CHAIRMAN JAMES: For those of you who have not had the chance to meet our Executive Director, this is Nancy Mohr Kennedy. Her nomination as Executive Director was unanimously approved at the last Commission meeting, and Nancy has been very busy ever since.

I want to personally and publicly thank Nancy for having taken charge of this process and for the fantastic job that she and the staff are doing in trying to accommodate our Commission. Thank you, Nancy.

Please, go right ahead.

MS. KENNEDY: Thank you, Chairman James.

These first three months have been a real education for me on a subject that is fascinating, as well as controversial.

I want to thank each and every Commissioner for your support, your outstanding effort and commitment to this Commission. You each are exceptionally busy people with enormous responsibilities. Yet you have responded to our
requests for assistance quickly and thoroughly. For
that I thank you.

In addition, I want to say that the staff
are superlative in their expertise, work ethic and
attitude. From day one we have all worked very well
together, and I commend them.

Since October, three additional staff
members have joined us on North Capitol Street.
Martha Clement Roberts is Deputy Director; Doug Seay,
our new policy analyst; and Janet Newkirk, our
secretary.

Martha and Doug are with us, and I hope
that they've had an opportunity to introduce
themselves to each of you on the Commission.

As you see by their respective resumes and
biographies at Tab 5, we have secured the commitment
of three highly qualified professionals. Martha is
using her management skills and communication
expertise to make the trains run on time and help keep
the media informed.

Doug's technical expertise and analytical
skills have been invaluable as the research staff
I know Tim Kelly is grateful for his assistance, as we all are.

Many of you have already talked to Janet, who's back in the office running the Commission staff. She is smart, resourceful, and helps us all stay organized.

The Acting Administrator of the U.S. Government Accounting Office has personally committed to us the loan of a trained economist to assist in the evaluation of certain research data. We're still pursuing other agencies for detailees.

In addition, we're trying to secure interns to help in some administrative aspects of our work, and we have requests out to several colleges and universities.

In response the American University in Washington, D.C., their School of Communications, has indicated an interest in sending two graduate level students to our aid for course credit.

While thinking about bringing on an intern or two, the issue of confidentiality inevitably
surfaces. The supplemental operating rules adopted by the Commission at their last meeting on October 31st charged the Executive Director with enforcing this provision. Every member of the staff has read the article in the U.S. Code regarding the disclosure of legally confidential information.

In addition, the staff is charged with exercising a level of professional discretion. Commissioners also have staff who must occasionally delegate certain responsibilities.

Let me respectfully remind you all of this legal obligation and refer you to the operating rules, Section 10.

Dr. Tim Kelly has been working on potential cooperative agreements which would meet our stated research objectives at a shared cost, and we are presently in conversation with the U.S. Departments of the Treasury, Justice, and Health and Human Services on some collaborative efforts that will meet the mandate of our statute.

As you know, the RFP for the national survey and community database, which you have all
seen, will largely prescribe the quality and scope of our final report. For more specifics on the status of the research agenda, I will defer to tomorrow's report of the Research Subcommittee.

You will see in your briefing books under Tab 6 two budgets. Please replace the second with the revised draft budget which was handed out to you just before the break.

The first illustrates our expenditures to date against our original appropriation of $4 million. To date we are on budget. I'm pleased to point out that by bringing the minimum staff necessary to run this meeting and by driving in our "Moo" van we have already saved the Commission scarce funds.

CHAIRMAN JAMES: Excuse me, Nancy. Your what van?

MS. KENNEDY: Our "Moo" van. We have a big white van, and the license plate starts with m-o-o.

CHAIRMAN JAMES: Oh, thank you.

MS. KENNEDY: We didn't plan it that way.

We plan to continue in our efforts to
husband the money that we've been given by the public
to operate in an efficient, cost effective manner.

The second budget is the allocation of our
original appropriation, and my recommended allocation
of the additional $1 million, which was added by
Congress in their closing days of the last session.

Let me draw your attention to the first
column of numbers. At the October 31 meeting,
Commissioner Loescher requested a justification for
the line item for staff compensation. The $1.7
million figure being considered at that time included
not only staff salaries, but benefits which make up
nearly a third of that line, as well as remuneration
for the Commissioners.

Now, please look at the second column.

CHAIRMAN JAMES: Excuse me just a minute,
Nancy. Could you refer us to where that is in the
briefing book so Commissioners can catch up with you?

MS. KENNEDY: Yes. It's at Tab 6.

COMMISSIONER: What's the date on it?

COMMISSIONER LANNI: What's the date and
the time?
MS. KENNEDY: I'm sorry?

COMMISSIONER LANNI: The date on the document you're referring to. Nothing was distributed to me today.

COMMISSIONER: Nor I. The date on the top right?

COMMISSIONER LANNI: Could you give us the date that you're referring to?

MS. KENNEDY: Martha?

COMMISSIONER LANNI: Where's the efficient Martha?

MS. KENNEDY: The efficient Martha --

CHAIRMAN JAMES: Martha is evidently running out for more copies. I apologize. In your book you have --

COMMISSIONER LANNI: Ours is dated 1/7/98, 12:03.

MS. KENNEDY: Yes.

CHAIRMAN JAMES: Is that the one you're referring to, Nancy?

MS. KENNEDY: No. That is the budget
report as of the end of December, of the amount we have spent to this point and the balance.

COMMISSIONER LANNI: And we should still keep that?

MS. KENNEDY: yes.

COMMISSIONER DOBSON: Here she is.

MS. KENNEDY: The second one --

CHAIRMAN JAMES: Why don't we just hold for a second and Martha can distribute that.


I'm sorry that it was not presented to you. I thought it had been.

Okay. Do you want me to go back through the explanation to Commissioner Loescher's question about the original 1.7 million or is that all right?

CHAIRMAN JAMES: Nancy, why don't you go back to the beginning of the discussion about the budget now that we have these in front of us and work from there?

MS. KENNEDY: Okay. All right. You have two budgets. One budget is the revised budget, which I sent to the Chair, Commissioners Bible and Leone
because the General Accounting Office or, no, the General Services Administration gave us two days' notice that they had to have our budget for submission to OMB, and I sent you the memo at that time.

That is the first revised budget which under staff compensation came to 1.8.

In response to Commissioner Bible, we then revised again, and our new recommendation reflects the new funding, which -- this is still not right, Martha.

I'm sorry.

May we come back to the budget?

CHAIRMAN JAMES: Why don't we delay this portion of the discussion until later and continue with your Executive Director's report and we'll take this issue up a little later?

COMMISSIONER LANNI: Does that mean we should discard this document that we were just given?

MS. KENNEDY: No, sir.

COMMISSIONER LANNI: No, we should hold onto it.

MS. KENNEDY: I'm sorry. Where you have the three columns, that's where I'm speaking.
COMMISSIONER LANNI: That's on the back of
the document that was just handed to us?

MS. KENNEDY: Yes, sir.

COMMISSIONER LANNI: We're saving money.

Congratulations.

MS. KENNEDY: Yes, sir.

On the front of the document was the --

CHAIRMAN JAMES: Nancy, I'm going to ask
that you delay the discussion on the budget piece
until you've had a chance to look at all of that.

We'll move on with the rest of the Executive
Director's report and perhaps come back to this one a
little later.

MS. KENNEDY: All right. My apologies.

You have just received proposed dates for
the site visits this year. The May date is news to
you. The dates that we proposed earlier by memo of
4/5 and 14, 15, I think, did not work for most people.
The dates of May 20 and 21 are now proposed for your
consideration for the May meeting.

The rest of the dates are the best dates
for the rest of the meetings. All Commissioners seem
to be able to meet those dates. So we would like to
have you put those in your book as the dates for the
site visits that will occur during this year.

We'll turn now to the work plan.

CHAIRMAN JAMES: Do all of the
Commissioners have the suggested dates based on the
staff work with the calendars?

COMMISSIONERS: Yes.

CHAIRMAN JAMES: You all have that.

MS. KENNEDY: The papers that you have
before you on the draft meeting schedule or the work
plan are based upon --

CHAIRMAN JAMES: Nancy, could you tell us
where to find the work plan?

MS. KENNEDY: I'm sorry. It's at Tab 7.

COMMISSIONER LANNI: It was just handed
out though.

COMMISSIONER WILHELM: You know, I can
tell you've been doing thorough staff work because
there's no argument that summer is the most cost
effective season to visit Arizona.

(Laughter.)
MS. KENNEDY: We want to keep you off those golf courses.

The draft schedule that has been put together is based upon recommendations by the Commissioners for sites to be visited. We have listed proposed topic areas, which I'll be glad to go through with you if you so please. Do you want me to do that?

CHAIRMAN JAMES: Why don't you walk us through that?

MS. KENNEDY: All right.

CHAIRMAN JAMES: And perhaps tell us a little bit of the background of the site, where the suggestion came from, what the staff suggestion is on that particular point.

