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CHAIRPERSON JAMES:

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At this time, I invite Commissioner  
6 McCarthy to present the Research Subcommittee report.  
7 And again, Commissioner McCarthy I want to thank you  
8 and your committee members for the diligent work and  
9 the example you've set for the rest of us in terms of  
10 how a good subcommittee works.

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COMMISSIONER McCARTHY: Thank you, Madam  
12 Chair. I want to thank Mr. Wilhelm and Dr. Dobson for  
13 all the hours they've put in on this. And particularly  
14 for the qualitative contribution they have made to all  
15 of the discussions we've had.

16

We have a two part report that we want to  
17 present to the Commission today. The first is for  
18 action, the second is just an interim report on a  
19 couple of issues, partially touched upon by Dr. Kelly.

1           In the report for action recommended to the  
2 Commission we have a proposal for the national survey  
3 and community database. We went through the RFP  
4 process, we got back two proposals we considered as  
5 very qualified from NORC and Weststat. And our  
6 recommendation is that the Commission authorize the  
7 Chair to enter into negotiations with NORC aiming to  
8 develop a final offer which meets the substantive  
9 concerns expressed on the sheets that we have handed  
10 out here, that they touch on some deficiencies in the  
11 community database area that we want.

12           We want to know more about the staffing for  
13 the community database, and ten case study work. We  
14 have questions on the issue of parental consent, if we  
15 are to proceed with interviewing 16 and 17 year olds.  
16 And we have serious questions on the patron interview  
17 section of this.

18           So subject to how the negotiations go,  
19 we'll have the, your Research Subcommittee oversight,  
20 providing oversight to this and if there are divisions

1 of opinion on any of these issues we will report back  
2 to the Commission for the Commission's full decision.

3 COMMISSIONER LANNI: I'll second that  
4 motion. I think that was a motion, wasn't it?

5 COMMISSIONER McCARTHY: Yes it was.

6 CHAIRPERSON JAMES: I'm sorry, the Chair  
7 was preoccupied.

8 I heard a motion, a heard someone second.  
9 It has been moved and seconded.

10 Would you for the benefit of the Chair, was  
11 it the motion that I, for the subcommittee to the  
12 opportunity to--

13 COMMISSIONER LANNI: National survey and  
14 community database research.

15 CHAIRPERSON JAMES: Okay. I do apologize  
16 for the distraction. Having heard a motion and a  
17 second, I'd like to, any discussion?

18 COMMISSIONER LOESCHER: Madam Chairman?

19 CHAIRPERSON JAMES: Commissioner Loescher.

1                   COMMISSIONER LOESCHER:       The motion I  
2 believe is to accept the report on this paper that we  
3 have here. Is that the motion?

4                   COMMISSIONER McCARTHY:     I was going to  
5 include the two other items as well. The economic  
6 impact literature synthesis, we have received several  
7 good proposals. The Research Committee has unanimously  
8 agreed to one of those proposals. And we would  
9 recommend that to the Chair to, we want the Chair to  
10 negotiate the price of this contract, but we want to  
11 proceed and try to give every possible opportunity to  
12 the top choice of the Research Committee to do this  
13 synthesis.

14                   The third piece deals with state lotteries.  
15 The Research Subcommittee and we're at this in an  
16 earlier stage than we are the two previous issues, we  
17 recommend that the Commission authorize the Chair to  
18 proceed with the development of a research proposal on  
19 this subject.

1           The scope of the research on state  
2 lotteries will include but not be limited to, a study  
3 of the ticket purchaser population, and assessment of  
4 advertising and marketing techniques, and an analysis  
5 of the degree to which revenues earmarked to government  
6 programs pre-existing adoption of respective lotteries  
7 have been budgeted and not merely substituted for other  
8 anticipated revenues from state legislatures and  
9 governors. The design, the project design and the cost  
10 estimate as we proceed forward with this would be  
11 brought back to the Commission for full review and  
12 discussion with a cost estimate.

13           I'd like to ask that the motion by  
14 Commissioner Lanni be for all three of those items.

15           COMMISSIONER LANNI: No actually I think  
16 it's your motion, so I'll make my second to apply to  
17 those three items.

