CHAIR JAMES: All right, John, sports wagering.

DR. SHOSKY: Thank you, Madam Chair. In terms of sports wagering, my explanation will be a little bit different than for the past chapters that we have dealt with so far. This is actually the second draft of the sports wagering chapter.

You may recall, in the report of the subcommittee meeting that we had a few weeks ago, Commissioner Lanni and others asked that we prepare the second drafts and have them out as soon as we could, and we tried to do that.

The sports wagering chapter, in the second draft, has two kinds of additions and deletions in it, the terms being self-explanatory. We have added in information, you will notice that that information is underlined. We have deleted information, that information has a line through it.

And we tried to be guided, in point of fact, by three things. First, we received some comments from Commissioners that were very good. Secondly, we have ongoing research, so if we found something that we wanted to put in we just treated it as an addition.

And the third thing is that we are hoping with the next draft of this chapter to dramatically improve the narrative of it. And what I mean by that is, once the material that we are including is decided upon, we are able to get a better focus, which should make it more readable and presentable.

And I think you will see that there is, at least in my opinion, the second draft is better than the first, and I’m hoping that the next draft will be even better than this one.

With that in mind let me just generalize some of the comments that we received on this chapter, so far.
One set of comments concerns minor additions, or explanations. Let me give you a case in point. One Commissioner asked us to define what we mean by whole percentage. And there is an attempt at a brief definition in the manuscript now, but I have to say with the material we received it was more confusing once we found out what the real definition was, than what we thought it was to begin with.

So I have made a notation that we will try to find an even better one.

The second cluster of comments, and those comments concerned broadening the scope of the chapter. For instance, one Commissioner made what I thought was a very good comment, that we didn’t talk about the impact of sports wagering, in particular when you have, for example, college students wagering, what happens after that.

And we have begun more careful research on that particular point. There is language now in the draft, but there is not much documentation. And that is just one of our research challenges, we are going to have to try to find more on that.

The third cluster concerns inclusion of, there were several comments to include new information, in particular, the new study that has come out from the University of Michigan.

I confess that we did not have it originally. That we -- when we found out about it, we were working on newspaper comments, and other explanations. And I’m hopeful that we will be able to get an original copy of that study.

The reason I mentioned that is that in the past when we used the University of Cincinnati study it was so much better for us when we finally got our hands on the original, than to work off of second-hand explanations.
So with that in mind, that is really the three clusters. There is also quite a number of comments about state governments, federal government, and the NCAA all taking action of one form or another to encourage the decline, or the elimination of sports wagering on campuses, and also sanctions or punishments if such wagering does take place. You will see that in the manuscript, too.

CHAIR JAMES: What is your pleasure, Commissioners, on sports wagering? One comment, and it is probably a stylistic thing. You may remember, I think we were in Virginia Beach when we were having this discussion, and there was some confusion and misunderstanding about the legality or illegality of just office pools, and --

DR. SHOSKY: In my view, and this is what I have been -- I have been saying, but we are continuing our research on this to make absolutely positively sure, and sports wagering as an office pool does not have any exceptions, that I know of, within the law.

CHAIR JAMES: Right.

DR. SHOSKY: And so, therefore when one says that sports wagering is illegal in 46 states and the District of Columbia, that is across the board.

CHAIR JAMES: Absolutely. I just want to make sure that we say that in the clearest way possible, because if the Gambling Commission can’t even make a clear statement that did you know that was illegal, and there was some confusion even among Commissioners, even at that point in the process, that I’m sure there is a great deal of confusion with the American people, and we need to speak clearly and plainly on that.
COMMISSIONER BIBLE: Are wagers in between individuals also illegal?

DR. SHOSKY: Well, that is a good question, because in some states, at least this is the way the article goes, in some states if the wager is between one person and another, and it only involves X number of dollars, whatever that might be, there is an argument that that might be legal.

CHAIR JAMES: I thought the federal law preempted that?

DR. SHOSKY: Yes, I’m saying, but in some states this argument is made. I’m not saying it is a good argument, I’m not saying it is true.

CHAIR JAMES: I just want to know if it is legal.

DR. SHOSKY: Well, it is not, except for four states, which is my understanding. Although people do try to argue this caveat, which is why I think we have to keep, I’m not saying, we have heard that argument, and we are continuing our research on that.

COMMISSIONER BIBLE: But you are looking at the federal statute, not state statute?

DR. SHOSKY: That’s correct.

COMMISSIONER MOORE: Sports betting would be, like John said a while ago, that the American people love to gamble. Even if you are talking to your child, and you say something that if he says something that you don’t believe, you will say, I don’t believe that is right, I believe that is so and so. His comment to you, or his response to you he says, you want to bet me.

And then you normally go out, you play any type of athletic game, whether it is shooting free throws, or whether you are playing golf. I really don’t play golf, but I go out with some people every now and then. One of the first thing that you
go, you go in the first tee and someone wants to make up the
betting game.

I say, well, my response to that because I try to be
sociable, I say, I don’t know anything about the games, you make
the games, and at the end of the day you tell me how much I owe
you, because --

CHAIR JAMES: My husband would love to play with you.

COMMISSIONER MOORE: -- I know that I will owe them,
because I’m not going to win. But even the -- and then you go
into the bigger things, Michael Jordan got some criticism two or
three years ago, we think that Michael, he is a professional
athlete, he is not only in my opinion the best one that probably
ever walked, but he has lived a fairly clean life.

