "Summary Statement" at the end. And
17 it says, "The main conclusion."

18 This is not just something randomly selected in here.
19 This is the bottom line. And I think it has to be right.

20 COMMISSIONER McCARTHY: I think Dr. Gerstein gets the
21 point, Madam Chair. I think all Commissioners have to look at
22 whatever -- could I complete the other point that I was on?

23 CHAIRPERSON JAMES: You certainly can. And then we'll
24 go down to Commissioner Wilhelm.

25 COMMISSIONER McCARTHY: The issue of at risk, I just
26 wanted to go over the numbers with you. You will be accused of

1 being too neutral in some places and not neutral enough in other
2 places.

3 Pathological gamblers in millions, two and a half
4 million; problem gamblers, as you define it, three or four hits
5 on the DSM-IV, on the NORC screen now, three million.

6 DR. GERSTEIN: That's right.

7 COMMISSIONER McCARTHY: At risk, as you define it --

8 COMMISSIONER LANNI: Commissioner McCarthy, may I
9 interrupt you on that particular point? Because that's a
10 question that I had. If you go to the detail on Page 25, there's
11 a reference in the second paragraph under "Prevalence Rates" that
12 if one adopts the midpoints of each range as the best estimate,
13 our best estimate is that there are four and a half million
14 pathological and problem gamblers. And then when it comes to the
15 summary on Page III, it indicates the million larger. I think
16 that should be consistent.

17 DR. GERSTEIN: We do make it consistent. It is meant
18 to be five and a half.

19 COMMISSIONER LANNI: So, then, the four and a half is
20 wrong?

21 DR. GERSTEIN: We did go through this draft again and
22 found a number of places where we had inconsistencies between
23 numbers.

24 COMMISSIONER LANNI: Well, it just was an
25 inconsistency, and I didn't --

26 COMMISSIONER McCARTHY: I agree with Commissioner
27 Lanni. Whatever is the appropriate number should appear

1 consistently throughout. All right. For now until otherwise,
2 the problem gamblers were three million.

3 So that's two and a half million, pathological; three
4 million, problem; at-risk as you defined it and as I listened to
5 you, what I heard, at-risk 15 million. And what I heard was
6 we're getting one or two warning signals here, and we need to be
7 wise enough to watch what's happening here to see what develops.

8 And then the number we really haven't emphasized, low
9 or no-risk, would you give us that in millions? It's a pretty
10 big number.

11 DR. GERSTEIN: It's 148 million.

12 COMMISSIONER McCARTHY: A hundred and forty-eight
13 million are at low risk or no risk. So five and a half million,
14 pathological or problem; 15 million, at-risk. And we attribute a
15 lot more weight to the problem and pathological in the mix of
16 this, but we are told, in effect, watch the at-risk and make sure
17 they don't slip into the problem/pathological category.

18 Let's learn a lot more about this population. Let's
19 see if we're doing what we should do in case there is some sort
20 of trend there that could move some of those people.

21 Dr. Shaffer said somewhat the same thing about movement
22 from Level 2 to Level 3. Thank you.

23 DR. GERSTEIN: I agree.

24 COMMISSIONER WILHELM: I had one other point here, and
25 I wanted to leave it until last because I think it's a relatively
26 minor point.

1 I went back and I checked our notes of the Research
2 Subcommittee on this point, Dr. Gerstein. During the lengthy
3 discussions about the patron survey, the Research Subcommittee
4 requested that because of the issues about sample validity in the
5 patron survey, the Research Subcommittee requested that you and I
6 make an attempt to estimate the proportion of facility revenue
7 that is derived from problem and pathological gamblers. And you
8 explicitly agreed not to attempt to do that. So I'm somewhat
9 disappointed that, in fact, you did attempt to do that.

10 Now, if I were a, quote, "defender of the gaming
11 industry," unquote, as I am sometimes categorized as being by
12 some people, I suppose I would be delighted with your finding
13 because people in the anti-gambling movement have made various
14 claims about the proportion of casino revenue that derives from
15 problem and pathological gamblers. I have seen claims of 50
16 percent, 40 percent, 60 percent, 70 percent, 80 percent in one
17 case.

