

1 DR. SHOSKY: Okay. Thank you. "Regulating Gambling"
2 -- this chapter has four subdivisions. The first subdivision is
3 entitled "Government Sponsored Gambling," where we talk about the
4 regulation of lotteries and Indian gambling.

5 The second section is "Commercial Gambling," where we
6 talk about the regulation of casinos, convenience gambling, para
7 mutual gambling, and sports wagering.

8 The third section in this chapter concerns advertising
9 and gambling.

10 And then the fourth section would be the
11 recommendations that we have on these matters, these regulatory
12 matters, as a Commission.

13 And just to refresh your memory for a moment, at our
14 last meeting on April 7th and the 8th there were some comments
15 made that I think are particularly applicable to the discussion
16 of this chapter. One comment which was made was that we need to
17 look at the regulation of gambling in four general areas --
18 commercial casino, horse racing, lotteries, and tribal gambling
19 -- and I think that that has been reflected in the outline that
20 has been produced.

21 There is also much discussion from the last meeting
22 about the fact that model regulations would be identified, best
23 practices, and that the Federal Government would actually
24 function as a scrutinizer of state regulations, not in terms of
25 anything that the government would do, other than at one point
26 there was much discussion in the Commission about the Federal
27 Government holding state regulations up to the light to
28 scrutinize them.

1 And you'll remember that we have the Belletire
2 document, which would be in the appendix of this report, which is
3 a document about regulatory practices across the United States.

4 With that in mind, the regulation chapter was
5 constructed according to that outline, and you will find it under
6 Tab 5 in the briefing book.

7 CHAIR JAMES: With that, we're ready for discussion.
8 Do you want time to look at that, or are you ready for discussion
9 in terms of -- let's take any particular line items first, and
10 then we'll go back and talk about the broader overview policy
11 statements that are made here.

12 Okay. Who ate too much?

13 (Laughter.)

14 COMMISSIONER WILHELM: I want to know what Bill thinks.

15 COMMISSIONER DOBSON: This chapter does not conform to
16 the standards we were just talking about. This is in the central
17 place, and it has not been discussed throughout the organization
18 of the manuscripts, right?

19 DR. SHOSKY: I'm not sure exactly what question you
20 just asked.

21 COMMISSIONER DOBSON: All right. Let me take another
22 run at it.

23 DR. SHOSKY: Okay.

24 COMMISSIONER DOBSON: All that discussion before lunch
25 would be because the material was in many places with regard to
26 gambling in the United States, in places throughout the draft?

27 DR. SHOSKY: Right. This chapter --

28 COMMISSIONER DOBSON: This one is primarily
29 self-contained.

30 DR. SHOSKY: You are correct, sir. Right.

1 COMMISSIONER DOBSON: Thank you.

2 COMMISSIONER BIBLE: But this would be -- as I
3 understand it, this would be the chapter where a number of the
4 recommendations you made -- and there was considerable consensus
5 about -- would be incorporated in terms of strengthening
6 regulatory practices. For instance, you had a recommendation on
7 ATMs and credit card machines and things of that nature.

8 CHAIR JAMES: I guess I would have answered that
9 question a little bit differently, John. And that is it -- this
10 chapter does not deviate from what we discussed before lunch
11 because what we talked about before lunch are the different forms
12 of gambling. Instead of having one chapter on different forms,
13 that we would take the overarching issue.

14 So this may be regulation. But within this, we look at
15 a variety of different types of regulation. We're looking at
16 casinos in states and tribal governments, and that sort of thing.
17 Does that make sense?

18 COMMISSIONER DOBSON: Yes. But it then drives to
19 recommendations and conclusions.

20 CHAIR JAMES: Yes. That's exactly right. So --

21 DR. SHOSKY: But recommendations and conclusions only
22 on regulatory matters.

23 COMMISSIONER DOBSON: Yes.

24 DR. SHOSKY: Yes.

25 CHAIR JAMES: Yeah. Okay. Having said that --

26 COMMISSIONER McCARTHY: On that issue, I think the
27 Belletire report, which Bill Bible was the chairman of that
28 subcommittee --

29 DR. KELLY: Mr. McCarthy, could I just get you to grab
30 the microphone?

1 COMMISSIONER McCARTHY: I'm sorry. The Belletire
2 report, which Bill Bible sought and received for the Regulatory
3 Enforcement and Internet Subcommittee, should be the base you
4 use. If you're going to -- the language we've got here under
5 recommendations and staff notes is precatory.

6 I think we could be more useful by outlining the core
7 elements, at a minimum, of what Mr. Belletire and his colleagues
8 from the five or six top states mentioned in that memo that was
9 submitted to Mr. Bible.

10 And we used that in the letter to the NIGC requesting a
11 series of -- requesting information based on their regulatory
12 practices. So we're really talking about state and tribal
13 regulation here. And I think we should look at that and pull it
14 out. I would like you to show it to Mr. Bible when you draft it.
15 After that, I'd like to take a look at it, too.

16 CHAIR JAMES: I think we all would.

17 COMMISSIONER BIBLE: And at least my sense of this
18 particular section is that it is going to need fairly substantial
19 massaging. I think you put it together fairly quickly, and it's
20 going to need some additional work in order to express at least
21 -- actually, the various elements.

22 For instance, we're talking about the Federal
23 Government on page 2 of 34, regulating taxation. And I don't
24 know exactly what they do in terms of regulating taxation for
25 gaming and gaming enterprises.

26 Prohibiting money laundering through casinos -- and
27 actually, they deem casinos to be financial institutions. So
28 they applied the general money laundering laws that -- or anti
29 money laundering laws that apply to all financial institutions --

1 banks and credit unions -- and jewelry stores, and places like
2 that.

3 Prohibiting gambling advertising in some cases, which I
4 believe is correct, prohibits interstate gambling. Actually,
5 there is a prohibition and some authorizations contained in the
6 various wire acts. Prohibits use of telecommunications for
7 placement of illegal bets. Again, that's part of the regulatory
8 responsibility the Wiring Act.

9 Enforces law against sports wagering in states where it
10 is illegal. That's the responsibility under the Professional and
11 Amateur Athletics Act to fight organized crime, and that's the
12 general sense. But that's just an example that I believe at
13 least that most of this material needs to be reworked.

14 CHAIR JAMES: I have asked several Commissioners if
15 they would take the lead in various areas, and I know that Bill
16 is planning in the next couple of days to give a substantial
17 amount of time to this particular chapter to make sure that it
18 gets to where we need it to be.

19 I think for the benefit of our time right now what
20 would be helpful, as you continue to do that, is to look at
21 what's currently here as recommendations to see what's missing
22 and what we, as a commission, want to see added right there. Can
23 I ask you to turn over to page 32?

24 And, incidentally, I think the Belletire stuff goes
25 right in there on 17, line 17, right there.

26 COMMISSIONER McCARTHY: Only one small part of the
27 issue.

28 CHAIR JAMES: What's that?

29 COMMISSIONER McCARTHY: Are you talking about what was
30 mentioned in there?

1 CHAIR JAMES: No, no, no. Where it needs to be added.
2 Where the additional information needs to be added. Where we
3 talk about we should show best practices and successful elements
4 of good regulation, page 32, line 17.

5 COMMISSIONER McCARTHY: Yeah. But there were specific
6 -- there was -- at the end, John included a recommendation
7 section. And what I was suggesting before is that we urge, under
8 the recommendation section, that at a minimum those core elements
9 that Mr. Belletire was --

10 CHAIR JAMES: Right.

11 COMMISSIONER McCARTHY: -- indicating be in every state
12 regulatory scheme. But I --

13 CHAIR JAMES: Wait a minute. That's --

14 COMMISSIONER McCARTHY: I would rather wait, before
15 discussing any more of this, for Mr. Bible's --

16 CHAIR JAMES: But I think all of us have --

17 COMMISSIONER McCARTHY: -- language.

18 CHAIR JAMES: -- seen the Belletire language and have
19 read that. And if, in fact, we could get that kind of consensus
20 right now, and give him that --

21 COMMISSIONER McCARTHY: Okay.

22 CHAIR JAMES: -- direction, that would be a good thing
23 to do.

24 COMMISSIONER BIBLE: Well, to follow up, in that
25 example, what you're talking about is the state typically is
26 going to regulate a number of aspects of gambling. If they have
27 casino activities, they're going to have a casino commission. If
28 they have horse racing, they'll have a horse racing commission.

1 We are going to make recommendations that there be some
2 separation within the lotteries, that there's an element -- kind
3 of a board of directors. Now --

4 COMMISSIONER McCARTHY: That was only by casinos.

5 COMMISSIONER BIBLE: That's correct. Now, some states
6 manage those from one agency. Some states manage them from three
7 agencies. Some states manage them from two agencies.

8 CHAIR JAMES: Bill, I think what's right here is best
9 described as puny at best. I mean, to say states must adequately
10 police themselves.

11 COMMISSIONER BIBLE: No.

12 CHAIR JAMES: And I'm hoping that what you --

13 COMMISSIONER BIBLE: But I'm just kind of --

14 CHAIR JAMES: -- will do --

15 COMMISSIONER BIBLE: -- so Leo understands where I'm
16 going. And then you have tribal gaming, but all -- no matter how
17 they structure it, the elements that Mr. Belletire was talking
18 about should be incorporated into those regulatory apparatuses,
19 in terms of independence of judgment, staff capabilities. The
20 various elements that he outlined should be displayed in the
21 regulatory apparatus.

22 So it's going to have to be considerably more detailed
23 than that particular recommendations.

24 CHAIR JAMES: Well, absolutely. And just looking at
25 the things that are here, I mean, I have seen language coming out
26 of our discussions that is much stronger than what's even here in
27 this particular section.