18           CHAIRPERSON JAMES: Thank you. It has been  
19 moved and seconded. Is there any further discussion?

20           COMMISSIONER LOESCHER: Madam Chairman?

1                   CHAIRPERSON JAMES: Commissioner Loescher.

2                   COMMISSIONER LOESCHER: This is a huge  
3 motion covering about \$1.2 million dollars of our  
4 budget dealing with research. And I have several views  
5 since the motion is in three parts, I'd like to  
6 announce my views on each of these parts. Is that  
7 okay?

8                   CHAIRPERSON JAMES: Certainly.

9                   COMMISSIONER LOESCHER: First of all, Madam  
10 Chairman, I am absolutely totally against this proposal  
11 for a survey as advanced by the Committee. I think  
12 that the Committee should be aware of certain concerns  
13 that I have. One is that I think that the telephone  
14 sample business of surveying all Americans on their  
15 attitudes and about gaming and the small size of that  
16 sample being representative of the American population,  
17 and the fact that there's no focus in the sampling  
18 technique about who is involved in gaming and getting  
19 their views. I think it's just a huge waste of time  
20 and money.

1           The other things that I have concerns about  
2 the patron interviews at casinos. I really think there  
3 are some problems with that whole business. And I  
4 think the sampling technique depending on where and how  
5 and what time of the day, and what not, the situation  
6 is with the interviewees is going to bias that part of  
7 the report.

8           I think there's a lack of balance in how  
9 this survey is going to be proposed. It seems to focus  
10 greatly on casinos and less on other types of gaming  
11 activities. And one example is, there's no focus at  
12 all on lotteries which is a huge part of the industry.

13           The project requires cooperation and I'm  
14 not sure that we can get cooperation to implement this  
15 survey. There's no element in here on how the  
16 contractors would secure this cooperation in advance.  
17 And I'm loathe to have this Commission enforce  
18 cooperation for this kind of a study. And we have the  
19 ability to enforce cooperation, and I don't think  
20 that's a good idea.

1           The other thing is that the experts of the  
2 data as represented by these papers are oriented to  
3 alcohol and drug abuse as opposed to the behavioral  
4 sciences. And I really wonder if that's a right kind  
5 of expertise we need. I'm sure that we can learn from  
6 the many years of work that's been done in alcohol and  
7 drug abuse, but I think that chemical based human  
8 disorders are different then the kind of behavioral  
9 activities that occur with gaming.

10           The other thing is that I have a problem  
11 with is that I really think that we would be better off  
12 and hope that the Committee would consider looking at  
13 sample gaming activities and the various types of  
14 gaming activities. And looking at the various  
15 locations across country and juxtaposing those  
16 activities with activities in other parts of the  
17 country, and trying to come up with some results on a  
18 more focused basis using probably using the same  
19 techniques but focusing on people who are involved in  
20 gaming.

1                   And then lastly, Madam Chairman, I'm  
2 concerned that Native American gaming interests are not  
3 really integrated into how this study is put together.  
4 And I think that the balance needs to be there in all  
5 of the aforementioned considerations that I made as  
6 applied to Native American gaming.

7                   So with regard to this part of the motion,  
8 I want to go on record as opposing the Committee's  
9 recommendation.

10                   CHAIRPERSON JAMES: We'll vote in just a  
11 minute.

12                   COMMISSIONER LOESCHER: With regard to the  
13 economic impact literature synthesis. I really believe  
14 that the research into available data should be a large  
15 part of what this Commission does. Certainly there's a  
16 lot of information around the country from industry,  
17 from government, from others, from universities, and  
18 certainly economic impact is one element. And this  
19 recommendation authorizes the Chair to not only  
20 negotiate but to enter into a contract and I have an

1 objection to that entering into a contract. I think  
2 there might be several contracts. One example is that  
3 in the statutes Native American's are singled out seven  
4 times and part of that deals with economic impacts, yet  
5 there's no consideration to maybe a consultant contract  
6 just to focus on those elements. And I think that  
7 might be a consideration.

8           So I would like, I'm not against the  
9 economic impacts literature synthesis, but I do have  
10 concerns about how it's approached.

11           And lastly, I do agree with the state  
12 lotteries recommendation and the proposal there.

13           So for the record, I'm going to vote no on  
14 this motion.

15           CHAIRPERSON JAMES: Is there any other  
16 discussion?

17           Commissioner Wilhelm.

18           COMMISSIONER WILHELM: I support the motion  
19 and I do not agree with Commissioner Loescher with  
20 respect to his overall statement about inadvisability

1 of a national prevalence survey of the kind being  
2 contemplated here.

