

1           CHAIRMAN JAMES: Thank you.

2           I wish we had more time. I will suggest  
3 if there are additional questions that the  
4 commissioners have, I would ask that they be submitted  
5 in writing, and I hope you would be willing to respond  
6 that way.

7           And again, thank you.

8           Mr. O'Connor, you are next.

9           MR. O'CONNOR: Good afternoon.

10          CHAIRMAN JAMES: Good afternoon. Put it  
11 right up --

12          MR. O'CONNOR: So you can hear very  
13 clearly.

14          CHAIRMAN JAMES: -- yes, very good.

15          MR. O'CONNOR: Clear now?

16          CHAIRMAN JAMES: Closer.

17          MR. O'CONNOR: Clear now?

18          CHAIRMAN JAMES: There you go.

19          MR. O'CONNOR: Okay.

20          Good afternoon. Thank you for the  
21 opportunity to provide comments about gambling in New  
22 Jersey.

1           Wagering is a part of every-day experience,  
2 and it's had very positive effects. It provides  
3 enjoyment without any problems to the majority of  
4 citizens participating in this activity. Total  
5 wagering in New Jersey is approximately \$6.5 billion,  
6 and a billion of that revenue goes towards \$16 billion  
7 of New Jersey's budget. An eight percent tax on  
8 casino revenues is designated for programs for the  
9 elderly and the disabled. Another 1.2 percent is  
10 earmarked for redevelopment in projects in Atlantic  
11 City and throughout the state.

12           Revenue from gambling supports many public  
13 projects, creates employment, promotes tourism.  
14 Industry directly provides over 50,000 jobs to people  
15 in New Jersey.

16           Revenue helps to offset cost of  
17 prescription drug expenses, property taxes, home  
18 rentals, telephone, gas, electric and municipal  
19 utility bills for senior citizens and the disabled.  
20 It also supplements higher education initiatives and  
21 provides funds for construction and renovation of  
22 state building.

1           The majority of gamblers do it socially for  
2 entertainment. Some, however, cross the line from  
3 social gambling to problem gambling. For them, more  
4 and more of their thoughts and resources are dedicated  
5 to gambling. Wagering can become a compulsive,  
6 destructive behavior for up to five percent of the  
7 population. Compulsive gambling is a progressive  
8 behavior disorder, in which an individual has a  
9 psychologically uncontrollable preoccupation and urge  
10 to gamble.

11           To the compulsive, gambling seems to offer  
12 an easy solution to some of life's most pressing  
13 problems, insufficient money, little prestige or self-  
14 esteem, feelings of boredom or failure and loneliness.

15           When losses increase and desperation  
16 occurs, hopelessness leads many to inappropriate  
17 behavior. There is some evidence that senior citizens  
18 are disproportionately affected by gambling problems.  
19 A number of calls from individuals over the age of 55  
20 to the 1-800-GAMBLER help line have increased 30  
21 percent in the past year. While casino gambling  
22 provides many senior citizens relief from loneliness

1 and boredom, seniors who contract the help line, and  
2 those who have contacted the Council on Compulsive  
3 Gambling Outreach Program, report that they spend  
4 money on gambling instead of spending it on life's  
5 essentials, like rent, food and medical bills. In  
6 1996, 13 percent of the calls to the help line were  
7 from senior citizens.

8           According to the Gambling and Bankruptcy  
9 Chapter from the SMR research, problem gambling has a  
10 significant impact on civil and criminal calendars  
11 from the New Jersey court system. Civil suits for  
12 non-payment of debts and divorce issues are common.  
13 Bankruptcy courts are filled with compulsive gamblers  
14 who often return to gambling activities after  
15 completing the bankruptcy filing.

16           Atlantic County, where citizens -- where  
17 the casinos are located, had a 71 percent higher  
18 bankruptcy rate than the state average.

19           Criminal cases include embezzlement, bad  
20 checks, insurance, credit card fraud and other illegal  
21 acts.

22           The correctional system is impacted as

1 well. A study conducted by Doctor Lesieur, who you  
2 heard from earlier today, and the Compulsive Gambling  
3 Council, indicated that one in every four inmates may  
4 be a problem or a compulsive gambler. This leads to  
5 increased costs for incarceration.