But three or four years ago he got a lot of heat with
gaming, with betting on his golf game. Obviously he loves to
play golf about as much as he does basketball. And I think in
the article they were -- maybe he lost 100 to 150, or 200,000
dollars the previous year playing social golf.

Well, that is not much for Michael Jordan. So this is
a big, big thing, about this social betting on sports. I wish it
could go away. I can enjoy any kind of a sport event without
betting on it.

But they love to bet, and the competition drives it.

COMMISSIONER DOBSON: Two background statements that I
think can be --

CHAIR JAMES: John, I just realized, I apologize. You
said you did want to make an announcement before we got started.
I do apologize.

COMMISSIONER WILHELM: I just thought that the
a few minutes ago in Alabama, which is considered to be the buckle of the bible belt, video poker passed in the house by one vote. And it is going now to the Senate, I think Friday or Monday.

COMMISSIONER DOBSON: Not lottery, video poker?

COMMISSIONER WILHELM: Video poker, which really surprised me, and bothers me a lot. So there is the proliferation that we are talking about, that I think may drive some of my opinions here. I just heard that.

CHAIR JAMES: And I apologize for not remembering.

COMMISSIONER WILHELM: That is okay, no problem.

COMMISSIONER MOORE: The Governor got elected, you know, on running -- on being for the lottery.

COMMISSIONER DOBSON: It makes John’s point that people want gambling. I mean, it is pretty hard to argue with that, the way it is going.

I started to make a statement, two background statements, and then a recommendation. The first is that sports wagering is very, very popular among adolescents, and may serve as a gateway to further gambling activity. That is the first statement that I think you can probably document.

And the second is that sports betting threatens the integrity, perhaps both professional and amateur sports, but I have greater concern about amateur sports, specially football and basketball.

And I would like to recommend that we recommend to the states that they ban legal betting on collegiate athletic contests.

CHAIR JAMES: Let’s hear some discussion on that.
COMMISSIONER BIBLE: Well, the policy decision on sports wagering has already been made, to a large extent, by the federal government in their prohibition in the Anti-Sports Wagering Act, it is clearly documented in here.

Now, the only state that -- only two states that currently allow wagering activity on sporting events are Nevada and Oregon, where they have a sports lottery. So at least the policy decision has been made, although to what extent Nevada should --

COMMISSIONER DOBSON: I certainly would. It concerned me when the representative from the NCAA was here, he would not -- he talked about the dangers of it, but then wouldn’t take the next step to say that it ought to be prohibited.

COMMISSIONER BIBLE: Well, he actually has found, and I think his testimony would indicate he found legalized gambling in Nevada to be helpful because of the information they get, the changes in the point spreads that help his enforcement activities.

COMMISSIONER DOBSON: That worked against his testimony, in my view.

COMMISSIONER BIBLE: Well, that may work against his testimony, but that is what he said. You know, he indicated that they uncovered one scandal that involved, I believe, Arizona and Washington State basketball teams through that -- the changes in the spreads and betting patterns being somewhat irregular, being reported to the NCAA, and that led, to a large extent, to their investigation and uncovering the wrongdoing.

I think the policy decision has been made. The areas where I see sports wagering as being problems, at least in terms of your first one, in terms of adolescent gaming, we had an awful
lot of testimony before the Commission that this is a very pervasive form of wagering or gambling activities amongst adolescents, and that is clearly a concern of mine.

We had some testimony that indicated that there is linkages to, probably, the largest degree that we heard any testimony between sports wagering activity and organized crime. I think that has to be a concern.

COMMISSIONER DOBSON: Remind me, Bill, in that discussion do I not remember that Nevada has prohibited betting on amateur sports inside the state?

COMMISSIONER BIBLE: Has prohibited wagering on Nevada teams. So you cannot wager on --

COMMISSIONER DOBSON: Make it the point, then, that if it is bad for Nevada, it has to be bad other places, as well.

COMMISSIONER BIBLE: Well, the intent there is to ensure that there is no suggestion of impropriety when Nevada teams are engaged in inter-collegiate athletics, that somehow the bookmaking operations have influenced the athletic operations, and it is done, really, to protect the integrity of the sports and the integrity of the industry.

Nevada, like everybody else, Nevada does take a lot of action on inter-collegiate athletics. The NCAA championships being the most recent example. If you take a look at the wagering volumes, I believe you used it in your statement, I believe at our last Commission meeting, when we were talking about over two million dollars having been wagered on the NCAA tournament, Nevada is going to account for just a very, very small percentage of it. Most of that is illegal wagering.

We are talking, to a large extent, when we are talking about sports wagering, we are talking about illegal activity. So
I think our concern should be where there is some suggestion of organized crime, and that is typically where law enforcement gets involved.

COMMISSIONER DOBSON: Well, I think your effort to control, or to limit the assault on the integrity of Nevada teams applies across the state line as well, and to the rest of the country.

COMMISSIONER BIBLE: Well, I don’t know how you prohibit sports wagering. I think if you think you are going to prohibit sports wagering, if you prohibit sports pool within the office environment, I think the forming of pools --

COMMISSIONER DOBSON: It is illegal. My recommendation is ban legal betting.

COMMISSIONER BIBLE: Yes. I would not agree with that.

CHAIR JAMES: John?

COMMISSIONER WILHELM: Two small points, and then a larger point. The two small points are, with respect to this draft, John, on sports wagering behind tab 12, I have two related comments about it.

