DR. REUTER: No. I know.

COMMISSIONER WILHELM: I don't want you to misread what I'm saying. But that the Commission could examine any of the things that it's supposed to examine without taking into full consideration Native American gambling enterprises along with private gambling, the lotteries, et cetera, et cetera. I do recognize that there is an argument to be made, of which I'm not sure anyone conclusively can predict the outcome -- about the legal question. Given the concept of tribal sovereignty, what happens if the Gambling Commission actually tries to subpoena data from the Native American gambling establishments?

My own view is that that issue is considerably more simple than the Native American gambling community would suggest that it is, particularly when you have so many Native American casinos that are operated by regular old gambling companies. But, whatever the outcome of the legal argument might be about subpoenas, I certainly don't want to have anything in any of our documents, at least in so far as I would support them, that makes a distinction here.

Now, I am not of the school of thought that wants to, somehow, pay less attention to
commercial casinos and say, "let's go look at Indian casinos instead". But the reality is, just taking your statement, Leo, of California, what's driving the expansion of gambling in California and other places is Indian gambling. So it's silly to say that we're going to maybe look at it and maybe not.

I think our intent, until and unless some court tells us we can't, would be to seek the same sort of cooperation from the Native American casinos that we do from the private casinos and other gambling enterprises and to expect the same sort of cooperation and to look at them, for purposes of both social impact and economic impact, as not being any different from other kinds of gambling halls.

COMMISSIONER DOBSON: It's my understanding that -- as I recall, that the statute requires us to look at the Native American gambling community.

COMMISSIONER WILHELM: It does indeed.

COMMISSIONER DOBSON: So I agree. We don't want to say anything that implies that's an iffy sort of thing.

COMMISSIONER McCARTHY: So, to sum up, there will be no assumption that anything that we authorize any researcher to pursue to obtain complete
and useful data in the research he's charged with
will exclude any source of gambling, any form of
gambling.

COMMISSIONER DOBSON: Legal gambling.

COMMISSIONER McCARTHY: Legal gambling.

DR. REUTER: Let me just be a little
defensive for a moment. I wrote this carefully to
reflect a reality that I believe will be important for
research purposes, which is: That the casino -- non-
tribal casino industry is heavily regulated, and that
regulation, among other things, generates a lot of
data.

so there simply are things that one can
study about the non-tribal casino industry that are
going to be very difficult to study with tribal
casinos. Now, that doesn't mean one shouldn't try,
but I wanted a paragraph in here that recognized that
the reality for people. The Commission may not be
able to do as good a job, maybe even a much less good
job, of describing many aspects of the tribal casino
industry than it does with the rest of it.

COMMISSIONER WILHELM: Well --

DR. REUTER: I mean I simply would like to
sort of register that.

COMMISSIONER WILHELM: I grant part of
your premise, Doctor, but I respectfully disagree with
your implied conclusion. There's no question that,
either because they're public companies and/or because
of the state regulatory apparatus --

COMMISSIONER McCARTHY: Yes.

COMMISSIONER WILHELM: -- some kinds of
things are much more reported than -- required to be
reported by the commercial gambling --

DR. REUTER: To --

COMMISSIONER McCARTHY: -- but, on the
other hand, two other things are true. One: There is
a certain amount of reporting that goes on with the
National Indian Gaming Commission. More importantly,
this Commission expects and, is entitled to receive
and, if it doesn't, should enforce cooperation from
the commercial gambling industry with respect to
legitimate information requests.

I think that we ought to expect and we're
entitled to receive and we ought to enforce in
whatever ways we can the same kinds of cooperation
from the Native American Gaming community.

DR. REUTER: Okay. I will make sure --

COMMISSIONER McCARTHY: One other point
that I would add, since you make reference to the SEC
or state regulatory commissions: It may be that we'll
want our researcher to frame and present to the
National Indian Gambling Commission a series of
questions.

Now, we know they don't have the staff and
many would assume they, therefore, will not have the
ability to really collect that data, but we can go
through that procedure, and then we may ultimately end
up trying to exercise the subpoena power of this
Commission to obtain that data.

I think that, back to the original point,
this sentence implies that that's not a very valuable
course to pursue. Well, ultimately, we may be
blocked, but, I think, the assumption is that it's
extremely important for the totality of the work of
this Commission that we try through every course
possible to obtain data from all forms of gambling,
whoever operates them.

DR. REUTER: Well, I will certainly do
that.

COMMISSIONER DOBSON: Just for a point of
information, do we know what percentage of employees
in the Native American casinos are Native Americans?
I mean that you hear the comment often, that it
provides jobs. Is it providing jobs?

COMMISSIONER WILHELM: It varies widely,
Jim. I mean the most extreme example in the Indian gaming community accurately points out that this is one end of the spectrum --

DR. REUTER: Yes, right.

COMMISSIONER WILHELM: -- and that it's not necessarily, you know, average. But the most extreme example, of course is the Pequot -- Mashantucket-Pequot casino in Connecticut. There are approximately 380 members of the tribe, and there are 15,000 employees. So, obviously, 14,000-and-some-odd can't be Native Americans, except to the extent that they may have hired some Native Americans from somewhere else.

The Native American gaming community argues, and, I think, validly, that if you go to the other end of the spectrum, that being very small Indian gambling establishments and rural casinos in places like the Dakotas, the proportion of the work force who are themselves tribal members is considerably higher.

So it varies. But if you take California as example, where there are nearly 40 Native American casinos, the overwhelming majority of the employees in those nearly 40 Native American casinos are not Native Americans.
COMMISSIONER DOBSON: How about management? Are these managed by, as you said, the old gambling people, the old gambling companies?

COMMISSIONER WILHELM: Old, and new. Again, in some circumstances, the tribal people themselves have been taking over the management. But Foxwood's, for example, who was then management, is gambling industry people from Vegas and Atlantic City. Mohican Sun, which is the second huge casino that opened recently in Connecticut, is managed by Sun International, which is another huge gambling company. Many of the Las Vegas companies have management contracts with Indian casinos. So there is, again, some Native American management, but, frankly, not a whole lot.

