CHAIRPERSON JAMES: Good morning and welcome, John.

DR. SHOSKY: Good morning. Thank you, Madam Chair.

At least one economist observed that wagering on sports events is probably the most common type of gambling. From the bilateral bet between two friends in an office pool to the professional bookie, sports wagering is pervasive. Speculation and predictions seem to be inherently involved in a discussion of the probability or the odds of achievement. In a recent book, O'Brien has noted that sports betting attracts some of the most cerebral betters in the country, those anxious to match wits with odds makers and bookies.

Many gamblers learn the current point spread on major sporting events by consulting newspapers, radio talk shows, television and cable programs, on-line services and other sources. By consulting the current line, potential wagers betting both legally and illegally, place educated bets on the outcome. I'd like to discuss the legal status for just a moment. Sports gambling is legal in two states, Nevada through casino sports books and Oregon through a state lottery game based on NFL football.

Two other states, Delaware and Montana, are allowed to have sports book by statute but currently it's not authorized. These four states had a pre-existing statute to provide for sports gaming before enactment of federal legislation in 1992 which prohibits sports betting in all other states.
Because of the illegality of sports wagering in most states is clear, reliable figures on the scope of sports gambling are difficult to find. There's at least one study that indicates that approximately $88 billion is gambled illegally on sports each year with another 2.46 billion handled legally in Las Vegas. For example, there was a record $77.3 million bet in Nevada on the Super Bowl game between the Denver Broncos and the Green Bay Packers. Illegal gambling on the Super Bowl was estimated by at least one source to be 100 times that amount.

One speculation is that sports wagering is a big as the lottery business. However, the percentage of profit had slipped dramatically over the years and some casinos actually lose money operating the sports book, retaining this form of gambling more as an amenity than as a revenue producer.

There's considerable evidence that some participants in sports events gamble, unfortunately. Recently, there's been open admissions of point shaving schemes. For instance there's the celebrated and recent case of Dion Lee, a former intercollegiate basketball player at Northwestern who admitted his part in a scheme to fix three basketball games. Kevin Pendergast, a former place kicker for the football team at Notre Dame indicated that he was involved in an organized point shaving scheme.

Also there is evidence that some participants work to change the final outcome of sports events to assist gamblers.

The 1919 Black Sox scandal symbolizes such a compromise of the
integrity of the sport and I have to tell you, Madam Chair, as a personal story, my father was involved in professional baseball in the 1920's and he knew many of the players involved in the Black Sox scandal. I can tell you that over the dinner table at night we would talk about this event on occasion and for my father the Black Sox scandal was hateful.

I wonder sometimes if we can appreciate how that scandal rippled through American culture. Sometimes I wonder if a comparable event could take place. Maybe the closest thing might be something that would compromise the Super Bowl or the finals of the NBA basketball tournament. But in 1996 we know at least 13 players at Boston College admitted gambling on sports events with two betting against their own team. In that same year, a study sponsored by the NCAA found that over 2,000 student athletes surveyed in Division 1 basketball and football programs of those 2,000, 25.5 percent admitted betting on college sports events while at school.

The NCAA study found that 3.7 percent of the student athletes surveyed had placed bets on games in which they had played. As a result of the threat of a compromise, the National Football League, Major League Baseball, the National Basketball Association, and other organizations have stringent standards against betting on your own sport. In many cases it's grounds for dismissal for any athlete or coach. Each league, by the way, offers referral services for treatment of gambling and other addictions when an addiction is admitted.
Sports wagering on college campuses is also of recent concern. There's much justifiable worry about the rise of sports wagering on campuses. For example, Cedric Dempsey, the executive director of the National Collegiate Athletic Association, recently argued at the NCAA Southeastern Sports Gambling Summit that there is evidence more money is spent on gambling on campus than on alcohol. Dempsey claims that every campus has student bookies. He also said, "We are seeing an increase in the involvement of organized crime in sports wagering".

Bill Saum, who is with us today, from the NCAA has called it the number 1 thing in the '90's in college, so there's much worry about college gambling compromising the integrity of sporting events as well. Student bookies can be found on most college campuses enabling betting on sporting events. Three years ago Sports Illustrated ran a controversial report on college campus betting, calling it rampant and prospering and I recommend that article to anyone interested.

