

1 CHAIRPERSON JAMES: At this point, I'd like to open
2 it up for questions from commissioners and I'd also encourage
3 the panelists to engage in discussion among yourselves.
4 Commissioner McCarthy?

5 MR. McCARTHY: Thank you for your testimony, Ms.
6 Schlichter. We understand what it means for you to come and
7 testify. It's very important to hear though, because while we
8 hear about the up-side of the industry and there is some good
9 stories, people getting jobs, people lifting their standard of
10 living quality of life, we also know from a number of persons
11 that there's a down-side to this and we haven't gotten a handle
12 yet on how to get at that down-side. Nor have we reached the
13 point where we perhaps ultimately can persuade people to share
14 the responsibility of addressing the very kinds of problems
15 you're talking about because yours isn't just a single story.

16 We know from most conservative surveys that there
17 are minimally four and a half million pathological gamblers in
18 this country and there's a much greater number of those in the
19 category just below that, that we're struggling to define right
20 now in a professional and defensible way.

21 I had a couple of questions, Madam Chair, first to
22 Mr. Costas. I thank you for being here and for your testimony.
23 I also thank you for the way you handled yourself in a broadcast
24 that you and Joe Morgan and others manage to not only make
25 watching games interesting but manage to preserve a lot of the
26 historical ideals of sports in this country.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 MR. COSTAS: Thank you. Thank you very much.

2 MR. McCARTHY: So we appreciate that role that you
3 play. I've heard a couple of things lately that really
4 disturbed me. First of all, I'm one of many readers of Pro
5 Football Weekly. I naturally have to help my team, the 49ers,
6 in the draft so I'm looking at all the best college players and
7 so on.

8 MR. COSTAS: I thought the selection of Montana was
9 brilliant and I congratulate you.

10 MR. McCARTHY: Thank you. Thank you. That came
11 from me. That was one of mine. Yet, I noticed in a recent
12 edition of Pro Football Weekly half the pages were devoted to
13 gambling ads. Now, it's a private magazine and of course, they
14 can do what they want and we haven't reached a point in this
15 country where we're going to restrict the right of private
16 magazines to do that, but it was just a signal about the many
17 changes that are occurring in both professional and amateur
18 sports in America.

19 That leads me to the more disturbing thing that I
20 read lately though, that the spokesperson for the NFL justified
21 accepting some advertising from organizations that represent
22 gambling facilities. And that was a new advance here, a new
23 level of acceptance.

24 MR. COSTAS: You mean casinos and --

25 MR. McCARTHY: Yes, not specifically named casinos,
26 but larger trade organization kinds. And my question to you,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 sir, is do you know of any of the team owners in any
2 professional sport that have made any kind of articulate
3 statement that tries to set down some kind of line in the sand,
4 some boundary separating sports from gambling of all kinds here?
5 Is there anybody out there providing leadership? We're awaiting
6 the fallout from events in Louisiana. I mean, there are other
7 things happening.

8 Is there anybody out there leading professional
9 sports organizations that is really taking a position?

10 MR. COSTAS: Mr. McCarthy, all of the commissioners
11 through the years have expressed their strong opposition to the
12 spread of legalized gambling, especially as it pertains to their
13 sports, not so much as it pertains to casino gambling and that
14 sort of thing but as it pertains to wagering on their sports and
15 in some cases they testified to that effect before Congress.

16 And, of course, there are at least a handful of
17 incidents through history where they've taken action. Pete
18 Rozelle, the NFL commissioner in the early '60's, suspended both
19 Alex Karras and Paul Hornig for an entire season for betting on
20 pro football games, not effecting their outcome, not betting
21 against their own teams but betting on the outcome of pro
22 football games. And the most notorious case is that of Pete
23 Rose, who was banned from baseball and Bart Giomati and his
24 successors took a very firm stand on that.

25 Prior to that, Bowie Kuhn had banned two of the most
26 beloved players of all time, Mickey Mantle and Willie Mays, from

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 direct involvement in baseball because they were representing
2 casinos. Now, that ban was subsequently rescinded by his
3 successor, Peter Uberough, but I think there is some record, it
4 may be spotty, but there's some record that at least officially
5 the pro sports leagues strongly oppose the involvement of their
6 athletes and their officials in gambling and oppose the spread
7 of legalized gambling on team sports.

8 MR. McCARTHY: I very much appreciate those examples
9 you gave but they are 10 to 30 years old in vintage and what has
10 happened in this country is that we're now not talking about
11 Nevada and Atlantic City of course. We're talking about state
12 run lotteries in 37 states, some form of gambling in 48 out of
13 50 states. The world had changed rather dramatically in that
14 period of time. So my question is more directed to today's
15 leaders.

16 Is anybody speaking out, is anybody trying to
17 preserve the ideals of sports in America. When I took my sons
18 to -- attended their football games and I'm attending my
19 granddaughter's soccer games, a lot of us still believe that
20 there's much to be said for kids' involvement in sports and we
21 don't want to see that tainted.