28 And, Bill, I would just ask you, as you go through that
29 -- as an example, "Federal Government must hold state regulations
30 up to light and scrutinize them. Federal organizations should be

1 proactive and thorough in their scrutiny." I mean, I think we
2 were far more specific than that and --

3 COMMISSIONER BIBLE: Well, on that point, I don't
4 recollect that we made a recommendation that the Federal
5 Government have oversight authority of state regulatory
6 apparatuses.

7 CHAIR JAMES: Yeah. And I think what we did say is
8 that's where we talked about the appropriate role of the Federal
9 Government, even though it isn't necessarily regulation, but in
10 terms of information gathering. And maybe that appears somewhere
11 else. John, do you know?

12 DR. SHOSKY: I think you just asked two questions. Let
13 me back up and try and answer each in turn.

14 In terms of the first, I am virtually certain I'm
15 correct that that recommendation that you're discussing is
16 exactly the way that it was put in the discussion. And if you'd
17 like, I'd be more than happy to get the transcripts and indicate
18 that as well.

19 As far as the discussion of information is concerned,
20 I'm not sure that that particular point made it into this chapter
21 because the way the language is phrased was there could be
22 federal collection of data -- for example, Commerce, HHS, and so
23 on -- but -- and the more information the better. The data
24 collection was a must.

25 But that we needed to continue to look to see whether
26 or not this was something that we wanted to recommend and who
27 would be the best -- which organizations would be the best
28 organizations to undertake this. And I think some of that is in
29 the future research chapter now.

30 So that's --

1 CHAIR JAMES: Well, I think it came up on the
2 discussion of what is the appropriate role of the Federal
3 Government.

4 DR. SHOSKY: That's right. It came up in the
5 regulation.

6 CHAIR JAMES: Particularly in oversight.

7 DR. SHOSKY: Exactly. You're right.

8 CHAIR JAMES: But I agree with Bill. I don't think --
9 it's my understanding that we said an appropriate role of the
10 Federal Government was to scrutinize or have oversight of the
11 state regulation.

12 DR. SHOSKY: Which the states do not currently have.

13 CHAIR JAMES: Right.

14 COMMISSIONER BIBLE: Well, I think we indicated it was
15 appropriate, and there is a lot of need to collect additional
16 information and additional data and incorporate it into some of
17 the routine data collection. But I don't believe we ever came to
18 the conclusion that the Federal Government should supervise or
19 have some sort of oversight responsibility as key regulatory --

20 DR. SHOSKY: Yeah. I think that this language is being
21 read two ways, and maybe it's the difference of a word. But the
22 exact point that was made in the previous reading was the Federal
23 Government could -- not that it must or in a regulatory way
24 should or legally would be mandated to do this -- but that the
25 Federal Government could hold state regulations up to the light
26 and scrutinize them.

27 And that was not to ask the Federal Government to do
28 this in a regulatory way. It was to ask the Federal Government
29 to point out any time that it -- any federal agency saw a state
30 regulation that was deficient.

1 CHAIR JAMES: I --

2 COMMISSIONER LANNI: I don't know who made that
3 recommendation. I, for one, do not favor asking the Federal
4 Government to do anything relative to the states' lotteries. I
5 think that's a state issue. States -- I think we should make
6 recommendations to them, but -- I don't know who made the
7 recommendation. I would not support that.

8 COMMISSIONER MOORE: Clear my mind up a little bit. I
9 just happen to be looking at page 18 of this, convenient
10 gambling. We talked about convenient gambling a lot. Where
11 would I look to see what we recommended about convenient
12 gambling? I mean, we just haven't gotten to it yet?

13 DR. SHOSKY: I'm not sure, to be honest, and I'll
14 explain why. In the structure that we have at the moment, when
15 we talk about various aspects of the gambling industry, what
16 we've talked about so far is the scope, and now what we're
17 talking about is the regulation.

18 And then you'll notice after that, when we get to the
19 next chapter we're talking about addiction. The next chapter
20 we're talking about technology. The next chapter we're talking
21 about the impact on people and places. And the only place where
22 we could even begin to work in the conclusions that we had on
23 convenience gambling, if they were not in the chapter that we're
24 on at this moment, would be to indicate whether an aspect of
25 convenience gambling had an economic or a social impact that we
26 wanted to put in under the substructure that we have on the
27 outline.

28 Now, what my answer is, then, is that the
29 recommendations that we had on convenience gambling from the last
30 meeting are not in the staff-prepared document that you have at

1 the moment because, in point of fact, there wasn't an eloquent
2 place to put them in on this --

3 COMMISSIONER DOBSON: Madam Chair, I rest my case.

4 CHAIR JAMES: I'm with you.

5 COMMISSIONER DOBSON: That's what I'm concerned about.
6 Not only can we not find it, we don't even know that there's a
7 place for it.

8 CHAIR JAMES: And we're not particularly interested in
9 an eloquent place to put them, but they have to be in here. And
10 --

11 DR. SHOSKY: I understand, Madam Chair.

12 CHAIR JAMES: And I'm with you, Jim. However, I would
13 say this, that I'd find it -- I can't exactly accept that
14 explanation, because if this Commission has a recommendation and
15 you can't find a place to put it, then raise that, because it's
16 going to go in here.

17 DR. SHOSKY: I understand.

18 CHAIR JAMES: And under convenience -- you know, I
19 would -- I think that there is an appropriate place, and I think
20 this is it. With some of the recommendations that we had as an
21 example on convenience gambling, this is where it should be. It
22 should be right here because this is a discussion of regulation.
23 If we're going to regulate that form of gambling, this is where
24 it should be.

25 COMMISSIONER MOORE: I just picked that out at random.
26 I mean, we could go to para mutual gambling.

27 CHAIR JAMES: In terms of regulation, it should be
28 here.

1 COMMISSIONER MOORE: Thank you. We recommend -- I
2 mean, this Commission is paid. We should have a voice. One lady
3 and seven other smart men here that I believe that --

4 COMMISSIONER DOBSON: Who got left out here?

5 (Laughter.)

6 COMMISSIONER MOORE: Myself.

7 CHAIR JAMES: Is the lady smart or not smart?

8 COMMISSIONER MOORE: Right. She's smart.

9 CHAIR JAMES: Okay. Just checking.

10 (Laughter.)

11 Just checking.

12 COMMISSIONER MOORE: She's smart.

13 CHAIR JAMES: I guess what I'm saying is as we continue
14 this process, every single recommendation that we have had should
15 be reflected in this document at this point. And there is an
16 appropriate place to put them all.

17 And, Jim, we have a list of all of those
18 recommendations, and one of the things I'm going to be spending
19 my time doing is cross checking to see that every one of them is
20 in here in the next few days.

21 COMMISSIONER DOBSON: Well, I just -- on the record, I
22 just see a super big problem with that. This is the fundamental
23 issue we have dealt with to this point is, what have we said?
24 Where can you find it? And how have we said it? And I just feel
25 we're going to, you know spread it throughout the whole document
26 and never get it said.

27 Why would a person look under regulation to find a
28 general comment on convenience gambling and our concerns about
29 that? That has social implications, all kinds of other

1 implications. And to bury it here, the logical place for that is
2 where you talk about convenience gambling.

3 That's the last I'm going to say about it, but at least
4 I've registered my concern.

5 COMMISSIONER McCARTHY: I don't believe that. I don't
6 believe that at all.

7 COMMISSIONER DOBSON: Well, I may renege.

8 COMMISSIONER McCARTHY: On the matter in front of us,
9 Madam Chair, I think we'll be able to address it more concretely
10 when we see Bill Bible's contribution to the language here.

11 On the issue of convenience gambling, we will have much
12 more on this issue when we get some of the responses from
13 governors to whom we sent that series of questions to. That may
14 be the last thing that is actually written into this. But this
15 is an area that Mr. Wilhelm has been emphasizing from the very
16 beginning.

17 We do have some information on that in the NORC report,
18 but I think it will be amplified by the responses we get from
19 some of those 30 gamblers that we sent a series of questions to.

20 COMMISSIONER WILHELM: No. Governors.

21 COMMISSIONER McCARTHY: What did I say?

22 COMMISSIONER WILHELM: Gamblers.

23 (Laughter.)

24 COMMISSIONER McCARTHY: Media, avoid my mistake. Won't
25 get any answers.

26 COMMISSIONER MOORE: My point is that we've been
27 listening to people talk -- those that came in at their own
28 expense or paid by the tribe, those that we paid, and those that
29 just came because they didn't have anything else to do that day.

30 (Laughter.)

1 And we've listened to them for 18, 20 months now. And
2 I don't understand why we have to wait too much longer. I've
3 already made up my mind on a lot of issues. I'm sure that Leo
4 has, and I know Terry has, and we need -- somewhere we need to
5 put down some recommendations that all of us can agree on.

6 CHAIR JAMES: Well, those recommendations do exist. I
7 mean, there's a lot that this commission has agreed to, that we
8 have stated in very strong and very concrete language. We just
9 need to see it reflected in here.

10 COMMISSIONER LEONE: And, indeed, I would say that it's
11 less important what structure we come up with than what we decide
12 to say and what we recommend. And there are a lot of
13 recommendations that have been submitted. Some of them we talked
14 about last time. There are some that have come in this time. I
15 sent a memo in a few days ago with some recommendations.

16 And I think -- frankly, I think this report should be
17 driven by the thrust of what the Commissioners want to say, what
18 all of them want to say, and, apart from that, what a majority
19 want to say. And allowing for the fact that -- a minority that
20 disagrees on this or that, we'll have an opportunity to be heard.

21 And I think that whether -- Bill was saying over here
22 you could combine the gambling in America with the regulation and
23 go by section and say, "This is how much casino gambling there
24 is, and here's how it's regulated. Here's what the convenience
25 gambling is, and here's how it's regulated." That will be all
26 right, too.