COMMISSIONER McCARTHY: Yes. Well, as long as we're on Indian gambling for a moment and since I didn't see any other specific references anywhere in what we have before us here: This is a subject that the federal government and state governments, of course, are trying to grapple with. And we have a Supreme Court decision that's trying to sort out --

DR. REUTER: Right.

COMMISSIONER McCARTHY: -- the
relationships between how much power the state
governments have over Indian tribal gambling
proposals. And people ask questions like the one Dr.
Dobson just asked: How many employees are Native
Americans?

I don't know how much attention you're
going to pay to Indian tribal gambling in the national
survey or in other areas. I think we need to stop and
talk about that a little bit because I think that
Native American leaders do expect different treatment.
They do contend that there were privileges conferred
on them under treaties and they were treated as
nations.

And it may be that we really need to take
a look -- since this is providing one of the major
sources of growth of casino gambling and other forms
of gambling in the United States. It may be that we
need to think about how we get at this. Now, maybe
you're thinking about this as one of your secondary --

DR. REUTER: I --

COMMISSIONER McCARTHY: I don't know.

DR. REUTER: I think this is a serious
decision for this Subcommittee. And the way that we
have structured the research program, it hasn't
singled that out. If we do a national survey, we're
going to get very little information that's specific
to Native American gambling.

I can see that, in particular, a federally
funded commission has a sort of peculiar duty to deal
with this issue because it is so much a federal
government issue. But I think that would mean
thinking of some specific tasks that are not really
encompassed here that answer questions that you
believe are the first order of questions about Native
American casinos. I think it's --

COMMISSIONER McCARTHY: Yes. It's --

DR. REUTER: I mean that's your decision,
obviously.

COMMISSIONER McCARTHY: Yes. There are a
lot of questions being asked: How many are being
employed? How is the money used? Does it benefit the
other members of the tribe, even if they're not in it?

Now, I don't know about the propriety of
all of those questions; they're certainly natural
questions to ask. Nor do I know whether non-Native
Americans have any legal authority to impose will
requiring any of these things to happen, but, given
the significance of this as a proportion of the growth
of gambling in America, it seems to me this Commission
ought to be able to produce something useful to help
clarify the dialogue in this area other, than a couple
of Constitutional opinions.

In the five months that I've been floating
around this country and asking people, I've run across
at least three people that have studied Indian tribal
gambling. I remember that in Wisconsin, I looked at
one. The two UNLV faculty members -- now there is one
left and he's in Missouri somewhere -- Razell or Razel
or -- and the other one was --

DR. REUTER: Thompson.

COMMISSIONER McCARTHY: -- Thompson.

DR. REUTER: Right.

COMMISSIONER McCARTHY: They did a study
of Wisconsin and, I think, another --

COMMISSIONER DOBSON: Gazel.

COMMISSIONER McCARTHY: Gazel.

COMMISSIONER DOBSON: G-A-Z-E-L.

COMMISSIONER McCARTHY: Yes. He's the one
I was thinking about. They collaborated to do this.
I think it included tribal gambling and Wisconsin and,
I believe, one other state.

DR. REUTER: Minnesota, possibly?

COMMISSIONER McCARTHY: Yes. I think it
might have been Minnesota. We ask you to give some
more thought to this.
DR. REUTER: Yes. I mean in some sense, you can turn around exactly what I wrote here, which is precisely because so little is currently known about readily accessible sources about Native American gambling enterprises.

COMMISSIONER McCARTHY: Yes.

DR. REUTER: This Commission ought to put a particular effort toward gathering it since it may have unique authority for doing so.

COMMISSIONER WILHELM: And --

COMMISSIONER DOBSON: And --

I'm sorry.

COMMISSIONER WILHELM: Go ahead, Jim.

COMMISSIONER DOBSON: A question that I would have for John, again, just because I'm interested in it.

We assume that the natural process is that the Native Americans get together and say, "Let's have a casino," and then they go looking for somebody to help them with it. I wonder to what degree the -- it comes the other way, where the gambling interests say, "We've got to find some Indians," you know?

COMMISSIONER WILHELM: Oh, both. Oh, boy.

And --

COMMISSIONER DOBSON: -- "We've got to
find somebody to legalize this thing; Do you guys want
to be part of it," you know.

COMMISIONER WILHELM: Both. But there
was an article
in the Los Angeles Times a few weeks ago about a
company from Las Vegas called Rio Casino actually
putting up the rather considerable amount of capital
that is required for a group of Indians who believed
that they ought to be a tribe but have not yet gone
through the process of obtaining the federal
recognition.

Now, think about this for a minute because
this was in Southern California. This group wanted to
go through the process of getting federal recognition
as a tribe, which is a very difficult process. You
have to do a lot of anthropological work and so and so
on and show the history of the tribe and all that.

So this group of people from the Rio
company put up a sum of money estimated to be in the
area of a million bucks to do this. And this tribe,
if it succeeds, will be in Orange County, California.

COMMISIONER McCARTHY: Wow.

COMMISIONER WILHELM: Now, imagine being
able to put up the only unrestricted casino in -- so
you're right, Jim. It goes both ways.
DR. REUTER: Of course, Orange County needs some help.

COMMISSIONER McCARTHY: Obviously, it's the Native American tribal gambling that's giving the most competition to the companies that have been in the field there. The threat -- the convention industry sees two major threats. One is the Native Americans, and two is the Internet.

Now, having said that, we as a Commission, regardless of what the conventional industry -- Harrah's or any other company -- think -- they may have their own reason. This is not a shrinking part of gambling in America. It's a growing part of gambling in America. As a Commission, as someone who has absolutely nothing to do with the industry, I think we need to take a look at this to try to sort this out.

I'm sure our colleague Commissioner Loescher will have a lot of opinions on this and comments to make. He's concerned about all forms of gambling, but this would be particularly one of his interests.