MS. KENNEDY: All right. The next meeting is March the 16th and 17th in Boston, Massachusetts. It was recommended by Commissioner Wilhelm, and the topics that we would propose be looked at in that area would be, according to our mandate, the assessment of state and local revenue and alternatives and the role of advertising in promoting gambling.

Secondary issues would be lottery and the
social and economic impact on the area.

Also proposed for that part of the country is Ledyard, Connecticut, the site of the Foxwoods Casino, which although Boston would be the site of the hearing, if Commissioners wanted to go up to Foxwoods for an afternoon or an evening, we certainly could provide transportation. I believe it's about 90 miles away.

COMMISSIONER: Kay.

CHAIRMAN JAMES: Why don't we walk through the whole thing and then come back for discussion?

MS. KENNEDY: Okay. The next site would be May, Chicago, and May in Chicago instead of January, and this location has been proposed by Commissioner Lanni, Leone, and Wilhelm.

The proposed topic areas of primary interest would be review of state policies and practices with regard to gambling, an assessment of the interstate effects of gambling by electronic means, including interactive technologies, and the role of advertising, again, promoting gambling.

The secondary issues would be the
parimutuel industry, the offtrack betting, lottery,
rural communities, and at the suggestion of
Commissioner Leone the possibility of looking at the
securities market.

CHAIRMAN JAMES: I thought that was an
interesting suggestion, Commissioner Leone.

COMMISSIONER McCARTHY: Madame Chair.

CHAIRMAN JAMES: The chair recognizes
Commissioner McCarthy.

COMMISSIONER McCARTHY: I have two
thoughts. Is this working?

CHAIRMAN JAMES: I believe it is. I would
ask all Commissioners to pull them forward and down.

COMMISSIONER McCARTHY: I have two
thoughts I want to contribute to this discussion at
this point. One is that while I don't mind
establishing all the dates for the regional site
meetings, I'm not sure we need to finalize every site
throughout the rest of the life of this Commission.
I do think we certainly need to name the next couple
of sites at least so that that's known.

The second thought is on the subject
matters that we would take up at these sites. My recollection tells me that at the October 31st Commission meeting we had a discussion on how we would try to frame the subjects to be discussed at these meetings, and it was either a motion or an amendment to a motion by Commissioner Lanni that suggested that one subject would be on economic impact, but not on that universe, but defined within economic impact. A second subject would be on social impact, of course, specifically focused on some area, and the third subject would be on an issue of paramount interest to the situs or the region in which the Commission was meeting.

I'm hoping that as we go through the -- that there's some logic in the sequence of subjects that we try to discuss as we look out over the coming year. We did that with some measure of success at this meeting, but I really think that if we're aiming at testimony which will give us data to help shape the final report that this Commission is going to write, as well as engage the public in a lot of thinking about this subject, I think we do need to focus on
expert panels and on other approaches while allowing ample time to hear as many witnesses from the public as may wish to testify.

CHAIRMAN JAMES: Certainly. Having said that, what I'd like to do in terms of the process issue at this point is to let Nancy continue to go through, present her report, and then we can open it up for discussion, remembering as we go through this it is a draft document and Commissioners can have the opportunity to suggest we do or even none of these. So with that in mind, Nancy, I'm going to ask you to please continue.

MS. KENNEDY: Thank you, Madame Chairman. One proposed site for July 29 and 30 would be California, which has been recommended by Chairman Lanni. A proposed location would be Inglewood, California, home of the Hollywood Park Casino.

The primary issues are the assessment of gambling revenue to state and local governments and state government policies and practices with respect to the legalization or prohibition of further
gambling.

The secondary issues are card clubs, parimutuel betting, and Native American gaming.

That is one proposal. The other proposal for the July visit would be Arizona, which was proposed by Commissioner Loescher, who's not with us, and Commissioner Wilhelm, and it's dry out there in the desert in July. The proposed locations would be a Native American tribal casino south of the metropolitan area, Phoenix, the Gila River and Ak-Chin (phonetic) Indian Reservations. Tempe would provide the nearest suitable hotel and meeting accommodations.

The primary issues proposed would be federal, state, local, and Native American tribal government policies with respect to the legalization or prohibition of gambling and the extent to which possible alternative revenue sources may exist for tribal governments. The assessment of the impact of gambling on depressed economic areas, and a second issue of casino gambling and intergovernmental issues.

In September, the dates of September 10 and 11. We have proposed one of two sites in the
State of Mississippi, and these recommendations came from Commissioners Dobson, McCarthy, Moore, and Wilhelm. The two proposed locations would be either Tunica or Biloxi.

And the primary issues would be the effect of gambling on depressed economic areas, the effects of gambling on small towns and rural communities, the assessment of the relationship between gambling and levels of crime, and of existing enforcement of regulatory practices intended to address any such relationships, river boat casinos, and then, of course, the social and economic impact.

Tunica, as Commissioner Moore will readily tell you, not too long ago was a very depressed backwater that is now a thriving gambling community, and Biloxi, which is on the Gulf, has river boat gambling.

And last for the year is proposed that we go to Nevada on the 10th and 11 of November, and Nevada has been proposed by Commissioners McCarthy and Wilhelm, and the sites would be Las Vegas or Laughlin.

Primary issues would be the Internet,
assesssment of the interstate and international effects of gambling by electronic means, including the use of interactive technologies and the Internet and its effect on the casino industry and sports wagering. January, we have not proposed a date yet for you to consider, and this is New Orleans, Louisiana, which was proposed by Commissioners Bible and Dobson. The primary issue there would be the relationship between gambling and levels of crime and existing enforcement and regulatory practices intended to address any such relationships, and river boat gambling.

And that concludes the presentation on the work plan, and I open it up for discussion.

CHAIRMAN JAMES: Yes, John.

COMMISSIONER WILHELM: Going back to Leo's two points, I thoroughly agree with Leo's second point, and I think that's an approach to building these agendas that would be much more useful.

I respectfully disagree with Leo's first point. I believe it's imperative that we figure out
now not only the dates that we're going to go places,
but also where, and the reason for that is I don't
think we have any way of knowing what we ought to look
at at an early site visit without knowing where we're
going to go at a later site visit because the later
site visit might be a better place to look at a
certain thing. So I think we should nail them all
down.

If I might just make a couple of other
comments on the draft work plan.

CHAIRMAN JAMES: One other question for
point of clarification.

COMMISSIONER WILHELM: Yes.

CHAIRMAN JAMES: Nancy, I know that you
are aware of the direction about, you know, the
primary subject and then social and economic, and I
want to be clear that nothing that was recommended
here had any conflict with the resolution that was
passed by the Commission as a whole. Is that, in
fact, the case?

MS. KENNEDY: As far as I understand it,
yes.
CHAIRMAN JAMES: Yes, and so, I think there's no deviation from that in terms of looking at the primary focus and then the social and then the economic.

I'm going to let John go ahead and finish and then I'll --

COMMISSIONER WILHELM: I think Leo wants to respond to that particular point.

COMMISSIONER McCARTHY: Yes. I think Nancy's just picking up on a very early conversation by different members of the Commission and by proposals coming from various Commissioners for the most part and the subjects that are being recommended.

So I didn't view this as any -- I just don't think we've thought through very well the subjects that I think we need to get into in a cohesive way. That's what I was trying to get at.

So it's not staff's fault, but the Commission has to make up its own mind after some good discussion.

MS. KENNEDY: Commissioner, these were proposed for provoking conversation and discussion for
your thoughts, and it is my hope at least that we can
decide on some dates and some locations.

The staff has been working on these
for over two months, and if we can get a little ahead
of ourselves it would be helpful.

CHAIRMAN JAMES: John.

COMMISSIONER WILHELM: I'll just go
through these in order and make a couple of comments.

With respect to Massachusetts and
Connecticut, I wasn't necessarily suggesting that the
Commission should pick itself up and move. These
places aren't very far apart. So to me if we're going
to meet in Boston, that's fine, and I think there's a
wide range of hotels available in Boston, and --

CHAIRMAN JAMES: That have room service.

COMMISSIONER WILHELM: At least that have
coffee in the morning. We have those in Atlantic
City, too, actually, but at any rate --

(Laughter.)

COMMISSIONER WILHELM: -- or if we were
going to meet in Connecticut. Either way I think it's
perfectly feasible to take a look both at lottery
related issues, as well as at Foxwoods, either place.

So I wasn't trying to suggest we should move one place
or the other.

And I agree with Commissioner Loescher
that Foxwoods is not representative of Native American
casinos. Foxwoods is not representative of anything
other than itself. It's the biggest casino in the
world, the most profitable casino in the world. I
think we'd be derelict in our duty if we didn't look
at it, and I would suggest that we take a bus trip
down there if we're going to meet in Boston. Either
that or we meet down there and take a bus trip to
Massachusetts. Either way, they're very close.