One, overall, in my view the draft fails to make the appropriate distinctions between legal and illegal sports wagering. I think it poses a rather substantial -- and then the second related point is an example of that on page 4 you have the following sentence, sports wagering is of doubtful utility to a community, it does not bolster the local economy, it does not help build infrastructure, or pay for educational services, or provide jobs.

That is true of most sports wagering because it is true of illegal sports wagering. It is not necessarily true of legal
sports wagering in the limited basis that it exists in two states, or at least in Nevada.

And I guess that is an example of what I think is an insufficient clarity of legal versus illegal sports wagering. Of course, the overall majority of sports wagering, as the chapter does point out, is illegal.

And in my mind that really presents a very difficult issue for this Commission. I think it is as difficult as the issue I was putting out before the break about Indian gambling, because the fact is that almost all sports wagering in this country is illegal, and yet it is apparently an epidemic.

And that suggests to me that, on the one hand, prohibition doesn’t work.

CHAIR JAMES: I think it may suggest something else as well, and that is that it is amazing to me the number of people that don’t know it is illegal.

COMMISSIONER WILHELM: Well, sure, because it is so common. I agree with that. And I think that there is some distinctions to be made. I don’t think anybody would reasonably argue that there is anything terribly wrong with people who place a bet between friends on the golf course, at least I don’t think too many people would argue that there is anything wrong with that.

On the other hand there appears to be a considerable amount of evidence that organized crime is very much involved in illegal sports gambling. And I think this really is emblematic of a very difficult issue for the Commission, which is for good and sufficient reason we think that certain kinds of gambling ought not to be allowed, and we think that the kinds of gambling that ought to be allowed not be limited.
So I agree with Richard’s statement a while ago, we all agree on those propositions. But if sports wagering is any example, the reality is that we are not going to prevent gambling, and we are not even going to limit it.

The reality is that the American people, apparently, love to gamble not only on sports, but certainly among other things on sports. So what do we do as a Commission, using sports wagering as an example?

Do we say, it ought to all be illegal, as Jim just recommended. Well, fine, but that apparently will have no discernible impact on the activity, and on its widespread nature, nor on its negative effects.

So therefore we say it ought to be totally unlimited? I don’t think so, I don’t think anybody would make that argument. So this is a very tough issue to me, and I think it is emblematic of that fundamental issue that runs through every single issue we have before us.

People want to do it, people are going to do it, they are doing it, they have always done it, and they are going to continue to do it. What does that say about the efficacy of various kinds of regulations?

I go back to the point Richard made a year or more ago, and that is I think that to the extent we can be useful, it is probably with the provision of information about the effects, rather than on attempting to draw boxes where the American people are not going to be constrained by the boxes that we try to draw.

COMMISSIONER BIBLE: Well, I agree, to some extent, I liken this to the lottery. Our lottery discussion was not having a discussion about the lotteries suppressing the numbers. That was one of the arguments made in terms of the legalization of
lotteries, is that it throws the number games off the streets. And we had testimony to that, the evidence would indicate that that has been the case.

And I think that sports wagering you could make a policy argument that that particular activity, because it is so widely accepted by the American people, should be legalized and regulated.

COMMISSIONER DOBSON: That is a libertarian argument, obviously, since the drugs for example, there are people that want them, so we just don’t regulate it, don’t make it illegal.

COMMISSIONER WILHELM: Well, I wasn’t trying to make that particular argument, Jim. I was just trying to point out that here we have a laboratory example of an activity that has, but for two states and one of them only in a minor way, is illegal in this country, and it is also everywhere.

So, frankly, I don’t think it makes a dime’s worth of difference whether this Commission says it ought to be legal or illegal. The fact is that it is mostly illegal, and everybody is doing it.

And I don’t know what that says about the recommendations that we ought to make. But to me it certainly suggests that the American people are going to do this, and that it may not make a whole lot of difference whether we say it ought to be legal, illegal, or constrained, even though I agree, and I don’t think anybody would argue for unlimited gambling.

All I’m saying is that I think this is a very tough question. It is like your recommendation, Jim, about having fewer lottery outlets in minority communities and poor communities. I’m sort of -- I have a knee-jerk reaction in support of that, for the reasons that you have outlined.
On the other hand what if the result is simply that illegal numbers makes a comeback? I don’t know.

COMMISSIONER LEONE: Could I make a comment about this?

CHAIR JAMES: Sure.

COMMISSIONER LEONE: Because I think you are right that this is the kind of issue that applies to a great deal of what we are going to do, and what we are going to say, and not say.

So maybe this is an appropriate time to make a general statement about how I think, at least one Commissioner thinks we ought to resolve that question.

I give away nothing to others in the hope of being relevant, and not having the report tossed away as being utopian, or unrealistic, or politically naive.

On the other hand there are a whole set of questions about these kinds of activities and behaviors that can have both positive and negative consequences that can lead you in one of several directions, including the extreme view about legalize things that people want, that we actually do much harm by making it illegal.

But I don’t think so, and I don’t think that that is true in an area like gambling. I think there is more gambling now than there was when it was illegal across the country, that is more people.

Obviously some of it is positive as well as negative. I also think that the fact that the tide is running a particular way, or that people insist on behaving a certain way doesn’t excuse us from our responsibility to say what we think is right.