DR. REUTER: Could I raise an issue? I mean, some of these seem like matters that are appropriate for public hearing, rather than such --
COMMISSIONER McCARTHY: That's going to happen. That has already been discussed. That will be a part of the public hearing.

DR. REUTER: Yes. And let me say --

COMMISSIONER McCARTHY: But what we want you two to think about -- and, I would add, I would endorse the point raised by both of my colleagues here. I see the opportunity for great mischief by non-Native American-owned and -managed companies joint venturing or, somehow, getting a piece of the action of a Native American tribe, an existing tribe. I can see that happening all over the country.

COMMISSIONER WILHELM: It's already happening. You mentioned Harrah's. Harrah's, if I'm not mistaken, is the largest single operator of Native American casinos in the country, I think --

COMMISSIONER McCARTHY: Really?

COMMISSIONER WILHELM: -- or, at least, among the largest single operators.

COMMISSIONER McCARTHY: I have a strong feeling that a company that is not Native American should under no circumstances benefit from any of the privileges extended to Native Americans under any treaties, whether it's no certain kinds of taxes not being imposed or whatever the benefit is, or allowing
them singular latitude in undertaking their
operations.

I really think that we need to pull
together whatever is out there. Now, there's --

COMMISSIONER DOBSON: Yes.

COMMISSIONER McCARTHY: There's somebody
qualified to do that kind of research.

COMMISSIONER WILHELM: If I might just
follow that up with one additional thought?

You're right, and I hadn't really thought
of it this way, I think, Dr. Reuter. Because the
governance of the relationship between the states and
the Native American gambling enterprises are a
function of federal law, as well as treaty or, if not
treaty, at least this concept of sovereignty, you're
right that a federal commission such as this one
probably has not only an opportunity but a
responsibility to address those things.

So I would look forward to the things that
Leo's asking you for. But, in addition, I think it's
exceptionally important in going through the steps
that you've already recommended that we've sort of
preliminarily agreed upon, such as the database, for
example, we not act as though to exclude communities
that are impacted by Native American any more nor less
than by other types of gambling enterprises.

There was an earlier document here somewhere that suggested that maybe -- I forget where in this Committee -- a suggestion that maybe we would want to exclude consideration of communities that are impacted by Native American casinos because it's too hard to get at the information and all that. But, at least, with regard to the database stuff and that sort of thing, there's no reason to exclude them.

DR. KELLY: And so, to pull together some of the conversation of the last ten minutes, this would help. We went around this tree several times, too, in terms of what questions should or should not be asked of the tribal casinos, versus the non-tribal industry. We tend to have different aspects of that, I think, that we're focusing on here.

But what I hear you saying, I think, is, let's ask the same questions to both sides of this coin. If it turns out that, for legal reasons or for whatever reasons, that the extent to which those questions might be answered might vary somewhat in the tribal community, so be it. we will certainly get good legal advice to guide us in that regard.

But let's ask the same questions, whether it's to the standard industry or to the tribal
casinos, up front. Then let the chips fall where they may. That would go for the community research, as well, is that the point you're making here?

COMMISSIONER WILHELM: I think so, yes.

DR. KELLY: Okay.

COMMISSIONER McCARTHY: A five-minute break, ladies and gentlemen.

(Whereupon, a short recess was taken.)

COMMISSIONER McCARTHY: Ladies and gentlemen, the Subcommittee on Research will resume its meeting.

Dr. Dobson?

COMMISSIONER DOBSON: Okay. As I say, I've got a couple more points. One of them has to do with back on page 1 again.

I think, Dr. Reuter, you've made it clear that you feel that face-to-face interviews are going to be, even though expensive, much better than telephone interviews. I think this Subcommittee ought to recommend that. Where the money comes from is another matter. You know, Congress is still interested in this, and maybe they'll fund it. But I think we ought to recommend it.

COMMISSIONER McCARTHY: I think we're agreeable with that. So you can take out all the
language -- I think if you want to put a couple of sentences in here about, "Accuracy is at stake here for the credibility and the strength of the findings" --

DR. REUTER: Yes. Could I make a strategic point here?

COMMISSIONER McCARTHY: Sure.

DR. REUTER: It probably is not best made in public, but we may end up having to do phone interviews. I mean the money may just not be there. I don't want to sink the phone interviews too badly, but I think that's what we're going to end up with.

COMMISSIONER DOBSON: But we could still recommend what's best.

DR. REUTER: Right. But --

DR. KELLY: We might up combining both, don't you think?

COMMISSIONER McCARTHY: Well, I've already asked Dr. Reuter and I think I mentioned this to Dr. Kelly -- to start working up the cost estimates, and this is very difficult. On the national survey, it's a much more difficult document.

We have not endorsed all of the other suggestions for research here yet, but this comment goes to those that we do: We may wish to defer
something to be in what you've been describing as
secondary research projects which would, obviously, be
contingent upon our finding money. But we need to
come up -- and I hope we can -- by the 31st with some
rough cost estimates in these other areas.

DR. REUTER: I agree.

COMMISSIONER McCARTHY: We want the other
members of the Commission to know what it is that
we're facing here. On this one, I agree entirely with
what Dr. Dobson said. And I think Mr. Wilhelm agrees,
as well.

COMMISSIONER WILHELM: Yes, I do.

COMMISSIONER McCARTHY: We're not going
to -- this has to be done in the right way. This
national survey is simply too critical, and we have to
find a way to get the money.

DR. REUTER: Fine. Okay. I shall write
it that way.

COMMISSIONER McCARTHY: We'll have to find
a way to get the money for some of the other things
we've been discussing here. The national survey will
not be adequate by itself, but it is a critical piece.

DR. REUTER: Okay.

COMMISSIONER McCARTHY: So I agree with
the point just made, and so does Mr. Wilhelm. So
let's redraft it to say that.

DR. REUTER: Okay.

COMMISSIONER McCARTHY: Dr. Dobson, any other comments you still have?