With respect to the proposal for Illinois,
I would --

COMMISSIONER LANNI: Excuse me, Madame
Chair. Maybe we could each address each location,
John, if that's acceptable.

CHAIRMAN JAMES: Let's talk about a
process working through the work plan, and what I'd
like to suggest is that we first agree on the dates,
and I think that staff having worked very hard
with our individual schedulers that we can agree that
those will, in fact, be the dates.

COMMISSIONER LANNI: Is a motion in order?
CHAIRMAN JAMES: I would be happy to
entertain a motion.

COMMISSIONER LANNI: I would move that we
approve the dates as recommended by staff based upon
conversation with individual Commissioners.

COMMISSIONER WILHELM: I second it.
CHAIRMAN JAMES: It has been properly
moved and seconded. Call for the vote.

All in favor.

COMMISSIONER McCARTHY: Discussion.
CHAIRMAN JAMES: Discussion, yes. Leo.

COMMISSIONER McCARTHY: Have specific
dates in each of these months already been cleared by
each member of the Commission?

MS. KENNEDY: Yes, sir.

COMMISSIONER McCARTHY: Except for May, as
you pointed out.

MS. KENNEDY: Except for May. I sent a
memo out to each Commissioner and asked you to rank
responses, and your response was please remember not
to make me travel on Friday if you can help it, which
I've managed to do except for one.

CHAIRMAN JAMES: And I would say that I
would beg the Commissioners' indulgences here.

(Laughter.)

CHAIRMAN JAMES: This is an
extraordinarily difficult job to try to pull this
group of people together. So it's not going to
accommodate everyone's schedule every time.

COMMISSIONER DOBSON: I don't want to
travel Sunday through Thursday.

(Laughter.)

CHAIRMAN JAMES: Well, there you go.

COMMISSIONER McCARTHY: I might mention
parenthetically that Mr. Wilhelm and myself have been
to the Denver airport several times.

(Laughter.)

COMMISSIONER McCARTHY: Of course, when I
said let's not travel on Friday I was going to try to
keep us out of the airports. I was viewing that for
my own convenience. I'm willing to suffer any burden.
It was the rest of the Commission that I had --

MS. KENNEDY: There are a number of you that are out West, and you made the request for more than yourself.

COMMISSIONER McCARTHY: I did. Thank you.

COMMISSIONER WILHELM: You're already suffering an --

(Laughter.)

CHAIRMAN JAMES: Having said that, are there any other --

COMMISSIONER McCARTHY: But we have cleared specific days in each of these months?

CHAIRMAN JAMES: Yes.

COMMISSIONER McCARTHY: I'm sorry. With the exception of May.

CHAIRMAN JAMES: With the exception of May, Leo. With the exception of May.

Yes, John.

COMMISSIONER WILHELM: I don't personally have any problem with this, but I do want to just point out for the information of the Commissioners that November 11th is Veterans Day. I don't know if
that's -- I'm accustomed to working on holidays, as
are many of you. I have no problem with that, but I
want to be sure that we're not inadvertently offending
veterans.

CHAIRMAN JAMES: Well, we had Veterans
Day. We had St. Patrick's Day. We even had you
traveling at one point on Mother's Day, John, but
we --

COMMISSIONER WILHELM: Well, I know the
staff was working on Martin Luther King's Day, too.
So it's been very nonpartisan. I agree with you.

CHAIRMAN JAMES: Absolutely, absolutely.
It is a very difficult task, and I do want to commend
the staff, to try to come up with dates for this
Commission.

Having said that, they do have --

COMMISSIONER MCCARTHY: Another question

on --

CHAIRMAN JAMES: -- they do have a
recommendation for us.

COMMISSIONER MCCARTHY: -- on sites on Mr.
Lanni's motion. How many --
CHAIRMAN JAMES: Excuse me just a minute, Leo. I will recognize you in just a second.

They have done an extraordinary job of coming up with this, and what I want to do at this point is to limit our discussion to a discussion of the dates and see if we can get past that one. Then we will get on to looking at some of the other issues that are very important and relevant to all of us.

Is there any more discussion on the dates?

COMMISSIONER McCARTHY: How many additional dates were --

CHAIRMAN JAMES: The chair recognizes Mr. McCarthy. What was your question, Mr. McCarthy?

COMMISSIONER McCARTHY: How many additional dates and additional sites will we be considering?

MS. KENNEDY: Beyond this, what I just reported as far as site visits? That would be all.

CHAIRMAN JAMES: Well, I'm not sure staff is in a position to answer that question because I think the Commission will decide if there are
additional dates or if there are additional sites.

COMMISSIONER McCARTHY: Let me propose --

MS. KENNEDY: But that's all we're

proposing.

COMMISSIONER McCARTHY: Let me pose the

question to the chair.

CHAIRMAN JAMES: It's not the chair's

prerogative. This Commission will decide if there --

COMMISSIONER McCARTHY: Does the chair

have any ideas on the subject?

CHAIRMAN JAMES: The chair does not have

a predisposition on this.

COMMISSIONER WILHELM: Just in the stuff

that was handed out quite recently -- and I don't know

if you've had a chance to look at it -- there is a

draft. There's a document entitled "Draft Commission

Time Line," which talks about various other meetings

toward the end of the process, retreats and surrenders

and --

(Laughter.)

CHAIRMAN JAMES: The chair recognizes

Commissioner Leone.
COMMISSIONER LEONE: Yes. In the interest of moving along and --

CHAIRMAN JAMES: Thank you.

COMMISSIONER LEONE: -- common sense, I'm not exactly sure what you're getting at, Leo. I think we could certainly add dates. I think at this point why don't we concentrate on whether there's an objection to these dates? We need at least some meetings on the schedule.

COMMISSIONER McCARTHY: My point, if I may answer --

COMMISSIONER LEONE: Could we move on these dates and at least lock them up to the extent we can?

CHAIRMAN JAMES: The Chair recognizes Commissioner McCarthy.

COMMISSIONER McCARTHY: My reason for the question about whether there are any additional sites and, therefore, subjects or not was as we move along, I'm learning a great deal more about the nature and character of gambling in America, and I know the other members of the Commission that aren't associated with
the industry are learning a good deal more, and it may be that there's a compelling logic to hold meetings of the Commission at other sites on other subjects that don't even occur to us at this moment.

CHAIRMAN JAMES: Well, let's be very clear. At this point the question that is before the Commission is simply a question of whether or not we can agree on these dates. That's not say that there may not be additional dates, that the Commission may change its mind, that the Commission may even decide to change one of the dates that we're voting on right now, but it's very important for staff and for us for our personal schedules to be able to at least have some process in place by which we can plan.

And so you have the dates in front of you. Is there any further discussion on these dates? And let's be clear. Let me say it one more time. That's not to say that we are settling anything in terms of topics to be discussed or whether or not there will be additional or even fewer sites. At this point we're just trying to formalize some meeting dates for the Commission.
COMMISSIONER LANNI: Madame Chairman.

CHAIRMAN JAMES: The Chair recognizes Commissioner Lanni.

COMMISSIONER LANNI: For the record, I think those are the five dates that Ms. Kennedy is suggesting, not including the January '99 date because there is no date or location.

CHAIRMAN JAMES: Correct. That's correct. With that I would like to call for the vote. All in favor signal by saying aye.

(Chorus of ayes.)

CHAIRMAN JAMES: All opposed?

(No response.)

CHAIRMAN JAMES: Thank you.

Now we have dates. Having done that, I think in terms of process it would be important at this point for us as a Commission to talk about whether or not we want to settle at this point what will be discussed at each of those Commission meetings, and also I want to reiterate that it is the chair's desire to make sure that we follow strictly the resolution that was passed by the Commission in
terms of the format of what those meetings would look like, and I think it's the intention of the staff to follow that as well.

So we have the dates. We have the format for what those meetings are, and if it is the desire of the Commission, now I think it would be appropriate to talk about what would happen at each of those meetings.

The chair -- oh, yes.

COMMISSIONER WILHELM: Including or excluding place?

CHAIRMAN JAMES: Including, including place, because I think place can't be separated from the subject.

COMMISSIONER WILHELM: Agree.

CHAIRMAN JAMES: Because it makes more sense to have certain discussions in certain places.

The chair recognizes Commissioner Leone and then Commissioner Dobson.

COMMISSIONER LEONE: I want to modify something I said at an earlier meeting. At one point it seemed to me, and it still seems to me, if you
assume away certain problems that we could, in the
interest of giving people a chance to be heard and
locations an opportunity to be visited, imagine some
sessions conducted by subcommittees so that we, an
economist would say, would be more efficient to do
that since we all can read, to read the reports.

As a practical matter, as I looked at this
and thought about the topics and thought about the
difficulty of getting good presentations on the
substantive and the size of our staff, it seems to me
that a meeting every other month is a lot, in effect,
for the staff to accomplish, and I think we would make
a mistake if that's all the staff was doing, was the
logistics and organizing the meetings.