18 So if I were simply here to try to, quote, "defend the
19 industry," I suppose I would be delighted that your finding was
20 somewhere in the 15-16 percent range, depending on which one of
21 these numbers you use for casinos.

22 I'm not going to rehash here in the interest of time
23 all of the issues that we have discussed in the past about the
24 sample validity problems of the patron survey. In my view, no
25 one should take any comfort out of that figure because it can't
26 possibly relate to anything real. And that was why we asked you
27 not to do it. And that's why you agreed not to do it.

1 And so I just want to register my disappointment that
2 it's here. I don't think the figure ought to be regarded as high
3 or low. I think it ought to be regarded as irrelevant and
4 invalid.

5 DR. GERSTEIN: Again --

6 CHAIRPERSON JAMES: If you want to respond?

7 DR. GERSTEIN: That figure is extrapolated from all the
8 data, from the telephone data as well as the patron data. What I
9 explicitly didn't do is just take the patron data alone as a
10 source for it. And that's --

11 COMMISSIONER WILHELM: Well, we asked you not to
12 do it, and you agreed not to do it. But what else is new?

13 COMMISSIONER BIBLE: When we see the data again,
14 when we see the next iteration of the report, we're going to have
15 the differentiation between which component came from the patron
16 and which component came from the RDD data, which is my
17 understanding of the direction we're taking.

18 DR. GERSTEIN: We can generate it both ways.

19 COMMISSIONER DOBSON: Madam Chairman, I raised four
20 concerns. Three of them I can live with in this report. The one
21 with regard to the incidence of pathological gambling among youth
22 is not one I can put my name on. And if it remains in our final
23 report, that will require me to write a minority report if we
24 agree that that is possible.

25 COMMISSIONER WILHELM: Jim, excuse me. Among youth?

26 COMMISSIONER DOBSON: On youth.

27 COMMISSIONER WILHELM: On youth?

1 COMMISSIONER DOBSON: Yes, youth because the
2 differences are so dramatic it's like 12 percent of what other
3 credible researchers have found. Much of it is supported by the
4 gambling industry.

5 I just don't feel right about leaving that on the
6 record unchallenged. And I don't know if anybody else feels that
7 way, but that's not one that I'm comfortable with.

8 COMMISSIONER WILHELM: I don't know if I would reach
9 the same conclusion that Jim has just described with respect to
10 my willingness or unwillingness to associate my name with a
11 report that contains that number, but I have previously
12 registered my deep concern about the tiny sample of adolescents.

13 I'm not sure, Jim, if your comment was referring to
14 adolescents or young adults.

15 COMMISSIONER DOBSON: Adolescents is my major concern
16 and the testimony that we've had.

17 COMMISSIONER MOORE: Well, like under 17-18 that we
18 heard last --

19 COMMISSIONER DOBSON: Yes.

20 COMMISSIONER MOORE: I'd agree with you. That seems
21 from hearing young people talk today, I'm just going to --

22 COMMISSIONER DOBSON: And it contradicts the testimony
23 that we have had, the problem that's occurring with youth today.

24 COMMISSIONER LEONE: Let me just say something that I
25 hope will be clear in the way we write our report. I share Jim's
26 skepticism about this part of the report, but I agree very much
27 with Leo that while we can ask for clarifications for language,

1 we cannot without destroying the whole enterprise and making
2 expenditure a complete waste say that you should change your
3 findings or omit findings.

4 These are the findings this group made in the research
5 that they conducted according to the terms. And it will stand.
6 And I hope -- and this comes back to my don't put too much weight
7 on this boat or it will sink. Even though it was financed by as
8 carefully selected and eminent group as we are, it's just one
9 more piece of research along with lots of other pieces of
10 research that are out there and that we're going to refer to.