27 But no matter how much better job we do of assembling
28 and organizing the facts compared to what has existed in the
29 past, what people will be looking for is, where's the beef? What

1 is it we say about these things? What do we want to do about
2 them? What do we feel about them?

3 And I think we should be focusing in these categories,
4 while we're together, on what we want to say about lotteries,
5 convenience gambling, casinos, tribal gambling establishments,
6 internet, other things. I mean, and try to -- because we ought
7 to argue those points out here, rather than the diction and
8 grammar.

9 CHAIR JAMES: Let me just --

10 COMMISSIONER LEONE: And, frankly, the draft needs --
11 it's acknowledged by everybody. It needs substantial reworking,
12 and we may be arguing about sentences that are going to be
13 rewritten in the next few days anyway.

14 COMMISSIONER BIBLE: And we have settled a number of
15 issues. I mean, we've had quite a bit of discussion on lotteries
16 in terms of how lotteries should be supervised and regulated,
17 their advertising practices, independent governance boards.
18 Terry indicated that he felt -- and I think there's general
19 concurrence -- that some of the vendors that provide lottery
20 services should be subject to the same sort of licensing
21 standards as --

22 CHAIR JAMES: And I guess what I'm trying to say, Bill,
23 is, how did that all get worn down to states must adequately
24 police themselves?

25 COMMISSIONER BIBLE: You shouldn't be asking me the
26 question.

27 CHAIR JAMES: No. That was a rhetorical question.

28 COMMISSIONER BIBLE: I don't know where it all
29 disappeared.

30 CHAIR JAMES: Yeah.

1 COMMISSIONER BIBLE: And Jim had a series of
2 recommendations the last time we met that dealt with very
3 specific casino practices.

4 CHAIR JAMES: And so --

5 COMMISSIONER BIBLE: They have not gotten translated to
6 paper. So I think there's a lot of frustration.

7 CHAIR JAMES: Jim, I am far less concerned about the
8 structure than I am about the fact that those very hard-hitting
9 recommendations that we came up with are not right here or
10 somewhere in the document.

11 COMMISSIONER DOBSON: I'm very concerned about that. I
12 said this morning that I recognized several that -- I recall
13 several that I could not find in the document so far. Maybe
14 they're hidden in there, and that's part of the problem.

15 But also on this, the 19th of April I sent a letter to
16 you, John, with recommendations for this chapter. There were
17 five recommendations there, and two of them are included and the
18 other three are not. Now, if they're not going to be there, then
19 they ought to be raised here, and I think you have an obligation
20 to tell us why you didn't include them, or at least call it to
21 our attention that you didn't.

22 It's left up to us to find them, and then it may be too
23 late to deal with it. This has been on your desk since the 19th,
24 or at least that's when we sent it. Actually, this is the 21st.
25 What do I do with that?

26 DR. SHOSKY: Okay.

27 COMMISSIONER BIBLE: What are the issues in there? I
28 don't think I've seen the document.

1 COMMISSIONER DOBSON: Well, they are lengthy. I'd
2 probably rather pass them out to you like we did the last time.
3 Have you got it?

4 CHAIR JAMES: Jim, you sent that to everybody, didn't
5 you?

6 COMMISSIONER DOBSON: I did.

7 COMMISSIONER BIBLE: And they may have come. They may
8 have come. It's just -- you know, we've gotten an awful lot of
9 material.

10 COMMISSIONER DOBSON: Well, it hasn't been that long.
11 What is this? Today is the 27th.

12 COMMISSIONER LANNI: I didn't receive one. I don't
13 believe I've seen this.

14 COMMISSIONER WILHELM: I don't recall seeing it.

15 COMMISSIONER LEONE: I sent something on the 23rd. Did
16 you get mine?

17 COMMISSIONER BIBLE: Yes. I made all kinds of comments
18 on yours.

19 (Laughter.)

20 COMMISSIONER LEONE: Okay. I bet.

21 (Laughter.)

22 Mine was -- there were a couple of intentionally
23 provided ideas in there.

24 COMMISSIONER BIBLE: You've hit more than two home runs
25 and that's your cartoon.

26 COMMISSIONER LANNI: I didn't get the cartoon.

27 COMMISSIONER DOBSON: It's 3, 4, and 5 that have not
28 yet been dealt with. I'm not assuming that everybody agrees with
29 that. But if not, we ought to talk about it.

30 CHAIR JAMES: Absolutely.

1 COMMISSIONER LANNI: Kay?

2 CHAIR JAMES: Yes.

3 COMMISSIONER LANNI: Just, again, not to belabor the
4 point, but I think we put a very difficult burden upon staff to
5 write the chapter, frankly, before we have resolved what the
6 recommendations are going to be, because much of what the focus
7 of the chapter will be based upon the recommendations -- you may
8 have recommendations that don't comply or are out of sync with
9 even the verbiage included in there. I wouldn't --

10 CHAIR JAMES: I would agree with you, except for the
11 fact that there were some very specific recommendations on
12 regulations and direction that was given that's not here.

13 COMMISSIONER LANNI: No. Notwithstanding that, and I
14 agree that that is there, but I think we would be better served
15 -- my own personal view is that we would be better served by
16 discussing recommendations today in each of these areas that
17 we're talking about.

18 I think in some areas we can agree, and other areas
19 we'll probably disagree and maybe -- I just think there's value.
20 I think it makes it easier for the people writing to write a
21 report and a chapter that coincides with the recommendations that
22 are going to be made.

23 And we're talking so much about the text, and I think
24 as Jim pointed out we're going to -- or somebody -- maybe Richard
25 did maybe -- I don't know. Someone did. But we are, you know,
26 nitpicking spelling and words that may disappear as a result of
27 rewrites anyway. I guess Richard said that.

28 So I'd love to see us get to the point where we're
29 actually just discussing what the recommendations are.

1 CHAIR JAMES: Well, actually, we had a very lengthy
2 discussion on this very subject. Let's do it again. Let's talk
3 about regulations. It would be helpful if -- Jim, I don't know
4 if you'd like to kick it off by talking about the ones that you
5 sent around to Commissioners.

6 COMMISSIONER DOBSON: Can we slip out and make a copy
7 of this? It's more succinctly stated than I would --

8 COMMISSIONER BIBLE: When we were last together, you
9 had a list with six items.

10 COMMISSIONER DOBSON: I did, but those were just line
11 item kind of things. This is a two- page discussion. It has
12 background for each one.

13 CHAIR JAMES: Okay.

14 DR. SHOSKY: Madam Chair?

15 CHAIR JAMES: Yes.

16 DR. SHOSKY: I'm not sure this would be helpful, and
17 perhaps the best thing for me to do right now would be just to
18 shut up. But I was thinking that if you wouldn't mind, in the
19 document that I had sent to all of the Commissioners where we
20 summarized all of the recommendations from the last meeting, I do
21 have all of the commentary on regulation. I'd be more than happy
22 to read that for a moment if that would refresh --

23 CHAIR JAMES: Why don't you start at the top of what
24 you perceive came out of that last discussion on the regulations,
25 and we will go through each of those again.

26 DR. SHOSKY: Sure. You bet.

27 CHAIR JAMES: Now, why don't you describe for the
28 record what it is that you are reading.

29 DR. SHOSKY: Okay. Thank you. As you know, at the
30 last meeting when we discussed each one of the chapters there

1 were consensus comments and then there were recommendations that
2 were developed. And my job, you'll recall, was to make note of
3 all of those things, and I did that.

4 When I went back to the office I typed it all up, and
5 this has been sent out to each one of the Commissioners. It's an
6 11-page document, and the title is "Comments and Direction:
7 Reports Subcommittee, National Gambling Impact Study Committee,"
8 blah, blah, blah, "April 7th and 8th, 1999."

9 And the very first topic is regulation. And in that
10 discussion these were -- I'll begin with comments that were made,
11 consensus comments. That the chapter is to be an introduction to
12 regulation. It's to be an essay on the range of regulation in
13 the United States.

14 Second comment, "There are two connected issues. We
15 need to make a judgment about casino-type gambling" --

16 COMMISSIONER LEONE: Can I interrupt?

17 CHAIR JAMES: Yeah. This is --

18 COMMISSIONER LEONE: We don't need -- with all due
19 respect, John --

20 DR. SHOSKY: Sure.

21 COMMISSIONER LEONE: -- is your notes. We need to talk
22 about recommendations -- not recommendations about how you write
23 a chapter, but recommendations we want to make to the President,
24 to the tribal leadership, to the Congress, to the leaders, to the
25 public, about what -- that are relevant to the gambling activity
26 in the United States.

27 So what we need is to identify the recommendations that
28 we might want to make about something, regardless of how the
29 report is structured.

1 CHAIR JAMES: Given that, let's look at -- I mean, the
2 first thing in here is federal regulation. What is it that this
3 Commission wants to say about federal regulation? Spit it right
4 out.

5 COMMISSIONER BIBLE: Well, I'll talk about the issue.
6 I think that there is a couple of areas where federal regulatory
7 presence is appropriate. I think it's appropriate in the areas
8 of interstate -- or, excuse me, in terms of internet gambling and
9 in terms of tribal gambling activities. I believe that those are
10 areas of federal responsibility.

11 CHAIR JAMES: Internet and tribal.

12 COMMISSIONER BIBLE: And tribal. No.

13 CHAIR JAMES: What did you say?

14 COMMISSIONER BIBLE: No, those are the two I said.

15 CHAIR JAMES: Right.

16 COMMISSIONER LANNI: I think -- say Native American.
17 We're trying to get the terminology that --

18 COMMISSIONER BIBLE: Tribal is okay.

19 COMMISSIONER LANNI: Well, it should be consistent,
20 though. It should be consistent.

21 CHAIR JAMES: Okay.

22 COMMISSIONER BIBLE: And those are two areas where I
23 think it's appropriate that there be federal involvement. Beyond
24 that, I --

25 CHAIR JAMES: I don't mean to interrupt, Bill, but I --

26 COMMISSIONER BIBLE: -- think the matter should be left
27 to the states.

28 CHAIR JAMES: -- do sort of. What I'd like to do is
29 when you make a declarative statement, to see if we can get

1 consensus on that. And let's get to the point where we're
2 clicking them off rather than holding a discussion.

