

1 DR. SHOSKY: Thank you, Madam Chair. Good morning.

2 Well, we have a lot of documentation to wade through,
3 and we'll begin with the overview. And if I may, I'd like to
4 take a few moments to talk about where we are in the writing
5 process and make a few comments about the overview before
6 beginning the discussion.

7 In terms of where we are in the writing process. As
8 you know the outline of the material has changed, and we have
9 reformatted and restructured much of the direction that we had
10 before to fit the new format and new outline. In doing that, we
11 have created a 247-page, single-spaced document which you have.
12 In addition to that, several commissioners have taken the lead on
13 various issues, and have produced some additional draft language
14 for consideration.

15 CHAIR JAMES: John, they can't hear you in the back.

16 DR. SHOSKY: I apologize.

17 In addition to the draft document we have additional
18 draft language that various commissioners have sent in.

19 COMMISSIONER LOESCHER: Madam Chairman, a point of
20 order. We can't hear it.

21 DR. SHOSKY: Would you like me to continue or wait a
22 moment?

23 CHAIR JAMES: Oh no, please go.

24 DR. SHOSKY: Okay, thank you. I'll try to speak up.

25 In addition to that, I'd like to remind you that we
26 typed up the direction and comments from the Report Subcommittee
27 meeting on April 7th and 8th, and we faxed that to you as well.
28 Those comments are subdivided by topics, and I'll be referring to
29 your direction and comments from the last meeting, and my
30 overviews on each section as we go through.

1 In terms of the overview, there are two documents, as
2 you know. There is what was originally the third draft of the
3 overview that we've been working on the last few months, and
4 there is an additional draft document from Commissioner Leone.

5 In terms of the overview preparation, the guidance that
6 we've been following so far is easily summarized. In the
7 overview the general idea was that we would have a snapshot of
8 where the gambling industry is today, and in addition to that we
9 would have a comparison with 1976 -- that be a benchmark year --
10 in terms of the last Gambling Commission report.

11 So the original overview offered a contrast -- 1976 to
12 1996 -- when Congress decided that it was appropriate to create
13 this commission, and as part of that snapshot an evolution to
14 show in 1999 where the gambling industry is today.

15 This was designed to be global, macro commentary. It
16 was designed to give the reader an idea as to the scope and limit
17 of the gambling industry. And with the new document that we have
18 from Commissioner Leone, this is focused in a tighter fashion and
19 made a lot more clearer.

20 One or two small minor issues have come up in terms of
21 the preparation of the report. One is that we need to make a
22 decision about how lengthy the overview should be, how much of a
23 snapshot to give in order to be able to keep the flow crisp and
24 bold, and moving forward.

25 A second issue is really a technical issue, and that's
26 that every time we introduce an authority into the report,
27 Commissioner Leone has suggested that we identify for the reader
28 why we think that person is an authority if that person is not
29 generally known.

1 For example, Harold Vogel, we should explain for the
2 reader why we think this person's commentary would be
3 significant. And we should certainly do that generally in the
4 footnotes, but if there's a particular need that we wouldn't
5 normally identify I think on a case-by-case discussion of these
6 kinds of issues, we should always err -- in my opinion -- on the
7 side of caution, and assume that the reader just generally would
8 not know who this is, and provide as much information for readers
9 now and for readers 20 years in the future who will be still
10 looking to this report for guidance.

11 COMMISSIONER LANNI: John, I have a question.

12 When you say we need to, are you referring to we the
13 staff or we the Commission?

14 DR. SHOSKY: Thank you. I have misspoke. I'm
15 referring to the Commission, and I'm trying to include myself as
16 your staff member slave who's trying to follow your wishes. So
17 please forgive me for using that term. I apologize.

18 COMMISSIONER LANNI: That's properly outlined in this
19 country.

20 DR. SHOSKY: With that in mind, I think the better
21 course of valor would be to open the discussion here.

22 CHAIR JAMES: Commissioner Loescher.

23 COMMISSIONER LOESCHER: Madam Chair, I've been reading
24 all this material, and I might have lost something somewhere
25 along the way with regard to the format of the report.

26 Several months ago we were sitting in the Report
27 Committee and we had something like 26 --

28 CHAIR JAMES: Twenty-three.

29 COMMISSIONER LOESCHER: -- sections of the report. And
30 now these have been consolidated into new titles and into about

1 13 sections, something like that. And in the course of that you
2 lost me. Particularly, Native Americans are in the appendix now,
3 and I have a little difficulty with that idea.

4 But there has been no official action that I have known
5 or seen in the record regarding this so-called consolidation of
6 the report that I can determine. If I've mistaken, please advise
7 me where I'm wrong.

8 CHAIR JAMES: That came out of our last meeting,
9 Commissioner Loescher, with the Report Subcommittee when we
10 talked about how the format of the report as it existed needed
11 some very substantial work, and that was the work that was done,
12 and that's where we are at this particular juncture.

13 And I think you're absolutely correct. There's several
14 things at this point even I feel we need to have a little more
15 emphasis on, and that's why we're here. We're here to talk about
16 that, and to look at the structure, and to see how we can fit
17 this together.

18 And so, as we go through that -- John, you may want to
19 talk about where the Native American issues appear at this
20 particular point, and how it will be incorporated into the
21 general piece.

22 COMMISSIONER LOESCHER: Madam Chairman, I'd like to
23 talk about that. I'm a commissioner. I'm not interested in what
24 staff has to say at this moment.

25 CHAIR JAMES: No, only in terms of background to bring
26 you up to speed, if that's helpful to you.

27 COMMISSIONER LOESCHER: Well, Madam Chair, I had the
28 opportunity to read the documents. I know exactly where the
29 material is. But if I could, there's a couple of observations
30 I'd like to make.

1 One is that I am hopeful that the work of the
2 subcommittee that has worked diligently over this last period of
3 time will be incorporated as a chapter, not a report in the
4 appendix; and I would hope that will be able to persuade the
5 commissioners as to the integrity of the work and the work that's
6 been done.

7 I think it's a good piece of work. It's true to the
8 facts. And then the findings and conclusions I think have been
9 worked through the committee. Not all of the points are agreed
10 to, but I think it's a good piece of work, and many, many people
11 have had a hand in it. Professionals in the field have assisted,
12 and I am hopeful that the Native Americans can have a chapter in
13 this paper since the statute highlights them quite prominently.

14 Additionally, Madam Chair, I was struck by the
15 reorganization of the format. And I appreciate the staff putting
16 together the binder that has the statute that we are charged with
17 implementing. But I couldn't correlate the work that's been done
18 to date in the outline and what not, against the charges that we
19 have in the statute. And when I started going through the
20 sections -- there's seven or eight requirements that we're
21 mandated to accomplish under the law -- I find this walking in a
22 number of areas when you match it against the format of the
23 report, and also some of the content, although I recognize the
24 content is very fluid right now in its writing.

25 So I'm hoping that we will do our own due diligence and
26 quality control to make sure that our report is at least
27 responsive to the statute. And I think that's a very important
28 thing for all of the commissioners to look at while we're going
29 through this final phase.

1 CHAIR JAMES: I would ask Commissioner Leone if he
2 would talk a little bit about the outline and the structure, and
3 the process that we went through to get there. And before he
4 does that, Bob I would just say, very much on our minds as we
5 went through that process was making sure that all the mandated
6 areas of the legislation were indeed covered in this more what we
7 believe to be readable structure.

8 COMMISSIONER LEONE: Well, I think you can always make
9 the case that individual categories of gambling should be treated
10 comprehensively in a chapter of their own. On the other hand, I
11 think that the overall mission of this commission is to explain
12 to the American people what is happening, to indicate what we
13 think the effect of those developments has been on the United
14 States, and suggest changes or ideas about the future, and to
15 stress the need for more information, more research as we called
16 it.

17 When one starts to think about the report logically
18 that way, you move through a different way. And so for example,
19 if you're talking about regulation, you talk about regulation as
20 it affects a variety of different kinds of gambling activities --
21 lotteries, casinos, differences among the states, tribal
22 gambling.

23 When you talk about the impact, you talk about the
24 differential impact of different kinds of gambling activities,
25 the great difference between convenience gambling in 7-Eleven
26 than there is from a destination resort kind of activity.

27 This latest outline which follows on a suggestion I
28 made is an attempt to organize the overall report in a way that
29 tells the story much more effectively.

1 I understand that I anticipated that individuals with a
2 particular interest in a particular form of gambling would say,
3 well that doesn't do justice to us. We need a chapter of our
4 own, or we need a chapter about the horse racing industry because
5 we have special characteristics, open spaces.

6 And I understand that the state governments might feel
7 that we're in the business of funding scholarships or taking care
8 of the elderly; we're not in the business of gambling at all and
9 we don't want to be lumped with these other gambling activities.

10 This is a logical way to proceed. Obviously, the
11 Commission can proceed any way it wants. It was contemplated
12 that everything that is in the draft report of the Subcommittee
13 on Indian Gaming -- I thought we were being treated this way
14 because of what we said about state-sponsored gambling.

15 I anticipated that everything that was in the report of
16 the subcommittee would be in the final report, and that it would
17 basically be in two sections rather than in one stand-a-lone
18 chapter.

19 Personally -- my advice is worth what you're paying for
20 it -- I would say it would be a mistake to somehow argue that the
21 characteristics, and the treatment, and the effects, and the
22 regulation of gambling on Native American lands should be treated
23 as entirely separate from everything else.

24 I think if someone gets credit at an Indian-owned
25 casino, or becomes a pathological gambler because of that
26 experience, or wins the jackpot because of that experience, I
27 think it's the same as anywhere else. And I think inevitably
28 what happens when you try to break this down by lottery, by
29 convenience gambling -- and this is what happened with the
30 original outline -- the overlap is uncontrollable because --

1 everything has to be brought into every chapter then, all over
2 again.

3 Look, as the commissioners know, I sent a memo around
4 suggesting some language to begin the overview. I'm not happy
5 with the overall draft. I would not defend the approach we're
6 taking. I do think that this outline makes some sense, but at
7 this stage we're a long way from having a finished product.

8 COMMISSIONER LOESCHER: Madam Chairman?

9 CHAIR JAMES: Commissioner Loescher?

10 COMMISSIONER LOESCHER: We can have this discussion now
11 or we can have it later. I don't know how you want it. I
12 disagree with some things about this change. And it is very
13 fundamental to how the report will finally look and how the
14 messages will be translated.

15 CHAIR JAMES: Let me ask you to do this. If we could
16 confine our discussion right now to the structure of the report
17 and in terms of the specific issues related to Native American
18 gaming, I'd like to have an extended time to talk about those
19 issues, but right now talk about the outline -- the overall
20 structure of the report -- and the efficacy of treating Native
21 American gaming sort of in the same way that we're handling all
22 the other issues in this report, and have that as a topic of our
23 discussion right now.

24 COMMISSIONER LEONE: Well, it seems to me to focus the
25 question even more on what's Bob's concern.

26 In this outline the idea is to treat
27 government-sponsored gambling -- whether it's by states or by
28 tribes -- in a separate category. And most of the material about
29 Indian gambling that has been developed by the subcommittee would
30 go in that section.

1 I think that in the nature of the case,
2 government-sponsored gambling, whether it's by the state of
3 Massachusetts or by the Piquot Nation is different fundamentally
4 from the business -- MGM Grand -- is in, and in important
5 respects. We apply different rules to it.

6 They may play the same games, but it's different from
7 our point of view in terms of the regulatory issues, and the
8 governance issues, and the legal issues. And so it made certain
9 amount of sense to put those two next to each other. But that
10 could be done differently. You could make two different chapters
11 out of that.

12 CHAIR JAMES: Bob, please understand the spirit in
13 which this was done, which is in recognizing the sovereignty of
14 the nations, and an understanding that it is a different category
15 -- that government-sponsored gambling, that was the logic behind
16 that.

17 We're certainly opened to if you want to separate that
18 out, and I'd like to hear some discussion on that.

19 Bill?

20 COMMISSIONER BIBLE: We've really talked about two
21 things. One is we have to address certain of the statutory
22 mandate. We're required to respond to the authorizing
23 legislation and address the concerns that we've been formed to
24 address.

25 Secondly, you hit it on the head, Richard; we should
26 make the report as effective, and as readable, and as user
27 friendly as we can, and I think we accomplished those two
28 objectives with the format that Richard has come up with. I
29 think we effectively handled both of those areas. I don't think
30 we're required to break it down as we were going previously into

1 the various types of gambling where we have "a" chapter on horse
2 racing, "a" chapter on casino gaming, "a" chapter on riverboat
3 gaming, "a" chapter on lotteries, "a" chapter on tribal gaming;
4 we can handle the issues throughout the report under the much
5 broader categories, because all those categories do is
6 encapsulate all the various forms of gambling and roll them up
7 into some usable structural element.

