MR. SCIANNA: Good morning. I'm Paul Scianna, Executive Director of Family Policy Center, located in Kansas City, Missouri.

CHAIRMAN JAMES: Good morning.

MR. SCIANNA: The citizens of Missouri twice rejected the spread of legalized gambling in our state before it was narrowly approved by voters in 1994. This was not done until the gambling interest spent more than $12 million in a campaign to convince voters that gambling would be the best thing for us. We had advertisements showing these pristine paddle boats going up and down the Missouri and Mississippi Rivers, kind of the return to the Huck Finn-Tom Sawyer era.

The industry also assured the citizens that there would certain safeguards in place that would help to combat the evils of gambling, and that's the way that gambling was passed in our state. But since 1994 we've watched in horror as the gambling industry has basically broken every single promise that it's made to the citizens of our state.

First, the casinos quickly petitioned to eliminate the cruising provision. I think that's probably not a bad idea, since many of the boats on the rivers probably don't even have motors in them and I don't think it would be safe for those to cruise anyway. But since then, the gambling lobbyists have besieged our legislature with requests to remove every single safeguard that they said would remain in place.

The Missouri voters, for instance, approved floating casinos on or upon the Missouri and Mississippi Rivers. Several
of the casino operators actually built their boats in moats, high above the river. They pump river water in and of course, that constitutes a new riverway. The Missouri Supreme Court found that these boats were in violation of the constitution and the industry reacted quickly not to rectify the illegality of the situation, but rather to begin collecting signatures to place this on the ballot this November.

By its action, the gambling interests have made their goals very clear. They want to appeal all of the voter approved safeguards, measures that were intended to protect the citizens and those who have the potential to become addicted to gambling and they want to operate with few or little restrictions.

Yesterday, as I visited in the afternoon, this Commission heard some testimony from those who believe that gambling has been good for jobs and businesses in their communities. I'd like to tell you about a few businesses that have benefited greatly from riverboat casinos in our state.

Four years ago, actually 20 years ago, there were just four pawn shops in the city of Kansas City. Within the first 18 months after riverboat casinos opened, 12 new pawn shops opened. Now we have more than 50 pawn shops located in the Kansas City area alone. We have a pawn shop, or several of these, that will allow you to go down and pawn your car.

They'll give you one-half of the wholesale value of your car. We actually spoke with one of the gentlemen at the pawn shop and he said for the first 30 days it's just a high interest loan; it's ten percent a month. The second month, he
said it's a pretty bad credit card debt. The third month, he said, we'll probably own your car. By the way, he did tell us that after pawning the car, they do have a shuttle that would take us down to the riverboat to gamble if we so choose.

Gambling makes good business for bankruptcy lawyers and the United States Trustee's office which oversees bankruptcy cases in Missouri, Nebraska and Arkansas. In 1994 in Kansas City there were a little more than 5,000 cases of Chapter 7 filed in the Kansas City office. In 1997, that number is nearly doubled, to now more than 9,500 cases and it continues to rise. Similar figures are being seen in the St. Louis area which also has riverboat casinos.

We were told by one of the trustees that prior to gambling coming into the community, the three major reasons that they saw for Chapter 7 filings were medical bills, divorce and business failure. Now, they're telling us the number one reason is credit card debt and very quickly they're beginning to see a pattern that that's related to gambling.

Riverboat gambling has also been good news for the consumer credit counseling services. Before casinos came they said they saw one case a year related to gambling. Now, they're seeing more than 20 cases per month. They tell us perhaps that number is very low because people are ashamed to admit that they've gotten into trouble because of their gambling habits. I know that there are several people who testified yesterday sincerely that they have been helped by the presence of gambling in their communities.

They talked about jobs and the benefits related to their families. But in our past few weeks of just preparing this
testimony, we've run across several cases of lives that have been shattered by casino gambling; the stock broker who lost a few hundred thousand dollars and is now in financial ruins, still handling other people's money but his own mother must manage his checkbook; the school teacher who makes the rounds on his payday to multiple loan companies, he said at times between 20 and 30 loan companies just to pay the interest on the loans he's taken out because of his gambling habit; the computer company employee who stole thousands of dollars of new equipment and pawned it for gambling money and then sadly a St. Louis area family, the mother in this family, after losing her children's college fund at the boats, sent her kids off to school, stepped down into her basement and shot herself in the head. It was revealed she had a habit, her husband didn't even know, going to the casinos and she ended up losing the college funds as well as the family's savings.

