CHAIR JAMES: John?

DR. SHOSKY: Thank you, Madam Chair. Concerning the crime chapter there is really two large categories here. One of them -- I will begin again, I’m sorry.

In terms of the crime chapter, there is two large areas of concern here. One of them concerns gambling activities, and crime within legal gambling activities, and crime related to legal gambling activities. And the other large section is, the other conceptual idea, anyway, would be illegal gambling.

So what we are trying to do is we are trying to look at crime that is associated with legalized gambling, and crime associated with illegal gambling.

With that in mind --

CHAIR JAMES: Wait a minute, help me understand that.

Crime associated with illegal gambling?

DR. SHOSKY: Right, organized crime.

CHAIR JAMES: Well, if it is illegal, it is a crime.

DR. SHOSKY: That is true, I’m trying to talk about what we know about, though. I guess there is a better way of putting it. I’m sorry --

CHAIR JAMES: That is okay.

DR. SHOSKY: I apologize. But, anyway, the outline tries to find a way to organize all of this, and take us through it.

I don’t want the first section to be too misleading, where I talk about the history of gambling and crime. I, literally, was envisioning in the chapter just a few sentences, and nothing more.

It was really more the intent of this chapter to begin with the second point, which is the scope of illegal gambling.
And there is some information that we have, some of it in terms of studies, some of it in terms of guesstimates on this matter.

Then the patron participant crime, the next thing that we would discuss is the equipment, card counting, backroom dealing, race fixing, things like that. And then the regulations to combat crime, and regulatory models that seem to work.

And this concerns things like security checks, financing, monitoring of gambling establishments, audits, enforcement of laws and regulations, and other actions.

And then, finally, we look at money laundering, and we have some testimony and materials on that. And, as you know, that is a significant problem.

Then we look at crime associated with the presence of gambling, and in that respect we have gathered information about neighborhood crime. Some of it is of a statistical information from studies, some of it is educated guesstimates, and some of it is just mere speculation, but we have quite a bit of material on that at the moment.

Here we were going to look at credit fraud, and also the link between legal and illegal gambling. As you know we have had witnesses that testified that legalized gambling trains participants to become gamblers, and thereby that increases the market for illegal gambling. You probably remember the colorful testimony of Mr. Jehodo on that point.

CHAIR JAMES: John?

COMMISSIONER WILHELM: I do remember the colorful testimony, the problem is that it didn’t have any information in it.
I would respectfully suggest that number 8, legal and illegal gambling, is an issue that I don’t believe our record supports an analysis that would make any sense whatsoever.

You only have half the issue here. You have the issue here that says that several witnesses asserted that legalized gambling trains participants to become gamblers, thereby increasing the market for illegal gambling.

There is at least as much in the record, if not more, about the reverse phenomena, that is to say the reduction of illegal gambling because of the increase of legal gambling.

So if you are going to get into this issue, at all, and again I don’t think the record supports any kind of intelligent analysis of either end of this equation; but if you are going to get into it, you are certainly going to have to get into that.

And then just on a minor point, which I’m sure it is just a semantic mistake here, in number two, the scope of illegal gambling. Again, I don’t know that our record supports an analysis of the scope of illegal gambling, aside from saying that it exists.

But if you are going to get into that area, sports gambling, which is as we know a huge source of illegal gambling in this country, is much broader than sports book wagering over the telephone.

So if you are going to talk about illegal gambling you have to talk about, certainly, sports gambling in its manifold forms.

CHAIR JAMES: Other comments?

COMMISSIONER DOBSON: I have a single recommendation, Madam Chair.

CHAIR JAMES: Dr. Dobson?
COMMISSIONER DOBSON: Because a high percentage of pathological gamblers are involved in financial crimes of one sort or another, according to Dr. Henry LeSeur and others, the criminal justice system authorities should begin a systematic collection, and subsequent publication of information on gambling related crimes.

COMMISSIONER WILHELM: I’d like to second that one.

CHAIR JAMES: Hearing no discussion, no disagreement, I would say we have some consensus on that. Other issues on crime?

COMMISSIONER LEONE: I just have a question which is all of the numbers we have accumulated on illegal gambling activity in the United States are, of course, difficult approximations, put together by quite serious people, and people in law enforcement. But I think they are the best people who can do it, and we certainly didn’t add anything.

