COMMISSIONER DOBSON: Mine. That’s mine. On page five, third paragraph down, the last few words of that paragraph end with, "For the expansion of gambling." That last sentence says:

"For both lotteries and river boat casinos, the immediate legislative attempt to capture fleeing tax dollars created a powerful, yet usually unacknowledged, dynamic for the expansion of gambling."

And we are suggesting an additional sentence right there that says:

"Perhaps an even more direct contributing factor has been the outpouring of political contributions from gambling interests, coupled with high-powered lobbying campaigns in virtually ever places, expansion was sought."

CHAIRPERSON JAMES: Is there --

COMMISSIONER LEONE: Can I ask you a procedural question?

CHAIRPERSON JAMES: Certainly.

COMMISSIONER LEONE: We have the edits and the supplement, correct?

CHAIRPERSON JAMES: Uh-huh.

COMMISSIONER LEONE: We’re starting with the proposed edits?

CHAIRPERSON JAMES: Uh-huh. That’s correct.

COMMISSIONER LEONE: And then we’ll go to the supplement?

CHAIRPERSON JAMES: That’s correct. And try to finish
up everything in this overview chapter.

The -- some were sent in ahead of time, some we didn’t get until this morning, some you’ve seen.

Jim, would you like to offer that in the form of a motion?

COMMISSIONER DOBSON: I do.

CHAIRPERSON JAMES: Is there a second for that language?

COMMISSIONER LEONE: Where does it go?

CHAIRPERSON JAMES: It goes on page five, third paragraph, last line.

COMMISSIONER WILHELM: It says that at the top of the form.

CHAIRPERSON JAMES: It goes right after "Expansion of gambling." Would you like a minute to read that?

CHAIRPERSON JAMES: Is anyone prepared to second that?

COMMISSIONER LEONE: I’ll second that.

CHAIRPERSON JAMES: All right. Discussion?

COMMISSIONER WILHELM: Yes, I -- I have two concerns about this recommendation, and this -- these concerns, I’m raising them now because they apply to a number of things. First, and most important, I don’t think there’s anything in our record on this subject. And I recognize that there may be circumstances where it makes sense for the Commission to say things or assert things that are outside of the record that we’ve established, but as a general rule it seems to me to be a very poor idea.

If one wanted to examine all of the different sides of who does what locally or nationally with money or mailing lists or whatever else, that’s a whole subject that we never got into in
our Subcommittee meetings, as far as I know, or in our full
hearings, as far as I know.

So, I have a real problem with putting things like this
which, at best, are generalities, into the report, when we have
absolutely no record before this Commission before those subjects.

Secondly, I -- and again, this is kind of addressed
only in part to this particular one, but I really think that we
don’t need more colorful verbiage in this report. Quite the
contrary, to the extent that we use emotionally charged verbiage,
I think we detract from the impact of the report. To me, things
like "high-powered", "outpouring", things like that, I’m not
comfortable with them, no matter which, quote "side", unquote, of
the issue that they’re on.

So, for both of those reasons, but particularly the
first one, I couldn’t support this, even if I agreed with it. I
think as a general rule we need a record based upon which to make
these kinds of assertions.

COMMISSIONER LEONE: I seconded this, but it’s not,
partly to get the discussion going, it’s not -- I think John has
some strength to what he says. On the other hand, it seems to me
one thing that is -- is something that has impressed me since
joining the profession, and that is how tense, expensive, and -- a
bitter battle depends on legalization, community-by-community,
state-by-state. This is big time -- big time politics. And I do
think we have to -- to write a report on gambling in the United
States. A fierce political battleground. I mean, you could be --
or you could fiercely put it on both sides. I think Jim’s states
this issue, embodied in the statement.

There might be some way of acknowledging the reality
without -- that everybody on the Commission is willing to agree on. This is a major political background in the United States.

COMMISSIONER WILHELM: Well, I agree with that and I would submit, for example, that the -- the paragraph which this seeks to amend on page five of the overview, along with the likely before and after, is indicative of that. I don’t think that point is lacking.

COMMISSIONER DOBSON: What are you referring to in that paragraph? Where do you find the reference to the political battleground that’s taking place and the contributions that are taking place and the money spent to try to influence the public?

COMMISSIONER WILHELM: Well, I think that the whole paragraph talks about -- that -- that sentence right there. "Legislative attempts to capture fleeing tax dollars." I think that that addresses the point that Richard’s talking about. The point that -- about contributions and lobbying is that again my principle problem is that it is not in our record. If you want to have a full examination of this, we’d have to examine a whole bunch of things.

Just by way of example you’d have to examine the effect -- the efforts by labor unions, which are not -- by some labor unions, which are not necessarily political contributions to -- to mobilize union members about some of these issues. This is particularly common in the building trades, for example, who almost universally have supported the construction of these things, just like they support the construction of virtually anything. You’d have to talk about, you know, your radio shows. You’d have to talk about mailings that unions do, or pro-gambling groups do or anti-gambling groups do. You’d have to talk about
the whole issue, not just one piece of it. That’s my problem.

You haven’t built a record as to what goes into all of this in terms of actual effort.

I think the language captures the fact that there is a fierce political debate about this, and that’s appropriate. And I wouldn’t object to having a record that talks about the elements of this, whether it’s contributions or mobilization of people or pro and anti propaganda or anything else, but I don’t believe we have such a record.

COMMISSIONER DOBSON: Madame Chair.

CHAIRPERSON JAMES: Commissioner Dobson.