I think one day we may know all of the numbers that you all are searching for right now related to gambling and its social cost. We can't even get into those right now, just because of the time. But I would like to ask this Commission to really seek to do its work so that that day, for the benefit of many families, will come sooner rather than later.

CHAIRMAN JAMES: Thank you.
MS. POPMA: Members of the Commission, I'm Marlys Popma and I'm the Executive Director of the Iowa Family Policy Center. I have to admit to you that my attitudes about gambling have evolved. Iowa was the first state in the midwest to bring in the riverboats. I thought, at one time, that taking $40 onto the boat, having the wind whipped through my hair, having a nice prime rib was a good night of entertainment. But since that time, we have seen so many things happen in the state of Iowa.

We have more legalized forms of gambling in Iowa than any of the midwestern states represented here. This is my state. I'm proud of this state. But I'm devastated about what's happening with gambling. We have everything from the lottery to shot machines, para-mutual betting facilities, riverboats, craps tables to roulette. Our motto of the state is Iowa is a place to grow. Iowa has now become a place to lose.

Over the last several months our newspapers have been littered with stories of embezzlement. One of our largest state employers, High V food stores, just had an employee who embezzled $138,000, all spent at the casino. We just had an employee from Mercy Hospital who embezzled $151,000 from her longtime employer of 14 years.

Police Sergeant Bruce Sowrod stated in the recent Des Moines Register article that the vast majority of withdrawals was taken from a cash machine at the track or at another machine not too far away from the track. The gentleman who testified early on the panel that says watch the money trail, it can be done. And if I could suggest to Commissioner Moore who was asking what
could we do with this Commission, we're not going to get rid of
gambling all the way. Take a look at getting the ATM machines
off the premises.

We are having so many problems with credit card
advances, people gambling on borrowed money. I would certainly
love to recommend to this committee that they take a good hard
look at the damages of credit card advances on the riverboats.

You also heard that Iowa had a 1.7 percent of our
adult population who was either problem or pathological gamblers
in 1989. In the same prevalency study indicated that 5.4 of our
adult population is now problem gamblers. This is the midwest;
this is the heartland. We have 5.4 percent of our adult
population becoming problem gamblers.

Mr. Tom Coates who owns the largest consumer state
counseling agency in the state of Iowa estimates that anywhere
between 15 to 20 percent of the individuals walking into his
consumer credit office are there because of problems with
gambling debt, and most of them on credit cards.

Other societal problems are arising in Iowa, although
the full impact of gambling may not be realized for years. The
Iowa gambling treatment program help line which in Iowa is called
1-800-BETS OFF, who had an increase of over 1,000 percent in the
calls between 1988 and 1997. Hot line representatives report a
continued number of callers stating their involvement
embezzlement and an increase in the numbers of calls evidencing
domestic violence.

But I think nothing speaks better to what's happening
in our state, in the state of Iowa, than those anecdotal stories
of the woman who worked for High V. She gambled for the first
time in 1996, went out with a bunch of friends and now is
spending ten years in prison for her embezzlement.

About a month and a half ago I got a call from a
gentleman with consumer credit who told me about a 50 something-
ishe man, distinguished, good, honorable, decent man, came into
his office, $60,000 in credit card debt all at the casino. He
was absolutely despondent and did not know what to do. This was
spring. This was a time when we should be looking forward to the
new growth of the season. This was on a Wednesday or Thursday.
By Sunday, this gentleman checked himself into a local hotel, put
a gun to his head and ended his misery. The following Monday his
stepson called the consumer credit and told them my dad is gone.

I hope that as you listen to all the different
stories about job creation and what's good for this country and
states with riverboats and general gaming casinos, that you will
also take a look at the downcast cries of families who are
affected by the gambling trend sweeping the midwest and the
nation. I'm hoping that this Commission can come up with a
situation that you look at maybe encouraging a moratorium state
by state, until such a time that we have an adequate amount of
time to spend looking at this problem.

Iowa has nine boats, three land based casinos, hooked
to para-mutuals, plus our Indian reservations. We have 2.8
million people. We are absolutely at saturation level and we've
got one more casino opening up in a town of 4,163 people on a
lake. So I would really recommend that you look at this very
hard and very serious because I fear for the future of my state.

CHAIRMAN JAMES: Thank you.