3 So what I heard you say is that there should be a
4 strong federal involvement in the regulatory process of internet
5 and Native American gambling.

6 COMMISSIONER BIBLE: Correct.

7 CHAIR JAMES: Okay. That's a declarative statement
8 that's there. It's on the floor for discussion and debate.

9 COMMISSIONER LEONE: Well, as I understand it, we've
10 already agreed unanimously that we support a ban on gambling on
11 the internet. That was at a previous meeting.

12 CHAIR JAMES: Right.

13 COMMISSIONER LANNI: That's the first recommendation.

14 COMMISSIONER LEONE: I have one other recommendation
15 that relates to the internet.

16 CHAIR JAMES: Okay.

17 COMMISSIONER LEONE: Which is this -- which I stole
18 from somebody else. If for technical reasons the effect of
19 outlawing internet gambling is impossible, federal legislation
20 should prohibit electronic bets using credit cards.

21 COMMISSIONER BIBLE: Well, I put a different spin on
22 the issue. I think that's one of the enforcement mechanisms for
23 prohibiting internet gambling, that you simply don't make debts
24 that are created on credit cards, where the wagering activity
25 takes place through the internet, and enforce that.

26 COMMISSIONER LEONE: That's fine.

27 COMMISSIONER LANNI: Yeah. I think as long as we
28 unanimously agree to, you know, favor outlawing internet, just
29 leave it at that and not quality it at all, it makes more sense.

1 CHAIR JAMES: We have a very strong statement on
2 internet that had -- the statement that we had before on this,
3 however, says internet and Native American or tribal gaming.

4 COMMISSIONER DOBSON: What I like about Richard's
5 suggestion, though, is that's something you can get your teeth
6 into. What is done in another country in the way of the internet
7 that has a way of getting into our country you can't maybe
8 regulate, but you certainly could regulate the use of credit
9 cards on our people within our borders.

10 CHAIR JAMES: Would you like to separate that out and
11 make it two distinct pieces?

12 COMMISSIONER LANNI: The only thing is -- maybe I'm
13 missing something, but I think we -- if we are suggesting that
14 Congress, being the authorized body, outlaws it, how they
15 implement outlawing it and all of these things, why limit it to
16 one aspect of credit cards? Anyone involved in it -- if it's
17 illegal, they wouldn't be allowed to be involved in it, period.
18 I don't understand why we're adding --

19 COMMISSIONER DOBSON: Obscenity and child pornography
20 are illegal, too, but they come in and are not regulated, because
21 you can't get at the people who are doing it.

22 COMMISSIONER LANNI: I mean, we could broaden the
23 language by saying, you know, we would like them to outlaw it and
24 to use all legal means of enforcement to deny the right for
25 anyone to utilize internet waging --

26 COMMISSIONER DOBSON: How about "such as"?

27 COMMISSIONER LANNI: Such as?

28 CHAIR JAMES: Credit card.

29 COMMISSIONER LANNI: The only thing I worry about when
30 you say "such as," then you'd leave out all of the other "such

1 ases" we can't think about. If it's just a -- at this given
2 moment, I mean, if we're specifically suggesting on a unanimous
3 basis that this Commission has determined that we would like to
4 see gambling on the internet outlawed, I wouldn't even limit it
5 to the United States.

6 Whatever influence the government of the United States
7 can have on trading partners and others to outlaw it in their
8 countries, such as Australia, I'd like to see it happen there
9 also. I mean, I just -- I don't see the purpose to purely the
10 credit card issue.

11 I mean, I'd love to put in there, then, that we'll do
12 whatever we can to do something internationally, to use our
13 influence of our government to encourage the trading partners and
14 allies to, in turn, not allow it. So I think you just qualify it
15 too much. I think it's better to say we're opposed to it.

16 COMMISSIONER DOBSON: Well, then, we're at a
17 disagreement on that issue.

18 CHAIR JAMES: Well, maybe not, because what I heard you
19 say, Terry, is your concern was that it would eliminate or it
20 would leave out other potential forms of enforcement mechanisms
21 that the government may have at its disposal. What if you used
22 some language that said, you know, the ban and that the
23 government would use enforcement mechanisms such as -- that are
24 at their disposal, for example, credit cards, which implies that
25 there are other means as well, and doesn't limit it?

26 COMMISSIONER LANNI: And the purpose of that, Jim, is
27 to deny the right of people to use credit cards in this country
28 for offshore. I'm not sure what your --

29 COMMISSIONER DOBSON: To engage in illegal activity,
30 yes.

1 COMMISSIONER LANNI: I just think it limits it, but if
2 it's that important to you to have the credit card issue in
3 there, I will go along with it.

4 COMMISSIONER DOBSON: What we keep hearing about the
5 internet is that it's not a doable thing. We don't have any
6 means by which to regulate it. This is something concrete that
7 could be done fairly simply, and I think could have an impact.

8 CHAIR JAMES: Would you have a problem with, as an
9 example, credit cards?

10 COMMISSIONER LANNI: No.

11 COMMISSIONER LEONE: Including but not limited to.

12 COMMISSIONER LANNI: That would answer -- I'm concerned
13 about it being a limiting factor, rather than --

14 CHAIR JAMES: Yes.

15 COMMISSIONER LANNI: I'm opposed to it because --

16 CHAIR JAMES: Included but not limited to.

17 COMMISSIONER DOBSON: That's fine.

18 CHAIR JAMES: Okay.

19 COMMISSIONER LANNI: Anyone else disagree with that?

20 COMMISSIONER BIBLE: I don't care whether it's in or
21 out. I mean, I think you get to the heart of the matter when you
22 recommend that you want to prohibit internet gambling.

23 COMMISSIONER LEONE: Can I -- before we leave this and
24 move to the other federal issue, Native American, which I'm sure
25 we'll -- I wish -- we should have more people here for it. We
26 ought to discuss it. Are there other electronic -- Bill, are
27 there other electronic activities, gambling activities, that the
28 Federal Government is best situated to deal with that are on --
29 you know, in the pipeline or beginning to occur? I mean, I just
30 -- I'm not very good at this type of thing.

1 COMMISSIONER LANNI: Probably e-currency, which I don't
2 think is being widely used anywhere on the 'net, but that is one
3 area where the --

4 COMMISSIONER LEONE: What is e-currency?

5 COMMISSIONER LANNI: You can go and essentially get a
6 debit on a debit card anonymously and then use that debit card to
7 do a transaction. It's kind of like going to Cosko and buying a
8 phone card, or something of that nature. You buy units of money,
9 put it on a card, and use it for some purpose.

10 CHAIR JAMES: Well, would you want to include that
11 here?

12 COMMISSIONER BIBLE: Then you have transmitters of
13 money. You have people that -- Federal Express, Western Union --
14 that transmit it in various manners, stick it in an envelope and
15 Federal Express it. Or you go down to Western Union and wire it.
16 There's all kinds of transmitters and --

17 CHAIR JAMES: Why don't we say this, Bill --

18 COMMISSIONER BIBLE: It's a very broad topic.

19 CHAIR JAMES: Here we're talking about internet. You
20 may want to broaden that to have a statement there that would
21 look at other forms of technology or computer-generated --

22 COMMISSIONER BIBLE: And that has always been part of
23 the problem. What is currently part of the problem in the
24 regulatory systems is keeping up with the technology, because as
25 soon as you develop one method of resolving a problem, the
26 technology allows somebody to go around you. So that's a very
27 difficult area to work in.

28 CHAIR JAMES: Well, then, perhaps the recommendation
29 should say something along the lines that this is a very
30 fast-moving and changing area, and that our recommendations are

1 looking at the -- you know, as we exist today. However, it's
2 something that needs to be looked at periodically to make sure
3 that the regulations are keeping up with the technology as it
4 exists. How about that?

5 COMMISSIONER BIBLE: That's fine.

6 CHAIR JAMES: Okay. I've said it --

7 COMMISSIONER LANNI: The caucus hasn't come back yet to
8 vote, so --

9 CHAIR JAMES: -- four times now, that the statement
10 that is before us looked at internet and Native American
11 gambling. What is the appropriate role, and what does this
12 Commission want to say about the appropriate role of the Federal
13 Government and Native American gambling?

14 COMMISSIONER BIBLE: Well, you could have a
15 subcommittee report at some point, I assume, on what their
16 findings were on tribal --

17 CHAIR JAMES: Would you all like to speak to that at
18 this particular time, just on this issue of regulation?

19 COMMISSIONER LEONE: Where do we stand on the draft
20 subcommittee report we received?

21 CHAIR JAMES: We have several. Which one are you
22 talking about?

23 COMMISSIONER LEONE: I don't know. The latest. The
24 latest one. Does that fall in a form where we should, as a full
25 Commission --

26 COMMISSIONER MOORE: We think --

27 COMMISSIONER LEONE: -- be reacting to it?

28 COMMISSIONER MOORE: -- the latest -- I do not believe
29 that the one that's in the back of the book is really the -- the
30 wording, the latest one that the subcommittee came out with. We

1 do have a list of recommendations, and I do not believe -- there
2 are potential recommendations, what I'll call them, and I do not
3 believe that those are the actual ones. We've changed them a
4 little bit.

5 And I might add that we've changed them the way that
6 we're changing them at the suggestion -- at the last meeting,
7 there was some regulatory terminology. There are some thoughts
8 that Mr. Loescher, Mr. Wilhelm, and myself had, but we didn't
9 know exactly how to put them into words.