And in this case, at least, I don’t think it is right for us to encourage gambling, i.e., making it legal in more places, making it legal on more games, making it legal in sports.
Obviously there is sports betting right now, and it is illegal. That just means, to me, that we ought to try harder to explain to people what some of the downside are of gambling, and particularly how destructive it can be in the area of sports.

A lot of people who gamble on the games I think really like sports, and they would be crushed and disappointed if the games came to be increasingly fixed because of the money involved.

And I certainly would not want them to be fixed as we let gambling become more legal, and we have to get more and more intrusively involved in the games.

Imagine that a regulatory regime in sports that was similar to Nevada’s regime to keep the casinos clean, where you have a regime to keep the horseracing clean. The universities would go crazy, the students would be living a totally different kind of existence if they wanted to play sports.

The public would maybe then be able to gamble knowing the games were fair, but we would have totally transformed the sports, and I think we should bring that message.

I don’t kid myself about the fact that suddenly there is going to be a change in public policy because of this, but I think these are hard questions, but I think what makes our obligation even stronger, nobody elected us, and as far as I know none of us are going out tomorrow to try and stand for office, or take a poll, so we ought to say what we think.

And I think in this case, even though people gamble a lot, and people who gamble a lot, we are not tough enough about it. I read in the paper about how CBS still has a link to a gambling site and that is hypocritical. I think that some of the
colleges are hypocritical, I think some of the conferences are hypocritical.

We take a tougher line on, I don’t know, if anybody has ever been banned from a ball game because they weren’t tough enough about the way they enforce the gambling code on their campus, maybe they should be, maybe that would get people’s attention.

But, again, I think it can be disheartening and discouraging to think that we may not affect anything in the real world, but it would be much more to say that we give up, and we don’t think that we can affect behavior.

And I also think we can affect behavior over time. I think these things go in cycles, and I think sports gambling, I’m absolutely convinced that the restrictions we have are important, and if anything, should be made tougher. I also think that people will continue to gamble. But I think things would be worse in sports, which is something I love, if gambling on sports were legal in this country.

I think it would transform American sports, and not in a way I would find attractive.

COMMISSIONER WILHELM: I did not intend my remarks to suggest that I think we should just legalize all sports wagering, quite the contrary. Richard, I agree with every single word you said. Given all of that, what would you recommend with respect to sports wagering for this Commission’s report?

COMMISSIONER LEONE: Well, I think that we should have -- I don’t think that the networks and the conferences, I do think actually the NBA and the NFL, and some of the professional people are more serious about this than the college people, they have a lot of stake, and they have worked pretty hard on it, and
they lobbied pretty effectively about it, in Washington and elsewhere.

I was very troubled by the testimony as Jim was. I don’t think an NFL official would have come here and said it is helpful to us that they have gambling in Nevada, because we can watch the ebb and flow of the odds.

COMMISSIONER BIBLE: I don’t know what they said, I believe they aren’t hurt by it. I’m sure they don’t mind selling their signal to Las Vegas casinos.

COMMISSIONER LEONE: Anyway, I think we should call those things to the public’s attention, and call on the institutions that have some clout in the area of sports, be tougher. We have a federal law, we are talking in the context where there already is a law in the books that makes it illegal. We are talking about law enforcement.

COMMISSIONER DOBSON: May I address a question to Bill and John?

Based on your defense of sports betting in those two states, Nevada and Oregon, why does that argument not apply to the other 48, and why would you not, or would you recommend elimination of those prohibitions in those other places?

COMMISSIONER BIBLE: Well, I wouldn’t recommend the elimination of prohibition. It seems to me, first, it is a grandfathered activity. But I would tend to argue the issue somewhat differently. I think that sports wagering is probably the one area that should be legalized throughout the country and regulated.

COMMISSIONER DOBSON: Throughout the country?

COMMISSIONER BIBLE: Throughout the country, and regulated. That is my personal feeling.
COMMISSIONER DOBSON: My goodness. John?

COMMISSIONER WILHELM: I wasn’t aware that sports betting in Nevada and Oregon, I thought I was just trying to focus on the dilemma, it is everywhere. So what is it, then, that we should recommend?

I tend to agree with Richard that it would make a lot of sense to talk about the negative aspects of this issue, but as far as I know, and correct me if I’m wrong, the negative aspects of this issue are not any different than the negative aspects of all kinds of gambling, except for the points Richard makes about the corrosive effects on sports.

And since I share --

CHAIR JAMES: And the integrity of the games.

COMMISSIONER LEONE: Of the young people who play the games.

COMMISSIONER WILHELM: -- his enthusiasm for sports, then I would agree. I see no useful purpose served, whatsoever, to try to respond more directly to what is behind your question, Jim, in urging that legal gambling be outlawed in Nevada and Oregon, because I don’t think it will ever happen, for the same reason it was grandfathered in the first place, I don’t see Congress revisiting that.

I see no useful purpose served by it. And, again, the point I was trying to make, and maybe I was not making it clearly, is this.

This issue, to me, poses the excruciatingly difficult dilemma of what do we recommend that has something to do with the real world. I recognize Richard’s point that just because everybody does something doesn’t mean we should just say it is fine, and I’m not saying that.
I’m just saying people all over America gamble on sports, so given that reality, what is it that we should recommend? I don’t know the answer to that.

CHAIR JAMES: Don’t you think this Commission could, if you look back at our discussion that we had at Virginia Beach, at a minimum say something about intercollegiate sports activities, and the problems inherent in sports wagering in that context?

COMMISSIONER WILHELM: Sure we could.

CHAIR JAMES: And just start there.