And I suspect that that will be already
more true than might make some sense. So my only
comment is as we go forward while I had a lot of ideas
about other things we might do, and I think other
Commissioners do, and I think Leo is absolutely right.
As we get into it, other things seem interesting. As
a practical matter, given our resources, I don't know
how many meetings we can have between now and the end
of the year and have good meetings, effective
meetings, where we do a good job of giving people a
chance to come forward and set up the right kind of
panels and make sure we get coffee.

CHAIRMAN JAMES: Commissioner Dobson.

COMMISSIONER LEONE: I think this might be

enough.

COMMISSIONER DOBSON: I agree with Leo

that I don't think we ought to lock in our topics just

on the basis of what we heard today. I tried to get

that information down, and there were aspects of the

list that troubled me if I understood it correctly.

There were three separate proposals

regarding the stuff of Internet gambling and only one

that dealt with problem and pathological gambling, and

so there are some other problems with that.

I agree, as I said, with Leo. I would

like to not make those decisions early on like this

and leave ourselves some flexibility for what we do

down the road.

CHAIRMAN JAMES: Commissioner Wilhelm.

COMMISSIONER WILHELM: I don't disagree
with that. I would like for us to try to
preliminarily designate topics, but I would agree they
need to be kept flexible as we progress.

    Do you want to discuss the places one at
a time or do you want to discuss all of the places?

CHAIRMAN JAMES: I think we could keep it
open because if you start talking about whether or not
we ought to go here, it's going to be balanced against
whether or not we go there. So let's keep it on all
of the subjects.

COMMISSIONER WILHELM: All right. Well,
I had made some comments about New England. Can I
make comments about other places?

CHAIRMAN JAMES: You certainly may.

COMMISSIONER WILHELM: With respect to
Illinois, I would hope that Commissioner Leone who
knows a great deal more about securities than
certainly I do, which is saying nothing, but probably
than most of us, would be very much involved in the
preparation of that agenda. I think that's an
interesting topic for this group.

    With respect to California in July and
Arizona, I don't know. There's not a wide selection of hotels in Inglewood. I don't know if it's possible to literally meet in Inglewood, and I don't know that Commissioner Lanni's original suggestion was necessarily literally to meet in Inglewood, but I certainly think it makes sense to meet in Southern California because I think if we thought about it and planned it, we could combine southern California and Arizona.

On the other hand, Arizona could, I think, quite easily be combined with southern Nevada. That's another possibility.

But I think Southern California and Arizona could be combined in some fashion, and having said that, I think that we ought to go to Foxwoods. I think that Commissioner Loescher is 100 percent correct that we very much need to take a look at the kinds of tribal casinos that are in Arizona. I think he's absolutely right about that.

And I don't think that Southern California Native American casinos are a good substitute for that, and the reason that I have that opinion is that
there's this enormous controversy in California which
I think is within the Commission's purview certainly
about the intergovernmental relations issue as it
relates to Native American casinos, but I think that
the Arizona casinos would allow us to look at Native
American casinos of a very different kind from
Foxwoods without getting directly dragged into those
controversies in California. I think that would be
advisable.

With respect to Mississippi, I would defer
to Dr. Moore as to which end of the state we ought to
go to, but I think we can certainly look and talk
about both ends of the state, no matter which end of
the state we go to.

CHAIRMAN JAMES: Let's be clear. The only
thing the chair feels strongly about is we're going to
Mississippi.

(Laughter.)

COMMISSIONER WILHELM: Having read the
Atlantic City press earlier this week --
CHAIRMAN JAMES: Absolutely.
COMMISSIONER WILHELM: -- I'm confident of
And finally, I do think it makes a great deal of sense to go to -- and I confess to not being objective on this, Jim -- to go to -- a little joke -- to go to Las Vegas and also Laughlin, which are 90 miles apart. They're two excellent -- they're very different kinds of places and both worth looking at.

And I would recommend that we do not look for a hotel in Bull Head City, Arizona, which is the town of Laughlin.

With respect to January 1999, I continue to have reservations about going to Louisiana for the reasons the staff has noted here on this paper, but more importantly, I do not believe we should go anywhere after the end of 1998, and the reason for that is that according to the draft work plan that we were given this morning -- and this makes sense to me -- we're going to be diving into the completion and presumably following upon that the examination of the research findings, which will presumably be very voluminous and very complicated.
The drafting of the report and the completing of the report, and we have to do all of that between January and April, and I think that's an overwhelming amount of work.

So both for the reasons that Commissioner Leone was pointing out in terms of the staff resources, but also in terms of the time of the Commissioners, none of whom do this for a living, I don't think we ought to go anywhere after the end of 1998.

Thank you.

COMMISSIONER LANNI: Madame Chair.

CHAIRMAN JAMES: Commissioner Lanni.

COMMISSIONER LANNI: If I may on a couple of issues, in no particular order other than the manner in which they're presented by staff here, on the first point relative to Massachusetts, I have a question. The indication is the primary issues are assessment of state and local revenues and alternatives and the role of advertising and promoting gambling. Secondary issues are the lottery.

Now, unless I misunderstand, or maybe
staff has a better understanding of the fact that
ton lottery is not gambling, to me unless you have a
predestination to the numbers that are available, to
me that's a form of gambling, and I don't understand
how that seems to be excluded here in the verbiage.
The secondary issue is lottery. To me
advertising is a significant factor in the lottery.
It is a form of gambling I think by anyone's
definition. So I'm a little confused on that.
Also I'm a little confused as to why we
would go to Boston itself because other than the
lottery and racetracks in the surrounding area, horse
racetracks, I'm not sure what other forms of legalized
gaming exist in Boston. So I'm a little confused
about that.
Secondarily, on another issue is --
CHAIRMAN JAMES: Should we address that
one, too, before we move on?
COMMISSIONER LANNI: Sure, if you would
like to.
CHAIRMAN JAMES: Sure.
MS. KENNEDY: It's on the list because it
was proposed by a member of the Commission.

COMMISSIONER WILHELM: Since my name is tagged on that, I had suggested that we go to New England. I haven't read the transcript lately. I don't remember whether I specifically said Massachusetts versus Connecticut, and I have two reasons, both of which are reflected here.

One of them is Foxwoods, which again I think is a phenomenon that has to be looked at, and the other one is the lottery because the Massachusetts lottery is representative of one of the more aggressive forms of lottery and because it's my understanding that the people of Massachusetts bet more per capita on the lottery than anywhere else.

I don't, however, as I said earlier, think that there's any particular need to go to Boston per se. We could go to eastern Connecticut or we could go to Worcester, which is halfway, you know, which is in Massachusetts very close to Foxwoods. There's lots of places you could go. I don't think there's any particular magic in Boston, although I love the city.

COMMISSIONER LANNI: I think Boston is
also a lovely place to be and I would enjoy being
there, and that's not an issue. I think being in
Boston is fine. I'm really more interested in seeing
the lottery since it's a significant aspect, along
with horse racing, in that area the primary discussion
matter, and I don't understand, again, why the lottery
would be excluded in this format from what would be
legalized gambling because it clearly is gambling.
Those are the two concerns I have.

I think Boston is fine. I think the
various representatives of the government relative to
the lottery are probably based there. So that's a
logical place to be.

I think the visit to Foxwoods is logical,
and I certainly understand Commissioner Loescher's
position on that particular issue, but it is a
significant factor in gambling, if not a logical
comparison to normalized Native American gaming.

So I would support that. I just, again,
think the lottery should be part of the primary, not
the secondary.

CHAIRMAN JAMES: Nancy, just for the
record I wanted to give you an opportunity to respond
to that.

MS. KENNEDY: Where we stated primary,
we're reflecting back on the legislation, and the
legislation talks about advertising, and the example
they use is lottery. So that's --

CHAIRMAN JAMES: But there was no attempt
to indicate that lottery was not gambling?

MS. KENNEDY: No.

COMMISSIONER LANNI: But the document hear
in my humble reading, and it's only my opinion, but
it's an opinion which I respect obviously, is --

(Laughter.)

COMMISSIONER LANNI: -- that the secondary
issue is lottery. So I just think it should be not a
secondary issue. One could argue that it's excluding
lottery from gambling, and I don't think that is a
logical approach.

CHAIRMAN JAMES: Duly noted.

MS. KENNEDY: We just switch it right back
up to primary.

CHAIRMAN JAMES: Commissioner Bible.
COMMISSIONER BIBLE: I think our
discussion when we first talked about this area was
the Commission's visit to Massachusetts would explore
the lottery, the lottery's advertising practices, and
in conjunction with that particular meeting we would
go down to Foxwoods and take a look at the tribal
opportunity that's offered there, with the
understanding that it may not be representative of
tribal gaming throughout the United States.