Gambling rings have been uncovered at Michigan State, Maine, Rhode Island, Bryant, Northwestern, Boston College, and many other institutions. While studies are sparse, LeCeur (ph) has found in a survey of six colleges in five states that 23 percent of students gambled at least once a week. Some studies show that between six and eight percent of college students are probable problem gamblers, which is defined as having gambling habits out of their control.
Many gamblers start as adolescents. One example is a Texas Tech sophomore who started gambling in tenth grade. By the time he was a senior in high school, he was winning and losing thousands of dollars. Another student at the University of Florida talked of raiding $20,000.00 from his joint checking account with his mother and of owing tens of thousands of dollars to other friends. And as we know, many Americans are now turning to the Internet to gamble on sporting events. This is happening on college campuses and elsewhere and there's a reason for worry here, too.

Internet gambling has become widely available at the same time that sports touting services have proliferated. For example, Jason Ader (ph) an analyst with Smith Barney in New York, suggests that the legalization of Internet gambling, if it ever would happen, would create $10 billion of net revenue for cyber casinos, so we know that we're talking about a lot of money here. Other sources estimate that this amount could total $1 trillion worldwide. Interestingly, at one point 48 of the nation's 50 largest newspapers published betting lines and information.

Sports periodicals that analyze upcoming contests such as College and Pro Weekly Football or Sports Forum are littered with advertisements for 1- 800 and 1-900 odds information numbers, wagering phone numbers, celebrity information numbers, sports results networks, and confidential sports wagering accounts. There are also colorful
advertisements for offshore Internet gambling sites and for Internet sites located in foreign countries.

The NCAA and other organizations have expressed the fear that Internet gambling will increase the amount of sports wagering on college campuses and the number of gambling infractions by student athletes. Of course, there are a lot of possible solutions that one might consider. One of our previous witnesses at the last hearing in New Orleans, Edward Galenic, has suggested the sports wagering be legalized. Others have suggested greater enforcement efforts on the other hand. For those citizens who violate state laws, stiffer penalties have been suggested. For professional athletes, there have also been suggestions for stiffer penalties.

Some have argued that student gamblers should suffer expulsion. Some believe that student athletes who gamble should lose their eligibility entirely. And some have argued at the very least colleges should have written, credible and visible policies against student gambling. There are others who argue that promotions for lotteries or casinos should not be shown during a sporting event and that the gambling business should not sponsor a sporting event. There have also been suggestions that newspapers should not run advertisements for touting services or handicappers.

This is a debate, as you may know, Madam Chair, in Washington, D.C. where the Washington Post has cut a compromise by running the line on professional events but not on college
Some newspapers have actually complied with this request. In Florida the Attorney General's office ordered the print and broadcast media to cease and desist running ads that promote illegal gambling. In conjunction with that request, Western Union in Florida made the announcement that it would no longer send quick collect funds to offshore betting sites.

Many believe that the law is clear about Internet gambling, that it's illegal. Of course, there are others who think that the law is muddy and needs to be cleaned up. Let me offer a few examples. Recently Indiana Attorney General Jeff Monacett issued an opinion that gambling on the Internet is a Class D felony punishable by 18 months in prison and a fine of up to $10,000.00. While there's no court decision in Indiana that Monacett could use to justify his position, he argued that his opinion bears legal weight in his state. He also acted in part because of his concern about the growing use of Internet gambling on college campuses and by adolescents.

There are others who argue that Internet gambling is illegal because it involves transmission of wagering information. There's much debate about this. One person, Jeff Pash, has argued that it violates 18 US Code 1084 except where such gambling is legal at both the sending and receiving ends of the transmission. There's much debate about the meaning of what we would consider a transmission to be in the U.S. Code. Some people say that logging on and acceptance of the bet should
qualify as a transmission. There are other people who have argued the opposite.

Some Internet gamblers have been arrested which is an interesting development. In March of 1998 the United States attorney filed criminal charges against 14 individuals involved with sports book making marking the first time that anyone has been arrested for Internet gambling.

In conclusion, Madam Chair, the rapid proliferation of computer technology and credit availability has made sports wagering possible from anywhere any time. As computer and communication technology continues to evolve and mutate, the difficulty of oversight becomes geometrically more complex. The amounts of money involved and the dangers posed to adolescents, college students and problem gamblers are enormous.

CHAIRPERSON JAMES: Thank you. Any questions or discussion for Doctor Shosky before we move to our panel? Doctor Shosky, thank you very much.

DR. SHOSKY: Thank you.