11 It's the most extensive in some areas that we have had
12 for a long time, but I am not planning to endorse any particular
13 part of it at all. And I presume the report of what we think and
14 what we have concluded will be quite clearly distinguishable from
15 the materials that are incorporated in the report that are either
16 work we have commissioned or work we have adopted and think ought
17 to be shared with the country, just as I think the regimes for
18 regulation in New Jersey and Nevada are impressive and ought to
19 be included as the kinds of regimes that are out there or the
20 rules about lotteries in some states seem to be more protective
21 of the public than in others and ought to be included in our
22 report.

23 Since I don't like lotteries and I don't like lots of
24 other forms of gambling, the fact that we're putting them in the
25 report is not going to mean that I endorse them. And I'm not
26 going to be endorsing -- forget which part of it -- this report.

1 Now, what I think Jim is getting at is there may be
2 points where as a group we want to indicate that we have a lot of
3 skepticism about X, Y, or Z and it may include things that are in
4 this report and without -- this is no attack on the validity of
5 the report. I mean, the one thing I think I'm comfortable with
6 is that this was a professional, honest effort.

7 COMMISSIONER DOBSON: Agree.

8 COMMISSIONER LEONE: You know, some of us on this panel
9 have actually been associated in campaigns with people who did
10 their best professional, honest attempt to measure public opinion
11 and turned out to be terribly wrong.

12 You know, that doesn't mean that this falls into that
13 category but just that we should separate our report from what's
14 in this research study, which is a very important research study.

15 I am not here to beat it up, but there are several
16 aspects of it that I think are only suggestive of what we might
17 come to know someday. That's all.

18 CHAIRPERSON JAMES: I don't think anyone is suggesting
19 that we as Commissioners have to endorse all of what's in the
20 research that comes to us. Our job will be to take that research
21 and to look at it within a broader context and then make some
22 comments in our report about what we think.

23 And the report easily could say you were all wrong and
24 John Wilhelm was right and we should have spent more money on
25 adolescents. I mean, I don't know.

26 COMMISSIONER WILHELM: That's a highly unlikely
27 conclusion.

1 (Laughter.)

2 COMMISSIONER LEONE: It's suspect if you spent more
3 money on adolescents and jobs. That would be the report.

4 COMMISSIONER DOBSON: Madam Chairman?

5 CHAIRPERSON JAMES: Not in that order.

6 COMMISSIONER DOBSON: Madam Chairman, the question in
7 my mind is: Where is the mechanism for that decision-making
8 process? We've got two more meetings coming. And if there are
9 aspects of this that we're going to put on the record and leave
10 it unchallenged, then I've got a problem.

11 CHAIRPERSON JAMES: No. The mechanism for that, Jim,
12 will be as we go through the editing process of what is actually
13 in the report so that that can be challenged.

14 It will be in the Report Subcommittee. It will be as
15 you get an opportunity to sit down with a document in front of
16 you and take issue with particular pieces of it, debate it, and
17 see where we come out.

18 COMMISSIONER DOBSON: When we are separated, not when
19 we are together.

20 CHAIRPERSON JAMES: Hopefully we will have the
21 opportunity to do that together as well.

22 COMMISSIONER McCARTHY: I think Dr. Dobson suggested an
23 appropriate method of doing this. If in the Commission report
24 there is something that he does not agree with, he should have
25 the right to write a minority report. And I think the Chair --

26 CHAIRPERSON JAMES: We are jumping ahead of ourselves
27 here.

1 COMMISSIONER McCARTHY: Sure. He suggested it himself
2 in his remarks a few minutes ago.

3 CHAIRPERSON JAMES: Okay.

4 COMMISSIONER McCARTHY: And I would agree with his
5 recommendation.

6 CHAIRPERSON JAMES: Well, at this point, the Chair's
7 desire is to still try to move us towards consensus. That's not
8 to say that we're going to end up there. And perhaps at the
9 appropriate time, we will have conversations about how
10 Commissioners who disagree with some portion of the report have
11 the opportunity to express themselves.

12 COMMISSIONER DOBSON: That is my desire, too. I'd
13 rather not be pushed into having to --

14 CHAIRPERSON JAMES: Right, right.

15 COMMISSIONER DOBSON: -- dissent a point of view. I'd
16 much rather it be, as Richard says, stated as a concern of the
17 Commission.