COMMISSIONER DOBSON: The last one with regard to the importance of problem and pathological gambling. We have little or no -- there's very little in there that proposes original research in that area. Again, that takes us back to my bias about the NRC. But I wish that we could identify one or two researchers who are qualified to do that and ask for a proposal, a quick proposal, for relatively inexpensive research. Dr. Lorenz, or somebody like that, who has experience at data and patients, to do a study for $100,000 or $200,000 or whatever it is that would represent original research on this which, I think, I consider to be the most important subject that we're going to deal with.

We could then decide whether to accept or reject the proposal when we see the design.

DR. KELLY: On what aspect? That's a broad subject, Jim. Are you thinking of something in particular?

COMMISSIONER DOBSON: I think I would leave it to the researcher to tell us what's possible
and what information they have access to and availability for. But it would deal with that broad area of the addictions, how people become addicted, how difficult it is to treat addictions, that whole arena.

COMMISSIONER WILHELM: Well --

COMMISSIONER DOBSON: If you get more specific than that, you might box them in and then -- you know.

COMMISSIONER WILHELM: Well, for my part -- as I have freely acknowledged before, I don't consider myself terrifically knowledgeable on this subject, but, for my part, I do not have any objection at all to soliciting proposals in that area. But I do recognize, as you've pointed out before, Jim, that there's a chicken-and-egg problem here, or a timing problem.

But it was my understanding that part of the -- recognizing your skepticism, Jim, part of the hoped-for results of the NRC study would be to show where the holes are in what is known. That was why I was asking if there was some particular part of this that you wanted to pursue.

I don't have any objection to finding out what kinds of proposals people would make if we
invited them to make them. Then we could weigh them in terms of the fact that we've already identified what we're not going to look at all and the things that we want to look at.

COMMISSIONER DOBSON: Well, we've just laid out a design here, or a plan, that includes no original research in that extremely important area.

COMMISSIONER McCARTHY: Well, that's not quite true.

COMMISSIONER WILHELM: I would regard the survey --

COMMISSIONER DOBSON: We're going to re-analyze the data. Right?

COMMISSIONER McCARTHY: No.

COMMISSIONER WILHELM: No.

COMMISSIONER McCARTHY: We're not talking about that. In the national survey --

COMMISSIONER WILHELM: We're talking about a national prevalence survey that doesn't exist.

COMMISSIONER McCARTHY: -- we're going to get some ideas about prevalence.

COMMISSIONER DOBSON: I think of a survey as different from --

DR. REUTER: I understand the point you're making. But I would like to defend where things are
now.

I mean, the prevalence is clearly an important element, prevalence of pathological gambling, but the whole notion of the targeted surveys is precisely to provide, in a more systematic fashion and well documented descriptions of the behavior itself, the kinds of people that are affected by it and the ways in which it affects their lives and their families.

I'm not as knowledgeable about that research into this area as I am in some others. But I think that that does represent potentially a significant addition to the literature. So I think we are doing something that is original.

If I might suggest that -- and this could appear temporizing, but I think that we will become more knowledgeable about this in the next few weeks and have a better sense about what are the major gaps, even before the NRC has come up with its research agenda.

Perhaps we could signal here that there may indeed be other original research and we will do some, both reading and talking to people in the field, and identify what we think beyond what the NRC has proposed and what was proposed on the survey item,
that might usefully be commissioned by the Commission.

COMMISSIONER DOBSON: That would satisfy me. If there's a statement there that says, "It may be feasible and wise to do original research in the area of pathological and problem gambling. It will be discussed and considered as we identify the gaps in the literature," something of that nature, so that we leave the door ajar. Okay?

DR. REUTER: I do believe there are other federal agencies that would likely be interested in that particular issue. There are agencies that have particular interest in the problems of youth or elderly.

COMMISSIONER DOBSON: Yes.

COMMISSIONER McCARTHY: That's fine. I think that's useful.

COMMISSIONER WILHELM: Absolutely, yes.

DR. KELLY: Just to clarify, if you turn to page 9, that's what I was intending to suggest in the break-out of the primary research, versus the secondary research. We haven't walked through this yet, but let me just call your attention to that.

COMMISSIONER McCARTHY: Yes.

DR. KELLY: It says, "Primary research contracts developed and let this November or
December," and then it says two lines down in the middle line, "Secondary research contracts developed and let as needed," I'm just guessing January to June of '98.

The whole idea, Dr. Dobson, was that as we identify the gaps that maybe won't be addressed through the NRC or whatever, we will want to come back to the table and say, "Now, what do we need to do?"

That might mean a hundred or $200,000 quick, original study by a Lorenz or somebody.

COMMISSIONER DOBSON: That's the timetable. If you put it in the text, that will satisfy me.

DR. KELLY: Okay.

COMMISSIONER DOBSON: That's fine.

COMMISSIONER WILHELM: I agree.

COMMISSIONER McCARTHY: You know, you're going to be in touch with people like Henry Lesieur and Rachel Volberg and others along the way here who are really recognized researchers in this area -- they're not alone; there are others -- probably even in the formulation of some of the questions that we're talking about here in the targeted surveys, as well as the national survey.

DR. KELLY: The other thing we could do
that could help address that, I think, is to stipulate in the contract with NRC that we want the list of literature that they will have generated early on. The Commission can look at that and get a read early on in terms of what may or may not be covered in that literature that they're going to be working with. We could even put a date to that, perhaps.

COMMISSIONER McCARTHY: Yes. Good.

COMMISSIONER DOBSON: Okay.

COMMISSIONER McCARTHY: I think it's a good point, and I'm glad you raised it, Jim.

COMMISSIONER DOBSON: I sign off.

COMMISSIONER McCARTHY: I won't hold you to that.

COMMISSIONER McCARTHY: Mr. Wilhelm?

COMMISSIONER WILHELM: Let me say to both of you, Dr. Kelly and Dr. Reuter, that I have found this to be quite useful, the document and the discussion following upon it. So I appreciate your efforts in a relatively short period of time.

