CHAIRMAN JAMES: Thank you.
I wish we had more time. I will suggest
if there are additional questions that the
commissioners have, I would ask that they be submitted
in writing, and I hope you would be willing to respond
that way.
And again, thank you.
Mr. O'Connor, you are next.
MR. O'CONNOR: Good afternoon.
CHAIRMAN JAMES: Good afternoon. Put it
right up --
MR. O'CONNOR: So you can hear very
clearly.
CHAIRMAN JAMES: -- yes, very good.
MR. O'CONNOR: Clear now?
CHAIRMAN JAMES: Closer.
MR. O'CONNOR: Clear now?
CHAIRMAN JAMES: There you go.
MR. O'CONNOR: Okay.
Good afternoon. Thank you for the
opportunity to provide comments about gambling in New
Jersey.
Wagering is a part of every-day experience, and it's had very positive effects. It provides enjoyment without any problems to the majority of citizens participating in this activity. Total wagering in New Jersey is approximately $6.5 billion, and a billion of that revenue goes towards $16 billion of New Jersey's budget. An eight percent tax on casino revenues is designated for programs for the elderly and the disabled. Another 1.2 percent is earmarked for redevelopment in projects in Atlantic City and throughout the state.

Revenue from gambling supports many public projects, creates employment, promotes tourism. Industry directly provides over 50,000 jobs to people in New Jersey.

Revenue helps to offset cost of prescription drug expenses, property taxes, home rentals, telephone, gas, electric and municipal utility bills for senior citizens and the disabled. It also supplements higher education initiatives and provides funds for construction and renovation of state building.
The majority of gamblers do it socially for entertainment. Some, however, cross the line from social gambling to problem gambling. For them, more and more of their thoughts and resources are dedicated to gambling. Wagering can become a compulsive, destructive behavior for up to five percent of the population. Compulsive gambling is a progressive behavior disorder, in which an individual has a psychologically uncontrollable preoccupation and urge to gamble.

To the compulsive, gambling seems to offer an easy solution to some of life's most pressing problems, insufficient money, little prestige or self-esteem, feelings of boredom or failure and loneliness.

When losses increase and desperation occurs, hopelessness leads many to inappropriate behavior. There is some evidence that senior citizens are disproportionately affected by gambling problems. A number of calls from individuals over the age of 55 to the 1-800-GAMBLER help line have increased 30 percent in the past year. While casino gambling provides many senior citizens relief from loneliness
and boredom, seniors who contract the help line, and those who have contacted the Council on Compulsive Gambling Outreach Program, report that they spend money on gambling instead of spending it on life's essentials, like rent, food and medical bills. In 1996, 13 percent of the calls to the help line were from senior citizens.

According to the Gambling and Bankruptcy Chapter from the SMR research, problem gambling has a significant impact on civil and criminal calendars from the New Jersey court system. Civil suits for non-payment of debts and divorce issues are common. Bankruptcy courts are filled with compulsive gamblers who often return to gambling activities after completing the bankruptcy filing.

Atlantic County, where citizens -- where the casinos are located, had a 71 percent higher bankruptcy rate than the state average.

Criminal cases include embezzlement, bad checks, insurance, credit card fraud and other illegal acts.

The correctional system is impacted as
well. A study conducted by Doctor Lesieur, who you heard from earlier today, and the Compulsive Gambling Council, indicated that one in every four inmates may be a problem or a compulsive gambler. This leads to increased costs for incarceration.

We also know that children are exposed to gambling in many different forms, such as spreads on football games, horse racing and on television. In a survey conducted by Doctor Lesieur, in conjunction with the Council, there was evidence that children start gambling in grade school. The survey indicated that 86 percent of students gambled in the last year, 32 percent gambled weekly playing cards and dice games. Sports betting is the most popular gambling activity in high school.

The survey also indicated that 20 percent of students had family disruption due to gambling, ten percent obtained money illegally to finance their gambling, and 84 percent were considered problem gamblers and fit the criteria for compulsive gambling. Adolescents gamble illegally on lotteries, at race tracks and in casinos. In 1995, 135,000
youngsters were stopped at the casino door, 25,000
youngsters were taken off the casino floors, and 437
were taken into custody according to the '95 and '96
Casino Control Commission adolescent statistics.

While this is clear evidence that the
casinos are concerned with under-aged gambling and
take active steps to stop under-aged gambling from
entering their premises, many adolescents try to
gamble and will continue to do so. The Lesieur
research indicates that teenagers who gamble have more
arguments with parents and others, have poorer school
performance, misuse money, including their lunch
money, borrow and steal disproportionate to their
peers, participate in drug sales and have higher
suicide attempts.

The New Jersey Legislature has recognized
the problem of compulsive gambling by allowing
$600,000.00 from fines imposed on casinos be used for
prevention and treatment activities. In fact, New
Jersey has started the first 24-hour help line, 1-800-
GAMBLER, which is printed on each ticket printed by
the New Jersey Lottery Commission.
New Jersey is also the first state to issue
a certificate to counselors to provide compulsive
gambling counseling.

Our division administers the $600,000.00
that is appropriated by the legislature, and
$500,000.00 of that goes to the Council on Compulsive
Gambling.