8 CHAIR JAMES: And a matrix was developed, and it was
9 cross-referenced with the enabling legislation to make sure that
10 everything we were required to do by law is taken care of in the
11 structure that Dick recommended. And we thought it made it a
12 much more readable document and user friendly document.

13 But I understand your concern, Bob, and I'm certainly
14 opened to any further discussion or recommendations from the
15 Commission in terms of how we approach this.

16 COMMISSIONER LOESCHER: Madam Chairman, I'm prepared to
17 go forward to listen to presentation, but I honestly feel because
18 the Native American gaming is done with tribal governments, it is
19 the government -- as well as states are governments -- they
20 should have the integrity of what we have found delineated
21 coherently and comprehensively.

22 Also, I believe that the message will be much more
23 distinct on Native American gaming if it's all together, and
24 people can see what it is. And I think the quality of the
25 chapter that committee has put together I think will stand on its
26 own.

27 I believe that the Native American community is
28 prepared to live with the writing as we have come forth with it,
29 and hopefully the Commission will adopt. I believe that if we

1 can get some change to the structure at least considered before
2 this session is over, I believe we would be happy with that.

3 CHAIR JAMES: Okay. Well let's work through this, then
4 at the end of that time together we can say has that been
5 appropriately addressed; what is your comfort level in terms of
6 where we are, and address that probably tomorrow morning or
7 tomorrow afternoon.

8 COMMISSIONER LOESCHER: Thank you, Madam Chairman.

9 CHAIR JAMES: You are certainly welcome.

10 Dr. Shosky.

11 COMMISSIONER BIBLE: Before you start going through the
12 overview, can you maybe work through the timeframes. Are we
13 really going to get all of this to the consultants to edit on
14 April 30th, May 1st, next week?

15 DR. KELLY: The timeline that was sent out on Friday
16 states that indeed the consultants need the next draft of the
17 report by close of business Friday, the 30th. They said
18 basically this is written in the contract we have with them, and
19 it is necessary if they're going to meet our timelines in turn.

20 COMMISSIONER WILHELM: Tim, it's very hard to hear.

21 DR. KELLY: I'm sorry. Let me repeat that, and I'll
22 try to speak right in the microphone. And I'm sorry for the
23 sound system. We have somebody on the way to try to adjust it
24 for us.

25 The timeline that I sent out on Friday is built around
26 the terms of the contract that we entered into with their
27 consultants, CSR. And the dates and deadlines in it they assure
28 us are absolutely necessary if they're going to be able to turn
29 around and do their part of this work in time for us.

1 So what we've built into the timeline, if you'll
2 notice, by Friday, the 30th, we'll have to have delivered to them
3 Draft 2 of the report. That means that by Friday, the 30th, we
4 have to incorporate the input that comes out of these two days of
5 discussions as well as any additional draft language we might
6 have from specific commissioners, into the next draft, the next
7 form of the report, which will then be delivered to CSR.

8 We have also built into the schedule though, a fallback
9 which is next Tuesday. For any of you who are working on
10 additional draft language that you want to add into Draft 2, if
11 you have minor additions or revisions by Tuesday, that's still
12 doable. But basically the deadline is Friday, the 30th, to get
13 the draft to CSR.

14 CHAIR JAMES: Yes, well said, Dr. Kelly.

15 COMMISSIONER DOBSON: Madam Chairman?

16 CHAIR JAMES: Commissioner Dobson?

17 COMMISSIONER DOBSON: John asked a question with regard
18 to the previous meeting. As the structure has changed, I've lost
19 track or could not find some of the recommendations that came out
20 of that meeting, and some of the decisions, even though they were
21 tentative, some of the things that we agreed upon that day. I'm
22 unable to locate them.

23 Have you faithfully followed the transcript of those
24 discussions and made sure that they're all in there somewhere? I
25 don't know where they are; I can't find them. And some of them
26 are not in the places I would have expected.

27 COMMISSIONER BIBLE: I think what happens, when you're
28 driving a truck full of -- and you're loaded with barrels, and
29 you make a hard right-hand turn, some of the barrels fall off.

1 COMMISSIONER DOBSON: Yeah. That's what worried me.
2 Some of those barrels were mine.

3 COMMISSIONER WILHELM: What exactly did you mean by a
4 hard right turn?

5 COMMISSIONER BIBLE: You know exactly what I meant.

6 CHAIR JAMES: This issue cuts neither left nor right.

7 DR. SHOSKY: Well, let me tell you what I tried to do.
8 And I'm the first to admit I may not have been successful.

9 But the first thing that I did was prepare this
10 document that I had faxed to everyone, entitled "Comments and
11 Directions, Report Subcommittee", and it has the dates. And then
12 it has all of the recommendations and comments by topic. So I
13 started with that document.

14 And then as the new outline was presented, and we
15 shifted material around, I tried to do two things; although I'm
16 sure some things are questionable as to where they are, and may
17 not have gotten in. One this was, is I tried to list the
18 recommendations at the end of each section, and I hope that we
19 did that with everything.

20 The other point was that there was specific direction
21 about issues or language that needed to be incorporated into the
22 sections. I hope we did that. If we did not, that's one of the
23 things that desperately needs to be pointed out today, so we make
24 sure to do that.

25 I'm in the process of going through myself and
26 double-checking against this 11-page list that I prepared, but
27 with the timeframe, in all honesty, I haven't had a chance to do
28 that.

29 COMMISSIONER DOBSON: If I may interrupt, John, I'm
30 more concerned not about the list you made, because you may not

1 have gotten it all down accurately; none of is perfect. I'm more
2 interested in your taking the transcript and checking off the
3 items, and then going through the document and identifying
4 everything that we came up with.

5 DR. SHOSKY: Well, right. That's what I mean in the
6 creation of the list.

7 The process was this. As you know, I took notes. We
8 had another person that took notes, and then we got the
9 transcripts immediately from Neal Gross, and we cross-referenced
10 --

11 CHAIR JAMES: As a matter of fact, Jim, I asked them to
12 put an expedite on the transcripts for just that reason, so that
13 they could go through and do that.

14 COMMISSIONER DOBSON: Okay.

15 CHAIR JAMES: We had to pay extra for that.

16 DR. SHOSKY: So in point of fact, this document that
17 was sent out to you should include everything. It shouldn't just
18 be my impression, but it should be the collective impressions to
19 what was required.

20 CHAIR JAMES: And I would remind commissioners, never
21 attribute to malice what can more easily be attributed to, and in
22 this case, the velocity of the business. So if you do see
23 something that is not there, please bring it to John's and my
24 attention.

25 DR. SHOSKY: If I could add one more thing that
26 Commissioner Dobson might be referring to -- there's several
27 pieces of material that we've received from your staff. Some of
28 that material arrived after this document was, so to speak, out
29 the door. And I tried to go through each one of those items
30 point by point yesterday with Ron to let him know when we had

1 received things, and what the state of each one of those
2 documents, for inclusion or exclusion, might be in. And I hope I
3 was able to satisfactorily explain that.

4 COMMISSIONER DOBSON: That's important, and I
5 understand that. I'm more concerned in my comment this time with
6 what we all sat here and discussed. As Leo just said, not
7 everything that we discussed and not everything that I
8 recommended was greeted with a unanimous response, but there were
9 things that were, and those things need to be there.

10 DR. SHOSKY: Agree, absolutely.

11 CHAIR JAMES: And every one of them should be. And if
12 we find any that are not, then please bring them to the
13 attention.

14 COMMISSIONER WILHELM: On the timeline issue, I'm of
15 course unable to say anything intelligent about Dr. Kelly's
16 comments about what the contract with the consultant may say.
17 But just on the level of practical, it's inconceivable to me that
18 we could get from here to Friday, and have a draft that's
19 subsequently only subject to minor changes.

20 In addition to the fact that several people are
21 drafting several things, my own view is that many of much of what
22 we have before us is not something close to final form that I
23 believe would be acceptable. And moreover, there's a good many
24 things -- and perhaps by tomorrow night this would look somewhat
25 better -- but there's a good many things that need thrashing out
26 between and among the commissioners.

27 So just as a practical matter, I don't see how we can
28 be in a position to have a draft that's subsequently only is
29 subject to minor revisions by Friday. That seems inconceivable
30 to me.

1 CHAIR JAMES: Any other comments?

2 COMMISSIONER LOESCHER: I agree.

3 CHAIR JAMES: I think we're all pretty much in
4 agreement on that.

5 John, having said that, we will continue to press
6 towards and get the best document that we can by then, and then
7 we'll have to look at the schedule and see what kinds of changes
8 need to be made in order to accommodate getting all of our final
9 comments in.

10 John?

11 DR. SHOSKY: Okay. Thank you, Madam Chair. I think
12 perhaps the best way to initiate the discussion of the overview
13 might be to mention that there are two elements that I'm
14 virtually certain that you've directed us to include. And that
15 is that we should have a comparison between the state of the
16 gambling industry now and the state of the gambling industry
17 roughly around the time period of 1976 with the last report.

18 And the other element I'm virtually certain that you've
19 directed us to include and directed us that there's agreement on,
20 is that there needs to be a discussion as part of this about the
21 creation of the Commission.

22 Now, I know that there are some people who believe that
23 the discussion that we currently have is much too long, and
24 that's easily corrected; but perhaps the best way to start would
25 be to make sure that we have agreement on any other elements that
26 should be in the overview.

27 CHAIR JAMES: John, and then we'll go over to Leo.

28 COMMISSIONER WILHELM: I just have a comment on the
29 effort that I originally thought logical when the concept was

1 raised to use a 20-year timeframe, that is to compare 1996
2 statistics about gambling with 1976 statistics.

3 When this idea was first put forward it sound like it
4 has nice symmetry to it because 20 years is a round number, but I
5 think that in the event it's misleading. Because in some sectors
6 of the gambling industry there's been enormous changes between
7 the 1996 statistics that are used and the most recent statistics
8 that are available.

9 As one example, the Indian Gambling Subcommittee Report
10 uses more recent figures with respect to gross revenue, and
11 things like that. And they're markedly different from the 1996
12 figures because of the fact that that particular part of the
13 industry is expanding so fast. And the same thing could be said
14 about other 1996 statistics.

15 So I think that it ends up being quite misleading to
16 the reader by using dated statistics. If the result of having a
17 symmetrical number of years is misleading, I don't think we
18 should use it.

19 COMMISSIONER McCARTHY: Madam Chairman?

20 CHAIR JAMES: I recognize Leo, and then I'll come right
21 back over to you, Bob.

22 COMMISSIONER McCARTHY: If there is a dramatic
23 difference in -- I'm trying to remember -- Dick, what timeframe
24 were we using for the 1976 versus now the comparison? Was it
25 1996, as John just suggested, or was it 1998?

26 COMMISSIONER LEONE: Well, first of all, since this was
27 John's suggestion we adopted, I would rely more on his
28 recollection of what we were going -- I mean, a number of us
29 thought this was a very good thing to do, to look back a quarter

1 century to see where we'd come in the last quarter century when
2 there's been a very dramatic development.

3 COMMISSIONER WILHELM: I wouldn't disagree on that
4 point.

5 COMMISSIONER LEONE: And then to speculate about, at
6 this rate, where we might be in another quarter century; and by
7 doing that, have a perspective on what kinds of things we ought
8 to think about now. That's not currently written out.

9 COMMISSIONER McCARTHY: I think we all agree, that's
10 still a good basic idea.

11 COMMISSIONER LEONE: But that grew out of something
12 John said at the last meeting. I thought it was a good way to --

13 COMMISSIONER McCARTHY: Actually, it was Leo's idea,
14 but whatever.

15 John, were you suggesting that if you have numbers that
16 are uniquely different, that somehow to give the proper
17 perspective on the degree of change, that we need to find a way
18 to incorporate that in?

19 COMMISSIONER WILHELM: Yeah, that's all. I agree with
20 looking back.

21 COMMISSIONER McCARTHY: Yeah, I don't think we need to
22 be that rigidly fixed. I mean, if there's some dramatic
23 difference.