10 And so we asked Mr. Bible, and he graciously agreed, to
11 look over those and to put them in a little bit better form for
12 us.

13 CHAIR JAMES: He has not completed that process yet.
14 Is that correct?

15 COMMISSIONER MOORE: And we want --

16 COMMISSIONER BIBLE: Well, I had some correspondence
17 from Mr. Loescher on Thursday of last week asking if I could get
18 together with a number of individuals that he knows, and that
19 have an interest in this particular area, and I told him we'd be
20 happy to do so at some point. But I didn't want it to slow the
21 work of this particular Commission.

22 CHAIR JAMES: At some point. That would be now.

23 COMMISSIONER MOORE: Well, we did have about 23
24 recommendations, potential recommendations, and --

25 CHAIR JAMES: What of those recommendations relate
26 specifically to regulation?

27 COMMISSIONER DOBSON: Madam Chairman?

28 CHAIR JAMES: Yes.

29 COMMISSIONER DOBSON: First of all, I want to issue an
30 apology to the rest of the Commission because I know that I'm one

1 of nine, and we have to kind of yield to one another and no one
2 can take over the meeting. And I don't want to try to do that.

3 We did get the information on this chapter late, and we
4 have not had a chance to disseminate to everybody our concerns.
5 But there are many recommendations that we have that comprise
6 eight pages of information.

7 I'm going to ask that it be reproduced and distributed,
8 and give people a chance to look at it. And the Commission will
9 just have to see where we go. But I don't know any other way to
10 deal with our concerns that have come very, very late.

11 CHAIR JAMES: Certainly.

12 COMMISSIONER DOBSON: Especially since we are now
13 walking back through some territory that we have already
14 discussed before. And if we're going to open all of that up
15 again, there is a lot that we need to do. And I don't want to
16 reinvent the wheel here.

17 So if -- with the permission of the chair, I will
18 distribute that as soon as we get it reproduced.

19 CHAIR JAMES: Okay. Is that what you're passing out
20 now?

21 DR. SHOSKY: No. This is not the same thing. These
22 are the five recommendations that --

23 COMMISSIONER DOBSON: Yeah. These are the five that
24 were set before. But then there are the ones that come out of
25 what we just received.

26 The first two here are dealt with. The third one asks
27 the question, but then doesn't answer it. And the fourth and
28 fifth are recommendations.

1 CHAIR JAMES: I am going to ask Commissioners to
2 include that in their reading for this evening and have it as a
3 topic of discussion starting off tomorrow morning.

4 COMMISSIONER DOBSON: Okay. And we will have the other
5 document momentarily.

6 CHAIR JAMES: right.

7 COMMISSIONER LEONE: Kay, is it fair to say that
8 between now and when we adjourn tomorrow we ought to at least
9 discuss all of the major recommendations that anybody knows of
10 now? I mean, I'm not closing the door to --

11 CHAIR JAMES: That's what we're --

12 COMMISSIONER LEONE: -- somebody --

13 CHAIR JAMES: That's what we're trying for.

14 COMMISSIONER LEONE: So might I suggest something,
15 then?

16 CHAIR JAMES: Please.

17 COMMISSIONER LEONE: I think we -- a number of us have
18 recommendations on the lottery, and it's -- and lotteries are
19 something we've discussed a lot. No pun intended. And there is
20 a considerable consensus about some aspects of the lottery thing.
21 And maybe if we did that and got it settled, we'd -- you know, we
22 could move down the path, because it strikes me that --

23 CHAIR JAMES: I have another recommendation as well.

24 COMMISSIONER LEONE: Okay. Whatever. I'm just trying
25 to move it.

26 CHAIR JAMES: And that is that for a variety of
27 reasons, much of this information did not get into the hands of
28 Commissioners until very late, and some as late as last night,
29 and some -- in my case, as late as early this morning. And it's

1 very appropriate that we have the opportunity to review all of
2 this, to study it all.

3 And the assumption was -- and one of the reasons we're
4 having a difficult time I think is the process would work if we
5 had had a chance to assimilate all of this and work through and
6 say, "The recommendations in this area, therefore, should be."

7 And, Dick, I think you're absolutely correct, and that
8 is that far more important than doing the line item edits is
9 trying to reach agreement on what the recommendations would be in
10 those specific areas.

11 I have to tell you, my concern is that we spent a great
12 deal of time when we were together last time going over piece by
13 piece and coming up with consensus in those areas with
14 recommendation. And I can't, like you, Jim, find them.

15 And so a part of what needs to happen is to work
16 through all of this and find them and make sure that they're in,
17 they're worded in the strongest possible language that this
18 Commission can come up with.

19 And so I had said to several Commissioners earlier that
20 I think probably one of the best uses of our time is study time,
21 as Commissioners, to really go through all of this information,
22 some of which Commissioners have not had the opportunity to
23 really read and study.

24 COMMISSIONER BIBLE: And I think what has happened
25 between the time we last met and today is that we've kind of
26 taken the Titanic and we've turned the rudder over a hard right.
27 But we haven't turned the ship yet because we -- you had asked
28 the staff to go back and revise from a 22-chapter format to a
29 seven-chapter format. And that's a tough transition to make --

30 CHAIR JAMES: Sure it is.

1 COMMISSIONER BIBLE: -- in two weeks. And you'd expect
2 a number of items to get left out.

3 CHAIR JAMES: Sure. And we just --

4 COMMISSIONER DOBSON: And I'd like to say a word on
5 behalf of John and the task of doing this.

6 CHAIR JAMES: It's incredible.

7 COMMISSIONER DOBSON: I couldn't do it as well, and I
8 think we do have to recognize this is an impossible assignment.

9 CHAIR JAMES: Mission impossible. But if anybody
10 could, he could.

11 Having said that, Dick, I think you're correct. There
12 is a great deal of consensus on lotteries. If we'd like to pick
13 out maybe three areas that we could do today, move through, then
14 perhaps adjourn, spend some time reading, studying, caucusing.

15 COMMISSIONER BIBLE: Well, the lotteries, just going
16 from my memory, I believe we had general concurrence that --

17 CHAIR JAMES: Well, let me ask you this. John, if we
18 wanted to see in here right now the recommendations as they
19 existed on lotteries, where would we look? It should be several
20 places based on this.

21 COMMISSIONER LANNI: Wasn't it your summary memo that
22 you sent us? Pages 4 and 5?

23 DR. SHOSKY: Thank you. Indeed.

24 COMMISSIONER BIBLE: It would be in the summary memo,
25 but it would also be from our earlier discussions about --

26 DR. SHOSKY: Well, but this is a summary.

27 COMMISSIONER BIBLE: Right. Some very specific --

28 COMMISSIONER LANNI: I have additional --

29 DR. SHOSKY: Right. If I could offer just a couple of
30 comments that maybe can help clear the air a little bit.

1 CHAIR JAMES: What I want right now, though --

2 DR. SHOSKY: Right.

3 CHAIR JAMES: -- is an answer to the question: where
4 will I find the lottery recommendations?

5 DR. SHOSKY: Yes. The answer to the question would be
6 that if you had specific recommendations on the lottery, probably
7 the best place that they should be would be this chapter.

8 CHAIR JAMES: Okay.

9 DR. SHOSKY: Regulation.

10 CHAIR JAMES: But we did --

11 DR. SHOSKY: Now --

12 CHAIR JAMES: -- give specific recommendations.

13 DR. SHOSKY: That's right. You did. And this would be
14 the appropriate place for them.

15 COMMISSIONER LEONE: No. Kay is asking what they were,
16 not where they go.

17 CHAIR JAMES: Yes.

18 DR. SHOSKY: And what they were -- what the specific
19 recommendations were -- Commissioner Lanni is right -- are on
20 pages 4 and 5 of the memo.

21 COMMISSIONER LANNI: But they're not all inclusive.
22 There are additional ones that we made in Virginia Beach that I
23 have made that I would like to reiterate that have been lost.

24 CHAIR JAMES: Okay. Let's stay on pages 4 and 5 of
25 which particular document?

26 DR. SHOSKY: Comments and direction. It's the
27 additional piece.

28 COMMISSIONER BIBLE: That would be the document that
29 was faxed to us on 4/22.

30 DR. SHOSKY: Right.

1 CHAIR JAMES: Yeah.

2 COMMISSIONER BIBLE: And there's -- it appears to be
3 undated.

4 DR. SHOSKY: If I could just offer one comment. As
5 this material was being prepared into the new outline, one of the
6 concerns that I had with everything happening as lightning fast
7 as it was happening was that many of the things that were in this
8 11-page document would not be reflected in the document that we
9 were preparing.

10 And so I specifically asked that this 11 pages would be
11 sent to you because there needed to be a checklist, which
12 obviously it can function to do based on our last meeting. But
13 also, the recommendations that are supposed to be in here are
14 listed in this 11 pages.

15 So if for any reason -- and this obviously did happen
16 -- if for any reason they weren't included with everything
17 happening as fast as it was in getting this material into the new
18 format, there was at least a summary of the recommendations that
19 everyone had agreed on at the last meeting in this 11 pages.

20 So it's not that we have forgotten them. But I do
21 think that in the way things were being formatted it was possible
22 that some of this stuff did not get included properly. And I
23 think that that's where the confusion lies, if I could put my
24 finger on it.

25 CHAIR JAMES: Okay. Having said that, let's look at
26 page 4, go through the recommendations that are there, and pick
27 up the others that are left out. And these are to be worded into
28 specific recommendations that will appear at this particular
29 point.

1 The first area of consensus that we had said there
2 should be a tax on lotteries for treatment and education. That
3 needs to be worded in form, and there was consensus on that very
4 issue.

5 And so, Bill, I would ask, as you are looking at the
6 regulations section, that we could look at turning that into a
7 recommendation. Your question?

8 COMMISSIONER BIBLE: I don't know if there's consensus
9 on the issue. Richard suggested this issue, that there be an
10 excise tax on the tax.