CHAIRMAN JAMES: And that's why I think
it's important if we do do that particular visit that
we balance it with a visit to Arizona and to some
other form of Indian gaming just so that we can have
some comparisons because Foxwoods is, indeed, an
extraordinary --

COMMISSIONER BIBLE: Yeah, and I think in
terms of the tribal gaming, I think we can put
together a balance, and there's a suggestion we take
a look at the opportunities in Palm Springs, which
arguably are not being conducted legally, perhaps
compare and contrast those particular operations with
the operations over in Arizona.
COMMISSIONER LANNI: Madame Chair, if I may continue.

CHAIRMAN JAMES: Yes, please, Mr. Lanni.

COMMISSIONER LANNI: On the issue of the Hollywood Park -- and I think the dates are fine, and I compliment the staff for what is obviously a very difficult task trying to get all of these dates together, especially when some people don't like to travel on Fridays.

But the issue to me is when you take a look at it, horse racing is an important aspects as I understand it, a listed area in which we should be evaluating it, and if we visit Hollywood Park on July 29th through the 30th, we will have a very difficult time seeing a live horse there because if you have any involvement in horse racing, they move on down to Del Mar. I think about the 23rd of July or thereabouts will be the closing date at Hollywood Park.

There is a card club at Hollywood park also. Possibly the Commission --

CHAIRMAN JAMES: Can you see why your contribution to this Commission is so invaluable?
COMMISSIONER LANNI: I knew at some point it would come to light. I just wasn't quite so sure it would be this soon.

(Laughter.)

COMMISSIONER LANNI: The issue would be to me that possibly we could cover some broader areas by moving that meeting instead of Hollywood Park south to San Diego because three very large Native American gaming operations are within that area. The Borona Tribes is one, the Siquan, and one other tribe which I cannot recall at the moment.

PARTICIPANT: Viejas?

COMMISSIONER LANNI: Viejas in that area, three of them.

That would give us an opportunity to visit some very active gaming operations in that part of the state. It also might afford us the opportunity to go from there over to Arizona, although most of the intelligent people are called "Zonies" when they come to California during July and August because it is so hot in Arizona, but we could go on that on a second day on over to Arizona and cover the Native American
operations there that are more modest, very frankly,

than the ones that exist in the Viejas, the Borona,

and the Siquan tribes in Southern California.

So that would be my recommendation, with

all due respect to my friend, Dee Hubbard, the Chief

Executive Officer of Hollywood Park, that we move that

on down south to Del Mar, which I might add is not a

bad place to visit either.

COMMISSIONER WILHELM: I suppose we'll

have to ask the General Counsel of the Commission

whether we can be on either horses in general or your

horses at Del Mar.

(Laughter.)

COMMISSIONER LANNI: My horses are

somewhat like Joey Brown, the comedian, who said he

used to follow his horses and his horses followed

horses. My ownership of horses represents that quite

well.

CHAIRMAN JAMES: Additional discussion on

the proposed sites and topics?

(No response.)

CHAIRMAN JAMES: May I suggest this then
at this point? I'd like to have the staff go back based on the conversations that we've had today and redraft this with in mind that all of this is in draft. It is at the will of the Commission. It can be changed at any point, but to look at changing that site visit in California, to look at some of the other suggestions that are made by the Commission.

   Let me say this.

COMMISSIONER LANNI: Madame Chair. I'm sorry.

CHAIRMAN JAMES: Yes.

COMMISSIONER LANNI: There's one other point, if I may.

CHAIRMAN JAMES: Absolutely. Commissioner Lanni.

COMMISSIONER LANNI: Relative to a very important area that I think the Commission has every reason, logic, and appropriate response to review is Internet gaming and the status of it. It is suggested that that be on the agenda for the Nevada visit, be it Laughlin, Las Vegas, or a combination thereof.

   If one takes a look at some of the
activities that exist for Internet gaming at this
time, many of them are based offshore. I don't think
we want to go to the West Indies or Aruba, although
that might be rather nice also.

There are certain lawsuits that have been
filed in the Midwest of the United States on Internet
gaming, and it might be more appropriate to add that
to the agenda for the Chicago visit since we might be
able to call upon people who have a better
understanding of the practicalities of it, including
people possibly somewhat involved in those suits if
they're able, with counsel's advice, to present any
activities at that point.

CHAIRMAN JAMES: That's a good point.

COMMISSIONER BIBLE: It's already on
there.

COMMISSIONER LANNI: But it was suggested
for Las Vegas. I'm suggesting that the --

COMMISSIONER BIBLE: No, it's on the site
for Illinois also, and it would seem to me --

COMMISSIONER LANNI: Oh, I missed that.

I'm sorry.
COMMISSIONER BIBLE: -- Missouri and Minnesota have active litigation.

COMMISSIONER LANNI: Right. That's why I suggested the Midwest.

CHAIRMAN JAMES: Rather than those sites.

I think that's a good suggestion.

COMMISSIONER BIBLE: But in terms of process, maybe a question to Nancy. How much lead time do you need in terms of site and site selection to start planning for it?

MS. KENNEDY: Well, my experience is I've been on the job almost three months, and it's been a real scramble. At least two months. We've already had an advance trip up to Boston to look around. I would like to at least have two in front of me so that as we are doing the finishing touches on one meeting we have already started the process on the next.

COMMISSIONER BIBLE: In terms of process then we probably should select the next two sites. We should have the understanding as we move through the calendar that each meeting we will discuss the upcoming agenda for the next meeting because new
topics are going to arise and stay flexible as we move
and try to accommodate staff to the greatest extent
that we can in terms of setting the meetings.

CHAIRMAN JAMES: I don't even think we
need that in the form of the motion. I think there's
general consensus about that.

Would we like to then just conform our
discussion at this point to the next two meetings and
resolve those and then leave that open? There's
general agreement on that?

John.

COMMISSIONER WILHELM: Again, I have no
problem with that with respect to subject, but I would
hope that we could pin down the locations, having
already pinned down the dates, before we leave
Atlantic City if that's possible.

CHAIRMAN JAMES: Discussion? Leo.

COMMISSIONER McCARTHY: As I was listening
to the discussion here, I was trying to list some of
the major topics that I sense some of the
Commissioners who spoke want to address and ask the
question: which one or two sites are best to hear
Indian gambling, you know, all aspects of it;
lotteries; state/federal regulatory practices --
incidentally I think we mentioned just state here. We should also look at federal regulatory practices.

MS. KENNEDY: yes.

COMMISSIONER McCARTHY: Internet gambling.
And I think each Commissioner has to give some reasons, if not at this instant, within the next 72 hours to the chair and staff as to why a particular subject should be heard at one of these sites.

There's already been some doubt raised about going to Boston and what the rationale was, and I think we had some very loose, generalized conversation several months ago that we haven't carried forward on. So I'm not sure whether Boston makes sense for one of these subjects or not. It may be that -- and the one subject for Boston was off Commissioner Wilhelm's suggestion that they have very aggressive marketing practices. Well, it may be that a couple of the other states that we are thinking about for sites also have aggressive marketing, but for other reasons they might be a more logical place
to get into the subject of lotteries.

And I think we ought to give a little bit more thought to that very quickly then we seem to have given up to this point.

I have one final comment. You have California listed for September. We're going to be in the middle of a red hot gubernatorial campaign there, and this subject of gambling may be one of the big issues.

COMMISSIONER: No, July.

MS. KENNEDY: July, California.

COMMISSIONER McCARTHY: July. Same comment.

This subject may be one of the main issues. I'd like to think a little bit at least about the consequences of that and how that might become involved in that campaign, just as when it came to New Orleans we were concerned about the contest over the outcome of the senatorial race down there.

You might consider flopping California so that it's in November. That doesn't address the subjects to be handled in the Southern California, but
it does address that it's an issue that I'm conscious
of, and maybe nobody else on the Commission cares too
much about that, but I give it to you for your
thought.

CHAIRMAN JAMES: Commissioner Lanni.

COMMISSIONER LANNI: One thing. I think
a lot of what Leo's suggesting does make sense. One
are, I think, to clarify it, if I understood it
correctly, the concern about going to Louisiana was
not based upon the outcome of the senatorial election.
I think it had to do with a certain litigation
relative to impropriety, alleged impropriety, in the
voting, and I think there was concern that we would be
throwing ourselves in the midst of litigation, and
that could be a problem.

I'm not bothered by the fact that we have
political processes, and if Attorney General Lundgren
and Senator Feinstein are in a heated battle for
governor, that's fine with me.

COMMISSIONER: She went through yesterday.

COMMISSIONER LANNI: She went through. So
there is one battle that doesn't exist any longer.
(Laughter.)

CHAIRMAN JAMES: Having said that, I would -- just even a cursory look at the transcripts of our last meetings together, we have spent an extraordinary amount of time talking about these subjects and with Commissioners giving their ideas and their opinions about where we ought to go. At some point we need to fish or cut bait, and I think we're at the point where we've now agreed on dates. What I'd like to do is see if there's anyone who would like to make a motion that we agree on locations, and then we can talk about -- and I think that was a very good suggestion that we only do subject matters two meetings out -- just for the purpose of planning and for the purpose of staff having the opportunity to prepare the Commission for those meetings.