24 You mentioned the sample of tribal gambling, but I'm
25 sure there are probably a couple of others too, the number of
26 convenience stop gambling facilities that features slot machines.
27 I don't know what timeframe we're using for that, because in the
28 last three years there's been a dramatic increase in those. So
29 some allowance can be used for that, and still achieve the

1 comparison as was originally suggested between 1976 and now. I
2 mean, we may find three or four different examples.

3 Internet gambling was nonexistent in '76, so there's no
4 comparison now. Some of the estimates are wild, so I think we
5 want to be very cautious about what we say.

6 CHAIR JAMES: But I think we're all in general
7 agreement that we want to show that it's grown.

8 COMMISSIONER McCARTHY: And likewise, going forward the
9 same timeframe, whatever the number of years was between '76 and
10 now, and then that's forward. Again, being judicious about what
11 numbers we use, we should have defensible numbers, but derived
12 from the kind of rate of growth that we've had evened out in some
13 factor. Because from segment to segment it won't grow at the
14 same rate; it's going to level off in some segments.

15 COMMISSIONER LEONE: You know, I sort of feel like who
16 are we talking to. We're talking to each other I think not so
17 much about what milestones chronologically we want to adopt, but
18 whether we want to make this general point which is embodied in
19 this bit of a language that I sent around, which is basically
20 quite simple.

21 At one time gambling was rare and considered
22 exceptional in the United States. Over the past quarter century
23 it has become increasingly common and unexceptional. At the
24 present rate and applying the current criteria, it will become
25 ordinary and routine, and embedded in the culture.

26 How did we come to make the decisions that are bringing
27 that about? Are those the decisions we want to make going
28 forward? Do we know enough about the impact and what it would
29 mean to keep moving in this direction? And that's the logic of

1 this language I've suggested for the overview, which is basically
2 to give people a notion --

3 You mentioned one of the investment houses sent us all
4 something way back -- which I looked up; you were right -- which
5 showed a map and showed visually this dramatic change. And the
6 point is to bring home to people that the change has been
7 dramatic; that the pace of it, if anything, is accelerating. And
8 I think some of these recent annual, or two or three year numbers
9 about the extent of the gambling machine locations in the United
10 States do that dramatically; and then to say how this happen, who
11 made these decisions, and obviously they were made in lots of
12 different places.

13 And I pose in the piece I wrote, there are two ways to
14 look at this. One is, well, this is just the sum working out of
15 the popular will and mysterious ways, and there's no sense
16 standing against it. The other way is, no, this is a result of
17 people not thinking about the implications nationally of lots of
18 individual exceptions, individual decisions; and therefore, it's
19 time for a pause.

20 I was searching for something that might unify the
21 Commission because there's obviously many things we'll be divided
22 about. And I think that's what this is about.

23 CHAIR JAMES: Some things, not many things.

24 COMMISSIONER LEONE: Some things.

25 CHAIR JAMES: Commissioner Loescher? I'm sorry, I did
26 recognize him first.

27 COMMISSIONER LOESCHER: Madam Chair, thank you very
28 much.

29 I have just a couple of thoughts about this business.
30 You have outlined in the scope what you're trying to do, and then

1 I get a little nervous about how many pages were allowed to print
2 this on.

3 If we're going to do the creation of the Commission,
4 and then there's a section on before and after. Then I look in
5 the back, and there was 26 pages on more studies.

6 I don't think that adds anything. We've spent two
7 years on the road listening to Americans, and we've spent
8 millions of dollars doing studies. We had review of the
9 knowledge that's been written in libraries and wherever, and we
10 have tremendous data. But we need to reflect that which we heard
11 and that which we know and what we researched in the report much
12 more than we need to have a recognition of how we created this
13 commission, and the before and after.

14 CHAIR JAMES: I think there was pretty much uniform
15 agreement on that; that that can be handled in two sentences
16 rather than two or three paragraphs.

17 COMMISSIONER LOESCHER: I just wanted to offer that,
18 because I worry about that we're going to lose the space to
19 represent what we saw and heard. I really think that's more what
20 the Congress wanted, and what we can do to educate the American
21 public about this business is much better than that. So I offer
22 that in the equation here.

23 COMMISSIONER McCARTHY: We're going to cut the bios on
24 the Commission to the second half of the --

25 CHAIR JAMES: I would just say to commissioners, in all
26 the volumes of paper that you in front of you, it took a while
27 for me to sort it out, even this morning with the briefing
28 materials that came in and the materials that you received last
29 night. And it may be helpful, John, as you refer to certain
30 things to talk about where to find it.

1 COMMISSIONER LEONE: Surely.

2 CHAIR JAMES: Because the comments that Commissioner
3 Leone was referring to were those that were delivered to you last
4 night, and he has some very interesting comments on the overview,
5 and that's where you would find that.

6 John.

7 COMMISSIONER WILHELM: Three things. Broadly on the
8 overview, I don't necessarily disagree with what Richard was
9 saying a few minutes ago about the sort of theme or thrust;
10 however, I do feel there's something missing from the tone of
11 both the overview chapter in the binder and the stuff that
12 Richard wrote.

13 And that is, I think the overall tone of those two
14 things taken together is too much tilted toward what I would call
15 sort of the regulatory or patronizing tone. And again, I don't
16 necessarily disagree with the thrust of any of it, but what's
17 missing in my view is an explicit recognition of the fact that
18 the American people like to gamble. I don't think it's
19 appropriate, if we're trying to talk to the American people as
20 Richard suggested, that we ignore that.

21 Now, neither do I think that that somehow determines
22 what ought to be in this thing, but I do believe we need to
23 recognize that the American people gamble, they gamble legally,
24 they gamble illegally, and they're going apparently, if you look
25 at history, continue to gamble. And they are voting, so to
26 speak, with their feet. So while I don't think that's the only
27 thing that should be said, I also believe it should not be
28 ignored.

29 Secondly, Richard made mention a moment ago to a map,
30 or a series of maps -- I wasn't sure which -- that shows the

1 rapid expansion of gambling in the United States. And I would
2 agree that graphics like that would be extremely useful. The
3 Indian Gambling Subcommittee have some charts that show rates of
4 growth of different kinds of gambling, for example. And I would
5 hope, John, we haven't seen anything like that yet in any of
6 these drafts.

7 I think that many of these points can very usefully be
8 made graphically, and thereby reduce some of the verbiage, and be
9 more effective all at the same time.

10 The third point I want to make about the overview
11 chapter is a much more discrete point. And that is, while I
12 would defer to Mr. Bible and Mr. Leone on this point -- for the
13 details on this, I think that the use of gross wagering
14 statistics is probably wildly misleading. I don't believe gross
15 wagering numbers have any actual reality in the real world
16 because of the fact that people recycle their dollars.

17 COMMISSIONER DOBSON: Madam Chairman?

18 CHAIR JAMES: Commission Dobson.

19 COMMISSIONER DOBSON: I like very much what Richard has
20 written and would just respond to John's comment.

21 Yes, it's obvious that the American people want
22 gambling. That can't be denied. But I think we also have to
23 make reference, as he has, I believe, to the other influences on
24 the growth of gambling, including the money spent by the gambling
25 industry on referenda and on lobbying of various sorts and on
26 campaign contributions. So there are some other things driving
27 this other than just the desire for gambling and we need to
28 represent both sides of that.

29 CHAIR JAMES: Terry.

1 COMMISSIONER LANNI: One of the concerns I have -- and
2 I want to compliment Richard. His style of writing is excellent.
3 There's some jargon I might not necessarily concur with, but my
4 concern is when you're writing an overview chapter, I would think
5 that that would be the last thing that we would do because it
6 summarizes so much of what we have yet to decide. So I find it
7 very difficult in going through and analyzing this to -- because
8 there are issues that, I think, Richard -- the approach is good.

9 I think the outline is excellent, but there are some
10 issues that I would not personally feel comfortable with that was
11 there and I think we really should have that overview chapter as
12 probably the last chapter we review.

13 COMMISSIONER LEONE: Let me explain why I don't agree
14 with Terry on that point. And let me confess that I probably
15 slipped a little bit more of my personal inclinations in here,
16 but the truth is this was written with exceptional restraint.

17 (Laughter.)

18 COMMISSIONER LANNI: What's your definition of
19 restraint?

20 COMMISSIONER LEONE: You're absolutely right about
21 this. Unfortunately, we're in an illogical situation which is I
22 think this is not possible, but it is theoretically supposed to
23 be true that we're going to develop the bulk of this report and
24 get the people to edit and start working on it in a few days.

25 Under those circumstances, frankly, over the weekend, I
26 thought it might make sense to try and write some big framing
27 thoughts and force us to think about what else was important in
28 the report, having made a decision perhaps today about the
29 general direction in which we want it to go because I don't see
30 how we can have a deliberative process.

1 Frankly, there's a little unreality about the exercise
2 we're engaged in right now if we think that audited, based on the
3 experience we've had so far, some superb draft is going to emerge
4 in the next 24 or 48 hours into an editorial phase. I think we
5 ought to be very specific about the things that are important in
6 this report.

7 I think while I disagree with Bob about the stand alone
8 chapter and I don't even think that's the best way from the
9 Tribes' point of view to view their participation in gambling. I
10 think it should be seen as part of an overall picture and not as
11 a target or a specific place so that raises an exceptional
12 question about where we want to go with gambling.

13 I just think that we ought to try to focus on the
14 things that each of these chapters that are crucially important
15 to us because at the end of the day I have a hunch we're not
16 going to get much more than that, that we can all stand -- that
17 most of us can stand by in the time remaining. It's just -- I
18 don't see how it can happen.

19 We've had all this time. We're the best documents we
20 have, is the report of the Indian Gambling Subcommittee. That is
21 with two or three other pieces, something that shows a lot of
22 work and refinishing and thought over time, whether you agree
23 with it or disagree with all of it. We don't have a lot of units
24 like that to plug into this report, so, Terry, I just think maybe
25 this is too minimalist. But if we agree on some important things
26 we want to say in the next couple of days, I think that will
27 advance the process.

28 CHAIR JAMES: Terry.

29 COMMISSIONER LANNI: Oh, I think that's valid, Richard.
30 There are areas in here, as I say, from a style standpoint I

1 think it's a substantive improvement. Much of what you have in
2 here I concur with as one individual so for whatever that is
3 worth.

4 There are areas that I question. One is extrapolation.
5 I am concerned about extrapolation. I said this before. Someone
6 told me this a long time ago, you never want to predict anything,
7 especially something having to do with the future and as a
8 Commission, if we're going to be making predictions through
9 extrapolation, I would be concerned. For one thing, in the last
10 25 years, the growth has been significant to say the very least,
11 in varying forms of legal and probably illegal forms of gambling
12 in the United States and probably in the world for that matter.

13 Having said that, if you take a look at from the time
14 of 1976 to the time now that there were two States that had
15 authorized gambling in 1976 from a casino standpoint, one was in
16 operation being New Jersey and approved in November of 1976, did
17 not begin until Memorial Day 1978.

18 Now you've gone to a level where there's including
19 Native Americans where arguably you have 23 to 27 States.
20 There's a limit with the number of States how many more States
21 can approve gambling. There are a number of States in the
22 interim period who have rejected it, Florida on three different
23 occasions. We can't assume that it will necessarily grow to that
24 level.

25 You can look at lotteries where there are 37 States and
26 the District of Columbia. You're limited to only 13 more States
27 that could have lotteries even if all 13 wanted to have
28 lotteries.

29 I'm concerned about extrapolation. I'm concerned about
30 some of the issues that have been raised. As I said, there are a

1 number I could agree with and would support, but actually -- very
2 much support.

3 If we wanted to sit down and talk about it, get down to
4 the meat of the issue, I'm happy to do that right now.

5 CHAIR JAMES: That's what we're here for. That's the
6 purpose of our being here. Let's do it.

7 Let me make this comment before we move on and then
8 I'll recognize Bob and I'll recognize Leo and that is that in
9 terms of our time together. Yes, it would make more sense to
10 work through the rest of the document, do the overview at the end
11 to say okay, so where are we?

12 What are the things that we've agreed upon today that
13 can be incorporated in the overview chapter?

14 So it may make sense, Terry, at the end of our time
15 together to go back and look at the chapter and say does it now
16 reflect where we are. So in terms of our time together we
17 certainly can do that tomorrow.

18 COMMISSIONER LANNI: Madam Chair, one last statement,
19 if I may. The issue of us submitting continuing responses to
20 John for modifications, that's almost like the last person who
21 sends it in will get the last word. It seems to me we have to
22 make some decisions and then make amendments. I can send
23 amendments and Jim can send in amendments --

24 CHAIR JAMES: But my hope is that that's exactly -- and
25 I keep trying to drive the Commissioners to do that today and
26 let's have the debate. Let's have the discussion and when we
27 leave here, then we should have some consensus about where we
28 are.