6           We also know that children are exposed to  
7 gambling in many different forms, such as spreads on  
8 football games, horse racing and on television. In a  
9 survey conducted by Doctor Lesieur, in conjunction  
10 with the Council, there was evidence that children  
11 start gambling in grade school. The survey indicated  
12 that 86 percent of students gambled in the last year,  
13 32 percent gambled weekly playing cards and dice  
14 games. Sports betting is the most popular gambling  
15 activity in high school.

16           The survey also indicated that 20 percent  
17 of students had family disruption due to gambling, ten  
18 percent obtained money illegally to finance their  
19 gambling, and 84 percent were considered problem  
20 gamblers and fit the criteria for compulsive gambling.

21           Adolescents gamble illegally on lotteries,  
22 at race tracks and in casinos. In 1995, 135,000

1 youngsters were stopped at the casino door, 25,000  
2 youngsters were taken off the casino floors, and 437  
3 were taken into custody according to the '95 and '96  
4 Casino Control Commission adolescent statistics.

5           While this is clear evidence that the  
6 casinos are concerned with under-aged gambling and  
7 take active steps to stop under-aged gambling from  
8 entering their premises, many adolescents try to  
9 gamble and will continue to do so. The Lesieur  
10 research indicates that teenagers who gamble have more  
11 arguments with parents and others, have poorer school  
12 performance, misuse money, including their lunch  
13 money, borrow and steal disproportionate to their  
14 peers, participate in drug sales and have higher  
15 suicide attempts.

16           The New Jersey Legislature has recognized  
17 the problem of compulsive gambling by allowing  
18 \$600,000.00 from fines imposed on casinos be used for  
19 prevention and treatment activities. In fact, New  
20 Jersey has started the first 24-hour help line, 1-800-  
21 GAMBLER, which is printed on each ticket printed by  
22 the New Jersey Lottery Commission.

1           New Jersey is also the first state to issue  
2 a certificate to counselors to provide compulsive  
3 gambling counseling.

4           Our division administers the \$600,000.00  
5 that is appropriated by the legislature, and  
6 \$500,000.00 of that goes to the Council on Compulsive  
7 Gambling.

8           The Council provides that 24-hour help line  
9 for our residents and, in fact, in 1997 there were  
10 26,000 calls to that help line. It is anticipated  
11 this number will exceed 30,000 in 1998. This help  
12 line will also allow us to conduct a survey with  
13 callers to find out more specific problems about the  
14 nature of gambling problems in the state.

15           The Council also conducts other prevention  
16 and referrals for treatment and increases the public  
17 awareness about the addictive nature of compulsive  
18 gambling. The Council has referred people to the  
19 Gamblers Anonymous meetings, the Gamanon Fellowship,  
20 residential and out-patient treatment programs. It  
21 also refers problem gamblers to the 55 certified  
22 gambling counselors.

1           In the past six months, \$100,000.00 of that  
2 revenue that I mentioned earlier provided six gambling  
3 treatment programs to provide services to 34  
4 individuals and conduct 250 assessments for  
5 individuals entering treatment.

6           While the Council and other sources provide  
7 some information about compulsive gambling, there's a  
8 serious lack of good epidemiological data available on  
9 gambling. There have been very few comprehensive  
10 studies on the demographics of compulsive gambling or  
11 on the outcomes of existing prevention and treatment  
12 activities.

13           We anticipate that some of the information  
14 will be obtained through the survey that the Council  
15 will be conducting through the hot line this year.

16           More specifically, we recommend that a  
17 national study be conducted to determine the incidence  
18 of compulsive problem gambling, and to identify the  
19 risk factors associated with compulsive gambling.  
20 This will allow the prevention activities to be  
21 focused on those most at risk of problems with  
22 gambling.

1           We also suggest that prevention activities  
2 include information on problems that can be caused by  
3 wagering and should be part of school curriculum.

4           We need a comprehensive study to determine  
5 the financial and social costs of compulsive gambling,  
6 with a separate focus on its impact on seniors and  
7 teenagers. Without good data, effective strategies  
8 for prevention and treatment cannot be developed and  
9 implemented.

10           A system needs to be in place that provides  
11 an early warning for the development of the problem.  
12 One such strategy for gaming entities to consider is  
13 the responsible gaming program which is an initiative  
14 already occurring in four of New Jersey's casinos.  
15 The gaming program provides education, awareness  
16 information to casino employees and customers about  
17 compulsive gambling, and provides information about  
18 the 800-GAMBLER help line.