But I would like at some point to move the process along because, you know, we continue to have the discussions. There are lots of issues that are raised, and I don't think that we want to imply that we hadn't thought about the fact that there was an election. We hadn't thought about the fact that there
are so many variables in trying to make some sense out of this that at some point we just have to go ahead and bite the bullet and make the decision.

John.

COMMISSIONER WILHELM: Pursuant to your suggestion, I move that we adopt the draft meeting schedule as submitted by the staff with the following modifications:

First, that the March visit could be someplace in Massachusetts or Connecticut, Boston or otherwise.

Second, that the Mississippi visit be in Biloxi, which is our marching orders from Dr. Moore, as I understand it, and that we look at Louisiana issues at the same time because they are not far apart from one another.

And I would defer to the former lieutenant governor of California on the timing issue that he raises on that.

So my motion is the staff's report with those two modifications.

CHAIRMAN JAMES: We have a motion. I want
to know if there is a second for the motion. Is there
a second?

COMMISSIONER LEONE: Second.

CHAIRMAN JAMES: There is a second. Okay.

Now we're ready for discussion.

Commissioner Dobson.

COMMISSIONER DOBSON: Madame Chairman, I
disagree with the motion with regard to Biloxi. It's
my understanding that Las Vegas and Atlantic City and
the Mississippi Gulf Coast represent the three
showplaces of gambling in the United States. That may
not be accurate, but that's my understanding, and it
certainly does not represent the problems that they've
had with gambling in Louisiana, which is why I have
continued to believe that we ought to go there, not to
embroil ourselves in that controversy down there, but
to look at gambling in something less than the kind of
presentations that we heard here this morning.

So I would favor our going to Tunica
primarily to also examine what happens in Memphis
where they are close enough to be affected by
gambling, but don't have the supposed benefits of it.
We're not going to learn a whole lot new, I don't think, by going to Biloxi.

CHAIRMAN JAMES: Are you recommending amendment or are you --

COMMISSIONER DOBSON: I am speaking against the motion.

CHAIRMAN JAMES: -- just speaking against that motion?

COMMISSIONER DOBSON: Yes.

CHAIRMAN JAMES: Any further discussion?

Commissioner Lanni.

COMMISSIONER LANNI: My discussion has to do with my original comments relative to moving the Inglewood visit during July to San Diego area rather than Inglewood.

COMMISSIONER WILHELM: I apologize. I had intended to include that as a third modification to the staff plan in my motion, and with the permission of the seconder, I would like to add that modification.

COMMISSIONER LEONE: Fine.

COMMISSIONER LANNI: And one other
question. I thought relative to Louisiana, I would recommend that we do go to Louisiana. I'm under the impression that legal matter has been resolved. Has it not or maybe that's incorrect?

PARTICIPANT: Yes, it has.

COMMISSIONER LANNI: It has been resolved.

COMMISSIONER BIBLE: And I think you could try to schedule Louisiana around the grand jury.

We'll never go to Louisiana.

(Laughter.)

CHAIRMAN JAMES: Commissioner -- are you finished? Okay. Commissioner Moore.

COMMISSIONER MOORE: Madame Chairman, regardless of what I might have said in the paper and regardless of my friend, Mr. Wilhelm, I would change my mind. I would succumb to other members of this Commission if the majority of them so wished.

I do not have much desire to go to Louisiana, but certainly it's a place that if we could help one percent or one-half of one percent, that would be great because things in Louisiana, even though they're my sister state and we like to go to
New Orleans, you can't tell from day to day what's going to happen in Louisiana.

(Laughter.)

COMMISSIONER MOORE: As far as Biloxi, you know, I've never stated whether I'm pro or con on gambling. I'm just out there in the midst running around like in a cotton patch, but Biloxi, as someone said, as Dr. Dobson said, Biloxi on the surface is doing things right. It looks pretty good. It looks real good in comparison to other places.

The Mississippi Delta, Tunica is -- all of these big casinos in the delta out at Tunica and up and down the Mississippi River, you must understand, you people that haven't been there. These are out in cotton patches. These have a canal that connect to some body of water. Maybe it's the Mississippi, and they come out in these fields, and these casinos are there.

As far as Memphis, I will disagree with Dr. Dobson there. You know, Memphis is called the northern capital of Mississippi sometimes, but most Mississippians don't care about Memphis.
COMMISSIONER MOORE: Now, Memphis, we do care about them, I guess, if you're going to be for gambling because a lot of the customers -- you know, everything's a customer now. Even in medicine you don't have patients. You have customers -- and a lot of the customers come from Memphis.

And to make a long story short, maybe we would get a better view, even though I would love to see you come to Biloxi; we might get a better view of what's going on if we went to Tunica and not worry about Memphis too much. Just worry about the poor people of Tunica. There are still some poor people up there and for some reason. You know, that's in the rich delta land. Everyone ought to be rich.

But I would -- you know, I can live with it. No pressure is on me from anyone. I'm sort of surprised down here to see that Senator Lott recommends Biloxi. Sometimes I wondered if he knew we were meeting.

CHAIRMAN JAMES: John, do you have any
desire to --

COMMISSIONER WILHELM: I would conform my
to whatever Dr. Moore says.

(Laughter.)

COMMISSIONER MOORE: Biloxi is a nice --
it's a nice place to go to.

CHAIRMAN JAMES: Dr. Moore, they may not
know up here that "nice" -- that's "nice" -- is nice.

COMMISSIONER MOORE: Well, that's like
"necked" is naked.

(Laughter.)

CHAIRMAN JAMES: Dr. Dobson.

COMMISSIONER DOBSON: No, I wasn't asking
to speak, but the question is whether Commissioner
Wilhelm just changed his motion.

CHAIRMAN JAMES: I think he did.

COMMISSIONER WILHELM: With the permission
of the seconder with respect to Mississippi. If Dr.
Moore say Biloxi, I say Biloxi. If Dr. Moore says
Tunica, I say Tunica.

COMMISSIONER DOBSON: Can we take up the
Louisiana issue separate from your motion?

COMMISSIONER WILHELM: I have no problem with that.

CHAIRMAN JAMES: Well, what did you -- well, let's be clear about what John said in his motion because I don't think he excluded Louisiana in his motion.

COMMISSIONER WILHELM: Well, I did.

CHAIRMAN JAMES: You did?

COMMISSIONER WILHELM: I said in my view we should study Louisiana when we go to Mississippi, but I have no problem in dealing with Louisiana separately. That seems sensible to me since there's a diversity of opinion.

CHAIRMAN JAMES: So --

COMMISSIONER McCARTHY: Question, Madame Chair.

CHAIRMAN JAMES: Question.

COMMISSIONER McCARTHY: Are we talking about one day in Mississippi and one day in Louisiana?

Is that where we are?

CHAIRMAN JAMES: I don't think we've
COMMISSIONER MOORE: You can't go one day to Tunica and one day to Louisiana.

CHAIRMAN JAMES: What was your question?

Were we looking at one day in?

COMMISSIONER McCARTHY: Well, I'm listening to the conversation.

COMMISSIONER WILHELM: My motion doesn't say that now.

CHAIRMAN JAMES: His motion does not say that.

COMMISSIONER MOORE: You can go from New Orleans to Biloxi because that's about 90 miles.

COMMISSIONER McCARTHY: All right. I'm not sure I understand the difference.

CHAIRMAN JAMES: Between Tunica and Biloxi?

COMMISSIONER McCARTHY: And Biloxi as far as the Commission hearing is concerned, and if we were to go to Tunica, we're much closer to New Orleans --

COMMISSIONER MOORE: No, no, no, no.

COMMISSIONER McCARTHY: Or pardon me.
Biloxi.

CHAIRMAN JAMES: Right.

COMMISSIONER MCCARTHY: We're much closer to New Orleans should we want to hold part of that site hearing in Louisiana. Is that --

CHAIRMAN JAMES: That's correct.

COMMISSIONER MCCARTHY: Is that correct?

COMMISSIONER MOORE: It could be done.

COMMISSIONER MCCARTHY: Just inquiring about some information.

COMMISSIONER DOBSON: Excuse me, Madame Chairman. Are you suggesting that --

CHAIRMAN JAMES: The chair recognizes --

COMMISSIONER DOBSON: I'm sorry.

CHAIRMAN JAMES: -- Mr. Dobson. That's all right. Dr. Dobson.

COMMISSIONER DOBSON: Are you suggesting we travel on the evening between those two dates?

COMMISSIONER MCCARTHY: Well, I'd leave that up to our intrepid staff to figure out how the logistics might be worked out. They have some time to do this.
CHAIRMAN JAMES: And I don't think it's a foregone conclusion yet, based on the motion that's before us, that we would do Louisiana and Mississippi in the same visit.