There was a couple of other things that I wanted to mention here, and not necessarily to dwell upon at length. The first one is a repetition of something I already said this morning, but I do want to underscore it.
And that is: With respect to your recommendation on page 5 to find, as you put it, "A leading scholar in the field of regional development who has not previously worked in this topic," to at least, minimally, synthesize the work that has already been done with respect to economic impact modeling, I said earlier that I think that's an excellent idea. I think it's a superb idea.

I realize you've got an enormous amount of stuff to do when you look at the timetable you were pointing us to on page 9. But I would really urge you to try to pursue that one as quickly as possible for the reason that the sooner we get that product, again, hopefully, from a person of unchallengeable credentials, it could go a long way toward informing us about what else may or may not need to be done in that area.

So I think it's a great idea, and I hope that you'll pursue it as quickly as possible.

I just want to make three or four other points, hopefully, very quickly. You do mention in here on page 6 the question that we touched upon briefly in our last meeting of this Subcommittee: The characteristics of jobs.

I continue to feel that even in this
document, it at least appears that the whole question of job quality is short-shrifted. Again, I base that on my experience and having observed and, on a couple of occasions, participated in local debates about whether or not certain kinds of gambling should be expanded.

This, like a lot of other aspects of what passes for the public debate, is so uninformed as to be almost a caricature, you know. Opponents of the expansion of gambling say, "Well, these are all hamburger-flipping jobs," and the proponents say, "These are the best jobs in the history of the universe, and everyone will make a fat living for the rest of their lives and have wonderful benefits and be happy," and everything.

Obviously, neither of those is particularly accurate. Beyond that sort of silly polarization of the discussion, there's also a whole set of questions about how much employment -- and I've referred to this before, and I apologize for being a broken record -- but how much employment is produced by these different kinds of things.

As an example, if you put some form of slot machine or video poker outlet in bars in Montana, I think you'd be hard pressed -- intuitively -- and I
can't document this, but I think you'd be hard pressed
to show more than a handful of jobs, at best, being --
if any, being produced by that. Whereas if you build
a 3,000-room destination casino resort in Biloxi that
draws people from the eastern half of the United
States, arguably, you're probably going to produce
more jobs.

So I still don't and -- from my
perspective -- and I've admitted the bias of my own
interests here -- I don't find that whole set of
issues, job creation and the quality of those jobs, to
be yet enough here in terms of our agenda.

DR. KELLY: So you want that drawn out --

COMMISSIONER WILHELM: Yes.

DR. KELLY: -- and explicated?

COMMISSIONER WILHELM: I would like to see
that, yes.

DR. KELLY: Okay.

COMMISSIONER WILHELM: Secondly -- and,
again, I know I'm repeating myself a little bit. But,
I don't quarrel with what you've written here about
the Internet, and we talked about this last time.

DR. REUTER: Yes.

COMMISSIONER WILHELM: It's emergent, it's
hard to study because it's emergent, and all that. I
was quite struck that this week in Las Vegas, they had one of these -- I forget what they call it, but they had one of these giant exhibitions where all the people that make these gadgets come in and show, you know, the next generation of slot machines and all that stuff. A gaming expo, I think, it's called. There was a whole area there about Internet gambling, and I must tell you it was quite frightening. When you go look at this stuff and you see how far along they are, it's really frightening. I know that there's a feeling on the part of some folks that, "Well, you know, the commercial casino industry wants to talk about Internet gambling in order to divert attention from commercial gambling." There may be people in the casino industry who have that goal in mentioning Internet gambling, but, by the same token, that doesn't mean it's not a subject of great importance. In looking at how far along that industry already is at this expo this week, I was quite amazed. Without making a specific proposal, I think we're ignoring reality if we don't pay more attention to that. Or let's put this a different way: If we issue our report in more or less two years from now,
and we short-shrift this issue, I think we'll find ourselves to be ridiculed fairly quickly because, I think, five years from now, that issue's going to be enormous. If not sooner. What really drove that home to me was looking at the gadgetry that they already have operating at this thing this week. It was quite sobering.

DR. REUTER: Just think of the devastating impact of solitaire on every PC. The work force costs of solitaire are just phenomenal.

DR. KELLY: That's probably true.

COMMISSIONER WILHELM: Well, it's tough to bet on that.

DR. KELLY: We took that off our computers in Virginia for that reason, seriously.

Are you suggesting, Commissioner Wilhelm, that perhaps Internet gambling should move from the category of possible topics up to the more prominent area of topics to be addressed?

COMMISSIONER WILHELM: I don't have a specific suggestion. I think Leo pointed out in an earlier meeting that maybe that's an appropriate -- maybe that's a subject best looked at through hearing, rather than through research.

But it seems to me that, at a minimum, if
we're going to have a hearing that relates in part to that, somebody should have done some fairly comprehensive work before hand -- not just show up at the hearing and say, "Oh, my goodness, this is going to be a problem," but to show up at a hearing and say, "Well, here's where this stuff is now, and here's where people who know about technology predict it could be shortly," because it's going to get away from us in a hurry, in my opinion.

DR. REUTER: Could I again make a suggestion about a sort of process here? Which is that we, in fact, commission a review by a scholar in this area -- the small number of them, we've identified one -- and get that done fairly promptly. On the basis of that, the Commission could make a decision about the extent to which this can be addressed simply through hearings and subpoenas and the extent to which, in fact, it needs to do targeted research.

COMMISSIONER WILHELM: I'd be for that. I don't know how my colleagues would feel, but I would support that.

COMMISSIONER MCCARTHY: I would, too.

DR. REUTER: Okay.

COMMISSIONER MCCARTHY: That's fine.
COMMISSIONER DOBSON: Yes. It's at the other end of the continuum from the old concept of gambling, where it was out in the desert and you had to specifically --

COMMISSIONER WILHELM: Go there.