COMMISSIONER DOBSON: I agree with that Commissioner Leone said, that -- that this has become an extremely important element of what’s happening in this county when you look at the exponential growth of gambling in recent years. And the amount of money that’s spent, it’s my understanding that in South Carolina $1.3 million was spent at the time of the last election for lobbying purposes. To have this Commission not even comment on that phenomenon that’s taken place would be a big mistake. And not only with reference to campaign contributions to political operatives, but also the amount of money that’s spent trying to convince the public to admit gambling into their state or their area.

COMMISSIONER BIBLE: I have not had an opportunity to read the "Easy Money" articles referenced. I was -- I presume that that article finds that it’s true of both river boats and lotteries?

COMMISSIONER DOBSON: Yes.

COMMISSIONER BIBLE: In the same proportion in states
like Mississippi, and I don’t know whether it documents Mississippi -- types of money into the processes?

COMMISSIONER DOBSON: I don’t know if they’re equal. I haven’t analyzed that. But I have in front of me a list of six other sources that talk about this issue. One of them in Ohio, "Gambling proponents spend $8.5 million on a failed campaign to legalize eight dock-side casinos at various locations around the state. Proponents spent 41.8 million." And that came from the Office of the Secretary of State of Ohio, Campaign Finance Department, and so on. There’s a lot of evidence to support this statement.

COMMISSIONER LANNI: May I?

CHAIRPERSON JAMES: Yes, please.

COMMISSIONER LANNI: Jim, some factual aspects of this, regardless of whatever articles you have. Let me say a couple of things. In Ohio, I’m reasonably familiar with that. The people who raised the money for that happen to be very large shopping center developers who had an interest in providing their land for either themselves or other parties to operate casinos. They were not licensed gaming operators in other states who were participating in that particular campaign. Another -- and that campaign failed, as I think you noted, regardless of the fact that more money was spent by the proponents of this, at a distance by about a 16 to 3 to 37 vote.

The neighboring state of Michigan, at the same occasion, did pass the referendum by a very close margin, 51 to 49 statewide, that allowed gambling in that area. There was not one legal casino operator as a commercial casino that contributed to or against that campaign. It was endorsed by local individuals
who wrote themselves in as preferential candidates having nothing
to do with gambling in the past. They were individuals involved
in restaurants, individuals involved in shopping centers, major
real estate people.

I think there’s a real misnomer. There’s a lot of
industry -- companies within this industry, my industry, that
don’t participate on the aspect of contributing to campaigns to
bring about gaming in other jurisdictions. Our company is one of
those. We have never ever put money into campaigns in any state
other than states in which we operate currently. And in turn, we
do not lobby for those benefits. If a state determines its own
process -- again, state’s rights issue here, to determine that
gambling of a commercial nature is necessary or desirable, from a
vote of the people, as it was in Michigan, we chose to bid in that
area, after the fact, not putting one penny in.

I might add that there is a restriction on any campaign
contributions as a result of that referendum in the state of
Michigan, not unlike the one in -- in new Jersey, as well as the
ones that we’re proposing earlier today.

So, I don’t think that this is the problem that you may
perceive that it is. And in turn, the fact that people decide
from an economic standpoint that they want to use their right to
put monies in, most of it in the elections that we’re talking
about have come from people within those states who do not have
associated interests with other forms of gambling.

COMMISSIONER DOBSON: Chairman, the issue here is not
who put the money up or whether it passed or failed or whether Mr.
Lanni’s organization put up money for similar kinds of campaigns,
but as we look at the spread of gambling, who could deny that
there are huge amounts of money that are flowing into the states
where that initiative is before the people. And that’s what we’re
dealing with.

COMMISSIONER LANNI: Jim, I think the fact you say
money is flowing into the state, I think the real issue, if you
take a look at the facts, the money is flowing around the state
from existing entities within those states, and I think that’s
quite legitimate. It’s --

COMMISSIONER DOBSON: Whether it’s legitimate or not,
it needs to be stated that it’s happening.

COMMISSIONER LANNI: It’s not happening, money from
outside the states, to the degree that you’re suggesting.

I think the referencing again to this particular entity
makes no sense whatsoever. Using Mother Jones’ "Easy Money"
article as a source, I would have thought I could have found a
better source than that if I were going to recommend this.

COMMISSIONER MCCARTHY: Madame Chair?

CHAIRPERSON JAMES: Yes, Commissioner McCarthy.

COMMISSIONER MCCARTHY: Let’s not get too tough on
Mother Jones.

COMMISSIONER LANNI: I reserve the right to get tough
on anyone I want to get tough on.

COMMISSIONER BIBLE: But they usually specialize in how
to turn your compost pile and stuff like that.

COMMISSIONER MCCARTHY: If I may suggest -- perhaps an
even more direct contributing factor has been the increasing
volume -- strike out from, "of political contributions from,"
strike the word in -- from interests with an economic stake,
strike the words, "coupled with high-powered lobbying campaigns."
An increasing volume of political contributions with an interest in an economic stake.

COMMISSIONER WILHELM: I would accept that.

COMMISSIONER MCCARTHY: I agree that Mother Jones is not the citation --

COMMISSIONER WILHELM: But aren’t you happy that Focus on the Family is reading Mother Jones, speaking as one Democrat to another?

COMMISSIONER MCCARTHY: I think we’ve heard in testimony before the Commission at a couple of our earlier meetings, references to the increasing volume of political contributions. And I might say that I’m sorry I can’t -- one of those very good -- stated that the increase of contributions from both private and non-private -- has dramatically increased.

People can evaluate those contributions anyway they want. They may consider it a totally legitimate pursuit of a business enterprise. I think it’s up to the public to try to calculate what a sizable number of contributions from any interest going into any particular -- and they may charge it means absolutely nothing, but they may charge that it prejudiced that particular official in some inappropriate way. And I don’t think we’re in a position to make all those charges.