The Council provides that 24-hour help line
for our residents and, in fact, in 1997 there were
26,000 calls to that help line. It is anticipated
this number will exceed 30,000 in 1998. This help
line will also allow us to conduct a survey with
callers to find out more specific problems about the
nature of gambling problems in the state.

The Council also conducts other prevention
and referrals for treatment and increases the public
awareness about the addictive nature of compulsive
gambling. The Council has referred people to the
Gamblers Anonymous meetings, the Gamanon Fellowship,
residential and out-patient treatment programs. It
also refers problem gamblers to the 55 certified
gambling counselors.
In the past six months, $100,000.00 of that revenue that I mentioned earlier provided six gambling treatment programs to provide services to 34 individuals and conduct 250 assessments for individuals entering treatment.

While the Council and other sources provide some information about compulsive gambling, there's a serious lack of good epidemiological data available on gambling. There have been very few comprehensive studies on the demographics of compulsive gambling or on the outcomes of existing prevention and treatment activities.

We anticipate that some of the information will be obtained through the survey that the Council will be conducting through the hot line this year.

More specifically, we recommend that a national study be conducted to determine the incidence of compulsive problem gambling, and to identify the risk factors associated with compulsive gambling. This will allow the prevention activities to be focused on those most at risk of problems with gambling.
We also suggest that prevention activities include information on problems that can be caused by wagering and should be part of school curriculum.

We need a comprehensive study to determine the financial and social costs of compulsive gambling, with a separate focus on its impact on seniors and teenagers. Without good data, effective strategies for prevention and treatment cannot be developed and implemented.

A system needs to be in place that provides an early warning for the development of the problem. One such strategy for gaming entities to consider is the responsible gaming program which is an initiative already occurring in four of New Jersey's casinos. The gaming program provides education, awareness information to casino employees and customers about compulsive gambling, and provides information about the 800-GAMBLER help line.

I thank you for the opportunity to testify today, and would welcome any questions or comments.

Thank you.

CHAIRMAN JAMES: Thank you.
First, Commissioner Lanni and then Commissioner Bible.

COMMISSIONER LANNI: Thank you, Madam Chair.

Mr. O'Connor, on the last recommendation, I thank you for the presentation, I think it was thorough and thoughtful, on your last representation it is that one such strategy might be for gaming entities, could you -- since you don't have a definition of terms page, could you define gaming entities that you are recommending?

MR. O'CONNOR: Any place where an individual can conduct wagering, it could be at a race track, it could be at a casino.

COMMISSIONER LANNI: State lottery?

MR. O'CONNOR: Sure, anyplace.

COMMISSIONER LANNI: So, it's government, private, Native American?

MR. O'CONNOR: Yes. In fact, I had mentioned earlier that the lottery tickets in New Jersey conduct the 1-800-GAMBLER help line, so that individuals who are experiencing problems do have an
opportunity to get more information on how to get help.

COMMISSIONER LANNI: Would that meet the definition of your term, a responsible gaming program, would that be sufficient in itself?

MR. O'CONNOR: Yes, not in and of itself, because there are other characteristics that an individual who is conducting compulsive gambling activities may not be aware of, so that the responsible gaming program contains details about some of the behaviors that go into defining the behavior.

COMMISSIONER LANNI: And, again, not putting words in your mouth, but your suggestion is that within the state of New Jersey, at least, if not the entire country, that this be provided for state-run gaming operations, privately-run gaming operations, Native American gaming operations, to the limit that one can as sovereign nations deal with that, as well as any other form, para-mutual wagering, greyhounds, thoroughbreds, is that what you are saying?

MR. O'CONNOR: Yes, and it could be as easy
as having an 800 number where you can get the details about that.

COMMISSIONER LANNI: And, that is your recommendation?

MR. O'CONNOR: Yes.

COMMISSIONER LANNI: And, the other thing, if I may, one further question, I may have been out of the country when they changed this, but I take umbrage with the fact that people over 55 years of age are considered senior citizens. I want to go on record as saying that.

COMMISSIONER McCARTHY: You get a discount at the theater, Terry.

COMMISSIONER LANNI: I threw away the AARP card before it arrived.

CHAIRMAN JAMES: Thank you.

MR. O'CONNOR: Common definitions of age and demographics, I think, is probably very helpful, and age determinations vary depending on the research methodology.

COMMISSIONER BIBLE: Does the state mandate any coverage for alcohol or drug abuse as a condition
of insurance contracts?

MR. O'CONNOR: Alcohol, yes, drug treatment, no.

COMMISSIONER BIBLE: Has any consideration been given to including problem gaming within the mandate of coverages?

MR. O'CONNOR: Not that I'm aware of.

CHAIRMAN JAMES: Any other questions?

Thank you very much.

We'll now hear from one of Atlantic City's finest, Captain Richard Andrews.

CAPTAIN ANDREWS: Thank you and good afternoon. On behalf of the Atlantic City Police Department, I'd like to thank you for allowing me to address the Gaming Commission.

I am presently the Captain of the Casino Hotel Investigation Section of the Atlantic City Police Department. The casino unit was implemented shortly after the passage of casino gambling.

Currently in my office, there are 14 detectives assigned to the unit, including myself and one sergeant. Our function involves the investigation of