COMMISSIONER DOBSON: -- go there. And, now, the Internet brings it right straight into your living room.

COMMISSIONER WILHELM: And your kids' living room.

COMMISSIONER DOBSON: Yes.

COMMISSIONER WILHELM: The last point of this kind that I wanted to make -- and this is not addressed at any particular portion of the documents you've produced which, again, I found to be quite useful. I still believe that -- in spite of all of the specific areas that we're trying to either look at or perhaps conclude we can't look at, I still think that what, I believe, is the fundamental thing that caused this Commission to exist in the first place is mostly missing, and that is: I think we ought to be directly, rather than by implication, looking at the question of what indeed is driving the expansion of gambling in this country. If it wasn't for the rapid expansion of gambling in this country, this Commission
would not exist, in my view, at least.

I don't think that we're going to end up with any kind of an understanding of what is driving the expansion of gambling if we look at all of these things in compartments. I think that they are much more inter-related.

I mean, just as one example, I don't think there's any shred of doubt that the people of Michigan would not have voted to authorize full-blown casino gambling in the city of Detroit but for a complex of factors that include, certainly, the economic straits in which the city of Detroit finds itself. But that's not new.

Certainly, it has to include the impact of Native American gambling in Michigan and Wisconsin and other contiguous areas. Certainly, it has to include the impact of the casino in Windsor, Ontario, Canada, which is five minutes across the river, you know, and probably lots of other things that I don't even know anything about.

I just worry that we're losing the forest for the trees here, and I don't have a specific solution to that. If it's true that this Commission basically got created because of a level of concern about the rate of the expansion of gambling, then, it
seems to me, if we end up saying a whole bunch of
specific things and you know -- we have a lot of
bricks and we don't build a house out of them, we've
sort of missed the boat somehow.

I don't have a recommendation that follows
on that. But that's just a --

DR. REUTER: I mean it is a good question.

Why has this taken off at this particular time? If
you want to ask about how one could shape the future
development of gambling, answering that question seems
important. Whether that's a researchable question is
the thing that, at the moment, I'm stuck on. At the
moment, I don't know how to do that.

If the Subcommittee is comfortable with
it, I'd be willing to have this as sort of maybe a
small set of topics which we were unable at this stage
to address, which would nonetheless be of
significance. That would be an item in there.

COMMISSIONER WILHELM: The last matter
that I wanted to raise, Leo, which may or may not be
a matter for this particular Committee but is a
matter, at least, for the Commission, in my view. At
least to think about. I mentioned this briefly at the
last Committee meeting, and I didn't have any
information or any facts then. But I sent out
something to you guys just a day or two ago on this,
and I sent it to the Commissioners.

The Congress, as I understand it, has
appropriated $200,000 for the purpose of asking the
United States Treasury Department to study the
relationship between gambling and bankruptcy. Now,
obviously, the Congress can do whatever it wants, and
most of us do not have much to say about that.

But in recognizing that Congress can do
whatever it wants, I raised the issue of whether, even
though our law charges us with looking at that
issue --

And, Jim, you recently sent us some
material about that.

-- I wonder, given the scarcity of
resources, whether it makes any sense or -- let me
just rephrase that because I don't have a conclusion
on it. It seems to me that we ought to, at least,
think about whether, if the Congress has given the
Treasury Department $200,000 to do that, whether we
ought to bother.

I don't know, by the way, if there are
other such things. I am told that the sponsor of this
provision which, apparently, popped up in the
conference process -- and so it didn't have an
official sponsor in the sense that legislation
normally does -- was Congressman Wolf, who, you know,
is part of the progeny of this Commission.

So I don't know if there'll be other
issues that people, either Congressman Wolf or others,
are proposing to have the Congress study that we're
supposedly also studying. I don't, frankly, have any
stomach for studying something that somebody else is
already going to study, since we don't have enough
money to start with. So just an issue that either this
Committee and/or the Committee --

COMMISSIONER DOBSON: When was that done,
John?

COMMISSIONER WILHELM: Just within the
last couple of weeks.

DR. REUTER: I've not heard of it.

COMMISSIONER DOBSON: Yes. That's news to
me.

COMMISSIONER WILHELM: I faxed a note to
the two of you probably yesterday. And so --

COMMISSIONER DOBSON: That's one of those
you haven't gotten to yet.

We haven't read yesterday's mail.

COMMISSIONER WILHELM: I understand. I'm
not trying to take an action here.
COMMISSIONER McCARTHY: No. That was about a week ago.

COMMISSIONER DOBSON: No, no. He said yesterday.

COMMISSIONER WILHELM: I don't know when it was. But it's just -- why should we do something somebody else is doing, particularly when the apparent motivating person is the same person?

COMMISSIONER McCARTHY: May I make this suggestion? Let's get the language in the appropriations bill and see what area the Treasury Department is supposed to cover in terms of looking at the securities/gambling and then consider what we should do.

Quite frankly, given the enormous amount we've already got on our plate, I'm not sure we get to gambling in the securities industry --

COMMISSIONER WILHELM: No, no.

DR. REUTER: No.

COMMISSIONER WILHELM: This is straight personal bankruptcy.

DR. REUTER: Bankruptcy.

COMMISSIONER WILHELM: Straight personal bankruptcy.

DR. REUTER: It's exactly one of the
COMMISSIONER DOBSON: You haven't read your mail, either.

COMMISSIONER McCARTHY: No. I read it.

But --

COMMISSIONER WILHELM: Straight personal bankruptcy.

COMMISSIONER McCARTHY: I guess I started reading into it that he was talking about the securities industry.

COMMISSIONER WILHELM: Or, at least, as I read it, it was personal bankruptcy.

MS. FLATT: That was my impression, personal bankruptcy.

DR. REUTER: It's astounding. Frankly, I can't imagine that Treasury has the slightest has the slightest taste of doing it. And it's just some way of --

COMMISSIONER DOBSON: Well, they've been instructed to.