The mere mention of this as part of the reality of the outside world is appropriate. I do agree with Mr. Wilhelm’s -- that we do not need a lot of rhetorical --

COMMISSIONER LEONE: Leo, could you repeat that, please? The motion as it now stands?

COMMISSIONER MCCARTHY: But we do think that Frank is high-powered.
CHAIRPERSON JAMES: No question about it.

COMMISSIONER MCCARTHY: No question about that.

COMMISSIONER LEONE: Oh, powered. I though it was high-paid, you said.

COMMISSIONER MCCARTHY: Let me read that. Perhaps an even more direct contributing factor has been the increased volume of political contributions from interests with an economic stake, in virtually ever place expansion is sought.

COMMISSIONER WILHELM: I would certainly agree that that is helpful in terms to the second of my two objections, but my first objection, I think, is still pertinent. There's no record. This -- let's read this sentence as Leo has proposed to amend it, together with the sentence which it follows. This would now say, if this is adopted.

"For both lotteries and river boat casinos, the immediate legislative attempt to capture fleeing tax dollars created a powerful, yet usually unacknowledged, dynamic for the expansion of gambling. Perhaps an even more direct contributing factor has been the increasing volume of political contributions from interests with an economic stake in virtually every place expansion is sought."

I would like somebody to show me where in our record it says that the political contributions from interests with an economic stake are a more direct contributing factor that fleeing -- the attempt to capture fleeing tax dollars. Where is there something in our record that makes that point? In fact, Richard has been saying for months now that this whole business of chasing
is what’s behind a lot of this, and I personally happen to agree
with him. But where do we have a record that says that after all
that chasing is not as much of a factor as political
contributions? First of all, that sounds wrong to me, and second
of all, whether someone thinks it’s right or wrong, where is the
record?

COMMISSIONER DOBSON: Madame Chairman, we can, you
know, spend some time looking at the record, but I think it was in
a public comment section that this came up several times. It has
been discussed, and I mentioned before, the sources that I have in
front of me. Here’s one of them. Pro-casino groups in Michigan
spent more than $10 million in narrowly winning the referendum to
bring casinos to Detroit. Opponents spent a small fraction of
that amount. There’s a number of these kinds of reports that are
out there. And again, to deny that it doesn’t exist.

COMMISSIONER BIBLE: I think that report goes to the
point that --

COMMISSIONER WILHELM: Exactly.

COMMISSIONER BIBLE: -- Mr. McCarthy made, that
proponents out spent the opponents. And it’s not necessarily
gambling interests. They became gambling interests after they
received the -- the initiative petition and had a vested interest
in it, they grand fathered themselves into process. I personally
am comfortable with Commissioner McCarthy’s modifications.

COMMISSIONER WILHELM: I think the record will note
that I said that about Michigan.

COMMISSIONER BIBLE: Oh. Okay.

COMMISSIONER WILHELM: But use this example. I tried
to follow the Michigan circumstance and there’s no question about
the facts that you just cited, Jim. But I think that at least
from my reading it, I believe that the most powerful factor that - - factors, plural, that motivated the voters of the state of
Michigan to pass that referendum, and it was not generally
expected in the political circles of Michigan that it would pass,
were three-fold.

First, the most important is the factor cited in the
sentence that I just read. There was a tremendous amount of
commentary about the fact that there’s a casino in Windsor,
Ontario, across the Detroit River from Detroit, that is right on
the river bank. It’s highly visible. Operated by the government
of Ontario. In which something like 80 percent of the revenue
comes from American’s.

COMMISSIONER DOBSON: Ninety-two percent.

COMMISSIONER WILHELM: Ninety-two percent of the
revenue in the Windsor casino comes from Americans, most of them
or many of them from Michigan. So, this whole phenomenon of
chasing was front and center. The second factor was the economic
disasters of Detroit that needed help of some kind. And the third
factor was the level playing field argument used in reverse, as
the tribal casinos in Michigan and the fact that non-tribal
casinos were not legal.

So, for us to now say, using Michigan as an example,
Jim, that the factor of political contributions is an even more
direct contributing factor on top of chasing and these other
phenomenon, there’s no record for that and I don’t even think it’s
true.

CHAIRPERSON JAMES: John, what would happen if we
changed the language and took out even a more contributing factor
and just put, "some believe that a contributing factor"?

COMMISSIONER WILHELM: I would have no problem with that.

COMMISSIONER DOBSON: Another.

CHAIRPERSON JAMES: Another contributing factor. And then follow with Leo’s language.

COMMISSIONER WILHELM: I have no problem with that, plus Leo’s.

CHAIRPERSON JAMES: Great. All in favor?

Opposed?

Any abstentions?

COMMISSIONER BIBLE: Can I ask a quick clarifying question?

CHAIRPERSON JAMES: Yes, please.

COMMISSIONER BIBLE: Increasing or increased volume? I heard both.

CHAIRPERSON JAMES: Increasing.

COMMISSIONER DOBSON: The next item, Madame Chairman, is on the same page. Are you ready for it?

CHAIRPERSON JAMES: Please.

COMMISSIONER DOBSON: At the end of the very next paragraph, which now reads:

"And referenda have been successfully waged on the issue of legalizing or expanding gambling."

You see the insert that’s suggested:

"It should be noted that in virtually every case, gambling interests have out spent opponents by dramatically lopsided margins."

COMMISSIONER WILHELM: Do we have a record for this?
COMMISSIONER MOORE: This one doesn’t even have the
Mother Jones citations.

COMMISSIONER WILHELM: This one doesn’t even have --

COMMISSIONER DOBSON: I would -- I would guess that
analyzing the effects of gambling in this country by Mother Jones
might be more objective than the AGA, which is --

COMMISSIONER WILHELM: I’d go with that.