18 CHAIRPERSON JAMES: And I have confidence at this point
19 that in most all areas we will eventually get there. And we're
20 going to try to get there before we even begin to entertain
21 conversations about minority reports or letters or that sort of
22 thing.

23 COMMISSIONER McCARTHY: Let me just strike one point,
24 Madam Chair, because I know that those in the media who may have
25 for their own predisposition writing for a certain constituency
26 will pick out what they want to hear.

1 This is a very valuable report. That doesn't mean that
2 every single element is going to give us the knowledge we need in
3 a number of areas. And Jim picked out the one that I think
4 should really be instructive as to what kinds of future research
5 are needed: youth gambling.

6 We heard testimony on the study in Louisiana that was
7 going on over a three-year period. I think part of that was
8 funded by the Center for Responsible -- I'm not sure. No. That
9 was the one in Minnesota that was being funded.

10 That was a study studying the 6th grade, the 7th grade,
11 the 8th grade all the way up through the 12th grade. That was a
12 far more comprehensive kind of study that was revealing. It also
13 studied a select group of kids in juvenile detention facilities.

14 So what we know coming out of this and what this report
15 will indicate is how many other kinds of research are going to be
16 required to really get at this, not only nationally but in
17 subgroups as well. That's a very valuable kind of lesson
18 derived.

19 COMMISSIONER LANNI: Madam Chair?

20 CHAIRPERSON JAMES: I'm going to exercise the
21 prerogative of the Chair and call a break. What I'm going to
22 suggest that we do because this is very important -- and I
23 apologize. I've let it go over intentionally.

24 We're about 30 minutes behind time in schedule. But I
25 think it is so important that I don't want to cut this off. So
26 we're going to take a 15-minute break and then come back. And I

1 know we have at least two more Commissioners who have some
2 comments they'd like to make.

3 (Whereupon, the foregoing matter went off
4 the record at 10:43 a.m. and went back on the
5 record at 11:04 a.m.)

6 CHAIRPERSON JAMES: With that, I'm going to turn to Mr.
7 Lanni. I know he had some additional questions. He's coming.

8 COMMISSIONER LANNI: Thank you, Madam Chair.

9 Dr. Gerstein, three questions, one actual comment. At
10 the meeting in Virginia Beach, I had asked you specifically on
11 the patron survey if you could provide our Commission with the
12 breakdown in responses in each of the categories, casinos that
13 were taking the patron survey of Nevada and New Jersey; river
14 boats; tribal casinos; lottery VLTs; and pari-mutuel, to see if
15 there is any differentiation of if there are similarities.

16 And you had indicated to me that that was available,
17 which you always indicate to me. But then you never provide it
18 to us, for whatever reason.

19 DR. GERSTEIN: I perhaps didn't fully understand.

20 COMMISSIONER LANNI: I think I was pretty clear.

21 DR. GERSTEIN: The response I wrote in the report was
22 that if we divide the patrons by type of facility, 6.4 percent of
23 the casino patrons were pathological, 4.6 were problem gamblers
24 among the lottery patrons, including VLT sites, which I included
25 because there were simply too few to leave them separate. 5.2
26 percent were pathological. 3.6 percent were problem; and among

1 the track patrons, 25 and 14 percent. I thought that was
2 responsive to what you --

3 COMMISSIONER LANNI: No.

4 DR. GERSTEIN: You wanted additional data. I just
5 misunderstood.

6 COMMISSIONER LANNI: I will take you at your word on
7 that. And then if you would provide it? I would like to see it
8 on the basis, as you indicated it on the chart that you had
9 presented on the slide presentation, breaking it down in prior
10 year and lifetime: for casinos, Nevada/New Jersey as one
11 category; river boats as a category; tribal casinos as a
12 category; lottery/VLT as a category; and pari-mutuel. You've had
13 the information.

14 So if you could provide that to me, I would appreciate
15 it. And I would like the record to so noted that I've made that
16 request. And hopefully you will be more responsive this time.