11 CHAIR JAMES: Well, as I remember the conversation,
12 because I said I had a little bit of a problem with tax, could we
13 say a percent of profit, could we say some other --

14 COMMISSIONER BIBLE: Which would be different than what
15 we said here. Mr. Lanni had earlier indicated at least he had a
16 position that all segments of the industry should share equally
17 the burden.

18 COMMISSIONER LEONE: You know, I always used to say,
19 when I was --

20 CHAIR JAMES: This is going to be --

21 COMMISSIONER LEONE: -- state taxes that raising taxes
22 ought to be hard, that in a democratic society it shouldn't be
23 easy to raise taxes. It should be politically difficult and
24 painful.

25 And I would think, Kay, you are certainly somebody --

26 CHAIR JAMES: I would agree.

27 COMMISSIONER LEONE: -- who would agree strongly with
28 that. This is a painless tax in a sense because it is seen as
29 something else, again. The tax on this tax is meant to be an
30 irritant.

1 It's an excise tax for treatment and for dealing with
2 problem and pathologic gambling, which is a reminder every time
3 you buy a ticket and you're irritated by the tax that there's a
4 cost associated with having this form of gambling in our state.
5 That is, it produces problem and pathological gambling, and maybe
6 other problems, and that it's -- and that there's a cost
7 associated with doing it.

8 I recognize that it is, to some extent, simply a way of
9 bringing to people's attention the fact that these resources are
10 going for a specific purpose, and you could do it out of proceeds
11 or out of general revenues. And I am generally in favor of the
12 notion that money is fungible, and it's all general revenues.
13 But this is meant to draw attention to the fact that there are
14 costs associated with it.

15 Now, will it change the world, or will it change
16 anything? You know, probably have very little effect, but I
17 think it is -- I can't see that it would do any harm because I
18 think it's an irritant, and I intend it as an irritant.

19 COMMISSIONER BIBLE: But I think that the net result of
20 that is you're trying to create an irritant tax, so if you have a
21 dollar lottery ticket you have to pay a dollar and a nickel for
22 it, if there's a five percent tax. They will simply reprice the
23 ticket to a dollar, and 95 cents will go to the lottery and five
24 cents will be the tax, and nothing will change.

25 CHAIR JAMES: Well, and there was some discussion that
26 we had last time about whether or not it was appropriate to try
27 to regulate people's behavior through the Tax Code. And so --
28 and you said yes, and --

1 COMMISSIONER LEONE: We do that with cigarettes, and we
2 -- alcohol. Do we want to take away those taxes, which are
3 designed to discourage --

4 CHAIR JAMES: Some would say yes; some would say no.
5 But my point was that --

6 COMMISSIONER BIBLE: And some would say yes to one and
7 no to the other.

8 CHAIR JAMES: To others. But having said that, I think
9 we did reach consensus on the fact that we did want to see a
10 portion of money from lotteries going for treatment and
11 education.

12 Now, we did not reach consensus on whether or not that
13 would be a tax or whether or not that would be a percent of
14 profit.

15 COMMISSIONER LANNI: I would add one more -- research,
16 treatment, and education.

17 CHAIR JAMES: Yeah, that's correct. It was research --

18 COMMISSIONER LANNI: My own view on this -- if we get
19 bogged down so much in the specific detail of this, if it's a tax
20 or a portion of revenue, we're going to be here until June of
21 2006. I know we won't be, but, I mean, the point is we're going
22 to be wasting too much time.

23 CHAIR JAMES: Sure.

24 COMMISSIONER LANNI: And if we have a consensus here,
25 let's -- I don't think we should get so caught up in the detail
26 of how it should be. I believe, as Bill does, it's better -- and
27 maybe what you said, Kay, is that it's better to say we are
28 asking the states, the individual states, to take a portion of
29 the revenue that they take in now from the lottery and provide it
30 for research, education, and treatment.

1 CHAIR JAMES: And I would even be willing to leave that
2 open. If a state chooses to do that through taxes, or if they
3 choose to do it through a percent of profit, that's a decision
4 that's best left to the states and to the people who are closest
5 to that form of government. So --

6 COMMISSIONER DOBSON: Madam Chair?

7 CHAIR JAMES: Yes.

8 COMMISSIONER DOBSON: Again, procedure means a lot to
9 me, and to some of the others. I want to make sure I understand
10 where we are.

11 CHAIR JAMES: We're on lotteries.

12 COMMISSIONER DOBSON: Yes, I understand that. In front
13 of me is a list of conclusions or recommendations or statements
14 that we made from the April 7th and 8th meeting, which John
15 indicates are not yet in the document. He is not sure why, and
16 neither am I. But this is why I wasn't able to find them.

17 CHAIR JAMES: Right.

18 COMMISSIONER DOBSON: But we have already discussed
19 every one of these. Are we really going to go back now and go
20 through what we did two weeks ago?

21 CHAIR JAMES: One could only hope not, Jim.

22 COMMISSIONER DOBSON: I agree. We have already talked
23 about this. But it's not in there. What we need to do is
24 implement what we agreed upon, or at least following your
25 procedure of including everything that wasn't objected to. So --

26 COMMISSIONER LANNI: Was a formal vote taken at that
27 meeting?

28 CHAIR JAMES: No. We just tried to reach consensus on

29 --

1 COMMISSIONER DOBSON: Where there was objection, then I
2 think it was --

3 CHAIR JAMES: We worked it out.

4 COMMISSIONER DOBSON: Yeah.

5 CHAIR JAMES: My concern on this one, Jim, was I didn't
6 think the statement that was here accurately reflected the
7 conversation that we had.

8 COMMISSIONER LEONE: I don't either.

9 CHAIR JAMES: And just wanted to be sure. So I don't
10 want to open it up, but I also don't want to let a document stand
11 that does not accurately reflect the conversation that we had
12 last time.

13 COMMISSIONER LANNI: For example, research is not in
14 this verbiage, but we have discussed research before as part of
15 it.

16 COMMISSIONER DOBSON: Then, the other half of the
17 question that I raise is whether all of this is going to get
18 included in the document. And if so, when and where? Because
19 that was three weeks ago that we did this work.

20 DR. SHOSKY: If I could answer that, please. It's
21 absolutely going to be included in, and that's absolutely the
22 reason that I wanted the list to be part of the discussion today.
23 As things have been moved around, it has been very unclear at
24 certain points where things are supposed to go.

25 And, in addition to that, you'll probably remember that
26 I had to have all of this done around the 20th. And so what we
27 were trying to do was we were trying as quickly as we could to
28 get as much done as we could in order to be able to get the
29 document out.

1 And it's true that in this document some of that stuff
2 is not there. But while this may be a lame answer, it's at least
3 an answer. That's why I wanted you to have this other document
4 in your hands, and to know that those recommendations have been
5 catalogued.

6 Once we receive the instruction as to where exactly you
7 want us to put them in, they'll be there, and they're going to be
8 there. They'll be there and they've always intended to be there.
9 It's just that as things were progressing I was afraid some
10 things were not fitting in or might get left out, which has
11 indeed happened. It's an embarrassment for me.

12 But at the same time, please rest assured that that
13 information is, you know, obviously going to be in the report.

14 CHAIR JAMES: Are you saying, John, that you need some
15 help in deciding if the Commissioners said, as an example, that
16 there should be a tax or a portion of the profits on lotteries
17 allocated for research, treatment, and education? That you don't
18 know where to put that?

19 DR. SHOSKY: That is --

20 CHAIR JAMES: And you want somebody to tell you where
21 to put it?

22 DR. SHOSKY: In all honesty, I really don't know where
23 to put that.

24 CHAIR JAMES: Okay.

25 COMMISSIONER DOBSON: How about in the lottery section?

26 DR. SHOSKY: See, previously, it would have been part
27 of that mega chapter on the --

28 CHAIR JAMES: Okay. Well, I'll tell you what. We will
29 work with you. I will work with you, and the group of

1 Commissioners who -- and help you put every piece of this in
2 there.

3 And we will take that cost reference, as I said
4 earlier, about a couple of hours ago, that matrix of all of them,
5 and make sure that every one of those is in this document, and
6 nothing is going to get left out.

7 DR. SHOSKY: Okay.

8 CHAIR JAMES: And nothing will be left out.

9 DR. SHOSKY: Okay.

10 COMMISSIONER DOBSON: Thank you.

11 DR. SHOSKY: But, Commissioner Dobson, if I could just
12 mention one more thing. That's why all of your recommendations
13 in that document from the 21st weren't included, because the
14 report was literally leaving my hands as that was coming --

15 COMMISSIONER DOBSON: I understand.

16 DR. SHOSKY: -- onto my desk.

17 COMMISSIONER DOBSON: I understand.

18 CHAIR JAMES: Okay. Where we are right now, as I
19 understand it, is looking at lotteries and seeing if we can reach
20 some consensus on -- because there seemed to be a great deal of
21 it -- on what it is that this Commission wanted to say. We've
22 had this discussion. It's in the record. It is not reflected in
23 the document that we have before us. And if we could just list
24 them off, that would be helpful.

25 COMMISSIONER LANNI: We have one.

26 CHAIR JAMES: Okay.

27 COMMISSIONER LANNI: I think you just did one.

28 CHAIR JAMES: Yes.

29 COMMISSIONER LANNI: Okay. You did one.

1 Okay. The second one, I would make a recommendation,
2 as I did before, that the entities who provide the goods and
3 services relative to lotteries, to the several states, undergo a
4 thorough scrutiny and licensing process, if they do not do so
5 already.