I think we ought to make clear that that is a report on what we are reporting on these other reports. I guess what I’m really saying is there are three, four, five, or ten places in our report where I don’t -- I hope we probably will, but I rather not read that the Commission found this about that, or this about that one, when in fact we didn’t find anything except we had some testimony presented to us, and some studies, and we are reporting them, incorporating them into our report back to the American people.

I mean, I personally feel like I don’t know much about this, even though I read all the material we got, and not to disparage the people who submitted it, but given our scarce resources this wasn’t an area that we commissioned a lot of work on, or anything, or know a lot about.
COMMISSIONER DOBSON: I don’t think the Congress, or anybody else, would have expected us to start with a white piece of paper, however, and ignore all the --

COMMISSIONER LEONE: No, I just don’t think we added, I mean, I don’t think that we have anything of our own to add to it. We report on what we found was out there, that is all I’m saying.

CHAIR JAMES: And I think that will come in the footnoting, and how we document what we say, based on studies that we analyzed we come to this conclusion, or something along that line, rather than thinking that we produced it.

COMMISSIONER MOORE: and, again, along these, I don’t think that we can say on this research, I have heard a lot of remarks, you know, that is a little jaundiced because the gaming associations sponsored it, the casino sponsored it.

Along these lines that Dr. Dobson said, I don’t think that we can ignore a lot of these reports. I think that our direct research, and our chairman of the research committee should have enough intelligence to look at these, and analyze them, and all the reports coming in, and I think there is a lot of material out there that we can use, a lot of studies, whether it is adolescent gaming, whether it is pathological gaming, or whether it is crime.

And to follow up on your question, John, of the crime and illegal gaming. In other words, this is semantics, but if I play in the pool, in an office pool on a football game, and that is illegal, then in essence am I committing a crime?

CHAIR JAMES: Any attorney like to give it a shot?
COMMISSIONER MOORE: So when we talk about crime here, then we have got to get -- I think that we have to make strong statements, and whether this would be --

AUDIENCE MEMBER: I wouldn’t prosecute you.

COMMISSIONER MOORE: Right. But I don’t think that we can ignore -- I wasn’t too satisfied with what we got from sports wagering, and things of that nature, because someone said everyone does it, and I’m not talking about me and Mr. Wilhelm going out and playing golf.

But I’m worried about our children, I’m worried about college students, and things of that nature. And there ought to be education put out, maybe they can teach it in the curriculum. As you said, we put everything on the school system.

But this is information that they ought, at least, think about. I’m pretty old, and there is a lot of stuff that we studied that I had never given much thought, and I have been out here in the world pretty well, I wasn’t too sheltered being brought up.

And there is a lot of stuff that comes out that I had never put it in perspective, and never thought about too much. So I think we need to talk about that.

COMMISSIONER DOBSON: If I can go back to your first point, I want to clarify what I was saying. It would be foolish of us to ignore the incredible research that has been done, that has been paid for by the Gambling industry, and I don’t imply that at all.

But I will say that studies that were supported by the tobacco industry, for example, have less credibility for me than those that are supported by independent academic research.
And I think that independent research ought to be funded, and that we should not depend, solely, on the industry that has self-preservation at its core, and we all do.

COMMISSIONER MOORE: Well, I agree with that 100 percent. But other than this time, that we have been discussing about, there has been a paucity of research dollars, and we have had to depend on these people.

COMMISSIONER DOBSON: We need to change that.

CHAIR JAMES: John?

COMMISSIONER WILHELM: Actually this conversation raises an interesting question, which I think probably is applicable to the entire report. Which is how it is that we are going to hope to give the reader of the report some indication of the validity, or the thoroughness, or the seriousness, or the rigor of whatever source we cite.

And I want to say up front that I have never been one of those who dismisses so-called anecdotal evidence. I happen to think that the so-called anecdotal testimony that we heard from problem gamblers is extremely helpful.

Likewise, I think the so-called anecdotal testimony that we heard from workers is extremely helpful, and others.

But I do think that we owe it to the reader to, because obviously all reports are not equal in their rigor, or their validity. And somehow or another it seems to me that we owe it to the reader to give some kind of an indication of the depth, or substance, or validity of -- or at least an accurate depiction of the kind of source, anyway, of that which we put forward.