COMMISSIONER DOBSON: And there’s about five pages that
fits, if we added from the AGA, which -- discussing here.

This -- the reference for this, or at least the
citation, is on a state-by-state basis.

COMMISSIONER WILHELM: I mean in the Commission
records. Do we have -- does the Commission have a record for
this? Again, I just -- listen, I don’t want to be a broken
record, here. I have a real problem with the Commission making
assertions for which our record does not provide legitimate
support, even though, you know, somewhere between one and nine of
us might both -- might think, well, that makes sense. I thought
we gathered a record here for a purpose.

COMMISSIONER DOBSON: I make a motion.

CHAIRPERSON JAMES: Is there a second?

COMMISSIONER This is a different expansion. This is
the next paragraph. Paragraph four.

CHAIRPERSON JAMES: Are you with us? Do you see where
this goes?

COMMISSIONER MOORE: How is this different, though,
than what we just did?

COMMISSIONER MCCARTHY: To what paragraph did we add
the last one?
COMMISSIONER DOBSON: That was three. The end of the third.

CHAIRPERSON JAMES: Now, this is looking at ending the next paragraph. Do you see where it says, "waged on the issue of legalizing or expanding gambling"? And the motion is that that next line be inserted. It has been moved. Is there a second?

Hearing none.

Whose is this? Is this yours?

COMMISSIONER DOBSON: What’s the number?

CHAIRPERSON JAMES: Page eight, line four.

COMMISSIONER DOBSON: That’s mine too.

CHAIRPERSON JAMES: Between "here to stay."

COMMISSIONER DOBSON: It’s in the middle of the very last paragraph.

"It is clear that the American people want legalized gambling, and it has already also sunk deep economic and other roots in many communities. Its form and extent may change, but it’s here to stay."

And this recommendation would put a comma right there and say, "At least for the near future."

It should be noted that historians refer to this as the third wave of legalized gambling in the United States. Whether there will be significant backlash against the ills inspired by gambling to end this third wave, as there was to the first two, remains to be seen. This --

CHAIRPERSON JAMES: Are you there? Right her.

COMMISSIONER DOBSON: Page eight.

CHAIRPERSON JAMES: Third paragraph.
COMMISSIONER DOBSON: The final paragraph in this section.

CHAIRPERSON JAMES: "It is clear that the American people want legalized gambling." The suggestion is after that, "At least for the near future." Is everybody on the same page now?

COMMISSIONER DOBSON: That’s right. So, the period becomes a comma and that paragraph is inserted at that point. And there was testimony to support this one on two occasions here, as you see at the bottom.

CHAIRPERSON JAMES: It has been moved. Is there a second?

COMMISSIONER MCCARTHY: Can I ask a question?

CHAIRPERSON JAMES: You sure can. Before we go to the second.

COMMISSIONER MCCARTHY: Is this your --

CHAIRPERSON JAMES: It’s Jim’s line.

COMMISSIONER DOBSON: That’s right. But it comes from the testimony. Was it Las Vegas? I’m trying to remember where it was where -- he took us through the history of gambling in the United States.

COMMISSIONER MCCARTHY: The word -- is that his words?

COMMISSIONER DOBSON: It’s probably ours. I’m not sure.

COMMISSIONER MCCARTHY: Who are the historians? Is Nelson Rose determined to be a historian for this Commission?

CHAIRPERSON JAMES: Okay. Are there any other points of clarification before we move to discussion? If not, I’m looking for a second.
COMMISSIONER MCCARTHY: Still address -- negative outcomes --

CHAIRPERSON JAMES: Well, it seems to me, Leo, to get us to that point I need a second to get there, and then we can.

COMMISSIONER MOORE: I’ll second it.

CHAIRPERSON JAMES: Okay. We have a second. So, we’re open for discussion now, and perhaps friendly amendments. John.

COMMISSIONER WILHELM: Well, Leo’s thinking about the language. This falls under another category at this hour on this day. That is my view -- if one re-reads the overview chapter, and in particular the last page and a half entitled, "Time for a pause," I would suggest that this language adds absolutely nothing to the meaning or impact of that section. Whether it’s good or it’s bad or if we should change the words or this and that is fine, but if we do this, we’re not ever going to get done by tomorrow night. Not a chance. I think we should try to limit ourselves to things that people want to do for the meaning or the impact or something. This doesn’t add anything to the meaning or the impact, in my personal opinion. There’s a lot of other stuff in here likewise.

COMMISSIONER DOBSON: John, with all due respect, you’ve become very, very concerned about the time of this Commission when I’ve made a recommendation, whereas you have talked five times as much as I have in the last two years, and the things that have been suggested here for us to work on in these two days will greatly outnumber anything that I’ve done.

COMMISSIONER WILHELM: Well, Jim, if I’ve monopolized the time of the Commission to an unfair extent, then I fell badly about that, but I also didn’t submit hundreds of recommendations.
And I was tempted to once I saw how many you did.

CHAIRPERSON JAMES: Okay.

COMMISSIONER WILHELM: And I haven’t done so, and if it -- and, you know, I still can.

CHAIRPERSON JAMES: Well, we’d like to avoid that if at all possible.

COMMISSIONER LEONE: I think -- can I jump in here?

CHAIRPERSON JAMES: Please.

COMMISSIONER LEONE: I think that like any family, we have our moments. But the real --

COMMISSIONER WILHELM: Are we Jim’s children, like he was talking about last time that he can’t remember?

