CHAIRPERSON JAMES: Doctor Quinn.

DR. QUINN: Madam Commissioner, Madam Chairman, I appreciate your asking me here today. I'm afraid I'm losing my voice from a late night flight and a round of golf on a windy day, if you'll bear with me. I've submitted some testimony and I also have a preliminary report that I believe Doctor Kelly had earlier and I have a copy for each of you. If you would like one of those, I'll get one of those to you. The preliminary report is a piece of research that Doctor Kathy Pike and I have conducted in Columbia, South Carolina throughout the State of South Carolina last June.

I've changed my mind on what I wanted to say today about 15 times sitting in the audience, so I'm going to speak somewhat extemporaneously to you. I feel like I've come from Frankenstein's laboratory. The State of South Carolina currently has only convenience gambling. We have no destination gambling. We have no large casinos. We have really no tourist industry. All we have are video poker machines located predominantly in convenience settings although, as I'll tell you later, we have some very unique settings like tanning salons, laundromats, one real estate office and we have some unusual circumstances that I think may point out to you what can absolutely go wrong in the worst way in terms of convenience gambling.

As Ms. Jones indicated, Las Vegas and Nevada have dealt with this issue over a long enough period of time that
they have learned from some of their earlier mistakes perhaps.

In South Carolina we've only had about four years to deal with this issue and during that period we've gone from only -- well, some illegal machine operation to 31,000 licensed video poker machines at 7600 different locations spread throughout the state.

Now, what that amounts to because we're a very small state, is approximately one video poker machine per square mile. We have 46 carriers, so if you do the math very quickly you can see with 7600 locations the opportunity to gamble is widespread in the State of South Carolina. This is compounded by the fact that the only form of legalized gambling in South Carolina and I'm sorry I am excluding bingo in this case because bingo is legal in South Carolina under certain circumstances, but it's a very, very small player today. So truly the only form of legalized gambling are the video poker machines. The video poker machines have not only different varieties of video poker but, of course, black jack and keno possibilities, so an individual may play numerous games on a machine.

State law requires that no more than five machines could be at any one facility. However, this law has been subverted by the establishment of what are euphemistically referred to of video malls and in a video mall a partition is placed in a room and an owner can have five more machines if a business license is established for that and I believe also a separate electrical outlet. So we have some very small casino
like operations usually referred to as video malls. Many of
them actually appear to be nothing more than a double wide with
approximately 30 or 40 machines in it.

Now, I'm sure you've heard testimony in the past
from individuals such as Doctor Hunter from here in Las Vegas
about video poker specifically as a form of gambling and that is
exactly what we've had to deal with, how virile a form of
gambling it truly can be. There is currently a class action
suit in the State of South Carolina against the operators and
the report that Doctor Pike and I produced last year was passed
onto the federal judge, Judge Anderson, in that suit. And
basically all we were trying to do was look at the impact in the
State of South Carolina.

We sent our researcher into the 46 counties in the
state that had to interview approximately 500 individuals who
were currently playing video poker at different sites on that
day. Now, the information that we got from that gave us some
insight not only into the thought process but the behaviors and
the emotional state of the individuals actually playing and I
would like to suggest to you that since you're examining
convenience gambling that all that we truly have to measure are
individuals involved in convenience gambling, that our research
might have some impact and import for you for further concerns.

We have several specific issues that I think are
very important. Number one, based on our information,
approximately 20 percent of the people that we interviewed could
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meet some of the criteria for problem gambling. Now, there's --
as you know in the field there are different terms. There's
probably problem gambling, problem gambling, pathological
gambling disorder, gambling level 1, 2 and 3 and our definition
is kind of a combination of all of those.

We use some criteria that met some of the DSM-IV
criteria, the GA-20 questions and some of the items from the
SAG's (ph) to determine that. Twenty percent of the people that
we interviewed who were currently playing video poker met the
cutoff criteria for problem gambling. I would suggest to you if
we weren't in the city of Las Vegas and did similar research, if
we came up with a number that high, that Ms. Jones and her
colleagues would be screaming to shut down the casinos. That's
an inordinately high number.

Some other items that you might be interested in are
these. Of the individuals we interviewed approximately 78
percent had been offered at least one illegal inducement. Now,
South Carolina has some rather unusual laws and they do not
enforce all of their laws very well. But certain things are
illegal -- constitute an illegal inducement in South Carolina
that do not constitute an illegal inducement in Nevada.

One of those for example is having alcohol on the
premises. In South Carolina it's illegal to hold a liquor
license and a video poker license in the same location. This is
a law that appears to be constantly ignored since many of the
sites are in bars and restaurants and even convenience stores
who hold license to sell alcoholic beverages. That debate is still going through the court system also. Approximately 46 percent of the individuals we interviewed say that that one of the illegal inducements that induced them not only to play longer but to play more often.

There are some legal inducements, however, that may even be more important. Sixty-one point nine percent of the individuals that we interviewed said that it was availability and proximity that played the biggest part for them, 61.9 percent. Now, what that means is that essentially having 7600 locations is one of the really big issues in terms of getting people to play and perhaps, contributing to pathology. Many of you are familiar with the Baker case in South Carolina where the lady who went into play video poker and left her 10-day old child in a car in the hot August sun for nine hours while she played.

And there are many, many contingencies in that case, but I've got to tell you, availability and proximity are one of them because that lady set out that day not to go play video poker. She set out to go pay her bills. Well, other issues that I think may also be of concern to you is that approximately 13 percent of the individuals we interviewed said that they had at least one or more family members who they perceived to have a gambling problem.

This is in a state that has only had a form of legalized gambling for four years. Now, the vast majority of
the individuals that we interviewed that met our criteria for problem gambling had been gambling, particularly the video poker, for at least four years. The vast number of players that we interviewed almost 42 percent had been playing for one year or less and what that suggests is that there's the possibility of the pig moving through the python, that the bubble is going to get larger in the next couple of years. There seems to be some link to pathology with longevity.

In South Carolina it's illegal to advertise. This is unusual, of course, because here in Nevada there are advertisements all around. Part of any of you that have driven up in I-95 lately, however, have seen billboard, signs. We've recently acquired a casino boat that will be based out of Myrtle Beach but will be gambling three miles off the coast and approximately with a capacity of 400 people that will constitute the largest casino in South Carolina. So all we really have is casino gambling.

The industry itself has not been regulated very well by the state. We have individuals who come from places like Nevada and look at our regulation, just shook their head and say, "We must either be naive or just stupid." I personally would prefer that we were just criminally negligent because I'd hate to believe my fellow statesmen are that stupid.

The laws that we do have, the laws that are on the books have not been enforced very well and so what we have is a situation that is out of control. It's totally convenience.
gambling or what some of you may refer to as fast food gambling. We have sites. As I mentioned before, literally any place that you would like to have a site, although they're supposed to be approximately 300 yards away from a school or a church and they're not supposed to operate on Sunday or Saturday night from midnight until Monday morning at 6:00 o'clock. If you'd like to get a look at what can go wrong in terms of gambling that is under-regulated and with regulations that are unenforced and where the primary form of gambling is the most virile form, video poker, and when it's totally convenience gambling, I'd appreciate it if any of you would like to come to South Carolina to visit, I'll be more than happy to take you around.

I would like to share with you the findings of our report and I'll make these available to you at the end. Thank you.

CHAIRPERSON JAMES: Thank you.