29 COMMISSIONER LANNI: Nothing have I said, I want you to
30 fully understand, anything I've said here is nothing other than

1 the fact that you've done a superb job as chair, so that's not a
2 question, whatsoever.

3 CHAIR JAMES: Bob?

4 COMMISSIONER LOESCHER: Madam Chair, I want to talk --
5 I don't know what you call it, the beginning or the end, but I
6 saw the work at the end in my binder, the conclusion, and it
7 signs us up, all of us for the writing of the conclusion where I
8 can buy some of the other sections, maybe not buy all of them.
9 The conclusion does sign me up. So I wanted to comment a little
10 bit about that.

11 I travel with you all and I saw what was going on and I
12 can agree with Dr. Dobson on the number of his observations about
13 the extremes that are occurring in America and the fact that
14 people -- Mr. Leone has written some papers on lotteries and
15 others and I agree with some of the observations he has made and
16 a lot of this.

17 I have a problem. I can agree that we should talk
18 about the extremes and caution the American people on that and
19 bring it to the attention of public policy makers. There's a
20 long discourse on how did we get here and that's kind of
21 rhetorical kind of a question and the thing about the writing,
22 all the way through this paper, particularly in the casino area
23 and the conclusion and parimutuel and what not, ignores the fact
24 that millions of people, millions of Americans are involved in
25 gaming.

26 They're involved in it. And they're involved in it for
27 a number of reasons, for competition, for entertainment, for
28 recreation. And that is part of culture.

29 I know for Native Americans, we've always had gambling
30 as part of our culture for thousands and thousands of years. I

1 don't see that in here. There's no recognition of motivation of
2 the American public and why they're involved in gaming. We're
3 always going just one way talking about the extremes and trying
4 to make public policy makers stop, but we're ignoring the fact
5 that millions of Americans are involved in gaming every day and
6 for these other reasons that I mentioned.

7 I think if we're going to write a conclusion, we should
8 talk about the people, the American people and the fact that they
9 are motivated, for whatever reason, to be involved, but also we
10 need to talk about the extremes and ring the bell of caution.

11 CHAIR JAMES: I think that was a point that
12 Commissioner Wilhelm made earlier and I think it's certainly
13 evident with the growth of gambling in America, one could
14 conclude from that that the American people do, in fact, gamble
15 and like to do it.

16 COMMISSIONER LEONE: I think those points are valid.

17 CHAIR JAMES: Yes.

18 COMMISSIONER LEONE: And I only left them out to
19 encourage other Commissioners to submit --

20 (Laughter.)

21 COMMISSIONER WILHELM: It's too late for tactics,
22 Richard.

23 (Laughter.)

24 CHAIR JAMES: Commissioner Wilhelm.

25 COMMISSIONER WILHELM: There's one other concept that I
26 believe is missing from Richard's language, and again I agree
27 with others that I support the overall thrust of that language.
28 And that --

29 COMMISSIONER LEONE: A few more endorsements and I'll
30 be dead here.

1 (Laughter.)

2 COMMISSIONER WILHELM: The key word was overall,
3 Richard. The only concept that I think belongs here some place
4 is the tension in many communities and nationally between legal
5 and illegal gambling and I'm not suggesting we should get into
6 the area of recommending, notwithstanding my friend, Commissioner
7 Bible, more legalization of things that aren't legal and things
8 like that, but sports gambling is an obvious example.

9 We refer throughout various drafts of sports gambling
10 as a big problem. Well, almost all sports gambling is illegal.
11 The other thing I realize I run the risk of becoming a broken
12 record on another subject, but this whole area, this gray of
13 machines, to me, is another example of the tension between legal
14 and illegal gambling.

15 And I think that's directly related to the point John
16 made a moment ago and I was attempting less elegantly to make
17 earlier and that is people bet, people gamble. This tension
18 between legal and illegal is something that I believe is
19 fundamental to trying to understand this phenomenon.

20 And then I have a couple of just highly specific
21 suggestions about the very last paragraph of Richard's language
22 that we received, I guess last night, the paragraph that begins
23 "that, however, is not the view of this Commission." I think the
24 second sentence should read, "We are unanimous in our belief that
25 gambling should remain" --

26 CHAIR JAMES: Hold that just a second and let the
27 Commissioners catch up with you.

28 COMMISSIONER WILHELM: Page 6 of Richard's language in
29 the document that says, "Overview Chapter, Additional Draft
30 Language for Commission Meeting."

1 CHAIR JAMES: Yes.

2 COMMISSIONER WILHELM: Last paragraph.

3 CHAIR JAMES: Is everybody there?

4 COMMISSIONER WILHELM: The first sentence I would leave
5 as it, "That, however, is not the view of this Commission."

6 The second sentence, I believe, should be truncated. I
7 think it should read, "We are unanimous in our belief that
8 gambling should remain restricted." And the reason is it's not
9 relatively rare, so I don't see how we should say it should
10 remain relatively rare, because it already isn't relatively rare.

11 And then the other change that I would like to suggest
12 because I think it's more in the spirit of the goal of this
13 Commission that has been articulated a number of times by the
14 Chair and others and that is in the last paragraph.

15 Instead of saying, "In many communities, this means an
16 explicit moratorium on further expansion until more information
17 is available," I think we should say that States and local
18 communities should consider waiting for more information and that
19 may sound like a nit pick, but I'm not comfortable trying to tell
20 communities that there should be a moratorium because I think
21 that's for States and communities to decide.

22 I feel very comfortable recommending that there needs
23 to be a great deal more information before people come charging
24 down this path.

25 Thank you.

26 CHAIR JAMES: Dr. Dobson?

27 COMMISSIONER DOBSON: Madam Chair, I think we've got
28 the cart before the horse here, in a way. We have not agreed
29 that this is the basic document that we're going to work from. I

1 think we ought to start with that and then begin to modify it as
2 John has indicated.

3 I would like to make a motion that we do that, that we
4 set this document as the beginning point and then modify from
5 that.

6 COMMISSIONER LANNI: Second.

7 CHAIR JAMES: There is a motion.

8 COMMISSIONER McCARTHY: I like it the way Richard Leone
9 has written it with the single exception that it probably make
10 sense somewhere in the overview and Mr. Leone has mentioned to me
11 he has more work to do in the overview regarding the rest of the
12 staff draft is there, but I do think it's useful to the public to
13 somewhere refer to the huge problem of illegal gambling as John
14 suggested, even though that's not our charge.

15 Still, to give the public some proper perspective here,
16 to mention illegal gambling, particularly in sports wagering is,
17 I think, a necessary part of the overall message.

18 CHAIR JAMES: Let me suggest --

19 COMMISSIONER McCARTHY: I like the thrust you've got.
20 I like the idea of the suggested moratorium even though I'm well
21 aware that States are going to make the decision on their own.
22 We're here to make a statement, for this Commission after two
23 years' work, looking at what's going on here.

24 Obviously, this has all kinds of refinements. If
25 someone is halfway through building a building, we are not
26 suggesting that they don't complete the building. You've got to
27 keep this within some rational bound here. We're not in the
28 position to write through every single -- let's assume people
29 have some common sense here.

1 CHAIR JAMES: Leo, can I interrupt for just a second to
2 suggest that the motion that is before us right now is whether or
3 not we take this as our point of departure for our discussion.
4 After we resolve that, then we can continue with the discussion
5 about additions or subtractions or that sort of thing.

6 The question that's before us right now is whether or
7 not we take this as the point of departure.

8 COMMISSIONER LEONE: I guess what I'm driving for,
9 Madam Chair, is that I like it the way it is with the single
10 exception of John Wilhelm's comment on illegal gambling.

11 CHAIR JAMES: Okay. I've had a motion and it has been
12 seconded. Is there any further discussion?

13 COMMISSIONER LOESCHER: Madam Chair --

14 CHAIR JAMES: All in favor, the question has been
15 called. Commissioner Loescher?

16 COMMISSIONER LOESCHER: I made a statement earlier and
17 I'd like at least for the record to note that I believe that the
18 thing is lacking in terms of its recognition of Americans'
19 involvement in gaming. There are millions of people involved and
20 they have motivations of competition, entertainment, recreation.

21 CHAIR JAMES: And again I would say for the record that
22 I think we've already agreed to that. We recognize that the
23 document before us still needs work, still needs additions and
24 some would suggest a few deletions. So we're not debating at
25 this point what is or isn't in here, simply whether this is the
26 point of departure in which we will hold our discussion.

27 All in favor, please say aye.

28 (AYES.)

29 CHAIR JAMES: Any opposed? The ayes have it.

1 Okay, now we can continue our discussion with
2 additional pieces that need to be added and certainly your
3 statement for the record, we're aware of that and I think there
4 was unanimous agreement on that. I did detect some consensus on
5 that, Bob.

6 Any other discussion on the overview?

7 COMMISSIONER DOBSON: Madam Chairman?

8 CHAIR JAMES: Yes.

9 COMMISSIONER DOBSON: For the second step, we're all
10 making suggestions and going on to other suggestions. We need to
11 nail those things down, yes or no.

12 CHAIR JAMES: When I see consensus around the table, I
13 usually move on unless I feel the need to call a vote. So it's
14 up to the Commissioners. If you disagree, speak up. Otherwise,
15 so be it.

16 So we're trying to reach consensus and move forward.
17 It puts the burden on you.

18 COMMISSIONER DOBSON: Yes, it does.

19 CHAIR JAMES: And remember, that I have suggested that
20 after our discussion of the overview this morning, that at the
21 end of the day tomorrow, we bring the overview back again per
22 Terry's suggestion to be sure that it reflects the discussion
23 that we've had the rest of today and tomorrow to make sure if
24 there are any overarching things that come up in our discussion
25 that we say that really should, in the overview chapter, that's
26 big enough that we should talk about right from the beginning.

27 We will take a second look at this by the end of the
28 day tomorrow. Let's go through paragraph by paragraph.

29 COMMISSIONER DOBSON: Can I start?

30 CHAIR JAMES: Please.

1 COMMISSIONER DOBSON: Based upon John's and Leo's and
2 Bob's -- I think we should include the issues in the first
3 paragraph about many people gamble in the United States. It's a
4 significant number of people who gamble, legally and illegally.

5 CHAIR JAMES: We have that.

6 COMMISSIONER DOBSON: And in the first paragraph we've
7 seen this in different areas. Sometimes this is just nitpicking,
8 but we see 48 States have some form of legalized gambling. I've
9 seen 47 before because Tennessee is a question. I don't know
10 which is the right number, but this should be consistent. If
11 it's 47 or 48, I don't know.

12 CHAIR JAMES: John is saying 47.

13 DR. SHOSKY: The reason that is is in part because
14 Commissioner Leone said it's 47 and the District of Columbia.

15 COMMISSIONER McCARTHY: Tennessee has the law to
16 authorize it, but they have not implemented it.

17 COMMISSIONER LANNI: Right. I'm aware of it and I just
18 wanted to be sure it's consistent.

19 CHAIR JAMES: Then for purposes of this Commission, we
20 will say 47 plus the District of Columbia.

21 COMMISSIONER LANNI: And then I would say when you
22 refer to lotteries, Richard said 38 States. I think it's 37
23 States and the District of Columbia with lotteries. Is that
24 right, John?

25 DR. SHOSKY: That's right.

26 COMMISSIONER LEONE: Are there some people against
27 statehood for the District.

28 CHAIR JAMES: None represented here. Moving along.

29 COMMISSIONER LANNI: As a Republican, I am. It's an
30 electoral vote, I wouldn't get.

1 CHAIR JAMES: Overview, keep going. Commissioners,
2 this is your opportunity.

3 Having said that it is not the last opportunity because
4 I'm going to encourage you to read it very carefully this
5 evening, recognizing that it just came in.

6 COMMISSIONER BIBLE: And I think that's part of the
7 problem.

8 CHAIR JAMES: And we will discuss it again tomorrow.

9 But go right ahead.

10 COMMISSIONER BIBLE: Again, this is my first meeting
11 also this meeting early, but nothing in the first, second, third
12 or fourth paragraphs. In the fifth paragraph on page four,
13 beginning with "It is still technically true" --

14 CHAIR JAMES: Right.

15 COMMISSIONER LANNI: Line -- when you get down to the
16 line 5, where it begins "One of the paradoxes of the gambling
17 expansion is that over time each exception seems to generate the
18 pressure for still more exception."