COMMISSIONER LEONE: The real question here is -- and I think we -- I think John’s got a good point. I think both people have a point to make here, and there’s an efficient way to make it, and maybe some plain language would help. I don’t want to speak for Jim, but what I’m sure is motivating him is -- and I think there’s no -- the record doesn’t support -- is for us to come to a conclusion that gambling is here to stay. None of us can foresee the future. None of us, 20 years ago, had any idea that the gambling landscape in America would look like it does today. None of us can foresee the future. I don’t -- I can understand Jim not wanting to leave it in place, as though the nine of us had concluded that. No, it may be replaced by some other form of entertainment, that is -- has more positives or more negatives or nothing else.

So, I think that’s -- John’s overall point is a good point. However, I probably have talked more than anybody for the last few minutes, although I kept quiet the first few. I reserved
my time, except for the last six months. But I think at this point we do have to try to limit what we’re going to say to absolutely essential things or we’re going to be bogged down on language. And, you know, I think it’s easy to modify this language to accomplish Jim’s purpose without -- and have everybody say, "Well, of course, that’s true." Because, in fact, we don’t have a basis for saying gambling is here forever, and we just can’t tell about it’s cost or benefits. What we have a basis for saying is that it’s form and extent may change, it may even disappear as we know it, for the present it’s a reality. What’s not fixed is it’s costs and benefits. I’m not making this up as I go along. It’s easy to come up with language, but I don’t think we’re here to -- and I would just finish by saying the most important thing is that we try not to get excited about the period of time.

COMMISSIONER DOBSON: Madame Chair, I would accept the suggestion that Mr. McCarthy made with regard to negative impacts. That wasn’t in the form of a motion, but if it was in a friendly amendment, I would accept that.

CHAIRPERSON JAMES: That’s always appropriate, but let me take one pass at it before we do that. Dick, what was the language that you used? And I wanted to see if that would be acceptable to Dr. Dobson, because if it would, then we could put that one to rest and move on. Do you remember what you said?

COMMISSIONER LEONE: I was just making it up as I went along. I said it’s form and extent may change, it may even disappear altogether, but for the present, it’s a reality.

CHAIRPERSON JAMES: Jim?

COMMISSIONER DOBSON: I’m sorry.
COMMISSIONER LEONE: It’s form and extent may change, it may even disappear, but for the present, it’s a reality.

CHAIRPERSON JAMES: Would you be willing to accept that as a substitute?

COMMISSIONER DOBSON: If that will get us off the dime, I would.

COMMISSIONER WILHELM: I would too.

CHAIRPERSON JAMES: Okay. We’re there. I will accept that as a friendly amendment. All in favor?

Any opposed?

Any abstentions?

All right. Whose is the next one? This is the moratorium language.

COMMISSIONER LEONE: I believe that several of us raised the point that unless the Commission votes to change the language, the majority of language is in the report.

CHAIRPERSON JAMES: Right.

COMMISSIONER LEONE: We could change it. We could change it, but we can’t edit it. The staff can’t edit it.

CHAIRPERSON JAMES: Correct.

COMMISSIONER LEONE: I think this is just an expression of what we actually had voted on. I think that’s what it is.

CHAIRPERSON JAMES: I’m not sure.

COMMISSIONER BIBLE: The paragraph that I thought was voted on was the second to the last one.

CHAIRPERSON JAMES: The Commission’s research suggests --

COMMISSIONER BIBLE: Exactly. Doug is right, that is exactly the paragraph that was voted on.
CHAIRPERSON JAMES: Right.

COMMISSIONER BIBLE: Second to the last one of the whole paragraphs on page eight.

CHAIRPERSON JAMES: I wasn’t exactly sure what -- where this was coming from.

So, is they any additional thing? The first full paragraph.

COMMISSIONER LEONE: All right. So that’s the understanding.

CHAIRPERSON JAMES: Okay. Any other -- anything else on the -- we have to now move to the supplement on the "Overview" chapter than came in this morning.

Whose is this, the first one?

COMMISSIONER LANNI: This is mine. It should be noted I made no recommendations.

This is the reference of what I’ve done here so you could see these. Jim referred to these as the AGA proposals. Jim, just for the record, these are not AGA’s proposals. These are my proposals. There were proposals suggested to me by brewing (phonetic) organizations, including AGA, of which I determined not to present. Others modified some of mine, but in most instances these are purely mine.

I have included in here, so that you don’t have to refer back to the documents that you have in your binder, the page and the area in which I’m questioning. The first one is the chapter one overview with the very first words, "Americans love to gamble."

My suggested language to replace that would be:

"Today, the vast majority of Americans either
gamble recreationally and experience no significant side negative effects related to their gambling, or they chose not to gamble at all. A relatively small percentage gamble in ways that harm themselves, their families, and their communities. This Commission’s research suggests that 80 percent of Americans report having gambled at least once in their lifetimes, 68 percent of Americans report having gambled at least once in the past year."

That is my proposal.

COMMISSIONER BIBLE: I second that.

CHAIRPERSON JAMES: And then, Terry, we would continue on, "In 1998, they wagered," et cetera?

COMMISSIONER LANNI: Yes. Correct.

CHAIRPERSON JAMES: Certainly, please. We’re ready for discussion.

COMMISSIONER LANNI: Well, I think that would be in the one-and-a-half to five percent, one-and-a-half to seven percent.

COMMISSIONER MCCARTHY: We know Dr. Schaffer --

COMMISSIONER LANNI: Are you using lifetime? Last year.

COMMISSIONER MCCARTHY: Level II.

A relatively small percentage.

COMMISSIONER LANNI: And I’m not opposed at all to that approach. I think that if I could state my overall concerns about this, if one reads this overview, very frankly, one could just assume that what the charge of this Commission was was purely to study the problem of pathological gambling. Out charge with
Congress, signed into law by the President, was to study social
and economical impacts.