DR. REUTER: Yes. But I'm saying that they may well welcome --

COMMISSIONER DOBSON: Well, once we --

COMMISSIONER McCARTHY: Yes.

COMMISSIONER DOBSON: Once we find out
that we can co-fund studies, maybe we can approach the Treasury Department and get that $200,000.

COMMISSIONER WILHELM: The House --

COMMISSIONER DOBSON: It would cost us

$620,000 and we wouldn't get it done for 15 months.

COMMISSIONER WILHELM: This appropriation originated in the House Committee report on the Treasury, Postal and General Government Appropriations Bill. And the House Committee report on the bill says the following:

"The Appropriations Committee is concerned about the rising number of bankruptcies in the United States and the causes thereof and its effects on creditors. Therefore the Committee has included $200,000 for the Secretary" -- that is, of the Treasury -- "or his designee to study the relationship between gambling and bankruptcies."

"The study shall identify, but not be limited to, the number of bankruptcies caused by gambling debts and the effect on payments to the U. S. Treasury. The Secretary shall report on his findings to the Committee no later May 15, 1998."

DR. REUTER: "Or his designee," may be the --

COMMISSIONER DOBSON: Ask him for his
DR. KELLY: Could I make a suggestion?

COMMISSIONER McCarthy: Yes.

DR. KELLY: Because you've raised two sorts of related issues. One is: Let's don't miss the forest for the trees. And the other is the question of possible redundancy.

If you look at the findings section on the legislation, I don't think that the intent was to ask the question of, "Why is this occurring," but, rather, to get good information on the table for the sake of state and local and federal legislators who are having to pass regulatory legislation on gambling. I think that's we're doing.

But, you're asking two questions: What's the forest? -- and let's make sure we don't miss it and, is there any redundancy here? Shouldn't someone perhaps contact Congressman Wolf and bring this pointedly to the table for discussion?

COMMISSIONER McCarthy: All right. I will --

DR. KELLY: -- just to make sure?

COMMISSIONER McCarthy: I will undertake contacting Congressman Wolf. I think you know him fairly well, so maybe you'd like to join me in that
conversation.

DR. KELLY: Good. Great.

COMMISSIONER WILHELM: Our next meeting, if I'm not mistaken, is in his district.

COMMISSIONER McCARTHY: It is.

COMMISSIONER WILHELM: The Halloween meeting.

DR. KELLY: Oh, right.

COMMISSIONER WILHELM: I'm pretty sure it's in his district.

DR. KELLY: But that would help to give us some --

COMMISSIONER McCARTHY: All right. Are we finished with that point?

COMMISSIONER WILHELM: Yes, sir.

COMMISSIONER McCARTHY: All right. Well, turn to page 7, please.

(Pause.)

COMMISSIONER McCARTHY: "As can be seen, six of the nine question sets on pathological and problem gambling built by the Research Subcommittee are addressed by the NRC proposal." And then the following sentences are -- does the Subcommittee want to make a firmer recommendation as to what we want to do? For instance, if you're writing back to the NRC,
if we're going to pursue that, do we want to have some
conversation with Carol Petrie to add Number 8?

DR. KELLY: Yes. And now would be the
time for that --

COMMISSIONER McCARTHY: Yes.

DR. KELLY: -- before we go back to them
with a proposed contract.

COMMISSIONER McCARTHY: Right. So that's
the first thing.

The second thing is on Number 6. Your
point is that we're going to include that in other
surveys that we're undertaking?

DR. KELLY: Uh-huh.

COMMISSIONER McCARTHY: And then Number 9,
you're recommending we could drop it.

DR. KELLY: Yes, that was a
recommendation. Basically, I pulled this together
just by going over the nine question sets that this
Subcommittee generated and comparing that on a point-
by-point basis with the six areas that NRC put forward
as their way to address that. That's what's on
Attachments A and B. Those are the three gaps that I
came up with, and any guidance would be helpful.

COMMISSIONER McCARTHY: Now, when we're
talking about comparative information, tell me what
you mean by that.

DR. KELLY: Yes. It's under Attachment A of Point 9.

COMMISSIONER McCARTHY: Yes?

DR. KELLY: It reads like this: "What monetary and measurable costs" -- and this is Attachment A to this document.

COMMISSIONER McCARTHY: I'm looking.

DR. KELLY: -- "are directly attributable to pathological and problem gambling, and how do these costs compare with average measurable costs directly attributable to people with other compulsive behavioral problems whose similarities with pathological problem gambling are clinically proven and generally accepted by the appropriate medical or psychological authorities."

So I took this to say that the idea would be to look at the costs -- I guess, personal and public costs, and economic costs -- of problem and pathological gambling --

COMMISSIONER McCARTHY: Okay.

DR. KELLY: -- and compare it to other syndromes altogether.

COMMISSIONER McCARTHY: All right.

COMMISSIONER WILHELM: Alcoholism and --
DR. KELLY: Yes. Alcoholism and whatever.

COMMISSIONER McCARTHY: The point is that the cost of gathering that data could outweigh its benefits.

DR. KELLY: I wasn't sure that it was as on the money as some of the other questions, as well.

COMMISSIONER McCARTHY: Okay.

DR. KELLY: So it seemed to be a little bit to the side.

COMMISSIONER McCARTHY: Do either of you have an opinion about that?

COMMISSIONER DOBSON: Jim, this was your --

COMMISSIONER McCARTHY: I agree with the point. So why don't we just more specifically recommend that we drop Number 9 --

DR. KELLY: Okay.

COMMISSIONER McCARTHY: -- with, "The Subcommittee recommends," and the Subcommittee recommends that we add Number 8 to the NRC proposal?

DR. KELLY: Yes. And, actually, we're not dropping all of Number 9. We're including that first statement, "What monetary and measurable costs are directly attributable."

COMMISSIONER McCARTHY: Yes.
DR. KELLY: That will be addressed, but this comparative data will be dropped.

COMMISSIONER McCARTHY: What the Subcommittee is recommending is that the substance of Number 6 will be included in the other areas of research.