COMMISSIONER WILHELM: Sure we could but it is all, I mean, 99 percent of it is illegal, so we say that and so what?

CHAIR JAMES: But, you know, I hate to keep going back to this point, but do you realize that even after Virginia Beach, even after asking for clarification on just that point, on the illegality the answer that I got this morning is that it is sort of vague, and maybe it is, and maybe it isn’t, and maybe two people could wager.

COMMISSIONER BIBLE: He seemed to be more certain that it is illegal, it is a federal crime for two individuals to make a wager.

DR. SHOSKY: And the cite is in the chapter. I mean, we have gone over this again and again with people. But because of the confusion we are still going to keep looking into it. But there is lots of research for it.

CHAIR JAMES: I think the law is pretty straightforward, but I can tell you this, that if you ask any, the average person on the street whether or not it is illegal to have, to do sports wagering, they would probably say no, not at all, I don’t think there is any --
COMMISSIONER WILHELM: And between friends it is social betting, it is never, ever enforced, anyway.

CHAIR JAMES: Well, but start at the baseline question, is it illegal? I would dare say that a majority of people don’t know that it is.

COMMISSIONER WILHELM: That is probably true.

COMMISSIONER BIBLE: And I don’t know, I guess you are going to have to provide the citation and the statute, I don’t know.

DR. SHOSKY: If I could add something?

COMMISSIONER BIBLE: Between friends. Because typically states will have prohibitions against wagering activity if it is done for a profit, if there is a bid taken out of it, and they don’t discuss aspects of wagering between individuals.

COMMISSIONER MOORE: Couldn’t this Commission say something along the lines, I’m sort of surprised to hear my friend Bill say that he thinks it ought to be legalized in every state.

COMMISSIONER BIBLE: The states should be given the option if they elect to do it.

COMMISSIONER MOORE: But couldn’t this Commission come out with some recommendations for the colleges and the high schools to bring this about somehow in their curriculum? I know you can add everything to a curriculum, and we can hire more teachers, and do a poorer job.

But I believe that this does need to be brought forth, and the people educated. I don’t believe that you have to be able to bet into everything that you do to have a good time.

You know, I like a drink from time to time, but I don’t have to have a drink to have a good time, all the time. So I
believe that we need to -- this Commission does need to come out and say something about sports betting, specially amongst high school and college students.

And then we ought to go ahead and say something about office betting, all these pools and all. I think if the people would just be -- it would be profitable to say that they are illegal. The reason they spread is that no one enforces it.

No law enforcement officer is going to come out to an office and arrest his friends for entering in a pool. But I believe if we would educate them along those lines, I believe that we might could slow this down a little bit.

COMMISSIONER BIBLE: I think if your Commission report comes out that you want greater enforcement and stricter prohibitions against sports wagering, which is an American past-time, I think you have a non-starter in the whole document.

COMMISSIONER LEONE: I’m talking about education more than -- John is right in the larger sense, because this does go to the whole character of what the report is about.

Clearly the overall -- one of the overall impressions created by the report is that there is a lot more gambling in the United States than there used to be. It has grown dramatically since the last report, and it is continuing with no particular end in site, for a whole variety of reasons.

And we are going to say a variety of things in a variety of different contexts, and some people will say different things stronger than others, but clearly we are going to say, one of the consequences that we found with gambling is that it creates serious problems for a bunch of people. Again, arguing about how big the bunch is.
April 7, 1999  N.G.I.S.C. Washington, DC Meeting

But then we are going to say something about how there ought to be more activity designed to help those people, intercept them, redirect them, whatever the package is that we are going to talk about.

And we are clearly going to talk about more education, the dangers of gambling, and the consequences of it, and more information about how gambling works, and what the odds -- what really happens if you win a lottery, how many people win the lottery, the money, what happens to -- we were even talking about more information on some commercial gambling, toward the Indian gambling.

And I suppose we are going to part company over how, what restrictions there ought to be, or impediments to growth, or how bad the consequences are. And in that context I don’t see sports betting as being different in substance from a lot of other things we are talking about.

So there is a difference in substance, we are talking about an activity largely carried out by young men and women, even in the professional ranks, but certainly in college. Young men and women with the ability to affect the outcome of the game, and the outcome of the bet.

We want to subject them to the same kind of scrutiny and controls that we do to somebody who is a dealer in Las Vegas, or somebody else, or a jockey, or somebody else who can affect the outcome. They already, incidentally, have to sign things, and they get programs, some things in common, some schools do more.

We will transform the nature of the athletic experience for those people, and I think we will have to do those things if we go further in the direction of legalizing. And, therefore, I
think we can say that in this area we have, some of us, maybe the majority, don’t see any case for easing restrictions, even though the general public is ignoring them.

And the fall back argument to that has to be made that in this particular case we are talking about a population that can affect the outcome of the game, and putting an additional level of pressure on them. They are already on pressure, there are already all kinds of scandals in colleges.

And if you make it legal, in my judgement, you open the door to a very different experience, and I wouldn’t be surprised to see lie detector tests down the road, routinely, a variety of other things, to try to protect the integrity of these games, and then it is no longer a game.

COMMISSIONER BIBLE: I think they are already subjected to those pressures because wagering on sports activities is a national pastime, and 95 percent of it is done illegally, at this point.

COMMISSIONER DOBSON: Along the same line, Richard, I was having some of the same thoughts that you just expressed. And let me put it in terms of a personal belief, or expectation that I can’t document, obviously.