3           However, I do want to indicate for the  
4 record that I agree with a number of Commissioner  
5 Loescher's other concerns. For example, I agree with  
6 his concerns as we have discussed in the Research  
7 Committee about the on-site survey, simply from the  
8 point of view of what I believe is the impossibility of  
9 constructing a valid way of doing that. And I agree  
10 with some of his other subsidiary concerns as well.

11           And it is my understanding that all we're  
12 doing here is saying that we're going to pursue whether  
13 those kinds of issues have solutions to them, and if  
14 they don't then the Research Committee would come back  
15 to the full commission with respect to those issues on  
16 which the Research Committee cannot agree.

17           CHAIRPERSON JAMES: Commissioner Lanni.

18           COMMISSIONER LANNI: On one aspect I agree  
19 with much of what John and Bob have said. I have

1 seconded this motion and I'm going to support an  
2 understanding what the specific purpose in mind is.

3           One thing you mentioned though, Bob, and I  
4 don't think that we are in a position to have the  
5 authority to force cooperation. Unless I misread that,  
6 I don't think we have the ability to force cooperation  
7 on the part of anyone be they Native American gaming,  
8 non-Native American gaming, lotteries or what have you.  
9 I just don't think we have that authority.

10           CHAIRPERSON JAMES: Any further discussion.

11           COMMISSIONER McCARTHY: I will just close,  
12 Madam Chair, by thanking members of the Commission for  
13 this discussion and mentioning that in the national  
14 survey that there will be 3,000 samples and those  
15 interviewed at length will be profiled by gender, by  
16 race, and a number of other characteristics. So it  
17 will represent a good cross section of Americans and  
18 their attitudes toward gambling.

19           I want to emphasize that Native Americans  
20 will be included in both the national survey and the

1 community database with considerably important  
2 interests. We must get that information. And  
3 specifically there are several references in the  
4 community database portion of the this proposal that  
5 among the one hundred communities selected will be a  
6 number of Native American gambling entities.

7 With that I'll close. I ask for an odd  
8 vote.

9 CHAIRPERSON JAMES: Thank you. Hearing no  
10 further discussion, all in favor of the motion please  
11 signify by saying aye.

12 COMMISSIONERS: Aye.

13 CHAIRPERSON JAMES: All opposed.

14 COMMISSIONER LOESCHER: Opposed.

15 CHAIRPERSON JAMES: The ayes have it.

16 COMMISSIONER McCARTHY: May I turn to the  
17 final part of the report, Madam Chair and other members  
18 of the Commission that this is simply an interim  
19 report. There are a couple of other areas that we  
20 would very much want to propose projects to the full

1 commission about, but we're not at the point where  
2 we've got enough information together to do it  
3 intelligently.

4           One deals with a look at regulatory systems  
5 particularly focusing on the authority at several over  
6 Indian gambling in America, federal government, the  
7 state government at the tribal level. And I've begun  
8 some conversations with Commissioner Loescher and I'm  
9 going to be going back to him several times as we try  
10 to get into this particular potential research area.  
11 But that's one that's under discussion. And we will  
12 look for someone who is independent, and independent  
13 scholar, hopefully if we're lucky someone who is an  
14 administrative law attorney who has familiarity with  
15 regulatory systems, and who is not primarily dependent  
16 upon any component of the gambling industry for their  
17 livelihood.

18           The other area I just want to give a brief  
19 interim report on is the Internet. Several members of  
20 the Commission on previous occasions of course have

1 pointed out the extraordinary growth of this industry.  
2 Its dangers in many respects can come into the home, it  
3 can not truly be regulated, so we are continuing to  
4 discuss this. We're gathering information, as Dr.  
5 Kelly mentioned, and we are going to take a look at  
6 this in our coming Research Committee hearings and hope  
7 to have something more tangible to report to the  
8 Commission at its next meeting.

9 Thank you. That concludes my report.

10 CHAIRPERSON JAMES: Thank you. Any  
11 questions for Commissioner McCarthy or any members of  
12 the subcommittee?

13 And again, I'd like to thank them and Dr.  
14 Kelly and Dr. Reuter as well for the work that they're  
15 doing.