There is a difference between the research we commissioned and analyzed in detail, and the stuff we heard.
CHAIR JAMES: You may remember that very subject came up at a previous meeting, and we struggled with it a little bit then, and talked about the fact that perhaps one way to get at that would be in the introduction of documents to talk about the types of research that we used, and we would talk about categories at that point, and give some examples.

Now, I don’t know how you would go about identifying every footnote, but we can talk about the fact that we will be referring to research that we commissioned, that we have a high degree of confidence in. There is other documents that are less so, but perhaps we are not prepared to put the weight of this Commission behind.

So we can talk about it in general terms, and give a sort of a warning to readers that they will need to evaluate that. I don’t know how you would do it, maybe we have some ideas.

COMMISSIONER LEONE: Well, it is a great danger for us because you can see the problem that people are drafting it have. As you go along in the flow, and you want to cite some study, and you look at the footnote, I wonder what was really in that study, was that somebody else’s study that that was citing, or did they talk to 12 people on all sides of the argument?

And you are right we don’t, you know, we don’t have them color coded according to how carefully we looked at them. And that troubles me, because I think there is nothing more common in public policy debates than some half-baked study quoted by some other person who didn’t do the study, then that person becomes the expert on it, and winds up on a television show where somebody else gets quoted, and the thing bounces along, and the next thing you know there is some --
CHAIR JAMES: Some --

COMMISSIONER LEONE: -- finally somebody catches up to it.

Now, that is an argument for getting as much text out in public as possible, as soon as possible, because we do have people, the great function that interest groups will serve on all sides of this to help us police the report before it is final, come in and say that study you are quoting, do you know what that study really was?

But still we should be careful about it, even if the flow is not as vivid as it might be if we quoted these studies. I think we, you know, this is not physics where there are peer panels, and a lot of people out there, and you know what you are getting when you quote different stuff.

So that is a good point, John, I think. And really the point I was making about this crime chapter, I think we want to talk about crime, and I think we want to point to the regulatory regimes that seem to be effective, and what their characteristics are, and we want to talk about the areas where there is clearly still a lot of criminal activity, and a lot of potential for problems, like sports wagering, and other things.

All I was saying is we haven’t added anything to the sum total of human knowledge about that, we are just reading what we found in other people.

Do we have any other recommendations? I mean, I guess that in itself is -- will be read as a sign that we are not too concerned, which is something we should think about as we actually draft. This chapter report makes me a little uneasy.
I don’t know what I should be concerned about. It is obvious that the big area, the state sponsored gambling and the big commercial enterprises are not perceived as having a problem.

COMMISSIONER DOBSON: With organized crime?

COMMISSIONER LEONE: Yes, with organized crime. But we all know about lots of other things.

COMMISSIONER MOORE: Is there any evidence that there is any organized crime in the ancillary portions of commercial gaming, casino, that is construction, laundry, the service people to those? We hear in New York someone used to, I don’t know whether we heard it or not, that the garbage collection was controlled by organized crime, or something of that nature. I heard statements like that, they got prosecuted.

Does anyone know if there is any such thing?

CHAIR JAMES: I don’t think we heard any testimony about that.

COMMISSIONER MOORE: -- testimony is in there.

COMMISSIONER DOBSON: In just a conversation between Bill and me at the last meeting, I asked him -- I hope I’m not -- I don’t think what he said was confidential. But he said that it was his opinion that there is, perhaps, some organized crime element in the periphery of gambling. He wasn’t specific, and I hope I’m not putting words in his mouth, but that is what I heard him say.

COMMISSIONER WILHELM: Our record doesn’t address that, but it would seem to me that the issue of the potential involvement of organized crime in the services provided to the gambling industry is probably not any different than the same issue with regard to people that service industries that are not gambling.
In other words, if trash collection for example, in a particular place is believed to be associated with organized crime, it is probably not because they happen to pick up at the casinos, it is probably because that industry has that problem.

Construction in New York City, portions of it, have that problem, which they apparently do, if you believe the criminal record. I don’t think it is because they happen to build an office building, it is because that industry has that problem.

It would appear, from the record, our record as well as the regulatory and law enforcement record, that with respect to the casino industry itself, as distinguished from those services, that that problem has been dealt with and eliminated.

I think I made some comments on the record in Mississippi with respect to that issue, in the history of our own union, but it has been wiped out, according to the federal government.

So I think the record is pretty clear on that. With respect to services, I don’t know that it would have anything to do with whether it was gambling or some other industry.