That we have already made it clear, or the data have shown us that gambling is spreading, as you indicated, across the country. And that attitudes towards gambling are changing, and that young people are very much involved in that.

That puts amateur athletics at tremendous risks. It almost seems to me like an airline that isn’t maintaining its planes. You don’t know when, but there is going to be a crackup.
And I think we are going to see, in the next few years, even more painful scandals on the college scene, in amateur athletics, specially NCAA type athletics.

And that this Commission ought to issue a very severe warning about that. For my money, paraphrase that, from my perspective, I would venture that we ought to ban it in all 50 states.

If the Commission won’t do that then we should make the strongest possible stern warning about where this appears to be heading.

COMMISSIONER WILHELM: I agree with Jim’s recommendation that we make this the strongest possible stern warning. But -- and I really do agree with it. I think I have said, in earlier meetings, I have been very troubled by this phenomenon amongst my own sons and their friends, when they were going through high school.

But having launched whatever sort of stern warnings we want to launch, I don’t think we should kid ourselves. I think that it is what it is, and it doesn’t seem to me to be going away.

And I think the question if it is legal in one state, so to speak, that there is legal sports betting in Nevada, and a little bit in Oregon, is neither here nor there.

COMMISSIONER BIBLE: It pales in comparison to the overall wager.

COMMISSIONER WILHELM: Yes, we have had testimony that there is 3 billion dollars worth of sports betting in Nevada, and 500 billion dollars, or 488 or something, estimated nationally. And the fact is that the pressures come from very shady characters.
There has been ample testimony in some of these arrest
cases of people being threatened with violence, and so on.

So I concur with both Richard’s and Jim’s suggestions
with respect to warnings and information about the implications
of all of this. But I also don’t think we should just, you know,
issue stern warnings and go on and feel like we did something.

I can’t see any evidence that that is going to have any
impact on anything.

CHAIR JAMES: Well, I just hate disagreeing with you
John, but I do believe that providing information, and public
information is always helpful. And I think for the way that this
Commission to express a very deep, and very real concern, and a
strong warning, may be helpful to the public discourse, so I
don’t discount that entirely.

I do think that there were some very helpful things
that came out of our Virginia Beach meeting, particularly when we
talked to the representative from the NCAA, and we looked at what
was happening, and how this particularly relates to adolescents.

I think there are some very strong things we can say
there. So, you know, I don’t think that just because we
recommend that it would be illegal in all states, that that has a
snowball’s chance of having an impact on anybody, because Jim I
don’t think that is going to happen.

We can say, and I will stand with you to say it, but I
have no belief that --

COMMISSIONER DOBSON: We have agreed that we are going
to make recommendations that aren’t all going to be accepted
here, it is still right.

CHAIR JAMES: Yes, that is my point. We should do the
right thing, but by the same token, you know, I think we have the
opportunity to make some real changes, and do some real changes. I don’t think they are going to change that, but we can recommend it.

Where do you come down on that? I’m just trying to get a sense of where the feel is on that. Sports wagering.

COMMISSIONER BIBLE: Well, I think you need to -- I think you also need to differentiate between various forms of sports wagering. I am not overly concerned about wagers between two individuals, or three individuals, over a golf game, or over the outcome of an athletic contest, or something like that.

I am concerned about activities where there is a profit to be made, or something where it takes on a business aspect, and 99 percent of that activity is currently being conducted illegally.

CHAIR JAMES: Would you be willing to outlaw that?

COMMISSIONER BIBLE: It is already outlawed, and it is enforced. You have an article about the big race in Fairfax County on Friday.

CHAIR JAMES: I’m talking about the legal sports --

COMMISSIONER BIBLE: I would not try to outlaw wagering between individuals, between John and I, between Jim and I, between yourself and I, I just think that is totally unenforceable, between making individual decisions.

I think there is a problem where you have it being conducted as a business, you have an illegal activity, you have somebody operating it for a profit, you typically will have some connection with organized crime.

And it is a very, very difficult problem to enforce those kinds of activities.
COMMISSIONER MOORE: Well, isn’t this really what we are talking about, they are betting through a bookie, right? Most of them?

COMMISSIONER BIBLE: Well, some are, some are not.

COMMISSIONER MOORE: Who are they betting through?

COMMISSIONER BIBLE: Some of them are betting, probably, up at the stands of the game, they are betting --

COMMISSIONER MOORE: Well, I agree with you there.

COMMISSIONER BIBLE: You aren’t going to arrest those people, would you?

COMMISSIONER MOORE: No, I agree with you there, there is no way that you are going to stop that. But what I’m talking about, I thought we were talking about the amount of wagering that was going on with the young people, through the bookie, through the cards, whatever that they have. You pick ten teams, you bet a dollar, and if you get them all you are going to get 200 back, things of that nature.

COMMISSIONER BIBLE: And I think the testimony before this Commission has been that that is a particularly pervasive form of sport wagering, where it is done for a profit, there is a suggestion of organized crime involvement. And a whole myriad of other problems.

CHAIR JAMES: What is the strongest statement you would make on that?

COMMISSIONER BIBLE: Well, I know that I’m not going to convince anybody that that activity should be legalized, or should be left to the states to legalize.

COMMISSIONER WILHELM: Not even me.

COMMISSIONER BIBLE: I’m surprised. But I think that is probably the one area where you can craft a better argument.
It is typically only enforced, the federal government will become involved by policy, used to become involved, if they detect an organized crime involvement.

