CHAIRPERSON JAMES:

At this time, I invite Commissioner McCarthy to present the Research Subcommittee report. And again, Commissioner McCarthy I want to thank you and your committee members for the diligent work and the example you've set for the rest of us in terms of how a good subcommittee works.

COMMISSIONER McCARTHY: Thank you, Madam Chair. I want to thank Mr. Wilhelm and Dr. Dobson for all the hours they've put in on this. And particularly for the qualitative contribution they have made to all of the discussions we've had.

We have a two part report that we want to present to the Commission today. The first is for action, the second is just an interim report on a couple of issues, partially touched upon by Dr. Kelly.
In the report for action recommended to the Commission we have a proposal for the national survey and community database. We went through the RFP process, we got back two proposals we considered as very qualified from NORC and Weststat. And our recommendation is that the Commission authorize the Chair to enter into negotiations with NORC aiming to develop a final offer which meets the substantive concerns expressed on the sheets that we have handed out here, that they touch on some deficiencies in the community database area that we want.

We want to know more about the staffing for the community database, and ten case study work. We have questions on the issue of parental consent, if we are to proceed with interviewing 16 and 17 year olds. And we have serious questions on the patron interview section of this.

So subject to how the negotiations go, we'll have the, your Research Subcommittee oversight, providing oversight to this and if there are divisions
of opinion on any of these issues we will report back
to the Commission for the Commission's full decision.

COMMISSIONER LANNI: I'll second that

motion. I think that was a motion, wasn't it?

COMMISSIONER McCARTHY: Yes it was.

CHAIRPERSON JAMES: I'm sorry, the Chair

was preoccupied.

I heard a motion, a heard someone second.

It has been moved and seconded.

Would you for the benefit of the Chair, was

it the motion that I, for the subcommittee to the

opportunity to--

COMMISSIONER LANNI: National survey and

community database research.

CHAIRPERSON JAMES: Okay. I do apologize

for the distraction. Having heard a motion and a

second, I'd like to, any discussion?

COMMISSIONER LOESCHER: Madam Chairman?

CHAIRPERSON JAMES: Commissioner Loescher.
COMMISSIONER LOESCHER: The motion I believe is to accept the report on this paper that we have here. Is that the motion?

COMMISSIONER McCARTHY: I was going to include the two other items as well. The economic impact literature synthesis, we have received several good proposals. The Research Committee has unanimously agreed to one of those proposals. And we would recommend that to the Chair to, we want the Chair to negotiate the price of this contract, but we want to proceed and try to give every possible opportunity to the top choice of the Research Committee to do this synthesis.

The third piece deals with state lotteries. The Research Subcommittee and we're at this in an earlier stage then we are the two previous issues, we recommend that the Commission authorize the Chair to proceed with the development of a research proposal on this subject.
The scope of the research on state lotteries will include but not be limited to, a study of the ticket purchaser population, and assessment of advertising and marketing techniques, and an analysis of the degree to which revenues earmarked to government programs pre-existing adoption of respective lotteries have been budgeted and not merely substituted for other anticipated revenues from state legislatures and governors. The design, the project design and the cost estimate as we proceed forward with this would be brought back to the Commission for full review and discussion with a cost estimate.

I'd like to ask that the motion by Commissioner Lanni be for all three of those items.

COMMISSIONER LANNI: No actually I think it's your motion, so I'll make my second to apply to those three items.

CHAIRPERSON JAMES: Thank you. It has been moved and seconded. Is there any further discussion?

COMMISSIONER LOESCHER: Madam Chairman?
CHAIRPERSON JAMES: Commissioner Loescher.

COMMISSIONER LOESCHER: This is a huge motion covering about $1.2 million dollars of our budget dealing with research. And I have several views since the motion is in three parts, I'd like to annunciate my views on each of these parts. Is that okay?

CHAIRPERSON JAMES: Certainly.

COMMISSIONER LOESCHER: First of all, Madam Chairman, I am absolutely totally against this proposal for a survey as advanced by the Committee. I think that the Committee should be aware of certain concerns that I have. One is that I think that the telephone sample business of surveying all Americans on their attitudes and about gaming and the small size of that sample being representative of the American population, and the fact that there's no focus in the sampling technique about who is involved in gaming and getting their views. I think it's just a huge waste of time and money.
The other things that I have concerns about the patron interviews at casinos. I really think there are some problems with that whole business. And I think the sampling technique depending on where and how and what time of the day, and what not, the situation is with the interviewees is going to bias that part of the report.

I think there's a lack of balance in how this survey is going to be proposed. It seems to focus greatly on casinos and less on other types of gaming activities. And one example is, there's no focus at all on lotteries which is a huge part of the industry.

The project requires cooperation and I'm not sure that we can get cooperation to implement this survey. There's no element in here on how the contractors would secure this cooperation in advance. And I'm loathe to have this Commission enforce cooperation for this kind of a study. And we have the ability to enforce cooperation, and I don't think that's a good idea.
The other thing is that the experts of the data as represented by these papers are oriented to alcohol and drug abuse as opposed to the behavioral sciences. And I really wonder if that's a right kind of expertise we need. I'm sure that we can learn from the many years of work that's been done in alcohol and drug abuse, but I think that chemical based human disorders are different then the kind of behavioral activities that occur with gaming.