17 CHAIRPERSON JAMES: I would ask that you send it to the
18 Commission. Staff will forward it to all Commissioners.

19 COMMISSIONER LANNI: Then three more micro questions.
20 And I don't have any specific opinion on this. I want to know
21 the methodology as to which you've reached out for this. You
22 indicated in the report and in some of the oral comments you made
23 earlier in the day that an appreciable amount of money to
24 determine it was \$100.

25 I have two questions about that. One, how did you
26 arrive in determining an appreciable amount of money is \$100? is
27 the first question. And, secondly, when I see that you break

1 down the patron and other responses based upon income, would it
2 not be logical to maybe vary that dollar amount when you take a
3 look at a person whose annual income is under \$20,000 as compared
4 to the varying categories going forward up to and including
5 \$100,000-plus?

6 I mean, if you ask an individual whose income is seven
7 figures a year if \$100 was wagered, that may be a very
8 insignificant amount of money to that particular individual;
9 whereas, if you ask a person whose annual income is \$20,000 or
10 less, it's obviously a more significant number.

11 So I have that question or two questions.

12 DR. GERSTEIN: The design of that filter -- and there
13 are sort of similar filters in a variety of other instruments --
14 was basically to take out of the questionnaire loop that goes to
15 all of the questions about problems related to gambling, the
16 DSM-IV screen people who had basically limited gambling
17 experience. And the notion was not that the money per se was
18 significant.

19 The notion is simply to avoid asking a lot of people
20 who in our previous experience with applying a screen in the
21 course of fairly extensive interview get impatient getting asked
22 over and over again about "Did you do this and did you do that
23 relative to gambling?"; whose consistent answer is: I told you I
24 hardly gamble at all. I hardly ever gamble. And that's what
25 this filter does.

26 Of course, for someone who, say, thinks of \$100 as a
27 trivial bet, it still gives them exactly the same set of

1 questions about their gambling as it gets to someone who thinks
2 \$100 is a substantial amount to bet.

3 COMMISSIONER LANNI: Another question. When you took a
4 look at casinos, you talked about numbers or responses based upon
5 two criteria: 50 miles or less or 50 to 250 miles. And, again,
6 this is just my thought.

7 I have a home in Pasadena, California as well as one in
8 Las Vegas. And if I thought of a casino being in Newport Beach,
9 which is about 50 miles from my home in Pasadena, to me that
10 would be a long way for me to go, especially with the streets and
11 the traffic in Los Angeles; whereas, if you think about it -- I
12 just wonder why 50 miles.

13 It would seem to me there might be another category of
14 ten miles or less. That to me is convenient. Anything over ten
15 miles is pretty inconvenient. I was just wondering why there
16 weren't more categories.

17 And I have no idea what the results would say. It just
18 was intriguing to me that 50 miles and less would be considered
19 convenience or close. I think that's pretty far in many
20 instances.

21 DR. GERSTEIN: We had actually divided in some of the
22 questions between the intervals of zero to 10, 10 to 50, 50 to
23 250, and so on. The 50-mile I believe is actually part of the
24 requirements in the RFP in terms of that definition. I mean, in
25 a sense, any mileage criterion is sort of arbitrary. I simply
26 assume that 50 miles is sort of a proxy for an hour away.

1 When I lived in El Hombre, I used to think of going
2 down to Corona del Mar, which is about 50 miles, as: Well,
3 that's going to the beach.

4 COMMISSIONER LANNI: It's been a number of years since
5 you've lived in southern California. You might have to pack a
6 weekend bag to do that these days. Just a question, again, about
7 that.

8 And then one other one, the last one. You had
9 indicated how you validated your new NODS screen, which I think
10 we own, by the way, but that's a separate issue. You said you
11 validated it in a group of people in --

12 DR. GERSTEIN: Giving it away in case --

13 COMMISSIONER LANNI: Giving it away? I thought \$1.2
14 million was not giving it away, but that's a separate issue.

15 CHAIRPERSON JAMES: I think he's giving it away to
16 other people, even though we --

17 COMMISSIONER LANNI: Oh, he's giving it away to other
18 people?

19 CHAIRPERSON JAMES: Yes. Is that what you meant?

20 DR. GERSTEIN: That's what I meant, yes.

21 CHAIRPERSON JAMES: I thought so.

22 COMMISSIONER LANNI: Well, then we'll have to find some
23 way to file suit against you.

24 (Laughter.)