The local police departments will typically become involved where there is a lot of money because of the forfeiture laws, this has become kind of a cottage industry to go enforce those laws, seize the money, and use it for budgetary purposes. Otherwise there is very little enforcement.

And I was kind of surprised when the detective from the New York police department, speaking for himself, and not as an official position of his department, indicated that gambling should be legalized, because it would make his job a lot easier.

Sports wagering is the one area, I mean, I feel as I indicated earlier, that it should be legalized in terms of suppressing illegal activity, and getting regulations over it.

COMMISSIONER MOORE: If everybody is gambling, and you make it legal, won’t there be more gambling, because more people can gamble?

COMMISSIONER BIBLE: Say that again?

COMMISSIONER MOORE: What would be the benefit of legalizing it, if everybody is gambling anyway?

COMMISSIONER BIBLE: I think you suppress the illegal activity, the same as lotteries have taken numbers off the streets.

CHAIR JAMES: I guess I heard that argument one too many times at the drug policy office in terms of legalizing drugs, and getting rid of drug dealers, not very persuasive to me.

So if we have to summarize, where are we?
COMMISSIONER MOORE: I think this Commission has got to make a statement against sports wagering, whether we try to make it legal or not, I think that is just -- legal or illegal, I think that is a forum that we can leave alone, and discuss at some other time.

But I think that this Commission needs to make a statement that sports wagering is out of hand, and it will continue to grow, and make recommendations along the education line. Inform the people, inform the young people that are doing all of this, including myself, that they need to be careful of what they are doing, and what it can lead to.

Tell them the marijuana story, you know, if you use marijuana you have to use crack cocaine. Someone said that, I don’t know whether that is true or not. So if you bet on this you will start betting bigger.

CHAIR JAMES: The gateway argument. John, out of all of what you have heard, have you been able to come up with any sort of consensus?

DR. SHOSKY: I have a few things.

CHAIR JAMES: This is your opportunity, if you disagree with the statement, this is your opportunity to say so.

DR. SHOSKY: Well, there does seem to be some consensus about the gateway argument, that sports wagering is popular among adolescents and functions as a gateway to wagering in other ways. There was also the argument that sports wagering threatens the integrity of sports. Then there is --

COMMISSIONER DOBSON: Specially amateur sports.

DR. SHOSKY: Yes, thank you.

COMMISSIONER DOBSON: Because professionals have got their own motivation to keep it clean, cleaner.
DR. SHOSKY: Then there was much discussion about those two points, and then a new point was introduced that we need, that in the draft we need to make a better distinction between legal and illegal sports wagering.

There was the notation that we need to clean up page 4 a little bit. Then there was some discussion about why prohibition doesn’t work, and much discussion about the pros and cons of prohibition.

And then there were three points that were made. Here is the first; there is more gambling now than when it was illegal. The second is, we should try harder to explain the downside of sports wagering; and the third is that we should make the case to the effect on behavior.

COMMISSIONER WILHELM: Excuse me, point number 1 I don’t believe --

COMMISSIONER LEONE: I think he means gambling in general, not sports gambling.

DR. SHOSKY: That’s right.

COMMISSIONER LEONE: Sports gambling exists in a culture where there is more illegal gambling.

DR. SHOSKY: But there is just more gambling, right?

I’m sorry, that was my fault.

Then the question was posed why not eliminate sports wagering all together, much discussion about that, arguments pro and con.

Then more arguments, number 1 --

CHAIR JAMES: But how are you going to capture that in words?

DR. SHOSKY: Well, I’m not sure. The question was introduced, and on the one hand, if you have legalization you can
have regulation, and on that same point, you are not going to roll back anything in Nevada, for instance.

On the other hand it is virtually illegal now, why not extend it to Nevada because in Nevada you can’t wager on teams in Nevada, in the state, like the University of Nevada. So that as far as it goes, just the pros and the cons so far.

Then a new point, where we talk about the educational recommendations for colleges, that they should do something with their curriculum in order to be able to emphasize the downside of sports wagering, and to encourage people not to do this.

That we should say something about intercollegiate sports wagering in particular, but we should also not ignore office betting. We should, again, sports gambling creates problems, we have to have more activities to help people, more education, more information. Then back to the point of prohibition again, we don’t see any case for restricting prohibition.

There is a population of people who are affected by the game, but at the same time people seem to find sports wagering popular.

Then a new argument, athletes are at a tremendous risk if things continue to go the way they are there is going to be some kind of "crackup", which I gather will be some apocalyptic effect.

COMMISSIONER DOBSON: Additional crackups. We have had scandals in the past.

DR. SHOSKY: Again the question is posed, should we ban it on all 50 states. That is the first part of the question which had no consensus. Then there was the second part of the question which did seem to have some consensus. If not, we need
to make the strongest possible stern warning about the dangers of sports wagering.

Several people agreed with that, talking about how to do that, public information. The point which has been made two or three times today, that we need to go back to the Virginia Beach discussion and scrutinize the testimony there very carefully.

There needs to be strong language about adolescents, again. We need to differentiate in sports wagering between two people who are just wagering among themselves, and people who set up businesses to do this.

There is a problem when it is a business. There is sometimes a link with organized crime, and that is it.

CHAIR JAMES: John?

COMMISSIONER WILHELM: Since I spent my entire life tilting at windmills, I don’t mind tilting at this one too. As I said earlier in the hearings I’m personally very troubled by the extent of adolescent gambling, so I don’t have any problem with stern warnings.