COMMISSIONER McCARTHY: I don't know if the maker of the motion has strong objection if logistically it can be worked out by Nancy and the team.

MS. KENNEDY: We could probably work it out, but we would probably have to have the Commission meeting three days instead of two.

CHAIRMAN JAMES: The chair recognizes Commissioner Leone.

COMMISSIONER LEONE: Yes, I've been a compliant second on all of this just to move the discussion along, but I do think in the interest of practicality and the fact that this is a big country, it makes sense to think of Biloxi and New Orleans together or Tunica and Memphis together. It does not make sense to mix those up.

And I also think as a practical matter it doesn't make sense to do both given the limited number
of places we can go. I mean, I think the fact is, if
I can speak bluntly, you always have the problem of a
community that's been down so long it looks like up to
us, and you're going to have that wherever this
economic activity of any kind is generated, whether
it's gambling or you bring in a plant that
manufactures widgets. You're going to say this is
good for the community, and you know, maybe the
widgets poison the environment or the gambling affects
a lot of people adversely, and you're going to have to
look at that.

That's more a question of structuring the
hearings and the discussion and the research. I think
we could probably do that either, either north or
south, in Mississippi.

So while Paul is -- Dr. Moore is rapidly
accumulating proxies on this issue, I think we ought
to be able to come up with a package that makes sense
for our visit to that part of the country.

There were other places in the country I
was actually kind of interested in going, but I'm not
bring them up because --
CHAIRMAN JAMES: Thank you.

COMMISSIONER LEONE: -- I think this is a full plate.

CHAIRMAN JAMES: Yes, it is.

COMMISSIONER LEONE: At least as matters stand today.

CHAIRMAN JAMES: That's correct.

The question as I understand it that's before us is Tunica, Biloxi, Louisiana, Memphis; is that correct?

Bill.

COMMISSIONER BIBLE: Perhaps a question of Dr. Dobson. Do you think it's more important to go to Tunica or to Louisiana?

COMMISSIONER DOBSON: Louisiana if we have to compromise, and I'm prepared to do that. Then Biloxi and New Orleans would be the choice for me.

COMMISSIONER BIBLE: So then we probably ought to make that our September meeting.

CHAIRMAN JAMES: John?

COMMISSIONER WILHELM: If that suits Jim and Dr. Moore, then we could make that the final part
of the motion, if Richard is still compliant as the seconder.

CHAIRMAN JAMES: How is our compliant second doing down there?

COMMISSIONER WILHELM: Well, since he suggested it, I think --

COMMISSIONER LEONE: I just respond to the nudges I get from --

(Laughter.)

COMMISSIONER LEONE: That's fine.

CHAIRMAN JAMES: Okay. To be clear --

COMMISSIONER McCARTHY: Madame Chair, now that that knotty problem is solved, may I --

CHAIRMAN JAMES: Well, not entirely there.

We do have a motion.

COMMISSIONER McCARTHY: We're still on the motion.

CHAIRMAN JAMES: And we're having a discussion on that motion.

COMMISSIONER McCARTHY: On the California meeting, may I point out that our colleague, Commissioner Lanni, has proposed that we go into the
hot desert that has about 100 to 110 degrees in the
San Diego area.

Now, I know every member of the Commission is willing to march to the Hill to get the work of the Commission done, but I wonder if literally you wanted to do that.

My other argument didn't work for moving the time of the California meeting.

CHAIRMAN JAMES: Can I go back to the -- because I think the motion that's before us right now is a very specific one, and then we can move to the discussion of California. Your motion did not -- oh, yes, it did. It did. It's entirely appropriate. Please go right ahead. It did include California.

COMMISSIONER WILHELM: Yeah, what's the alternative? Because if you're trying to get out of the heat, if you flip Las Vegas and San Diego, you don't accomplish very much. It ain't exactly cool.

I have no problem with that.

CHAIRMAN JAMES: The chair recognizes Commissioner Lanni.

COMMISSIONER LANNI: The issue, with all
due respect to traveling on Fridays, Governor, and hot weather, the issue has to be if we want to cover parimutuel horse racing. If we want to do it, we should do it in that period of time, and those dates have been approved. That would cover Del Mar Racetrack.

And if you stay at the track and not go into the Native American casino, it's very cool with the breezes coming from the ocean.

(Laughter.)

COMMISSIONER LANNI: We'll take pictures, Governor, and show them to you.

CHAIRMAN JAMES: Any further questions?

COMMISSIONER BIBLE: Done in.

CHAIRMAN JAMES: Done in.

COMMISSIONER DOBSON: Call for the question.

CHAIRMAN JAMES: I have a call for the question from Commissioner Dobson. Are you prepared to vote?

All in favor, aye.

(Chorus of ayes.)
CHAIRMAN JAMES: All opposed?

(No response.)

CHAIRMAN JAMES: The ayes have it.

With that I'm going to ask the staff to pay careful attention to the transcript and the discussion that's gone on here and to make sure that we accommodate the will of the Commission, and that we would get that out to you in paper form some time within the next week or two so that we could have that for our schedules.

MS. KENNEDY: Madame Chair.

CHAIRMAN JAMES: Yes.

MS. KENNEDY: Could I clarify one thing?

That staff will upon returning to our office send out a memo checking with you on the dates for May, correct?

COMMISSIONER WILHELM: Well, I thought we approved them all.

CHAIRMAN JAMES: I thought we approved them all.

MS. KENNEDY: Oh, okay. That's great.

CHAIRMAN JAMES: Yes, we did May.
MS. KENNEDY: Okay. Thank you.

COMMISSIONER DOBSON: But we have not approved subject matter yet.

CHAIRMAN JAMES: We have not approved subject matter yet.

MS. KENNEDY: Correct.

CHAIRMAN JAMES: We looked at the dates.

We've looked at the sites and locations. We've only looked at subject matter, and we have not done anything in a formalized way on the subject matter for the Boston meeting, and I think it's appropriate to talk about that at this particular point in time, to finalize that to make sure that the staff has clear direction as they go back as to what we hope to accomplish in our site visit there.

Discussion.

COMMISSIONER WILHELM: Well, having been tagged with suggesting it, my view is we ought to talk about the lottery and the advertising and state and local revenue issues that are related to that, and we ought to talk about Indian gaming, recognizing that we're also going to talk about Indian gaming somewhere
later, and the intergovernmental issues that are related to that.

CHAIRMAN JAMES: And I did think that I heard the clear suggestion that it include a side trip to Foxwoods for those Commissioners who wanted to do that; is that correct?

COMMISSIONER WILHELM: Yes, although in my view that ought to be actually part of the agenda because I think everybody ought to see that thing.

CHAIRMAN JAMES: All right.

COMMISSIONER McCARTHY: May I ask my colleague --

CHAIRMAN JAMES: You may ask, of course.

COMMISSIONER McCARTHY: John, lotteries by itself is an enormous universe --

COMMISSIONER WILHELM: Yes.

COMMISSIONER McCARTHY: -- that has many pieces to it. Are you proposing we also get into Indian gambling issues at this meeting?

COMMISSIONER WILHELM: If the conclusion of the staff and the Commissioners was that -- and I say this because I don't know anything about lotteries
but if the conclusion of the staff and the Commissioners was that an entire agenda other than a physical trip to Foxwoods could constructively and productively be occupied by the lottery and advertising and the economic and social impacts related to the lottery, then I have no objection to considering the issue of the intergovernmental relations aspects, as well as the economic and social aspects, of Native American gaming be dealt with later.

However, I do think it's very important that we include in the formal agenda a site visit to Foxwoods, and I would doubt realistically that in the Southern California/Arizona visit that we have posited that we could cram into one agenda parimutuel betting, card clubs, and Native American issues.

That's why I thought we ought to spend some time in New England on Native American issues. I also think that there's some people in Connecticut, including both the Foxwoods people themselves, the people from the Massentucket-Pequod Tribe, as well as, for example, I know some of the officials
of the State of Connecticut, as well as some of the
towns surrounding the casino, all have a strong
interest in this.

So that was the basis for my suggestion
that we consider both at that meeting. I just don't
see how we can look at all of the issues pertaining to
Native American gaming in the course of the
California/Arizona meeting, given the other subjects,
and again, I think there are people up there that we
really ought to hear from.

However, I would defer to the staff and
the Commissioners if people think that we ought to
spend all of the available time on the lottery other
than a physical visit to Foxwoods.

CHAIRMAN JAMES: Any other discussion?

Commissioner Leone.

COMMISSIONER LEONE: I think that
Massachusetts is a particularly good case of
irrational state tax policy. There are 49 other cases
I could give you.

(Laughter.)

COMMISSIONER LEONE: But Massachusetts is
actually quite remarkable. There's even a referendum issue this year which is being challenged in court about the income tax, and I think that while we might not ordinarily do it, it's also -- Boston is the home of an awful lot of intellectual talent, including some distinguished people in public finance. I think it would be interesting to have a presentation about the place of the lottery, the history of the lottery, the political imperatives that drive people to introduce lotteries as a way of filling revenue gaps and elaborate on the lotteries.