DR. KELLY: Right.

COMMISSIONER McCARTHY: And you might be more specific.

DR. KELLY: Well, let's see.

COMMISSIONER McCARTHY: You don't have to do it right now.

DR. KELLY: Oh, okay.

COMMISSIONER McCARTHY: When you're redrafting this --

DR. KELLY: But you just want us to go ahead and flesh that out?

COMMISSIONER McCARTHY: Yes.

DR. KELLY: Okay.

COMMISSIONER McCARTHY: Where else would that information be developed in the various components we've been discussing in the last couple of hours?

DR. KELLY: Yes. Part of that gets right back to this question of what data might we get from
the industry itself --

COMMISSIONER McCARTHY: Right.

DR. KELLY: -- and what might we do with targeted surveys and then gets right back to that.

COMMISSIONER McCARTHY: Right.

DR. KELLY: Okay. Could I, if I could, ask you, perhaps, to take a look at the first paragraph under, "Other Topics," page 7, where we talk about ACIR? Any thoughts or directions on that would be welcome at this point, as well.

Basically, what this paragraph says is that the work of ACIR could be very limited and very focused on these three areas: current listing of gambling available in different jurisdictions; database of statutes and regulations; and revenues generated through taxation.

That could, in fact, be the task that we go to ACIR to ask of them. Then it would be a matter of, you know, beginning negotiations there and coming up with a reasonable price.

COMMISSIONER DOBSON: That's an oxymoron.

DR. KELLY: Perhaps.

COMMISSIONER McCARTHY: I think what the Subcommittee needs is as good estimates as you can come up with on the other components of research that
we've been talking about here today.

Mr. Griffiths, on behalf of ACIR, has
given us his estimates that were refined estimates in
further correspondence with you, Dr. Kelly.

DR. KELLY: Uh-huh.

COMMISSIONER McCARTHY: Then, looking at
all those dollar numbers, we're going to have to find
out whether the Subcommittee will get the -- should
there be an additional million provided by Congress.
We need to talk about the specific information
regarding that; we need to find out just what part of
that we will get for the research budget.

We need to review the GSA problem with --
what is the term when we -- ?

DR. REUTER: Co-funding.

COMMISSIONER McCARTHY: -- co-funding with
other federal agencies like the Treasury Department.

DR. KELLY: That would be a good case in
point.

COMMISSIONER McCARTHY: Then, I think,
we'd be better able to put in place how much money we
can spend on the compilation of all statutes. It may
be that a couple of these things assigned to ACIR in
the enabling statute we would consider more valuable
than other areas assigned to them.
The final point is: Now that we have a better idea about the overall research, I really want to understand what the process would be in going out and selecting top-notch researchers to cover these areas and how any specific work done by ACIR would fit nicely into that larger context of research.

DR. KELLY: Okay.

COMMISSIONER McCARTHY: There are two considerations for me: How to reallocate the money; and what's the best process to yield the best research, and how do they fit in there.

DR. REUTER: So you mean for the purpose just of the immediate changes that we'll make and submit to you prior to October -- and sending it out to the rest of the Committee, we're not going to answer those questions. We're going to say that those are the questions that have to be addressed?

COMMISSIONER McCARTHY: That's correct.

DR. REUTER: Fine.

COMMISSIONER McCARTHY: Is that acceptable to you in general?

COMMISSIONER DOBSON: Yes, sir. That's helpful.

COMMISSIONER McCARTHY: Other questions that you wish to raise on any part of this?
COMMISSIONER DOBSON: Again, I'd like to commend the two gentlemen who did the hard work on this.

COMMISSIONER McCARTHY: One minor -- how did you call it, nit- --

COMMISSIONER DOBSON: Nit-picking?

COMMISSIONER McCARTHY: Nit-picking. I want to raise a nit-picking topic. Is that sort of like tweaking? Is that --

COMMISSIONER WILHELM: You're never letting that one go, are you, Jim?

COMMISSIONER McCARTHY: Tweaking is at a much higher level than nit-picking. Nit-picking is --

COMMISSIONER DOBSON: Right.

COMMISSIONER McCARTHY: So I guess I have to say that what I'm about to say is higher than nit-picking but lower than tweaking.

Right at the very beginning, when you mention the August 14 meeting, "The Subcommittee prepared" --

DR. KELLY: I'm sorry. What page are you on?

COMMISSIONER McCARTHY: Right at the top. Right at the very beginning. The draft page 1.

DR. KELLY: Okay.
COMMISSIONER McCARTHY: I think you need to insert in there, "And the Committee endorsed" --

COMMISSIONER WILHELM: Good point.

DR. KELLY: Okay.

COMMISSIONER McCARTHY: -- "on" -- what was it, August 18? I can't remember the date of our last Commission meeting? Whenever it was --

COMMISSIONER WILHELM: The 19th and 20th, I think.

COMMISSIONER McCARTHY: Okay. You need to --

DR. KELLY: Okay.

COMMISSIONER McCARTHY: -- put the 19th, the day that this was taken up.

DR. KELLY: Fine. Great.

COMMISSIONER McCARTHY: Okay?

DR. KELLY: Could I just say -- some recognition is due here. Dr. Reuter is far and away the lead author of this document.

It has been an absolute pleasure to work with you, Dr. Reuter. I must say I've collaborated on a lot of research efforts over the years, but I've never quite seen someone pull together such a document in such a short period of time as you did with little input from me and others. You're to be commended on
that.

DR. REUTER: The advantage is having done it once 20 years ago.

COMMISSIONER McCARTHY: Nice call, that.

DR. KELLY: So it was an excellent choice to have him on board.

COMMISSIONER McCARTHY: All right. Ladies and gentlemen, thank you for your attendance.

And, gentlemen, thank you, very much. I think we've had a rather good discussion on this.

Thank you, all.

(Whereupon, at 1:45 p.m., this Subcommittee meeting was concluded.)