It seems to me that the most useful thing we could do, if any of this is useful at all, has to do with talking about the apparent extent an increase of adolescent gambling, although our data on that is lousy, and talking about the potential damaging effects of too much gambling.

I don’t know of anything in our record with respect to sports gambling, or for that matter any kind of gambling that supports the gateway argument. I don’t know that it is logical -- let me rephrase that.

I don’t recall any evidence being presented to us that says that because a person does this kind of gambling, they are
going to do that kind. I agree with the proposition that because 
gambling is so much more available in this society than it was 25 
years ago, that more people gamble. I mean, that is 
incontrovertible.

So I don’t have any problem with any of that, or with 
talking about the dangers to those people who can’t gamble in a 
responsible way, or a moderate way.

But I don’t know of anything in our record about the 
gateway argument. And unless I’m missing something, I don’t 
think it makes sense to make an argument that we don’t have any 
evidence for.

And by the gateway argument I mean the notion that 
somebody bets with their friend on a sports event and therefore, 
you know, they are going to do all the other kinds of gambling. 
Maybe that is true, but in terms of our record I don’t recall 
that.

COMMISSIONER DOBSON: May I read to you?

COMMISSIONER WILHELM: Sure.

COMMISSIONER DOBSON: From John’s report. The 
popularity of sports gambling among adolescents should be noted, 
as well as the fact that sports gambling often serves as a 
gateway into gambling for many youth.

NCAA president Cedrick Dempsey has stated, attributing 
the fact to Dr. Howard Shaffer of Harvard: "Studies show the 
more youth are introduced to gambling through sports betting -- 
shows that more youth are introduced to gambling through sports 
betting, than through any other type of gambling activity." And 
it goes on with the documentation.

COMMISSIONER WILHELM: Thank you, I’ll read that.

COMMISSIONER DOBSON: There are other references.
COMMISSIONER LEONE: I think one way to sort of integrate this into the thrust of the report, try to keep this -- not that it could be neutral, but at least in a way that may make some sense to the Commissioners, the reason we exist as a Commission is because some people were troubled by, and a larger number of people wonder about the effects of a vast increase in legalized gambling, that is our primary mission, to take a look at this increase in legalized gambling in the United States, and ask what to do about it, and what if anything should be done about it by the Congress, the states, etc.

In that context, obviously, sports betting is down the list, because it is not legalized, it is, and it may or may not be more pervasive now than it was, although my hunch would be it is even more pervasive, because gambling in general is more pervasive, but we don’t have any net evidence on that. We are tracking this over 20 years to say that.

But what is relevant to say is the question that in the context of there being increasing amounts of legalized gambling, increasing of activities, gambling activities that are legal, the increasing locations, actually those points, therefore should this be legalized too, or make it somewhat more legalized?

The numbers games and the lotteries, the casinos and various forms around the country, we have done a variety of other things. I think that is a place where the Commission ought to take a strong position that no, absolutely not.

Some would argue we might try to roll it back where it does exist, even though we recognize that that would unrealistic, I think we can reduce the sum total of illegal gambling, and there are some negative consequences to the fact that it is illegal, for example, organized crime may, therefore, control it.
But we have a variety of reasons, including the one we talked about, the players, the adolescents, at least some of us do, for being against this spreading.

That line of reasoning in that point is relevant, within the mainstream of what our report is going to be about, over and over again, which is about what has happened, what does it mean, what are its consequences, what if anything can we do about it.

And I don’t think we can go too much beyond that, because we don’t have a lot of original research, or there hasn’t been a primary focus, on paper, and it hasn’t changed much from 20 years ago. I mean, the legal landscape hasn’t changed much, so the context is different.

And that way I think that maybe most of your comments, even if you are where Jim is, makes sense in terms of trying to figure a way through that -- through this issue that somehow relates it to the overall report.

I say that mostly as a reminder that the overall report is now what does it mean that we have more legalized, sanctioned, authorized gambling in the United States. And that is where our report should say.

And on this, I think this is a very limited chapter in that sense.

CHAIR JAMES: Any other comments, or --

COMMISSIONER LEONE: And we may just disagree, you know.

CHAIR JAMES: I would put this with the other two points earlier as ones that probably need a little more discussion and fleshing out in terms of where we want to go as a
Commission. Having said that, that brings us to the end of our agenda for today.

I would remind you that tomorrow morning we are going to get started at nine o’clock, in case somebody has a piece of paper that says otherwise, that we will convene at 9.

It is a grueling process, but you have all been extremely attentive as an audience, and extremely productive, I think, as a Commission. I know that Jim you have your points that you would like for the Commissioners review overnight, and we will start in the morning at 9 with a wrap up on our discussion on casinos.

I know, too, John that you have a letter that you want to circulate to the Commissioners so that we can read that overnight as well.

And with that, I will see you tomorrow morning at nine o’clock. Yes?

COMMISSIONER DOBSON: Let me just say that some of these, perhaps the majority, are in the form of a recommendation for the areas of questioning and interaction that will go into the report, and that I have a few copies for the audience.

Secondly, I thought I would just clarify the question that John asked with regard to the Alabama situation. I want to make sure that I gave the right information, and apparently I did, from what I was given.

The issue was video poker, it passed in the house last week by one vote. It passed out of the Senate committee 5 to 1, and will go to the Senate vote next Tuesday.