All of the research that was provided to this
Commission, we spent almost all of our $5 million budget on
research. Every single piece of research that I’ve read, that
you’ve read, each of us has read, has basically said the
following, and this is where I have a great big problem why we
can’t say this, because -- and I know that people who don’t like
the industry don’t feel, or the whole aspect of gambling, don’t
feel comfortable with it, but our research clearly says the
following, and I’m not arguing points. I think relatively few I
have no problem changing.

I think that the text needs to say, basically, all of
the studies that were done before this Commission indicated that
the vast majority of adults in this nation either don’t gamble or
gamble responsibly. A smaller percentage of the people have
problems with their gambling, and even though it’s a smaller
percentage, it’s a significant number of people. And we as a
nation, and we as legal forms of gaming, gambling in this country
and its regulatory bodies, have not done enough to deal with those
problems, plus we don’t know enough about them. I just think we
miss the facts of what was presented to us by not presenting that.
And I’m not caught up with the words.

CHAIRPERSON JAMES: Dick.

COMMISSIONER MCCARTHY: Just briefly.

Let me just read one paragraph from -- the introduction
of chapter four.

"About 20 percent of Americans do not gamble at
all. Most gamblers do so for social or
recreational reasons, without evidencing interfering -- consequences. But there remains -- pathological problems"

COMMISSIONER BIBLE: I have some comments on that but generally I have -- functionally I can agree with that particular statement. I still think in the overview we need to make this other statement. I don’t that replaces this particular statement.

COMMISSIONER MCCARTHY: Yes, if you could change this in some way.

COMMISSIONER BIBLE: Well, I’m happy to welcome a friendly or even an unfriendly change.

COMMISSIONER MCCARTHY: There’s something important there that we must learn more about --

COMMISSIONER BIBLE: Do you have a proposed modification to it, maybe, Richard?

COMMISSIONER LEONE: I do, yeah. If you’ll allow me to. If you have language, go ahead.

I think that the -- I didn’t like the -- I actually think that this captures more of the factual record, and I’m even willing to go along with the vast majority. I think the relatively small percentage does create a tone problem, and I would just suggest that this paragraph be amended to replace "A relatively small percentage," with, "Regrettably, some of the gambling" -- this is the place to fight out what the right way to characterize it, three percent, five percent --

COMMISSIONER BIBLE: Why don’t you characterize it as a relatively small percentage but a large number of Americans? You’re talking about two different things. You’re talking about a percentage of the population. Mr. McCarthy has just --
COMMISSIONER LEONE: You could say a relatively small
percentage, but -- but millions of Americans.

CHAIRPERSON JAMES: Or I like your first suggestion
better.

COMMISSIONER LEONE: This is not the place to fight
that out. Right at the beginning just say "regrettably." It's
the same thing. I've just replaced the "relatively small
percentage," with these four words, "regrettably, some of them."
The sentence goes on, "Regrettably, some of them gamble in ways
that harm themselves and their family." I think the advantage of
those two sentences -- and then they part company. This is the
opening.

COMMISSIONER LANNI: I would accept that.

CHAIRPERSON JAMES: Okay.

COMMISSIONER MCCARTHY: Don't gamble hard

CHAIRPERSON JAMES: What? Well, it says at the end of
that sentence, "Or they choose not to gamble at all." So, that's
the end of the sentence.

COMMISSIONER DOBSON: Madame Chair?

CHAIRPERSON JAMES: Yes, Mr. Dobson.

COMMISSIONER DOBSON: May I offer a friendly amendment
with regard to the word "significant side effects" and change that
to "measurable." We don't know what side effect there are because
we can't measure every impact -- every implication for those who
are gambling, nor have we tried. But to say, "and experienced no
measurable negative side effects," would take it in a direction
that I'd be more comfortable with.

COMMISSIONER LANNI: Could you repeat that? And
experience --
COMMISSIONER DOBSON: Experience -- instead of saying no significant -- no significant side negative effects, that draws a conclusion that I don’t think we could make. But to say and experienced no measurable side effects.

COMMISSIONER LANNI: I think side -- I think side and negative are transposed.

COMMISSIONER DOBSON: Negative side effects. That’s right.

CHAIRPERSON JAMES: Uh-huh. So, he’s going to make it measurable as opposed to significant.

COMMISSIONER LANNI: I would accept that offer.

CHAIRPERSON JAMES: Do we have a second for that?

COMMISSIONER MCCARTHY: Second.

CHAIRPERSON JAMES: Are you ready for the question? All in favor? Any opposed? Terry, I think the next one is yours.

COMMISSIONER LANNI: I -- I think it would be easier for us to work on. I suggest a modification to the next sentence.

COMMISSIONER BIBLE: Right. I’ll defer to Bill on that.

COMMISSIONER LANNI: That makes it easier. I apologize for the handwritten pages.

CHAIRPERSON JAMES: How far back are --

COMMISSIONER LANNI: Second one from the back. That’s my handwriting, that’s why you can’t read it.

The sentence currently reads:

"In 1998 they wagered over $600 billion on legal betting, and parted with $40 billion, figures which have increased every year for over two
decades, and often at double-digit rates."

I’m suggesting that we modify that to say:

"Wagered over $500 billion on legal betting, won $50 billion, parted with over $50 billion, so the thing adds up."

COMMISSIONER LEONE: That makes no economic sense.

That’s your own money.

COMMISSIONER WILHELM: Well, but it makes about as much sense as saying $500 billion in the first place.

COMMISSIONER LANNI: Six hundred.

COMMISSIONER LEONE: Well, I’ve always objected to that number, myself. I’ve always objected to this number.