19           I thank you for the opportunity to testify  
20 today, and would welcome any questions or comments.

21           Thank you.

22           CHAIRMAN JAMES: Thank you.

1           First, Commissioner Lanni and then  
2 Commissioner Bible.

3           COMMISSIONER LANNI: Thank you, Madam  
4 Chair.

5           Mr. O'Connor, on the last recommendation,  
6 I thank you for the presentation, I think it was  
7 thorough and thoughtful, on your last representation  
8 it is that one such strategy might be for gaming  
9 entities, could you -- since you don't have a  
10 definition of terms page, could you define gaming  
11 entities that you are recommending?

12          MR. O'CONNOR: Any place where an  
13 individual can conduct wagering, it could be at a race  
14 track, it could be at a casino.

15          COMMISSIONER LANNI: State lottery?

16          MR. O'CONNOR: Sure, anyplace.

17          COMMISSIONER LANNI: So, it's government,  
18 private, Native American?

19          MR. O'CONNOR: Yes. In fact, I had  
20 mentioned earlier that the lottery tickets in New  
21 Jersey conduct the 1-800-GAMBLER help line, so that  
22 individuals who are experiencing problems do have an

1 opportunity to get more information on how to get  
2 help.

3 COMMISSIONER LANNI: Would that meet the  
4 definition of your term, a responsible gaming program,  
5 would that be sufficient in itself?

6 MR. O'CONNOR: Yes, not in and of itself,  
7 because there are other characteristics that an  
8 individual who is conducting compulsive gambling  
9 activities may not be aware of, so that the  
10 responsible gaming program contains details about some  
11 of the behaviors that go into defining the behavior.

12 COMMISSIONER LANNI: And, again, not  
13 putting words in your mouth, but your suggestion is  
14 that within the state of New Jersey, at least, if not  
15 the entire country, that this be provided for state-  
16 run gaming operations, privately-run gaming  
17 operations, Native American gaming operations, to the  
18 limit that one can as sovereign nations deal with  
19 that, as well as any other form, para-mutual wagering,  
20 greyhounds, thoroughbreds, is that what you are  
21 saying?

22 MR. O'CONNOR: Yes, and it could be as easy

1 as having an 800 number where you can get the details  
2 about that.

3 COMMISSIONER LANNI: And, that is your  
4 recommendation?

5 MR. O'CONNOR: Yes.

6 COMMISSIONER LANNI: And, the other thing,  
7 if I may, one further question, I may have been out of  
8 the country when they changed this, but I take umbrage  
9 with the fact that people over 55 years of age are  
10 considered senior citizens. I want to go on record as  
11 saying that.

12 COMMISSIONER McCARTHY: You get a discount  
13 at the theater, Terry.

14 COMMISSIONER LANNI: I threw away the AARP  
15 card before it arrived.

16 CHAIRMAN JAMES: Thank you.

17 MR. O'CONNOR: Common definitions of age  
18 and demographics, I think, is probably very helpful,  
19 and age determinations vary depending on the research  
20 methodology.

21 COMMISSIONER BIBLE: Does the state mandate  
22 any coverage for alcohol or drug abuse as a condition

1 of insurance contracts?

2 MR. O'CONNOR: Alcohol, yes, drug  
3 treatment, no.

4 COMMISSIONER BIBLE: Has any consideration  
5 been given to including problem gaming within the  
6 mandate of coverages?

7 MR. O'CONNOR: Not that I'm aware of.

8 CHAIRMAN JAMES: Any other questions?

9 Thank you very much.

10 We'll now hear from one of Atlantic City's  
11 finest, Captain Richard Andrews.

12 CAPTAIN ANDREWS: Thank you and good  
13 afternoon. On behalf of the Atlantic City Police  
14 Department, I'd like to thank you for allowing me to  
15 address the Gaming Commission.

16 I am presently the Captain of the Casino  
17 Hotel Investigation Section of the Atlantic City  
18 Police Department. The casino unit was implemented  
19 shortly after the passage of casino gambling.  
20 Currently in my office, there are 14 detectives  
21 assigned to the unit, including myself and one  
22 sergeant. Our function involves the investigation of