6 CHAIR JAMES: Yeah, you said that one before. Yes, you
7 did. I remember. Yeah.

8 Did you get that?

9 COMMISSIONER MOORE: That means that all of the types
10 of machines that they use and --

11 COMMISSIONER LANNI: What I'm saying is that if
12 individuals or companies, they, as individuals and companies,
13 need to be licensed in the normal process that a state would set
14 forth, doing background investigations and scrutinizing the
15 legitimacy of the individuals, the backgrounds of the
16 individuals.

17 Right now, there are certain states where that is not
18 done, and an individual who could have illegal offshore money
19 could funnel it right into an operating aspect of the lottery.
20 And I think they should --

21 COMMISSIONER McCARTHY: That's one of the basic
22 requirements of the Belletire report.

23 COMMISSIONER LANNI: Right.

24 CHAIR JAMES: Right. And I think we even said when we
25 had this discussion before that some states are better than
26 others, and we just need to make sure that --

27 COMMISSIONER LANNI: Best practices.

28 CHAIR JAMES: That's right. It will come out again in
29 best practices.

30 COMMISSIONER LANNI: Then, I wouldn't recommend that.

1 CHAIR JAMES: Next?

2 COMMISSIONER McCARTHY: Excuse me. Did I understand
3 that that wording on that was that "attached on lotteries for
4 research, treatment, and education"?

5 CHAIR JAMES: No.

6 COMMISSIONER McCARTHY: Thank you.

7 CHAIR JAMES: No.

8 COMMISSIONER LANNI: It's not attached.

9 CHAIR JAMES: No. That's not correct.

10 COMMISSIONER McCARTHY: Well, then, I would like it to
11 be correct.

12 CHAIR JAMES: Okay. I know that. But what we did say,
13 and I thought we had consensus on this, because some of us are a
14 little uncomfortable with the term "tax," is that a tax or a
15 portion of the profits be designated to --

16 COMMISSIONER McCARTHY: I think "proceeds" --

17 CHAIR JAMES: -- proceeds, excuse me.

18 COMMISSIONER McCARTHY: "Proceeds" is probably a better
19 --

20 CHAIR JAMES: Yes. Proceeds. Because we can get more
21 consensus using tax or proceeds -- be used for research,
22 treatment, and education.

23 COMMISSIONER McCARTHY: At least five percent.

24 CHAIR JAMES: Let's go for 10, Leo. Why not? We
25 didn't have a number in there. We didn't have at least five
26 percent.

27 COMMISSIONER McCARTHY: Let's think about a minimum
28 number. I don't think that's audacious, and I have looked
29 through what the National Council on Problem Gambling sent us,
30 and the range of some states that appropriate money from some

1 source for the very things we're talking about now is generous.
2 But in most of the states it's very negligible.

3 COMMISSIONER BIBLE: But how would you come up with a
4 percentage if you haven't assessed the amount of money that's
5 necessary to provide the treatment, education, and research?

6 COMMISSIONER McCARTHY: I would think that if we look
7 over the amounts that are utilized on the key programs that we're
8 talking about here, we could come to some reasonable minimal
9 number anyway.

10 CHAIR JAMES: I would be predisposed not to have a
11 number in there, but to say --

12 COMMISSIONER McCARTHY: You ask for nothing, and you'll
13 get nothing.

14 CHAIR JAMES: -- to say that --

15 COMMISSIONER BIBLE: Ask for something, and it will get
16 spent.

17 (Laughter.)

18 COMMISSIONER LANNI: Maybe it could work this way.
19 Maybe we could use some verbiage that would say, in addition to
20 this, that they, you know, apply a sufficient -- an adequate
21 amount of funds to deal with these three areas, based upon their
22 studies as to what the needs are, something of that nature that
23 would let the individuals -- because I, for one, also want to
24 leave this as much as possible to the states.

25 I think the constitution specifically points out what
26 the Federal Government is responsible to do and what it's not
27 responsible to do. Let's let the states --

28 COMMISSIONER McCARTHY: I'm sorry. It's ultimately
29 going to be up to the states to make these choices anyway, since
30 we have no power over them. But if we leave it the way you just

1 suggested, expecting them to do research, 80 percent of the
2 states have done no research on the basic problems we're
3 addressing. So they're not going to volunteer to.

4 COMMISSIONER LANNI: I think, as you might remember,
5 Leo, we have this responsibility -- to submit this to the
6 governors of the several states, to the President, to the leaders
7 of the House and the Senate, to the leaders of the Native
8 American gaming, and I think this recommendation, as it goes to
9 the governors, it's up to the governor to take a look at that in
10 his legislative, or her legislative, involvement with the
11 particular houses, and, again, try to get it into some
12 percentage.

13 I don't think that necessarily makes any sense. I
14 mean, I would -- I just couldn't support that. I am happy to put
15 in words adequate to deal with these three areas, and we'd
16 recommend maybe the governors take this into consideration for
17 proposed legislation in their individual state legislatures.

18 CHAIR JAMES: John?

19 COMMISSIONER WILHELM: I would agree that it's not
20 appropriate to put a particular number in, and I would think that
21 for two reasons. One, because I don't know that the inclusion of
22 a number somehow gives our recommendation any greater force than
23 it has without a number.

24 But in addition to that, in going back to the
25 recommendation that Terry made more broadly quite a while ago,
26 which I personally support, we're talking about lotteries right
27 now.

28 But if our recommendations -- plural -- ultimately are
29 going to include along the lines of Terry's suggestion, if I'm
30 remembering it correctly, that a portion of lottery proceeds, a

1 portion of the existing privilege tax for casinos, where there is
2 one, a portion of tribal gaming proceeds -- in other words, some
3 portion of all of the proceeds of gambling that is legal in a
4 particular state -- should be devoted to these purposes, then I
5 don't think you can pick a number for a lottery or anything else.

6 Because, I mean, just as an example, the needs of the
7 State of Nevada might very well be dealt with by a quarter of one
8 percent of the existing privilege tax. I don't know. You'd have
9 to figure out what the needs are.

10 So for those two reasons, I think the inclusion of a
11 particular number doesn't make very much sense. So I will --

12 COMMISSIONER McCARTHY: I succumb with my usual
13 flexibility. But John just raised an important point here and
14 reminded me of what Terry had said in an earlier meeting. We're
15 limiting this in this language only to lotteries.

16 CHAIR JAMES: And the --

17 COMMISSIONER LANNI: That's just because we're
18 discussing lotteries.

19 COMMISSIONER BIBLE: That's because we're talking about
20 lotteries. I --

21 COMMISSIONER McCARTHY: No. I appreciate that. But
22 it's somewhere in here -- I think we want to repeat your
23 statement, as John just characterized it. My sense is that
24 you'll have broad consensus on this Commission for a
25 recommendation that indicates that gambling does cause problems,
26 and it's going to take some funds to address those problems.

27 And that will take the form of research, of education,
28 of treatment, and that all sectors of the industry should help
29 fund that, whether it be from existing revenues that they are

1 already providing to states or a newly formed tax. But each
2 state can make that determination.

3 COMMISSIONER DOBSON: If you're not going to put a
4 number on it, you ought to make a statement that what has been
5 done in the past has been woefully inadequate.

6 CHAIR JAMES: And non-existent.

7 COMMISSIONER DOBSON: In all areas, and virtually
8 non-existent.

9 COMMISSIONER BIBLE: And I would agree that the
10 expenditures are woefully inadequate. We did have some evidence
11 in the record -- if you remember the testimony from the state
12 Senator of Indiana -- where they use a portion of their
13 admissions tax for treatment programs. But there are not enough
14 individuals who have been identified requiring treatment, so they
15 used the money for research, and they did a prevalence study in
16 Indiana. We --

17 COMMISSIONER McCARTHY: There are about eight states
18 that are doing these.

19 COMMISSIONER BIBLE: There was an AP wire story last
20 week that Montana's legislature rejected using monies for
21 treatment programs.

22 COMMISSIONER McCARTHY: Yeah.

23 COMMISSIONER LANNI: Jim, in response to your question,
24 that's what I was saying. I think we need to get the answers, so
25 they can write the verbiage. In the verbiage, I think they'll
26 build the case of why we have reached these answers. And that's
27 where I think you'll point out the need for it.

28 And I think you wouldn't make a recommendation if you
29 thought it -- we wouldn't be making recommendations if we thought
30 they were doing enough or --

1 COMMISSIONER DOBSON: The need can mean a number of
2 things. If it means treatment, then you probably could decide
3 what -- how much would be adequate. The need for research,
4 however, is infinite. I mean, this is an issue that could be
5 studied by every state in the nation, and you still wouldn't know
6 it all. So whatever comes in can be used, I would think.

7 COMMISSIONER BIBLE: But I think you also have to
8 recognize the general priority. I mean, in your area of the
9 country you just had that tragic incident last week. And to me
10 that incident, at least in terms of the priorities of
11 governmental response, that's something government should be
12 devoting more attention to than this particular issue.

13 I mean, this issue pales by comparison to violence in
14 the school where teachers and students are getting shot, and
15 things of that nature.

16 You know, and if you earmark money, enough money will
17 get used for this very specific purpose, and maybe not for a
18 higher level purpose, as decided by the legislature.

19 CHAIR JAMES: Well, I think we've agreed that coming up
20 with a number that we put in here is not likely to happen, but
21 that we can have the strongest possible language on the need for
22 either taxes or a portion of the proceeds to go for research,
23 treatment, and education, and to add the statement that Dr.
24 Dobson said about the local lack of such resources that are
25 currently available.

26 COMMISSIONER LANNI: No. The only aspect of that -- I
27 would ask the Commission to consider that wherever we put the
28 woeful lack, I think it should be in the text. And for all of
29 these things, for the text that leads up to the recommendations,
30 rather than for each of the recommendations.

1 CHAIR JAMES: Yeah. We'll just say the local lack --
2 therefore, we would --

3 COMMISSIONER LANNI: But I don't think we should put
4 woeful lack here or, you know, not enough here or too much. I
5 just think it gets too convoluted. I'd make the recommendations
6 cleaner, pick up the verbiage to support it in the verbiage of
7 the chapter.