25 COMMISSIONER LANNI: You said you validated it, your
26 screen, with a group of people in treatment I think is the way
27 you indicated it. Again, as a layman, not a person who has

1 experience in this area, is that valid when you compare it to the
2 general population survey?

3 DR. GERSTEIN: Validation is usually meant in two
4 different directions. Validating against the clinical population
5 is to show that the screen is capable of identifying in the
6 clinical population those people as pathological gamblers.

7 The equivalent, on the other end, which is to say go
8 out to the general population per se and ask "To what extent do
9 you not identify people as pathological" -- I'm sorry -- that you
10 don't identify people as pathological who are not is not
11 something you can get out of just going to a population that
12 isn't.

13 That kind of validation we weren't able to do in this
14 survey because it requires you to do two parallel tracks. That
15 is, you've got to do essentially a clinical evaluation of
16 everybody that you're looking at in the general population.

17 COMMISSIONER LANNI: Does that make that validation any
18 less valid by not being able to do that in your opinion?

19 DR. GERSTEIN: If I have a choice, I'd like to do the
20 validation in both directions. There are a few instances in
21 which people have had the opportunity to validate instruments.
22 It's been done with the SOGS.

23 I don't think there's been another DSM-IV case outside
24 of the use in the initial research on the DSM-IV criteria, which
25 took two clinical populations, one of which was not comprised of
26 pathological gamblers, and said these items discriminate. But

1 the particular implementation we've used we only were able to
2 validate in one direction.

3 We can just rely on the fact that other screens very
4 similar to ours have validated that the screen does not call
5 people who are not pathological gamblers pathological gamblers.

6 COMMISSIONER LANNI: Thank you.

7 CHAIRPERSON JAMES: Commissioner Moore?

8 COMMISSIONER MOORE: I was intrigued by your opening
9 statements there when you said that in 1974 and '75 one in three
10 people said they gambled and then a quarter of a century later,
11 in 1998, one in seven said that they gambled.

12 DR. GERSTEIN: Did not gamble.

13 COMMISSIONER MOORE: Or did not gamble, right. And so
14 one in seven did not gamble. So that meant 84 percent gambled.
15 I'll stop there. I misinterpreted that.

16 But I think that you've got an impossible thing to
17 study because I don't think anyone would tell you how much they
18 lost in gambling. And I'm like Commissioner Lanni, \$100. I
19 don't know. I might would be prosecuted, but I lost \$100 last
20 Monday night. And my wife --

21 CHAIRPERSON JAMES: Thank you for sharing that.

22 COMMISSIONER MOORE: My wife wanted to know how much I
23 lost when I came to bed. I said, "Oh, around \$50."

24 (Laughter.)

25 COMMISSIONER MOORE: She didn't ask how much I won.
26 Husbands won't tell wives how much they spent on a hunting trip.
27 Wives won't tell husbands how much they spend for a dress. And

1 just getting down to basic facts, we spent a little time with
2 Commissioner Wilhelm. I'm not going to tell my wife when she
3 asks how many sacks of feed I buy a month to feed my cows because
4 she thinks they ought to eat grass.

5 (Laughter.)

6 COMMISSIONER MOORE: And so you've got an impossible I
7 think when you start trying to come up with these figures. But
8 in answer of if we go to all of these things and we talk about
9 people spending 2 and a half times more money than they did in
10 '75 and then if we can assume that 25 years from now that they
11 will spend 2 and a half more times the percentage, then we'll
12 come up with 1.85 percent of the income 25 years from now.

13 And so that answers Mr. Wilhelm's answer. That's how
14 Mr. Lanni and Mr. Wynn and them all continue to build these
15 beautiful buildings with less people participating.