19 I would argue that any exception for any particular
20 subject on any subject, one exception will lead to other
21 exceptions. I set down rules for my sons and one exception leads
22 to other exceptions. I don't know whether it really says
23 anything to me. It sounds like it's meant to be something that's
24 egregious and ugly.

25 I think it's just a fact of life. It says "In fact,
26 most of the current battles about gambling" -- I'm not so sure
27 I'd call it battles, but that's again the jargon issue. Issues,
28 debates I think is better than battles.

29 COMMISSIONER BIBLE: I assume the language will get
30 changed by editors, otherwise --

1 COMMISSIONER LANNI: I would agree with that, but if
2 they don't change battles to debates, I wouldn't be happy. They
3 may not.

4 CHAIR JAMES: And this is our opportunity to say to
5 them to get a sense of the Commission so it's entirely
6 appropriate so we bring those kinds of things forward.

7 Let's talk a little bit about the deleting one of the
8 paradoxes.

9 COMMISSIONER BIBLE: I think at least the notion -- and
10 I can speak for Richard and he can speak for himself, the notion
11 we're trying to convey is gambling to some extent has grown
12 around the country, where Illinois adopts gaming and has fairly
13 restrictive limits on wagers. Illinois then adopts gaming and
14 Iowa comes back and modifies the law. Other States look at
15 what's going on.

16 COMMISSIONER LEONE: I don't think it's a paradox,
17 that's all. That's the issue. I just think it's a fact of life.
18 I have no problem with it being in there, but I just don't think
19 it's a paradox.

20 CHAIR JAMES: Perhaps we can take out the word paradox.

21 COMMISSIONER LEONE: I think paradoxically when you
22 grant a gambling exception you open the door to other exceptions.
23 I think Terry's point is fine. He's -- there's a better way to
24 say this which is that because of the nature of the competitive
25 process, once you grant one exception, you're going to find
26 pressure to grant another exception -- and I think I kind of beat
27 that to death at least two or three paragraphs. So I have no
28 trouble with abbreviating it somewhat.

29 COMMISSIONER McCARTHY: Madam Chair, there's another
30 important part in there which is I read which is it's not just

1 the dynamic of competition and one State will see its neighbor
2 instituting some form of gambling, so we can't let our citizens
3 go over there, we're losing money. It's when gambling is
4 authorized in States and there are a certain level of
5 restrictions, you can only lose \$500 in one day and that's used
6 to get votes in the legislature or votes on an initiative. And
7 then within a relatively short period of time the \$500 limit is
8 erased and that's seen in many, many forms.

9 What I read in this thrust is that we're seeing
10 creeping incrementalism that there's a loosening of gambling
11 restrictions in many forms from the form it was used to sell the
12 public to permit the gambling in the first place. I think that's
13 one of the points of agreement.

14 COMMISSIONER LANNI: And Leo, I would agree with that,
15 but it's like the federal income tax. When it was passed, it was
16 1 percent. It --

17 COMMISSIONER McCARTHY: Look at how much we deplore
18 that.

19 COMMISSIONER LANNI: Exactly, it's been tampered with
20 substantially since then. I think it's a paradox. It is true
21 when anything is allowed, things get modified. That's just human
22 nature. It's a matter of life. It's purely an issue of paradox.
23 I don't disagree with the fact that that is it. And that if
24 there is an exception there will be exceptions as a result of
25 that.

26 CHAIR JAMES: Leo, I suggested the word "phenomenas" as
27 opposed to paradoxes in the gambling expansion, just to keep the
28 thought there, but to recognize that it is not something unusual.

29 COMMISSIONER LANNI: I don't even think it's a
30 phenomenon.

1 COMMISSIONER LEONE: I don't either.

2 COMMISSIONER MCCARTHY: Give me one example that one
3 member of this Commission can think of that doesn't lead to other
4 exceptions.

5 CHAIR JAMES: Why don't you give us some language that
6 would capture that

7 COMMISSIONER LEONE: Hiroshima. Nagasaki.

8 COMMISSIONER LANNI: The exception after that was
9 Nagasaki --

10 COMMISSIONER LEONE: These kinds of things are much
11 better done with the author out of the room.

12 (Laughter.)

13 I agreed with Terry the first time he said it.

14 CHAIR JAMES: Yes, we're all in agreement. We're just
15 searching for the language.

16 COMMISSIONER LEONE: Let me surrender.

17 COMMISSIONER LANNI: That actually was the result of
18 Hiroshima and Nagasaki.

19 (Laughter.)

20 COMMISSIONER LEONE: What I meant was you don't have to
21 -- take the paradox out.

22 (Laughter.)

23 CHAIR JAMES: Terry.

24 COMMISSIONER LANNI: Page 5, second paragraph,
25 beginning "Our hunch." I don't think we should use the word
26 "hunch." It's a jargon issue again. I compliment Richard for
27 the nuance of that.

28 And I think in the second line there, "addicted". I'm
29 bothered by that. Many state governments have become addicted.
30 I don't feel comfortable as one commissioner determining States

1 are addicted. If we have studies NORC in its capabilities can
2 determine if States are addicted.

3 COMMISSIONER LEONE: Let me -- this, I will defend.
4 While this is metaphorical language it is, in fact, let me give
5 you an example. Let me give you an example.

6 I come from a State that does allow gambling in
7 Atlantic City, but also focuses a lot on its revenue from
8 gambling. We've had a series of Governors who have not liked
9 gambling, they told us. My friend, Tom Keene through the last
10 several delegates -- we have a Governor now who doesn't like
11 gambling.

12 On the other hand, during her tenure, restrictions on
13 gambling have been relaxed on several occasions. An immense
14 portion of the State highway portion has gone to build a tunnel
15 to attract the new casino to Atlantic City. The constitution was
16 changed so that now instead of needing a constitutional amendment
17 to introduce a new form of gambling, an act of the legislature
18 can do that. That was put in place solely because we might need
19 slot machines at the race tracks. It was, in fact, a complete
20 change in the law.

21 Just last week it was announced that because of
22 competitive practice the State was going to join the Powerball
23 syndicate. Why would a Governor who finds gambling distasteful,
24 Governor Pataki in New York says he doesn't like gambling, but
25 builds into his budget an expansion of off-track betting and an
26 increase in the lottery and instant games. Why would a Governor
27 who doesn't like gambling do that? They do it because they're
28 addicted to the revenue, the painless revenue which is a point I
29 made.

1 Maybe it's methadone in this case and not heroin, but
2 it is a political addiction that Governors have. It is -- it's
3 not clinical and maybe I should withdraw the word because people
4 like you, Terry, and Leo McCarthy and John and others and Dr.
5 Dobson have spent a lot of time trying to be precise about what
6 we mean by pathological problem gambling, all these different
7 categories I don't understand. And we spent a lot of time on
8 addiction. Maybe we should withdraw the word.

9 CHAIR JAMES: Can you show us the --

10 COMMISSIONER LEONE: Attached -- dependent.

11 COMMISSIONER BIBLE: Why don't you leave the word and
12 just take out the word gambling? I think the point you make is
13 that gambling is addicted to revenue.

14 COMMISSIONER LEONE: All right, but I think we should
15 use addiction.

16 COMMISSIONER McCARTHY: Mr. Leone, may I suggest you
17 use the word craving? I think the point being made is a good
18 point.

19 COMMISSIONER LEONE: The point is it overrides the
20 caution expressed in other places because they want the money.

21 COMMISSIONER McCARTHY: This is one of the most
22 important sections in the overview to me. It's a driving force
23 in the decisions that States are making. They don't want to vote
24 for tax increases. They want to please their constituents by
25 giving them more and more programs and so they are going to more
26 and more gambling and not to recognize this central dynamic would
27 be a big mistake. The expressive language to do that is the only
28 way to get attention.

29 CHAIR JAMES: I think it's very important to do that,
30 but I'm very concerned about the clinical definition of addicted

1 and I wonder if there's a better word to use and I'm not sure
2 that dependent is strong enough, dependent on gambling revenue.

3 I don't want to water it down at all. I want to make
4 it as strong as possible, but not use clinical language. Any
5 suggestions?

6 COMMISSIONER McCARTHY: May I suggest we leave this in
7 Richard's hands and let him work on it?

8 CHAIR JAMES: And we have some very capable editors.

9 COMMISSIONER LANNI: If I may continue.

10 COMMISSIONER LEONE: My hunch is that Terry has got
11 some other --

12 COMMISSIONER LANNI: To me dependent, it's pretty
13 obvious what it is. I would want to say that Leo McCarthy when
14 he was Lt. Governor of California, he was addicted to gambling as
15 a State officer.

16 COMMISSIONER McCARTHY: It's not a universal
17 accusation. It's an accusation by those that act consistent with
18 what Richard is saying here.

19 I never did.

20 COMMISSIONER LANNI: And to be specific in the State of
21 New Jersey, the people of the State of New Jersey voted in a
22 referendum. It was not -- the Governor at the time was Governor
23 Byrne who was not in favor.

24 COMMISSIONER McCARTHY: He switched.

25 COMMISSIONER LANNI: He was not in favor, but it was
26 left in the determination of the people and I think that still is
27 a right that should exist in the United States.

28 CHAIR JAMES: Terry, how do you feel about the language
29 "dependent on."

1 COMMISSIONER LANNI: I suggested dependent and I think
2 that does make a statement. I think that's fine. They are
3 dependent on it.

4 CHAIR JAMES: What would you suggest other than
5 political language?

6 COMMISSIONER LEONE: Let Richard think about it and if
7 we don't like addicted for some reason because it's too
8 insulting, let's figure out --

9 COMMISSIONER McCARTHY: Leo, let's be clear. I don't
10 mind being insulting, but --

11 COMMISSIONER LEONE: We want every segment involved to
12 applaud.

13 CHAIR JAMES: Let's be clear, hold off -- hold on,
14 gentlemen. The issue here is the clinical language and that's
15 the piece that concerns us. I am perfectly willing to come up
16 with the strongest possible language.

17 COMMISSIONER McCARTHY: Let's let Richard come up with
18 something that conveys just as strong a position using something
19 other than the word addicted. I'm not offended by that.

20 COMMISSIONER LANNI: I'm offended that you're not
21 offended by it. That said --

22 CHAIR JAMES: Terry.

23 COMMISSIONER LANNI: On page 5, again, paragraph 3 when
24 you come to the last sentence, "Their behavior is one of the
25 clues that a gambler has a serious problem." I think it should
26 be "Their behavior is one of the clues that some gamblers have a
27 serious problem." The reference here could that could be the
28 determination that all gamblers have and certainly they do.

29 In the next paragraph we --

1 CHAIR JAMES: Commissioners, I'm asking you to pay very
2 close attention because as we go through this, hearing no
3 objections, we assume consent and move right on.

4 COMMISSIONER McCARTHY: No. We're not going to vote on
5 each word change here. I think Mr. Lanni is trying to convey a
6 general impression for Mr. Leone to look at.

7 CHAIRMAN JAMES: My own point, Leo, is that if the
8 writers don't hear any objection when he suggests this and I look
9 around and you are silent and no one raises any objections at
10 that point, we're not taking a vote, but I certainly do need to
11 hear from you.

12 COMMISSIONER McCARTHY: May I ask whether -- Terry,
13 you're raising a suggestion and I'll know from the tone and the
14 strength of how you address it whether you want an absolute
15 change or not or simply - - it's like when you talked about
16 addiction, you think the point is all right to make, but there's
17 something wrong with that particular word, so you're not looking
18 for a total down or a washing out of the main thrust of what he's
19 trying to say. Just talking about the word addiction might be
20 insulting. Now that's what I understood from that discourse.

21 COMMISSIONER LANNI: Leo, I generally am pretty clear
22 about things and if you're confused, I'd be more than pleased to
23 respond. I think your read of that is absolutely right. I think
24 it's too insulting to say that Governors are addicted. We don't
25 have empirical proof. I think it does tie to the clinical aspect
26 of other sides of this, the pathological ones.

27 COMMISSIONER McCARTHY: I'm talking about the point
28 you're addressing now in saying in each of these points a couple
29 of instances at least, you're making a suggestion to Dick Leone
30 that he consider modifying that sentence. Is that what I hear?

1 COMMISSIONER LANNI: I don't look at it that way. As I
2 say, Richard has proposed a document which we have agreed the
3 format and the general approach is one we liked and now we're
4 dealing with individual subjects within that. I'm addressing
5 these comments just to Richard. Obviously, if he has
6 disagreements with it he can make his responses accordingly.