8 CHAIR JAMES: Right.

9 COMMISSIONER LANNI: If that's acceptable.

10 COMMISSIONER BIBLE: Have we ever thought about --

11 CHAIR JAMES: Wait a minute.

12 COMMISSIONER BIBLE: How about a nine- chapter report
13 where each of us write a chapter?

14 (Laughter.)

15 And then we'll just put it together, this is how you --

16 CHAIR JAMES: Hey, I'm almost there, buddy.

17 COMMISSIONER LANNI: How about just nine separate
18 reports?

19 COMMISSIONER BIBLE: No, no. Nine chapters. I want
20 mine to be alone.

21 CHAIR JAMES: Don't even go there.

22 COMMISSIONER McCARTHY: To echo what's been said on
23 other matters, your consistency throughout the report, when we
24 use numbers or -- I think even though we're talking about
25 lotteries here, we ought to use Terry Lanni's basic idea that you
26 look at the makeup of all forms of gambling in a state, and then
27 you figure out how to equitably let them all participate.

28 Because what we're talking about here -- research,
29 education, treatment -- they all contribute to, and so forth.

1 COMMISSIONER BIBLE: But, you see, that recommendation
2 probably ought to come under pathological gambling because it's
3 universal to all forms.

4 COMMISSIONER McCARTHY: My only point is wherever we
5 mention trying to do this we are consistent with the language
6 that we use.

7 COMMISSIONER BIBLE: I understand.

8 CHAIR JAMES: Absolutely.

9 Lotteries -- anything else you want to say about the
10 lotteries? What about advertising, in terms of regulation or --
11 where does that go?

12 COMMISSIONER BIBLE: Well, the last time we talked
13 about the issue we had general consensus that there should be
14 some independent oversight of lottery activities, and one of
15 their functions should be to examine and scrutinize the
16 advertising practices.

17 COMMISSIONER DOBSON: It's on page 2 of the list.

18 COMMISSIONER BIBLE: Of your list.

19 COMMISSIONER DOBSON: No, of the list that --

20 CHAIR JAMES: Okay. It's actually page 5.

21 COMMISSIONER DOBSON: I must have a different copy.
22 Mine is 2. Yes.

23 COMMISSIONER LANNI: Would this be a time that you'd
24 also want to put a best practices recommendation in the lotteries
25 on advertising, in addition to having an oversight?

26 CHAIR JAMES: Oversight, best practices. What else?

27 COMMISSIONER LANNI: Well, maybe it's in reverse order.
28 Best practices, and then the oversight would be determined if
29 they followed those best practices -- an independent agency.
30 Best practices for a lottery, for its advertising, and then

1 oversight I think would be after that, to have an independent
2 body determine if they are following the best practices that have
3 been accepted by the state.

4 CHAIR JAMES: Can I make this recommendation? Because
5 most of what we're saying right now has been said before. We've
6 said all of this. We've had this discussion. And what needs to
7 happen is that we make sure that those things that we have agreed
8 upon are in this document. Can we agree to that?

9 Because I really feel like to make progress here we
10 need to accept as an assumption that anything that we've already
11 reached consensus on should be there, and that it's incumbent
12 upon every one of us as Commissioners to read this document
13 carefully to find those holes where that does not exist and where
14 that does not happen.

15 COMMISSIONER LANNI: I would only add, Madam Chair,
16 that if we had the chapters with those determinations at the end,
17 it would be easier to see if they follow. Because we'll have to
18 do it from memory as to what else might be recommendations. I
19 think we're going along pretty well here coming up with the
20 recommendations.

21 If there's others that we've agreed upon and we can't
22 remember them, maybe someone else can remember them and we can
23 put them in. And then when we read the chapter, we'll see if
24 they comport to the particular resolutions. But I can't remember
25 all of the things we've agreed upon in the last two years. Of
26 course, there aren't that many, so we probably have --

27 CHAIR JAMES: Oh, no, there are.

28 (Laughter.)

29 COMMISSIONER LANNI: Just kidding.

1 CHAIR JAMES: Absolutely. As a matter of fact, quite
2 honestly, in going back and looking at the transcripts, what is
3 amazing is the great consensus that does exist in many of these
4 areas.

5 I think what I am sensing here is a little
6 disappointment at the strength of the language and the
7 recommendations not having gotten translated over into this
8 particular document where we are right now. But that will be a
9 part of our homework assignment for the evening.

10 Other things in this particular chapter? Remember,
11 this is regulation as it relates to lotteries, sports wagering.
12 Let me check to make sure.

13 Gambling regulation -- it should -- the whole breadth
14 of regulatory -- John, do you understand the concern that we have
15 here with those -- oh, yeah, you got it. Okay. We don't need to
16 belabor that point, then.

17 COMMISSIONER LANNI: Again, I'm not trying to belabor
18 it, but if we're trying to make recommendations in each area,
19 there was, I think, consensus that -- if I'm not mistaken, that
20 there be a recommendation that all forms of legalized gaming or
21 gambling in the United States be only allowed to people at least
22 21 years of age.

23 CHAIR JAMES: Yes.

24 COMMISSIONER LANNI: So wouldn't that be here also?

25 CHAIR JAMES: That's correct.

26 COMMISSIONER DOBSON: Yes. That's in the document, in
27 the social --

28 COMMISSIONER MCCARTHY: I want to suggest we make it
29 30.

30 CHAIR JAMES: Leo?

1 (Laughter.)

2 COMMISSIONER LANNI: When you get to a certain age, you
3 know, that looks like probably a very young age.

4 (Laughter.)

5 CHAIR JAMES: Yes, 21 was. And that is in here now,
6 but I understand it's over in another section.

7 COMMISSIONER LANNI: That's correct.

8 CHAIR JAMES: It's in the social document.

9 COMMISSIONER McCARTHY: Regarding the language in the
10 regulatory section, did we hear back from the NIGC regarding the
11 letter that I think the chair signed to --

12 CHAIR JAMES: Yeah. We're going to talk -- we'll have
13 --

14 COMMISSIONER McCARTHY: On the regulatory scheme?
15 Okay. I thought we were going to get to it in this section.

16 You can if you'd like. Certainly.

17 DR. KELLY: Commissioner McCarthy, the response we got
18 from the NIGC was that they gave us some aggregate data which --

19 COMMISSIONER McCARTHY: No, not on the audit material,
20 on the last --

21 DR. KELLY: Oh, I'm sorry.

22 COMMISSIONER McCARTHY: -- set of questions that we
23 said -- there was one set of questions on the core regulatory
24 scheme elements, and then a second set of questions on numbers
25 that we included as well. Do you know the letter I'm referring
26 to?

27 DR. KELLY: I'm going to have to go back and check on
28 that, because I'm not sure what

29 COMMISSIONER McCARTHY: It says --

1 DR. KELLY: I'm not sure where we are with that
2 response.

3 CHAIR JAMES: Doug is not here right now.

4 COMMISSIONER McCARTHY: Okay.

5 DR. KELLY: We'll check on that.

6 CHAIR JAMES: I'll ask him to address that tomorrow for
7 you.

8 COMMISSIONER McCARTHY: That should not have been
9 difficult to be answered. This wasn't a fight over heavy
10 confidential --

11 CHAIR JAMES: That was the one we said you could get it
12 off the internet if you sort of -- yeah, you could --

13 At this point, what I'd like to do, Doug, is to say,
14 Bill, I know you have a substantial amount of time that you're
15 giving to this and work that you're going to do on this
16 particular section.

17 We have the responsibility of going back through and
18 cross checking to make sure, and we'll be feeding all of that
19 information to you as we identify the recommendations out of the
20 transcript and out of the previous document, to make sure they
21 get transferred in appropriately.

22 Are there any other issues -- and I hesitate to frame
23 it this way -- that we haven't discussed about that you'd like to
24 raise in this particular section on regulation? Because there
25 are many that we have raised and we have discussed and they're
26 not reflected here.

27 COMMISSIONER LEONE: Well, Jim apparently has a --

28 COMMISSIONER DOBSON: I do. That's what we talked
29 about. I will distribute that before the end of the meeting.

1 COMMISSIONER LEONE: Could I also make a suggestion
2 that when we redo the -- we be inclusive about the
3 recommendations and the language people have submitted? It would
4 be easier to knock it out --

5 CHAIR JAMES: Right.

6 COMMISSIONER LEONE: -- if we disagree with it, than to
7 be in this situation. So I'd rather see this bulging with the
8 things that people have put in than --

9 CHAIR JAMES: That is the direction that staff has
10 given, that everything should be included, and it's up to the
11 Commissioners if they want to take it out.

12 COMMISSIONER LEONE: And Bill and I also wonder if
13 after the break we could have a short Executive Session, or
14 before the break.

15 CHAIR JAMES: Before the break?

16 COMMISSIONER LEONE: Not to bring the break up, but --
17 well, the advantage of having it before the break is that the
18 Commissioners are all here. And if we have to wait for the
19 Commissioners to all be here to have an Executive Session after
20 the break, that might be harder.

21 CHAIR JAMES: I think --

22 COMMISSIONER LEONE: Just before the break. In other
23 words, five minutes before the break we could --

24 CHAIR JAMES: Sure. Well, as soon as we finish this
25 session, we will be moving in that direction. I think that's
26 fine.

27 Anything else on regulation? If not, then we are, in
28 fact, ready for the break and would probably move toward doing an
29 Executive Session. If not, okay, then we'll go into Executive
30 Session.

1 CHAIR JAMES: We don't have our full contingent back
2 just yet, but I think in the interest of time we will go ahead
3 and get started.

4 I will say for the record that during our executive
5 session, we did discuss several personnel issues, and that was
6 the purpose of the executive session as called by Commissioner
7 Bible and Leone.