The other thing is that I have a problem with is that I really think that we would be better off and hope that the Committee would consider looking at sample gaming activities and the various types of gaming activities. And looking at the various locations across country and juxtaposing those activities with activities in other parts of the country, and trying to come up with some results on a more focused basis using probably using the same techniques but focusing on people who are involved in gaming.
And then lastly, Madam Chairman, I'm concerned that Native American gaming interests are not really integrated into how this study is put together. And I think that the balance needs to be there in all of the aforementioned considerations that I made as applied to Native American gaming.

So with regard to this part of the motion, I want to go on record as opposing the Committee's recommendation.

CHAIRPERSON JAMES: We'll vote in just a minute.

COMMISSIONER LOESCHER: With regard to the economic impact literature synthesis. I really believe that the research into available data should be a large part of what this Commission does. Certainly there's a lot of information around the country from industry, from government, from others, from universities, and certainly economic impact is one element. And this recommendation authorizes the Chair to not only negotiate but to enter into a contract and I have an
objection to that entering into a contract. I think there might be several contracts. One example is that in the statutes Native American's are singled out seven times and part of that deals with economic impacts, yet there's no consideration to maybe a consultant contract just to focus on those elements. And I think that might be a consideration.

So I would like, I'm not against the economic impacts literature synthesis, but I do have concerns about how it's approached.

And lastly, I do agree with the state lotteries recommendation and the proposal there.

So for the record, I'm going to vote no on this motion.

CHAIRPERSON JAMES: Is there any other discussion?

Commissioner Wilhelm.

COMMISSIONER WILHELM: I support the motion and I do not agree with Commissioner Loescher with respect to his overall statement about inadvisability
of a national prevalence survey of the kind being contemplated here.

However, I do want to indicate for the record that I agree with a number of Commissioner Loescher's other concerns. For example, I agree with his concerns as we have discussed in the Research Committee about the on-site survey, simply from the point of view of what I believe is the impossibility of constructing a valid way of doing that. And I agree with some of his other subsidiary concerns as well.

And it is my understanding that all we're doing here is saying that we're going to pursue whether those kinds of issues have solutions to them, and if they don't then the Research Committee would come back to the full commission with respect to those issues on which the Research Committee cannot agree.

CHAIRPERSON JAMES: Commissioner Lanni.

COMMISSIONER LANNI: On one aspect I agree with much of what John and Bob have said. I have
seconded this motion and I'm going to support an understanding what the specific purpose in mind is.

One thing you mentioned though, Bob, and I don't think that we are in a position to have the authority to force cooperation. Unless I misread that, I don't think we have the ability to force cooperation on the part of anyone be they Native American gaming, non-Native American gaming, lotteries or what have you. I just don't think we have that authority.

CHAIRPERSON JAMES: Any further discussion.

COMMISSIONER McCARTHY: I will just close, Madam Chair, by thanking members of the Commission for this discussion and mentioning that in the national survey that there will be 3,000 samples and those interviewed at length will be profiled by gender, by race, and a number of other characteristics. So it will represent a good cross section of Americans and their attitudes toward gambling.

I want to emphasize that Native Americans will be included in both the national survey and the
community database with considerably important interests. We must get that information. And specifically there are several references in the community database portion of the this proposal that among the one hundred communities selected will be a number of Native American gambling entities.

With that I'll close. I ask for an odd vote.

CHAIRPERSON JAMES: Thank you. Hearing no further discussion, all in favor of the motion please signify by saying aye.

COMMISSIONERS: Aye.

CHAIRPERSON JAMES: All opposed.

COMMISSIONER LOESCHER: Opposed.

CHAIRPERSON JAMES: The ayes have it.

COMMISSIONER McCARTHY: May I turn to the final part of the report, Madam Chair and other members of the Commission that this is simply an interim report. There are a couple of other areas that we would very much want to propose projects to the full
commission about, but we're not at the point where we've got enough information together to do it intelligently.

One deals with a look at regulatory systems particularly focusing on the authority at several over Indian gambling in America, federal government, the state government at the tribal level. And I've begun some conversations with Commissioner Loescher and I'm going to be going back to him several times as we try to get into this particular potential research area. But that's one that's under discussion. And we will look for someone who is independent, and independent scholar, hopefully if we're lucky someone who is an administrative law attorney who has familiarity with regulatory systems, and who is not primarily dependent upon any component of the gambling industry for their livelihood.

The other area I just want to give a brief interim report on is the Internet. Several members of the Commission on previous occasions of course have
pointed out the extraordinary growth of this industry. Its dangers in many respects can come into the home, it can not truly be regulated, so we are continuing to discuss this. We're gathering information, as Dr. Kelly mentioned, and we are going to take a look at this in our coming Research Committee hearings and hope to have something more tangible to report to the Commission at its next meeting.

Thank you. That concludes my report.

CHAIRPERSON JAMES: Thank you. Any questions for Commissioner McCarthy or any members of the subcommittee?

And again, I'd like to thank them and Dr. Kelly and Dr. Reuter as well for the work that they're doing.