7 CHAIR JAMES: And Leo, I am only suggesting to
8 Commissioners that this is their opportunity to debate these
9 things. So as they're raised, if you object, speak up, let's
10 hear the debate.

11 COMMISSIONER DOBSON: We will not walk this way again,
12 we won't have time. We're walking through this thing one time.

13 CHAIR JAMES: I'm trying to get a sense of urgency
14 here.

15 So when he says that some gamblers have a serious
16 problem, do I hear any dissent on that?

17 COMMISSIONER McCARTHY: I'm sorry, Terry, will you
18 please read the words again?

19 COMMISSIONER LANNI: Sure. It's the third paragraph on
20 page 5, the very last sentence. It says "their behavior is one
21 of the clues that a gambler has a serious problem."

22 COMMISSIONER McCARTHY: I'm sorry, last sentence on
23 page 5?

24 COMMISSIONER LANNI: No, no.

25 CHAIR JAMES: Let's go page 5, paragraph 5, last
26 sentence.

27 COMMISSIONER LANNI: Paragraph 3.

28 COMMISSIONER LEONE: That's a grammatical improvement
29 too.

30 CHAIR JAMES: Yes.

1 COMMISSIONER LEONE: This was written in haste.

2 COMMISSIONER LANNI: It's nice to know that a private
3 university in Southern California can actually produce something.

4 COMMISSIONER WILHELM: Richard, you write better in
5 haste than most people do in deliberations.

6 COMMISSIONER LANNI: That's true. Paragraph 4.
7 There's a reference here to I think the first sentence is not
8 appropriate because of the fact we say studies do suggest that
9 there are more than 5.5 million problem and pathological gamblers
10 in the United States. I suggest two things here. I think we
11 should take the ranges since we have different reports, that it's
12 from this to this, whatever the numbers are in the various
13 reports that we have of problem and pathological gamblers, rather
14 than just the number of 5.5 million.

15 And I don't think I've seen in any of the reports from
16 the National Research Council or NORC that there's a reference to
17 chasers as being automatically pathological. So I don't think
18 that's correct, actually.

19 COMMISSIONER LEONE: Well, now this is -- if you read
20 it carefully I don't say that those numbers are identical. This
21 is obviously written in an attempt to make it a compelling prose,
22 how many chasers are there?

23 Well, we know there are X number of problem
24 pathological gamblers. The implication is among that group there
25 are a certain number of chasers. We don't really care how many
26 chasers there are. The point I'm making is that there is a group
27 of chasers who we never talked about in those terms and that's
28 state legislatures and governors who keep going after more money
29 and then finding another game and inventing another trick to get
30 through the budget season and these things actually get passed on

1 the last night, on the last day, dream something up and they say
2 we raised \$30 million, oh, so we don't have to do anything else.

3 COMMISSIONER LANNI: Well, again I just think -- I'm a
4 casual reader and someone says how many chasers are there? Well,
5 studies suggest there are more than 5.5 million problem and
6 pathological gamblers. I might logically conclude that chasers
7 are all problem and pathological gamblers and I don't know if we
8 have that proof.

9 COMMISSIONER LEONE: No, it's one of the criteria and
10 that's it.

11 CHAIR JAMES: We may want to do something there like
12 how many chasers are there. We're not sure. We don't know.

13 And then however, studies suggest that -- to put a
14 break --

15 COMMISSIONER LEONE: Why say however, when researchers
16 try to count how many problem and pathological gamblers there are
17 and try to come up with a number like X to Y. They don't count
18 one group that maybe we all should be looking at a little harder
19 and that is the state legislators and governors whose behavior in
20 these situations is similar to that of gamblers --

21 CHAIR JAMES: And I think that addition will clarify.

22 COMMISSIONER LEONE: You might have to have voters --

23 COMMISSIONER LANNI: There are instances where the vote
24 is taken by referendum.

25 COMMISSIONER LEONE: And I'm suggesting also the range
26 from the reports that we have. But I didn't know if anyone had a
27 problem with that.

28 COMMISSIONER LANNI: I think Richard was trying to make
29 the point the way he described. He's not trying to compare the
30 numbers and different studies --

1 CHAIR JAMES: Any objection to including "range"? Any
2 objection to including the range?

3 COMMISSIONER MCCARTHY: It's in the report a couple of
4 times. We start boiling the essential point he's trying to make,
5 the psychology of state commissions wanting to expand gambling
6 in the state. That's the only point he's trying to make here.

7 COMMISSIONER LANNI: I would argue throughout these
8 discussions for consistency and if we're using ranges elsewhere
9 fine, I argue that we use ranges here. If we're not going to use
10 ranges elsewhere, that's fine.

11 COMMISSIONER LEONE: I think Terry's right. One thing
12 we should be consistent about, we've already got a big problem in
13 the report of using different numbers and different prices for
14 all different things.

15 How much money is in this and how much money is in
16 that. At some point somebody is going to have to go through and
17 say this is our number for a lot of Indian gaming establishments.
18 This is our number for a number who buy. This is our number for
19 States that legalize.

20 One of the things you pick up when you read the whole
21 report through is how many different numbers there are.

22 COMMISSIONER LANNI: It was pointed out in the first
23 review the draft, the most recent one, had 51 billion in one
24 level of revenue and 40 in another. So we do need that
25 consistency.

26 COMMISSIONER LEONE: Who is going to make the range in
27 comparisons.

28 COMMISSIONER LANNI: It's between X and Y in my draft.

29 (Laughter.)

1 COMMISSIONER MOORE: The range is not important. The
2 important thing to me in this is that we get to the chasers.
3 Ultimately, we do get to vote, but Mississippi didn't get to vote
4 on gambling. We got to vote on the legislators and then it had
5 ten year options. So basically, we did get to vote, but the main
6 thing, I like the point that it makes and I think Terry's point
7 is okay.

8 COMMISSIONER LANNI: On paragraph 5, the staff needs to
9 check for accuracy on the 3 percent. Less than 3 percent of
10 annual expenditures of gambling dollars for the State of New
11 Jersey -- I think that is the number for casinos, Richard, and it
12 doesn't include a lotteries and parimutuels, so I think we need
13 to check that number for all forms of gambling as part of the
14 State budget.

15 COMMISSIONER LEONE: Probably I'm out of date.

16 COMMISSIONER LANNI: When you read it, I think it is
17 about 3 percent for the gaming industry and doesn't include
18 parimutuel and lotteries. I think that needs to be checked into.

19 And again, whenever I have these comments there are so
20 many great things that Richard has in here, I'm only playing out
21 the ones that I think need to be addressed and if we went the
22 other way, it would go a lot longer. So if I can move to page 6.

23 In the first paragraph, in the conclusion being the
24 last sentence of that, if I may read it, "So they hope to get
25 lucky and make up gaps in revenues and services by chasing
26 increased gambling revenues. For them and for us, it's a
27 sucker's bet." I'm bothered by that jargon. I'm not bothered by
28 the content of it, but I'm bothered by the jargon.

29 COMMISSIONER LEONE: Terry, I love that.

30 (Laughter.)

1 I would expect that we should do a separate report for
2 Richard, that gives him his overview as he presented it.

3 COMMISSIONER DOBSON: Madam Chairman, I disagree on
4 that one. I think we need colorful language in this document.
5 We're trying to make a statement and I think we should not go
6 through and emasculate it by eliminating things that have that
7 kind of imagery. I'm on the record, Madam Chairman.

8 CHAIR JAMES: Can I hear from other Commissioners on
9 that? Anyone else want to comment on that? I hear consensus
10 building around leaving "sucker's bet".

11 COMMISSIONER LANNI: It's tawdry at best.

12 CHAIR JAMES: Terry?

13 COMMISSIONER LANNI: Next paragraph beginning, second
14 paragraph on page 6, "Overall, because of a series of incremental
15 or disconnected decisions made by communities, states and
16 businesses, America has come to be the world leader in gambling."

17 That is a statement of fact that may or may not be a
18 statement of fact. I don't know. There may be certain countries
19 such as Australia where I understand that the per capita wagering
20 is substantially higher than the United States.

21 I think it is also in the United Kingdom, so I don't
22 think that's a correct statement of fact.

23 COMMISSIONER DOBSON: Terry, how about "a world
24 leader."

25 COMMISSIONER LANNI: It is.

26 COMMISSIONER McCARTHY: We should know. Can we ask
27 some staff to check it out?

28 COMMISSIONER LANNI: They will find for a fact that
29 Australia is more per capita.

1 COMMISSIONER WILHELM: On that sentence and a number of
2 others, if you're going to have lists like communities, states
3 and businesses, you need to include tribal governments.

4 CHAIR JAMES: Uh-huh.

5 COMMISSIONER LANNI: Now there's a thought process I
6 have in this paragraph and it comes to what I said about 15
7 minutes ago. If we extrapolate from the last 20 years going 20
8 years forward, it may be very difficult because of the
9 limitations to have the same level of growth.

10 As I say, lotteries from 36 States and the District of
11 Columbia, there are only 13, 14 States left. I think it's 37
12 plus the District, so there are 13 States left. There are only a
13 number of States that could add gambling. I think that needs to
14 be addressed here and we shouldn't extrapolate. I don't think we
15 can extrapolate on pure straight line mathematical basis based
16 upon that. I don't know how you address that.

17 COMMISSIONER LEONE: I could make -- I think you can
18 say it's always dangerous to extrapolate from past experiences
19 into the future and assume no changes, but one possibility for
20 the United States is that present trends would continue until the
21 location and diversity of gambling gets to the point where it's
22 taken as an ordinary part of life or part of business and then go
23 on.

24 This was where I was trying to incorporate John's
25 thought about looking forward, looking back and to make the point
26 that we do make and therefore, in case we go down that road.
27 It's not certain we are going down that road. You make a good
28 point.

29 COMMISSIONER LANNI: I'm just saying there are some
30 limitations. If we say there are some natural limitations

1 because of the extent of the growth in the last 20 years based
2 upon the States --

3 COMMISSIONER LEONE: That's fair.

4 COMMISSIONER LANNI: In the third paragraph, in the
5 very end I think it might be better to include also population.
6 The sentence reads, "It may be that the power of the gambling
7 market and of its entertainment dollars is simply too attractive
8 to business, workers and public officials." It's also
9 population.

10 COMMISSIONER LEONE: Where are you, Terry?

11 CHAIR JAMES: How about citizens?

12 COMMISSIONER LANNI: That's fine. There may be some
13 people not working. "To business, government and citizens."
14 Something of that nature.

15 The last paragraph on that sentence, this is a
16 significant decision. The second sentence, "We are unanimous in
17 our belief that gambling should remain restricted and ideally,
18 relatively, rare." That's to point out John's comment that that
19 should be deleted because it's not relatively rare now. It's
20 repetition, but it was John's point. I agree with it anyway.

21 CHAIR JAMES: Does anybody disagree?

22 COMMISSIONER MOORE: That gaming should remain
23 restricted period?

24 CHAIR JAMES: Yes.

25 COMMISSIONER LEONE: I think it's important enough to
26 get unanimity on this, to go with the period at that point.

27 COMMISSIONER LANNI: And then John's other point
28 referred to the fact the pause that we needed some modification
29 of the language in the pause and I concur with John's comments on

1 that. Do you have the language now, John, you want to add to
2 that?

3 COMMISSIONER WILHELM: No, I didn't suggest any
4 specific --

5 COMMISSIONER LEONE: Communities may decide or
6 something like that.

7 COMMISSIONER WILHELM: Yes.

8 CHAIR JAMES: Or should consider is what I heard you
9 say.

10 COMMISSIONER WILHELM: Yes.

11 CHAIR JAMES: Should consider a pause.

12 COMMISSIONER LANNI: I just wanted to commend Richard
13 again for a very well thought out and very well written section.

14 CHAIR JAMES: Absolutely.

15 COMMISSIONER McCARTHY: Richard, what was your feeling
16 about the pauses? I like it very much. I want to see it stay.
17 What's your personal feeling now that we've heard all the
18 comments.

19 COMMISSIONER LEONE: About what? I'm not sure.

20 CHAIR JAMES: I think that was --

21 COMMISSIONER McCARTHY: You're calling for a pause.

22 COMMISSIONER LEONE: Right.

23 COMMISSIONER McCARTHY: I mean we're all realistic. We
24 understand that if the jurisdictions, tribal, State, federal, to
25 a degree they're involved in expanding gambling through their
26 actions, they're going to ultimately do what they want to do, but
27 I think that what you intended here is the Commission make a
28 statement saying the pervasive growth we're trying to grapple
29 with here, seeing the potential for continuing pervasive growth,
30 you're suggesting a pause as a kind of national reflection on

1 what's going on here to get a better understanding of what we're
2 talking about.