COMMISSIONER LANNI: I have too. It seems to me we’ve got an apple and we’ve got an orange in this sentence. In order to make it consistent, we have to indicate that they won $450 billion, or else there’s $450 billion missing somewhere. Or $550, excuse me.

COMMISSIONER LEONE: That’s just what I expected about the rest of that money.

COMMISSIONER LANNI: Well, if I may on this one. The issue does come -- step aside from Bill for a moment, his analysis. I mean, the real issue is that the industry, by all determinations, has about $50 billion a year in revenue. Overall gambling industry in the United States. I would argue that if you take the $600 billion figure which came from the Casino Journal Magazine as an attempt to determine how much wagering actually took place.

You cannot tell on table games how much wagering takes place, because if I sit down with $100 and I play it through eight
or nine times and I end up loosing it at the very end, I’ve really
only risked that amount of money, I haven’t risked all the monies
that are there.

I liken it going to a Sotheby’s auction and adding up
all the bids that are made on each item that’s sold at the
Sotheby’s auction and counting that as some figure that has some
meaning. To me it has no meaning. The only meaning is the only
figure that the final bid that wins the particular item or gets to
purchase the original item. And I share Mr. Leone’s view that the
number should be $50 billion in revenue. That’s a very a big
number.

COMMISSIONER LEONE: I wasn’t going to raise this
issue, because I had raised it much earlier and I’m trying to keep
on, but this is a number that bothers me because it’s misused by
both sides. The pro-gambling people say, "This is a $600 billion
industry." And they talk about it sometime, and you read articles
in which it’s a bigger business than the state governments of the
United States. And then the second, and then people on the other
de side say Americans are betting $600 billion like they were
spending $600 billion. It’s frankly not a meaningful number. It
suggested how many times somebody has to make a bet.

COMMISSIONER LANNI: Well, the problem I have with it
is that it doesn’t add up. You’ve got $550 billion --

CHAIRPERSON JAMES: Somewhere out there.

COMMISSIONER LANNI: -- that went somewhere.

COMMISSIONER LEONE: Fifty billion dollars is a big
number.

CHAIRPERSON JAMES: So, your suggestion would be what?

COMMISSIONER LANNI: I would move that we would delete
the reference to the $600 billion, and delete everything from -- I
would say, "In 1998 the legalized gambling industry in the United
States produced $50 billion in revenue.:

COMMISSIONER LEONE: That’s fine.

COMMISSIONER LANNI: Handwritten edit in the
supplemental package.

COMMISSIONER LOESCHER: Second.

CHAIRPERSON JAMES: We’ll second that.

COMMISSIONER DOBSON: The way it’s now written, it
started out before we changed it with the subject being Americans.
The way you’re changing it now the subject is what the gambling
industry has taken in. So, it’s a change of subject matter.

COMMISSIONER BIBLE: And I don’t mind saying,
"Americans wagered over $600 billion on legal betting, won $550
billion and parted with more than $50 billion." If they bet $550
billion and the industry only gained $50 billion, somebody had to
win $550 billion.

COMMISSIONER DOBSON: Bill, tell -- I really don’t know
the answer to this. The $40 billion that is supposed to represent
the net revenues of the gambling industry are expenses and fixed
costs?

COMMISSIONER BIBLE: No. That’s simple revenue that
they garnered wagering. That’s wins less losses.

COMMISSIONER DOBSON: That’s not profit?

COMMISSIONER BIBLE: No, that’s not profit. That’s a
revenue line to the industry. That’s how much Americans wagered
and lost. The $60 billion is if you take the same dollar, if you
put it into the slot machine, theoretically it would have a 95
percent payback. You’d get 95 cents out of it. You put in the 95
cents, you get back 95 percent of 95 cents. You just keep doing it. You’re talking about a volume transaction. It’s not a fair representation of the industry. The way this is -- the sentence is structured, with the $600 billion and the $50 billion, we’re missing $550 billion, the implication being that Americans won it. I know that’s not true. They may have won it during the course of play, but ultimately they parted with $50 billion.

So, the sentence needs to read that Americans wagered and lost more than $50 billion.

CHAIRPERSON JAMES: Is there a second for that? It would say, "In 1998" --

COMMISSIONER BIBLE: Maybe it would be better to say lost $50 billion in wagers.

COMMISSIONER LANNI: That’s fine.

COMMISSIONER BIBLE: Because they did wager more than they lost.

CHAIRPERSON JAMES: Lost.

COMMISSIONER WILHELM: As somebody pointed out, it’s not "they" anymore, it’s "the American people."

COMMISSIONER LANNI: So, in 1998 the American people lost --

COMMISSIONER MCCARTHY: Lost $50 billion in wagers.

CHAIRPERSON JAMES: In Wagers. Do you have that?

COMMISSIONER BIBLE: Does that confuse the -- wages implies their salaries.

CHAIRPERSON JAMES: Wagers.

COMMISSIONER WILHELM: We have to add in there, I think, legal wagering.

COMMISSIONER LANNI: So, it should be, "In 1998 the
American people lost $50 billion from wagering"?

CHAIRPERSON JAMES: From legal wagering.

COMMISSIONER LANNI: From legal wagering. Those changes are certainly acceptable to me.

COMMISSIONER BIBLE: And then it picks up with figures?

COMMISSIONER LANNI: "Figures which have increased every year for over two decades and often at double-digit rates."

Yes.

COMMISSIONER BIBLE: A figure then?

CHAIRPERSON JAMES: A figure.

COMMISSIONER LANNI: A technical point that was just pointed out to me, which is that is not the number lost by the American people, it’s lost by people in America, many of whom are not Americans. A lot of foreigners gamble here.