I have had the impression, from the beginning of the Commission that to the extent that the Commissioners, or the public was concerned about crime in the gaming industry, no longer organized crime, it is issues about does the introduction of a casino in your community increase crime generally?

CHAIR JAMES: And in remembering our audience, in terms of who will find this particular document helpful, and we are talking about state and local officials, as well as federal government officials, and policy makers, it may be irrelevant whether we heard over and over again that, you know, Disney World
created as much of an issue with some types of crime, as did a
casino. I mean, looking at crime statistics and data.

From my perspective, if you put either one of them in
my neighborhood, I would not be prepared to deal with what I
meant. So if a local community leader is trying to make a
decision, it doesn’t matter whether they are making that decision
about whether to bring an amusement park, or whether they are
bringing in a casino, there are issues of increased public
services, and crime, and things like that, that they will need to
consider.

It is going to be an issue. It is nothing to give a
black eye to the gambling industry, it is just a fact of life,
when you bring that many people into an area, what are some of
the potential side effects of that.

And I think we need to remind local officials when they
are making decisions that that could be an issue.

COMMISSIONER DOBSON: Is there any evidence to support
the position, and this is a real question, I’m not making a
statement, that people who come to gambling facilities, to
destination gambling, are also more likely than the general
population to be looking for drugs, prostitution, etcetera,
etcetera?

COMMISSIONER WILHELM: I don’t believe we have been
presented with any evidence of that kind.

CHAIR JAMES: I don’t know the answer to that, Jim, I
haven’t seen anything. I don’t know. I don’t know how you go
about --

COMMISSIONER DOBSON: That is the perception I came
into the Commission with.
COMMISSIONER LEONE: We had some presentations that talked about the crime statistics, and talked about it relative to the population, generally.

COMMISSIONER WILHELM: In the NORC study.

COMMISSIONER LEONE: No, in communities. And I have seen numbers like that that then say, relative to the additional number of people, there is not a big difference between that and some other place with the same number of people that doesn’t have gambling.

I think I have seen that, although I find that counter-intuitive. I don’t think I have seen anything that says the opposite of that. But I, you know, did anything like that turns up --

COMMISSIONER MOORE: I don’t know whether we are in this or not, but I want to sort of turn this around the other way, and say that before there was gambling anyplace, I think that there is another class of people on the other side that comes there to offer their services, because of the large number of people, to sell their drugs, to sell their bodies, or whatever they are going to sell.

I think you would see an accumulation of those people offering those services in those communities.

COMMISSIONER DOBSON: That ought to be relatively easy to evaluate then. People who go to Colorado Springs where two, or three, or four million people come in the summer, and other places, any resort; whether there is the same phenomenon there.

That was the answer that was given to the letter that I wrote with regard to Nevada being the number one suicide, and number one in -- that has caused a lot of people to -- but I can
sure name a number of resort destinations where that is not the case.

COMMISSIONER MOORE: It would be interesting to know.

COMMISSIONER DOBSON: Or Cour d’Elaine, Idaho, or some of the other places.

COMMISSIONER WILHELM: Well, we do have something in our record, as the Chair indicated, about Orlando. The NORC community data base says that with respect to, if I recall that right, with respect to crimes that are reported to the FBI, which includes violent crime, and some kinds of property crime, as I understand it, that there is no discernible change associated with the introduction of casinos. That is one source, for whatever that is worth.

COMMISSIONER MOORE: Another point that I would make along that line, we are talking about end destinations. And that is what the casinos are working toward, and that is what even you suggested, maybe that is a thing that we need.

Right now I don’t believe that we have reached that definition of end destinations. Right now I believe that there is more single guys, or more single girls, or whatever you want to call them, that go to Gulfport, Mississippi, or Las Vegas, Nevada, than total families go.

I believe that you can run a survey on this, and on a junket, I never have been on a junket, but I have some friends that have, and I don’t know too many of their wives who go with them, or things of that nature. It is a planeload of guys.

COMMISSIONER WILHELM: There is an awful lot of ladies playing those slot machines.

COMMISSIONER MOORE: Well, that is right. But they may be single, also.
COMMISSIONER DOBSON: Spring break time.

COMMISSIONER MOORE: So I don’t know, that would be interesting.

CHAIR JAMES: Any other direction we want to give to staff on this particular subject area, suggestions?