3 CHAIR JAMES: I'm going to go to --

4 COMMISSIONER McCARTHY: We understand -- how important
5 is that to you?

6 COMMISSIONER LEONE: I think it's very important. We
7 need a peg that lots of people coming to this issue aren't sure
8 where they stand, can hang their hats on.

9 I think one thing that's been my experience being on
10 this Commission with very different people is that we all have
11 come to realize that more thinking is required, more information,
12 more thinking, more understanding of what we're doing.

13 A way of opening that up, it seems to me in a fashion
14 that wouldn't drive people away, it's almost as if you could
15 imagine saying well, would you agree maybe we should just pause
16 and think this through and find out more about it and I think
17 we'll get a lot of agreement with that as a beginning.

18 COMMISSIONER BIBLE: Are you recommending a pause for
19 what we know or what we don't know?

20 COMMISSIONER LEONE: Well, I think there's some of
21 both, but I'm purposefully using that language because I think it
22 unifies people whether it's because of what they think they know
23 or because they don't know enough.

24 I think the first step is to get people's attention
25 without hitting them over the head with a 2 by 4 and get their
26 attention in a constructive way, to stop and think about this and
27 learn more about it.

28 I think this language works pretty well for that. I
29 don't have any --

1 CHAIR JAMES: And this was a discussion we had at our
2 last time together. I don't know if you were in the room at that
3 time.

4 COMMISSIONER LEONE: I may have been.

5 CHAIR JAMES: There was pretty unanimous consensus in
6 terms of language like caution or pause or stop or reflective.

7 COMMISSIONER WILHELM: Madam Chair, may I comment? I
8 support the sentence that says at its end, "it is time, at the
9 minimum, for pause." I agree with the Chair. I think there was
10 significant consensus on that.

11 My objection voiced earlier was to the use of the term
12 "moratorium" which I think is completely different annotation. I
13 support what I believe we have a kind of consensus on with
14 respect to pause and I moreover don't support the -- this is my
15 difficulty with the word "moratorium". I don't support telling
16 communities what they ought to do. I think it's good to
17 recommend a pause and I think it's good to say more information
18 is needed.

19 COMMISSIONER DOBSON: Madam Chair. I would like to see
20 us go one step beyond this in terms of the pause. I think we've
21 agreed here that some of the decisions to expand gambling in
22 individual States have been made perhaps haphazardly, maybe under
23 certain pressures.

24 I would like to see us take it one step farther and
25 recommend, recommend that States take another look at the
26 gambling that now exists with regard to their social and economic
27 impact.

28 CHAIR JAMES: Let's have a discussion on that point.

1 COMMISSIONER DOBSON: So they not only pause with
2 regard to expanding gambling, but they take a look at how they
3 got there and the implications of what they now have.

4 CHAIR JAMES: This is sort of a sense of where we are
5 right now. In many communities this means that they should
6 consider some better language and we're debating whether or not
7 we should leave the word moratorium, or a pause or an explicit
8 moratorium on future expansion and you'd like to say "gambling
9 practices and future expansion."

10 COMMISSIONER DOBSON: In this pause they not only
11 considered the future of gambling, but reexamine the decisions
12 that have been made in the past so that at least there's an
13 understanding of the social and economic implications.

14 CHAIR JAMES: Discussion.

15 COMMISSIONER MOORE: Let that be the last sentence in
16 there. That can take the place of the moratorium in future
17 expansion. Let what you said be in there.

18 COMMISSIONER McCARTHY: Madam Chair, may I make a
19 suggestion to Jim and our colleagues here? I think it's just
20 been given the idea by Jim that he's talking about Dick is going
21 to do some other writing on the overview language.

22 May I suggest we give him a chance to draft a sentence
23 that he can look at?

24 CHAIR JAMES: Leo, I think that's a very important
25 policy point that needs to be decided right now. It needs to be
26 debated.

27 COMMISSIONER McCARTHY: Why not decide to bring it back
28 so Leo can look at what we're talking about?

29 CHAIR JAMES: I think we need to give him the direction
30 about what the language ought to say.

1 COMMISSIONER LANNI: I think Jim's approach is an
2 excellent one. I think we should recommend a pause and a
3 reflection on the social and economic impacts of gambling that
4 has been approved to date, all forms of gambling in individual
5 States. I think it's very logical.

6 CHAIR JAMES: Any other discussion?

7 COMMISSIONER McCARTHY: I like the word he's got in
8 there, he's got "explicit moratorium" or something that means
9 that.

10 COMMISSIONER DOBSON: I like that too.

11 CHAIR JAMES: On current and future.

12 COMMISSIONER LEONE: Well, I think we were going to put
13 that in as community -- essentially saying we wanted communities
14 to consider whether in their case an explicit moratorium -- you
15 can agree with that, wouldn't you, John, is what is necessary?

16 COMMISSIONER WILHELM: Could you say it one more time,
17 Richard?

18 COMMISSIONER WILHELM: To the effect that many
19 communities ought to consider whether in their circumstances an
20 explicit moratorium would be -- I think what Jim is suggesting as
21 the equivalent of the little Hoover Commissions that were
22 recommended, States chapters, the Federal Commission look at the
23 impact of gambling so far.

24 CHAIR JAMES: I heard John take specific issue with the
25 word moratorium, but I didn't hear a whole lot of support.

26 COMMISSIONER WILHELM: Yes. I like pause and I like
27 what Jim said.

28 CHAIR JAMES: I have a problem with moratorium.

29 COMMISSIONER LOESCHER: Madam Chair?

30 CHAIR JAMES: Commissioner Loescher.

1 COMMISSIONER LOESCHER: The use of a very neutral calm
2 word like pause and it has all kinds of meaning. In Yugoslavia,
3 the word blockage, embargo, stop, curtail, just means to me you
4 want to slow things down or stop, that's what it means to me.
5 That's a signal you give to public policy makers.

6 You know to use words like pause for one purpose, for
7 information or educate, measure impacts. I'm more persuaded by
8 Dr. Dobson's approach to life. Let's deal with the extremes
9 here. We're not talking about those, that public officials have
10 gone on this chase, so to speak, for revenues, but they're not
11 meeting their responsibility for the extremes this industry has
12 caused. And I think that's a worthy observation we could make to
13 them to consider to deal with the extreme.

14 What's the alternative? Reexamine the decision of the
15 past, to reflect on the social economic impacts to be considered,
16 explicit moratorium, but it all has to do with economics. What
17 is the thing said in the statute that we haven't addressed very
18 well is is there a substitute for the revenues to States and
19 tribal governments and others who are vested in this history.

20 Is there a substitute of revenue? How do you deal with
21 the economics? Couldn't we say something to public policy makers
22 saying what Congress is sort of suggesting that is there a way to
23 encourage people to find other industries to substitute for this
24 revenue?

25 Unless you get at this issue, nothing is going to
26 change. It's all about money and I would hope that you would
27 consider strongly to public policy makers a substitute, a
28 substitute their desire for revenue and change the economics.
29 Without that, this industry is going to stay.

1 COMMISSIONER DOBSON: May I ask for a clarification?

2 Bob, did you use the word moratorium?

3 COMMISSIONER LOESCHER: No, no. I just tossed it in
4 there as --

5 COMMISSIONER DOBSON: How do you feel on that issue?

6 COMMISSIONER LOESCHER: Moratorium?

7 COMMISSIONER DOBSON: Yes.

8 COMMISSIONER LOESCHER: I feel that -- two things. One,
9 moratorium, for what, to get more information? I sat here and
10 watched all the research and information in the last year or two
11 and nobody can agree on the information. It's going to take five
12 or ten years and millions and millions of dollars to analyze this
13 industry. It's going to take time, so moratorium, that's
14 unending. I'm not so sure it's a good idea.

15 The issue, the two things that I think are important is
16 dealing with the extremes. Let's have a moratorium, if you can
17 enforce the public policy makers to deal with the extremes, the
18 impact to people, the impact to the community, the environment,
19 all of those issues are important.

20 The other is a moratorium so they can assess whether
21 they have an alternative economy, alternative industry to offset
22 and substitute the revenues that are coming in from this gaming
23 industry. That's what's driving this business and we all know
24 it. That's what's driving States and that's what is driving
25 tribal governments.

26 CHAIR JAMES: Commissioner McCarthy?

27 COMMISSIONER McCARTHY: Well, I don't know if you need
28 a formal motion on this or not, but one comment. I want to find
29 out where everybody is on using the phrase "explicit moratorium."
30 I say yes and I would say one final comment, we don't have any

1 trouble rationalizing a total moratorium on internet betting or
2 state incentive policy considerations, so if we could find that
3 on internet betting, it seems to me we could at least make a
4 statement.

5 And we know this isn't going to stop the world, but
6 we're not talking about a nationwide shutdown. There's plenty of
7 gambling already going on and underway, construction underway
8 that we're not going to try to stop, but I think this is a useful
9 statement and I would hate to see us water down or dumb down
10 every phrase that has any meaning in defining the position in
11 this report.

12 CHAIR JAMES: John?

13 COMMISSIONER WILHELM: Well, I take considerable
14 offense at the notion, Leo, that my suggestion was to dumb down
15 anything. And your sentence precisely betrays why I'm troubled
16 by the use of the term moratorium because we did not call for a
17 moratorium on gambling.

18 We called for a prohibition and that's why I think
19 precisely why the word is confusing. I'm not suggesting we dumb
20 down anything. I think the notion of a pause makes a great deal
21 of sense. I think Jim's suggestion that policy makers should
22 study what's already there makes a great deal of sense.

23 So I think the word moratorium, first of all, provides
24 no instructions for anybody because no one knows what moratorium
25 means. Does it mean a day, a week, a month, a year, a lifetime,
26 who knows?

27 COMMISSIONER McCARTHY: Would you accept freeze?

28 COMMISSIONER WILHELM: No. It has the same problem.
29 What does that mean?

1 COMMISSIONER BIBLE: Well, the whole sentence has a
2 loophole in the preamble. "In many communities" -- well,
3 everybody is going to say we're not one of those communities.

4 COMMISSIONER McCARTHY: I think John makes a very good
5 point that there ought to be a time frame, Richard, because a
6 moratorium that has no ending to it doesn't -- a five year
7 moratorium?

8 COMMISSIONER LEONE: This was actually not entirely
9 rhetorical. I thought by putting "in many communities" I was
10 leaving a loophole. But what I wanted to make clear, what I
11 wanted to hold out, what I wanted us to hold out as a group to
12 people who are struggling with the notion that this gambling is
13 proliferating and expanding in their communities and it isn't
14 being thought through and decisions are not being made
15 temperately, is that they might organize around the notion of we
16 need a moratorium in our community, whether it's for one year,
17 two years, six months, five years, whatever it is. It would
18 depend on local conditions.

19 Such things have happened with regard to other public
20 policy issues by referencing a freeze. But there are other
21 kinds of things as innocuous as cable television franchising in
22 its infancy when people, local communities were handing out
23 franchises and didn't know what they were doing. Some States
24 passed legislation requiring moratorium while States set up a
25 regime and looked at the impact and created Commissions and
26 created model ordinances for local governments and things of that
27 type.

28 I thought this -- I understand it's a threatening work
29 in some respects. After all, it's Latin root as John could tell
30 us, moritori. But in practical terms, it's the kind of political

1 device that is often used when one wants to turn the idea of a
2 pause into a specific policy recommendation. Well, let's just
3 have a moratorium on this for X amount of time while we figure
4 out what the heck we're doing here.

5 And I thought that language, explicit moratorium,
6 actually deciding on a length of time during which more study,
7 cooling off, reconsideration, say what you will, I frankly didn't
8 think it was particularly threatening in this context to any
9 interest on the group because again, "in many communities" --
10 "some communities" if that would make it better. I do think it's
11 defensible on those terms and not something to divide us.