16 I mean, aren't we saying that gaming people are
17 participating less?

18 DR. GERSTEIN: Just to address the last point, the data
19 that Mr. Christensen has examined, from which I get those figures
20 -- they don't come out of this survey. I reported them. They
21 come out of my colleague Eugene Christensen's consistent studies
22 year after year.

23 He believes that the overall spending percentage on
24 gambling seems to be leveling off. He believes that it has
25 leveled off the past several years.

26 Now, the one thing I know for certain is that if you
27 take any trend line and extrapolate it out beyond next month,

1 you're at risk. Most trend lines change slope, change direction.
2 And it's particularly true of consumer expenditures. They go up
3 and down. And it may be that the Dow Jones will be at 25,000 in
4 25 years. And, then again, it may still be at 10,000. I don't
5 know what basis we have to predict that.

6 I do know that, as I said, Mr. Christensen is -- that
7 the taste for gaming in the U.S., at least as far as the
8 statistics show, does seem to have in terms of percent of income
9 leveled off but that that is going to stay that way and,
10 particularly, that that is not in itself responsive to changes in
11 the environment and the circumstances. Well, that's a different
12 matter.

13 CHAIRPERSON JAMES: Any other further discussion points
14 or questions from commissioners?

15 (No response.)

16 CHAIRPERSON JAMES: Thank you. We appreciate --

17 COMMISSIONER LEONE: I just have one point.

18 CHAIRPERSON JAMES: I sort of thought you would.

19 COMMISSIONER LEONE: This will only take a second.

20 CHAIRPERSON JAMES: Okay.

21 COMMISSIONER LEONE: But I do think that we owe this
22 much to this piece of research, not to NORC as an institution or
23 Dean or anybody else. This is the most important thing that we
24 have learned, at least I have learned, about gambling by being on
25 this Commission, is how much we don't know.

26 I had no understanding of how widespread gambling was
27 in the United States, how many different forms it took, how much

1 the country had changed since the last time I had any involvement
2 with this issue.

3 And I think I have, as Dr. Moore would say, a
4 preexisting condition. And that is I come thinking there are a
5 bunch of things we should probably do right away about gambling.
6 But put aside my biases or anybody's biases. The one thing all
7 of us ought to agree is that our first responsibility is to know
8 more.

9 This very professional organization has been asked to
10 kind of open the door that has been left shut in some respect for
11 25 years and as far as I'm concerned has done a -- much of the
12 report I might quibble with or argue with or I am skeptical
13 about.

14 Much of it I think is solid and interesting. But all
15 of it I am sure is vitally important to opening that door and
16 starting a base of information. And having been through this
17 experience and having heard the cross-examination and looked
18 closely at the evidence, I think NORC has done a very
19 professional, very responsible job.

20 And I think this report is important in that respect,
21 not because of the questions it answers but because of the
22 questions it opens up in a professional way. And it lays the
23 groundwork, I hope, for more objective work as we go forward.

24 CHAIRPERSON JAMES: And I would just ask those of you
25 who are participating with us through this process, particularly
26 those members of the media who have a responsibility to take this

1 information back to the American public, I would beg of you to
2 report it just that way.

3 While there are individuals or organizations who may
4 want to take pieces of this and to draw conclusions, we as a
5 Commission -- I think I hear us saying we're just not prepared to
6 do that yet.

7 But thank you so much for opening the door, and thank
8 you so much for your patience as we had the opportunity to
9 explore with you your research and ask the questions.

10 There were issues there that were of concern to many of
11 us. We had the opportunity to question you about that. And I
12 personally look forward to the additional information that we
13 have requested of you and the additional data that you have
14 graciously agreed to provide to this Commission.

15 I know it has been a difficult process but a very
16 important one. And, for that, as a Commission, I feel
17 comfortable in saying we all want to thank you for that.

18 But, again, I would say that this is just an opening of
19 the door. Thank you so much for that, Commissioner Leone. There
20 is so much more that needs to be studied and needs to be known.

21 With that, I want to thank you for participating with
22 us this morning.

23 DR. GERSTEIN: Thank you.