I've been impressed over the last two decades by the willingness of people, regardless of their ideology and political affiliation, to under the right circumstances come up with a new lottery game as a way of taking some revenue pressure off them, and I just hope we get into that context.

I think that one of the things that concerns me greatly is the reliance on regressive taxes to finance public services, and the lottery is one of those taxes, although it is -- people can argue it's a tax you choose to pay by buying the ticket, but
you can argue that about a lot of things.

And I just think we ought to have a presentation that has that context of revenues in Massachusetts and of the continuing controversies, and the aggressive advertising, in my judgment, is clearly a product of the relentless need to fill revenue gaps because they don't have a sensible system of financing state services year in and year out.

So I just would comment that. In some respects that is something, I think, that's duplicated around the country and really explains the proliferation of lotteries.

CHAIRMAN JAMES: Commissioner Dobson.

COMMISSIONER DOBSON: Generally having agreed that we're not going to get terribly specific regarding the content and the subject matter for each one of these, I would just like to kind of plant a seed with reference to future discussions when we do get more detailed about that.

There's no reference in anything I heard today with regard to the impact of gambling on families. I'm not sure how to get at that in a
meeting, but it has such significance, and it's such
an important question that somewhere in there we
really do need, I think, to address that general
subject.

CHAIRMAN JAMES: I think that there's the
opportunity to do that when we look at the panels that
we have of experts that will look at the economic and
at the social at every meeting; that certainly within
those social panels ought to be the opportunity to
have someone that would address these impacts on
families, and I think that will come out. I think
we'll even see some of that tomorrow in our panels and
in our discussions.

COMMISSIONER DOBSON: For my part, I would
like the staff to work on that and to put that into
some future meeting.

CHAIRMAN JAMES: Well, I hope that it will
be a part of every meeting --

COMMISSIONER DOBSON: Yes.

CHAIRMAN JAMES: -- that we have because
we're interested in the impact on not only
communities, but on individuals as well.
Any further discussion on our Boston meeting and what you'd like to see included there?

Nancy, did you have a point of --

MS. KENNEDY: Just one point for the Commissioners' consideration. I received a call from the Governor of Connecticut's director for his Washington office indicating that if we did come to New England, that they were very interested in testifying.

CHAIRMAN JAMES: Based on our discussion, what I'd like to instruct the staff to do is to put together a recommended agenda that will be circulated among all of the Commissioners, and at that point in time we would have the opportunity to edit, to make some further additions, and again, I would ask Commissioners to understand the extraordinary task of trying to put together a two-day meeting that is inclusive and covers a lot of territory, and we will not be able to accommodate every request, but I think we will work very hard to try to make sure that when we go to that particular location, that we have a very thorough subject matter discussion, as well as the
opportunity to do the site visit.

Having said that, any further discussion on the work plan?

Where I perceive we are is that we have resolved the dates. We have resolved the locations, and we've looked at one meeting, the next meeting. That's Boston, and that we would delay any further discussion on the subject matter of future meetings until we get past that one.

Okay. Nancy, I'll ask at this point that you continue with your report.

MS. KENNEDY: I think I have regrouped on the budget if we can go back to that. The revised draft budget that you have, which is the two column, that is the staff recommendation on the use of the additional $1 million. As you see --

CHAIRMAN JAMES: It says --

MS. KENNEDY: Pardon me?

CHAIRMAN JAMES: I want to make sure we're all looking at the same piece of paper and that we all have it in front of us. Revised draft budget. It has the four million, $5 million figures at the bottom.
Are we all there?

Okay. We're all together.

MS. KENNEDY: Okay. This represents the staff's thoughts on the use of the additional $1 million. I reserved some money in staff compensation should we come to unmet needs staff-wise, for instance, if we need a talented writer in doing the final report.

The rest of the money pretty much stays the same, most of it going to the research, pure research itself.

The only thing that we did add a little to the meetings, and that's because we have no sense right now as to what the site visits are going to cost, and once we have gone through the expenses for this meeting, we can get a rough idea of what the six are going to cost, but it's easier --

CHAIRMAN JAMES: And it may make our entire previous discussion moot because we will be meeting at Nancy's home and discussing all of these issues.

MS. KENNEDY: Anyhow, I figured it's
easier to move money out of the line than to add it back in.

And also, it is at the discretion of the Commissioners and the Chair especially. These lines are not set in concrete at all. They can be moved.

CHAIRMAN JAMES: John.

COMMISSIONER WILHELM: I explicitly supported the -- I'm sorry. Let me start that sentence again.

We were asked, if my memory is correct, by fax because of a timing issue related to the process on Capitol Hill, to indicate whether or not we supported the request to the Congress for an additional $1 million in funding, and I supported that request explicitly on the basis that the additional million would go to research, and it is my impression, perhaps erroneously, that other Commissioners supported it in the same fashion.

This revised budget, if I do the math right, devotes 780,000 of the additional million to research, and I would not have supported it if I thought that's what was happening.
And I believe -- and I may be wrong about this because I don't know very much about the costs of this national prevalence survey for which an RFP has been issued -- but I believe that from what I gleaned from Dr. Kelly and Dr. Reuter that the cost of that thing will be impressive, and in particular because at the specific request of one or more Commissioners, the RFP was amended late in the game, and I didn't oppose this, to include the possibility of surveying not only adults, but also teens.

And the original reason that the staff and the consultant recommended people 18 years and older in the national prevalence survey, there were two reasons that recommendation was made originally by the staff and the research consultant, but one of them was cost.

So my guess is that even if the full $1 million of additional appropriation that was provided by the Congress is added to the research allocation, they're not going to be able to do the things that we've already agreed to do anyway.

So to that extent I differ with the draft
budget. I believe that the entire million should have
been added to the research line.

CHAIRMAN JAMES: You have a discussion?

COMMISSIONER BIBLE: And I would concur
because I supported the additional million dollars on
the same assumption you did, that it would all be
devoted to research. Now the way the budget is
proposed is that the million dollars would get
expensed with about $780,000 going into research and
an additional $147,000 into staff, 67.5 into meetings,
and $5,000 into supplies.

Perhaps in order to move things along what
we ought to do at this point is allocate the 780 to
research and then hold the other in some sort of a
reserve category until we get finite numbers that we
can deal with and make some sort of logical decision
as to where it be deployed.

CHAIRMAN JAMES: Do you want to put that
in the form of a formal motion or --

COMMISSIONER BIBLE: I'd make that as a
motion.

COMMISSIONER DOBSON: Could you repeat
that, please?

COMMISSIONER BIBLE: Well, of the million dollars, take the $780,000, which has been suggested to be allocated to research, and allocate that amount to research. Take the remainder and put it into a reserve category to be deployed to the budget when we have some hard cost data from the RFP and everything else.

COMMISSIONER LANNI: I second it.

CHAIRMAN JAMES: Is anyone ready to call for the question?

COMMISSIONER LANNI: I'll call the question.

CHAIRMAN JAMES: All in favor?

(Chorus of ayes.)

CHAIRMAN JAMES: Any opposed?

(No response.)

CHAIRMAN JAMES: Then that's how we will proceed.

COMMISSIONER DOBSON: Madame Chairman.

CHAIRMAN JAMES: The chair recognizes Dr. Dobson.
COMMISSIONER DOBSON: Looking at the amount of money for research, again, takes us back to what we've already spent. You know, NCR is 625,000, and we're now talking 475 or four-something for ACIR. I don't know what we'll wind up doing on that, but that's 1.1 million of the two million, now 2.1 million, I guess, that we have allocated for research. We're going to get a big shock when the ticket comes back on everything that we wanted to do.

I lost a vote eight to one about not spending that 625,000 until we saw what else we were going to try to do. I still think it was a mistake, and I think we're in for real difficulty when all of these researchers come back.

We're not about to do the things we've outlined for $900,000 or even a million.

CHAIRMAN JAMES: And I think this is a good conversation to have in light of the previous conversation about these various site visits, and we may have to make a decision at some point of giving up one or two of those visits in order to allocate that money for research. I mean, we're going to have some
tough budgetary decisions to be made at some point in
the future.

Thank you.

Anything else?

MS. KENNEDY: Yes, Madame Chairman. The
last issue deals with communications. Were you going
to -- did you address the Web site or are you going to
do that?

CHAIRMAN JAMES: I'm going to do that in
the old business.

MS. KENNEDY: Okay. That concludes my
report.

Thank you. If there are any questions
further.

CHAIRMAN JAMES: Any additional questions
for the Executive Director based on her report?

(No response.)

CHAIRMAN JAMES: We just have one or two
items of old business, and I wanted to update the
Commission on those.

We specifically talked about the National
Research Council contract. It has been distributed to