12 CHAIR JAMES: Terry.

13 COMMISSIONER DOBSON: We have a motion on the floor. I
14 just seconded it.

15 CHAIR JAMES: I did not hear a second. And what was
16 the motion, would you repeat it?

17 COMMISSIONER WILHELM: I don't think we should be
18 telling communities -- the thrust of what I believe we should be
19 telling communities --

20 CHAIR JAMES: Hold on. There is a motion on the floor.
21 We need to deal with that.

22 COMMISSIONER LANNI: It's been seconded.

23 CHAIR JAMES: It has been seconded, but let's repeat
24 the motion to make sure we all understand what the point is.

25 COMMISSIONER McCARTHY: I may want -- depending on what
26 Richard's response is, I think John did make a point here.
27 You've got to cap this in some fashion. Richard, how would you
28 feel about some -- it's not as though the world is listening to
29 each word and phrase we use here, but we hope --

1 CHAIR JAMES: But Leo, that was not a part of your
2 original motion and I would have to have an amendment to do that.

3 COMMISSIONER McCARTHY: I'm just asking Richard whether
4 he thinks there is some value in putting a time frame.

5 CHAIR JAMES: Leo, I understand the question and I
6 understand you want to go to Richard for clarification, but the
7 emotion that is before us right now is whether or not we can
8 consider that language. We can go back and amend if that's your
9 desire.

10 COMMISSIONER McCARTHY: That's exactly why I'm asking
11 Richard the question, Madam Chair.

12 CHAIR JAMES: The motion before us which has been
13 seconded is whether or not we will include the language and you
14 wanted to get a sense of where people stood on that on explicit
15 moratorium.

16 COMMISSIONER LEONE: Let me do my Robert's Rules and
17 ask the person who made the motion to consider a modification in
18 the motion?

19 COMMISSIONER McCARTHY: Yes.

20 COMMISSIONER LEONE: Maybe one way I can answer your
21 question.

22 CHAIR JAMES: Good, go ahead.

23 COMMISSIONER LEONE: We could -- would you consider
24 modifying to indicate that the language would also include
25 without coming up with it specifically right now the notion that
26 the moratorium would be a finite?

27 CHAIR JAMES: Let me tell you why I wanted to keep
28 those issues separate. If it says explicit moratorium without a
29 cap, I would be predisposed to support it. If you put a number
30 in there in terms of how long, I wouldn't. And the reason for

1 that is I sincerely believe that this Commission sitting here
2 couldn't come up with a number that would be appropriate for
3 every community in America.

4 COMMISSIONER McCARTHY: I agree.

5 CHAIR JAMES: And so I support explicit moratorium, but
6 I don't think that we can come up with a number of caps. I would
7 like to consider the original amendment and then if you want to
8 talk about how it should be changed or language or whatever.

9 So the motion is?

10 COMMISSIONER McCARTHY: I would also, Madam Chair,
11 listen to what I heard implied in Mr. Leone's suggestion that
12 would change it to "in many communities this may be a explicit
13 moratorium."

14 CHAIR JAMES: Right. Well, that was already embodied
15 in the edit that John did a little earlier which had "should
16 consider" or "may mean." We had already talked about that
17 particular --

18 COMMISSIONER DOBSON: Madam Chairman, let me ask
19 Richard. Are we speaking only of communities or State agencies
20 and State policies as well?

21 COMMISSIONER LEONE: Well, I guess I was thinking of
22 community in the broader sense, encompassing tribes and States
23 and even in that sense.

24 COMMISSIONER DOBSON: Communities to me, or at least
25 for some people represent a city or a municipality as opposed to
26 a --

27 COMMISSIONER LOESCHER: Policy --

28 COMMISSIONER DOBSON: Yes, the policy makers of State
29 or tribal.

1 CHAIR JAMES: This is all a very interesting
2 discussion, however, the question -- the motion is on the floor.

3 COMMISSIONER LANNI: I'm opposed to the motion.

4 CHAIR JAMES: Would you like to speak to that?

5 COMMISSIONER LANNI: I would. I think the reason, if
6 you think about it, one, Jim's edition of a review of an existing
7 social and economic impacts from existing forms of gaming I think
8 is even broader for people who absolutely abhor gambling and
9 would like to see us go bankrupt, I think you'd be better off to
10 say we're recommending a pause and we recommend that those
11 communities or governments, I should say, that have sponsored
12 either tribal or State governments that have sponsored gaming or
13 gambling, review that from a social and economic impact.

14 If you suggest a moratorium, you're actually limiting
15 it. By suggesting that there be a pause and a review, they may
16 well decide to outlaw what is already. You'll get further with
17 that than if you go with the moratorium.

18 So I would think you're better off to say pause,
19 evaluate from what you have already and make, determine --
20 they'll determine what they want to determine, but I think by a
21 moratorium, a moratorium kind of leaves everything in place. Why
22 not have them take a look at what they've got. Maybe they'll
23 decide they don't want it. Maybe they want to take it off the
24 books.

25 CHAIR JAMES: Would anyone else like to speak to the
26 motion?

27 COMMISSIONER BIBLE: Well, I'm not going to support the
28 motion and I'm not going to for a couple of reasons.

29 Primarily, I believe that this Commission was formed to
30 collect objective data and information that public policy makers

1 at a variety of levels, federal, State, local government and
2 tribal can use as they make their decisions regarding gambling
3 and we are, in fact, calling for a moratorium and saying after we
4 spent \$5 million that we don't know anything about the costs and
5 benefits of gaming, but we think there should be a moratorium.
6 To me, it just doesn't make any sense. I don't think we have the
7 information on which to call for a moratorium.

8 COMMISSIONER LEONE: Bill, I'm not going to defend
9 these lines in detail, but I disagree strongly with what you just
10 said about the Commission situation. I think if anything is true
11 about our situation is we have come to the end of this process
12 and realized that much more needs to be known about the social
13 and economic impact, the costs, the benefits of gambling,
14 generally and specifically in specific places and communities.

15 COMMISSIONER BIBLE: And I don't have a problem with
16 advising communities.

17 COMMISSIONER LEONE: Advising people to take time and
18 research this and think it through is one of the most important
19 recommendations we're going to make. We're not in a position to
20 give a sort of logarithm to communities that they can plug the
21 numbers into to determine whether this is a good idea, algorithm,
22 excuse me, a good idea for another community. We're at a
23 different stage. That's -- in that sense, I think -- I'm not
24 going to fight for the specific language. If you want to come up
25 with something else in the language, I'm sure there's better
26 language.

27 CHAIR JAMES: Commissioner Dobson.

28 COMMISSIONER DOBSON: Madam Chairman, referring to
29 Terry's comment you were talking about a moratorium as
30 essentially have an implication for this review that I was

1 talking about. But if you look at the language there it says an
2 explicit moratorium on further expansion. So it is not -- it
3 doesn't have implications for the review or the evaluation of
4 what it is in place. This refers to the expansion.

5 CHAIR JAMES: Well, the motion that's before us right
6 now, however, includes current as well as further. Is that not
7 the case?

8 COMMISSIONER McCARTHY: We're talking about expansion.

9 CHAIR JAMES: At some point we said --

10 COMMISSIONER McCARTHY: That's all I ever had in mind.
11 That's what I read, what he wrote. We're not talking about
12 seeking repeal.

13 CHAIR JAMES: No, not repeal, but at some point the
14 question came before the Commission -- Leo, let me finish. At
15 some point what came before the Commission was whether or not we
16 wanted to talk about current, as well as expansion.

17 COMMISSIONER McCARTHY: That's not in my motion, Madam
18 Chair.

19 CHAIR JAMES: That's the question. I want to be clear
20 about that because that did come up for discussion and I think
21 the transcript will reflect that.

22 COMMISSIONER LOESCHER: Madam Chair?

23 CHAIR JAMES: Commissioner Loescher.

24 COMMISSIONER LOESCHER: I can't support what's being
25 offered here in the sentence or the amendment because the
26 language is so vague. "In many communities" I have a hard time
27 with that. And then the reason for the moratorium, "until more
28 information is available."

29 I think we can do better. I think we can say whatever
30 words we're going to use to cause the pause should have an

1 explicit rationale why we would recommend such an action. One is
2 dealing with extremes of social impacts. The other is the
3 alternative economy issue. I just have a hard time with this, so
4 I'm going to vote no.

5 COMMISSIONER LEONE: I think there's a way to fashion
6 this language and get unanimity or the general idea and I think
7 that's very important starting out.

8 COMMISSIONER BIBLE: If you're advising communities
9 that prior to expansion of gambling activities that they clearly
10 understand the costs and benefits of that activity, I don't have
11 a problem with that concept.

12 COMMISSIONER LEONE: Nor do I.

13 COMMISSIONER BIBLE: I do have a problem with the
14 concept of us telling people there's a moratorium based upon what
15 we don't know.

16 CHAIR JAMES: We do have a motion on the floor and
17 unless it is pulled back, we will have to go for a vote.

18 COMMISSIONER McCARTHY: Madam Chair, may I just make
19 this final comment?

20 CHAIR JAMES: Certainly.

21 COMMISSIONER McCARTHY: A follow-up on what Bill was
22 just saying. As Dick said earlier, we know what we know and we
23 also know what we don't know, but we know the dynamic pace of the
24 expansion here. We know there are 30,000 outlets of casino or
25 rather convenience gambling stops in South Carolina that aren't
26 even regulated. We can see permutations of many kinds all over
27 the country. Now that's what we're addressing here.

28 We have enough knowledge that should make us very
29 deeply concerned about where is this all going and I take it that
30 is the thrust of what's being said here.

1 CHAIR JAMES: May I suggest this, Leo and that is that
2 you may want to consider withdrawing the motion until you have
3 had an opportunity to work a little farther with Dick to see if
4 you can come up with language that we can agree on. If not, then
5 we will take it to a vote and move forward. But if there is the
6 opportunity --

7 COMMISSIONER McCARTHY: I'll be guided by Dick, but I'm
8 satisfied with where it is. If it's 5 to 4 against, okay. If
9 it's 5 to 4 for it, okay. We might as well see where it is.

10 COMMISSIONER LANNI: I move the question.

11 CHAIR JAMES: Move the question. Mr. Bible. Let's
12 have a repeat of the motion to be clear and if you would restate,
13 Leo, your motion.

14 COMMISSIONER McCARTHY: I'm in support of the language
15 that Mr. Leone has written here in a sentence that includes the
16 phrase "explicit moratorium."

17 CHAIR JAMES: There have been some changes to that
18 language as we've had our discussion. "In many communities this
19 may mean" -- "may" was included.

20 COMMISSIONER LEONE: In many communities may be
21 expanded.

22 CHAIR JAMES: Right.

23 COMMISSIONER LEONE: In many communities or other
24 jurisdictions this may mean an explicit moratorium on further
25 expansion until more information is available about the effects
26 and costs and benefits -- there's a typo in here -- the costs and
27 benefits and other factors related to additional gambling
28 activities.

29 COMMISSIONER DOBSON: And then my suggestion on top of
30 that.

1 The suggestion with regard to an evaluation of what
2 already exists, not only the expansion, but what already is in
3 place.

4 COMMISSIONER WILHELM: Right. I thought there was
5 consensus on all of this except --

6 COMMISSIONER LEONE: I'd like to draft something.

7 CHAIR JAMES: Well, that was my understanding, Jim, and
8 the point that I tried to make earlier that you had included
9 "already existing".

10 COMMISSIONER DOBSON: That's not what I'm talking about
11 doing. I'm talking about adding to this paragraph the idea that
12 I think there was consensus for. As a second to the motion, may
13 I suggest that if it's possible to do this in the next -- by
14 lunch time perhaps, that we draft --

15 CHAIR JAMES: Unfortunately, we've had a call with a
16 question and so we need to move forward.

17 COMMISSIONER McCARTHY: Madam Chair, I'll always abide
18 by the wishes of the author of the section of the overview
19 whether he likes to go to a vote now or he would like a couple of
20 hours to draft some language.

21 COMMISSIONER LEONE: I'm confident that we can get a
22 consensus, but I'd rather wait --

23 COMMISSIONER McCARTHY: I withdraw my motion if the
24 second agree.

25 COMMISSIONER DOBSON: I agree.

26 COMMISSIONER LOESCHER: Point of order, Madam Chair.

27 CHAIR JAMES: Point of order.

28 COMMISSIONER LOESCHER: You can move to defer, but the
29 motion belongs to the group once it's made.

30 CHAIR JAMES: Yes.

1 COMMISSIONER McCARTHY: That's fine.

2 COMMISSIONER LOESCHER: I would move to defer to after
3 lunch.

4 COMMISSIONER BIBLE: I'll second that.

5 CHAIR JAMES: Well, with that, let's take a vote on the
6 move to defer. All in favor?

7 (AYES.)

8 Any opposed?

9 COMMISSIONER BIBLE: Once again, we're unanimous.

10 CHAIR JAMES: Once again, we're unanimous. Having said
11 that I think this is a very appropriate time for a break. We'll
12 reconvene at five of.