CHAIRPERSON JAMES: By people gambling in this country.

COMMISSIONER LANNI: People gambling in this country lost.

CHAIRPERSON JAMES: People gambling in this country.

Okay. Can we have a question? Call for questions.

All in favor?

Any opposed?

Okay.

COMMISSIONER LANNI: My next proposal is on page three of chapter -- lines 34 through 37, which currently read:

"The second most common fact about gambling, albeit one not commonly recognized, is the central role played by the government in the industry’s growth and development. The story of gambling’s expansion in America has, at large, followed a
script written by government decisions.
Influencing those decisions is the principle objective of most of the debates of this issue."

What this doesn’t take into account, I’ll read what I’m proposing, the fact that a number of states have voted by referendum or initiative to approve gambling in different forms.

So, what my new language that I’m suggesting is that on the next page:

"The public has voted either by a statewide referendum and/or local option election for the establishment or continued operation of commercial gaming, casino gaming, excuse me, in nine of 11 states where commercial casinos are permitted. Similarly, the public has approved state lotteries be on the ballot box in 27 of 38 instances where lotteries have been enacted. Whatever the case for the gambling, gaming -- or gambling is fine with me -- is introduced by popular referendum by the decision of elected officials, we must recognize the important role played by government in the industry’s growth and development. Government decisions have influenced expansion of gambling in America. Influencing these decisions is the principle objective of most of the public debates of this issue."

CHAIRPERSON JAMES: Is there a second?

COMMISSIONER MCCARTHY: Second.

CHAIRPERSON JAMES: Discussion?

Points of clarification?
Give the Commissioners a minute to read it.

Okay. Are we ready for the discussion?

Oh, a call for question. All in favor of the language?

Any opposed?

Any abstentions?

COMMISSIONER LEONE: Can I ask a point of clarification?

CHAIRPERSON JAMES: Yes.

COMMISSIONER LEONE: Was any of the existing paragraph deleted?

CHAIRPERSON JAMES: If you look at --

COMMISSIONER LANNI: Beginning with the second ending with on this issue, which are picked up again in your clarification.

CHAIRPERSON JAMES: So, that would be deleted and this will be inserted.

The ayes have it. Okay.

COMMISSIONER LANNI: Page number -- I think this -- okay, page number seven, lines 24 through 27. That’s been dealt with already. Let me re-read that. Lines 24 and 27. It’s -- if you look at the page that I have associated with it that you have in there -- oh, I know what I have here, sorry. If you come to the second full paragraph under, "Time for a pause", the last sentence reads, after the colon, it says:

"We unanimously believe it is time to consider a pause in the expansion of gambling."

I think our vote was five to four in that particular matter. Five to three in expansion?

COMMISSIONER MOORE: Five to four for moratorium.
CHAIRPERSON JAMES: I think that was more agreement on pause.

COMMISSIONER LANNI: I just didn’t think it was unanimous, is my recollection.

COMMISSIONER MOORE: There was a moratorium that was a five to four vote --

COMMISSIONER LANNI: It’s in there. That’s in there. No, it passed. And the other one has the support of the majority, but it’s not unanimous.

CHAIRPERSON JAMES: Do you want to take out --

COMMISSIONER LANNI: I merely ask that you drop the word "unanimous."

COMMISSIONER LEONE: I think if anybody has a right to --

COMMISSIONER LANNI: Thank you. Exactly. Any one of the nine of us. Do you feel that way unanimously?

CHAIRPERSON JAMES: We unanimously agree.

COMMISSIONER LANNI: That we have the right to do this. And then the next one is -- the modification has already been resolved. There’s nothing else.

COMMISSIONER BIBLE: And I -- I have the last one on there, which is just a technical change before we first talk about the National Gambling Impact Study, identified as NGIC, which is how we identify it later on.

CHAIRPERSON JAMES: Thank you. That’s a good change, that when we refer to the National Gambling Impact Study Commission the first time we put in parenthesis "NGISC" since we will be referring to it as that later in the document.

COMMISSIONER WILHELM: This would be an appropriate
place. I submitted a bunch of little things that are stylistic or
technical or whatever. But there is one observation here that
jars the reader, I believe. And it’s just simply an editing
matter, but there’s a variety of approaches in the draft so far,
and I’m sure it’s because they’ve been drafted, you know, at
different times by different people, to the question of what
person reviews it. Sometimes it says "the NGISC believes."
Sometimes it says, "we believe." Sometimes it says some other
version of that. We just ought to conform that in the final
product. We ought to use -- I’m comfortable with the first
person, "we", but whatever it is we’re going to use we should use
it consistently.

COMMISSIONER MOORE: I think Doug should be empowered
to go through the entire report and make it consistent from
chapter to chapter.

CHAIRPERSON JAMES: Well, CSR is supposed to be doing
some of that for us as well.

COMMISSIONER MOORE: Somebody should be doing that.
The same problem with the VLTs or the -- yeah, so a consistent
terminology is throughout.

CHAIRPERSON JAMES: Now, the process at this point,
since we have been through that chapter, which one of you is
leaving? Doug is leaving and he will go and input all of the
changes that we have just made to that chapter so that by the end
of the day we will have that final document with all of our edits.

COMMISSIONER LANNI: Now, can he do a redline version
of that so we don’t have to read the entire document?

COMMISSIONER SEAY: I’ll try.

COMMISSIONER LANNI: There is an edit function up on
Word 97 that does it.

CHAIRPERSON JAMES: At best, Doug, even if for some technical reason you can’t do that, once it’s printed if you could just go in -- and I believe one of the Commissioners did that when they sent in edits, just number them -- one, two, three -- or underscore them in some way to show the edits that you’ve made.