22 MR. COSTAS: Well, it's a broad question. I
23 recognize that there's an irony in watching a baseball game and
24 knowing that Pete Rose not only is banned from receiving any
25 income from baseball or any direct involvement at present in
26 baseball but is obvious hall of fame achievements cannot

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 officially be recognized. He's not been elected to the hall of
2 fame for baseball achievements that occurred prior to the
3 infractions that had him tossed out of baseball. But at the
4 same time you can watch a ball game now and see either ads on
5 the broadcast or even sometimes in stadium print ads for casinos
6 and it's obviously legalized gambling but there is an irony
7 there.

8 I think in answer to the broad question about
9 sportsmanship, about proper behavior, that entails things other
10 than gambling and I think that a number of the commissioners and
11 owners have spoken out about that but they realize that it's a
12 complex problem and they're up against difficult societal forces
13 and in some cases they're up against the resistance of player's
14 associations when it comes to imposing significant discipline.

15 Before this one point is lost and then I can give
16 the microphone back to you, in mentioning these ads for these
17 handicappers, at least one writer had dubbed them
18 "scamdicappers." You say to yourself if somebody really has
19 five guaranteed winners, "Phone in this week and I'll give you
20 your first winners absolutely free and then after that I'll give
21 you my guaranteed upset of the week," why bother to advertise in
22 the paper? Why not just come right here until your expertise
23 becomes so overwhelming that state officials escort you to the
24 border because you've won billions of dollars yourself?

25 You know, if I had that kind of expertise, I'm a
26 generous man, but I wouldn't want to be sharing it with

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 strangers, I'd just gamble myself and make all the money and be
2 living on the Riviera.

3 CHAIRPERSON JAMES: Thank you. The Chair is going
4 to recognize the commissioners in this order; Commissioner
5 Bible, then Commissioner Dobson, then Commissioner Loescher.

6 MR. BIBLE: Of all the panels that we've had appear
7 before us as we've been around the United States, this is the
8 first one that has really dealt with, to a large extent, the
9 problem that you've identified as being conducted illegally.
10 The figures that our staff indicated to us in their briefing
11 paper would be that 97 percent of sports wagering is illegal.
12 Three percent is done legally.

13 It would appear that prohibition and prohibition of
14 sports wagering is not effective, that it's not enforced. What
15 is the problem and what would be the recommendations to solve
16 the problems that have been identified and I assume, Ms.
17 Schlichter, that your husband was not wagering in Nevada
18 casinos, he was wagering with a bookie.

19 CHAIRPERSON JAMES: Do you have anyone in particular
20 you'd like to address that or just open?

21 MR. BIBLE: I'd like to have Mr. Costas and Mr.
22 Saum.

23 MR. SAUM: Well, I don't think that we need to -- I
24 don't think the way to solve the problem is to legalize this
25 across the United States. Obviously the NCAA and other sports
26 organizations are fundamentally opposed to sports wagering

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 philosophically because the game is there to be watched and
2 enjoyed for the spontaneous action and reaction on the field,
3 for the coaches' decisions, the officials' decisions. We don't
4 think that folks should come to the game and be betting on 19
5 and 20- year old athletes and their decisions out here.

6 What we believe needs to occur is that we -- first
7 of all, we believe that society has been desensitized to the
8 entire issue of sports wagering and of gambling in general. We
9 need to raise their awareness of what is wrong with illegal
10 sports wagering. We need law enforcement to step up to the
11 plate and we, as the NCAA, need to continue to educate our
12 athletes and our athletic administrators.

13 We do have policies and procedures that prohibit
14 casino and gambling advertisement in our programs, in our
15 championship events. There's no signage, et cetera, but I don't
16 believe -- the NCAA does not believe that the way to solve this
17 problem with illegal gambling is to legalize it.

18 MR. BIBLE: Can it be enforced effectively?

19 MR. SAUM: It can be enforced effectively and for
20 the last two years -- the NCAA has always been interested in the
21 gambling issue but for the last two years we've had a full time
22 staff member doing this, that being myself. And we've worked
23 extensively with United States attorneys, with the FBI, with
24 local and state law enforcement and frankly, a lot of it is just
25 educating those individuals and I say that very respectfully.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 But I don't think that society, the general public,
2 let alone law enforcement really knows what's going on in our
3 communities and specifically in our situation on our college
4 campuses. We're not just throwing this out when we say there's
5 student bookies on every campus in America. There are and if we
6 can raise the awareness of campus security, raise the awareness
7 of local law enforcement, the FBI and the United States
8 Attorneys' offices, then I think we can get somewhere, yes, sir.

9 CHAIRPERSON JAMES: Any other questions,
10 Commissioner Bible?

11 MR. BIBLE: No.

12 DR. DOBSON: Pardon me, Madam Chair.

13 CHAIRPERSON JAMES: That's all right. Commissioner
14 Dobson.

15 DR. DOBSON: I'd like to express appreciation to all
16 of the panelists for this very interesting presentation from
17 each of you, especially you, Mrs. Schlichter for being willing
18 to share a very personal part of your life that must have been
19 extremely painful and I appreciate you being here.

20 Mr. Saum, you addressed most of your comments to
21 illegal sports gambling. You didn't have much to say about
22 legalized gambling on sporting activities. Would you like to
23 comment on that?

24 MR. SAUM: Commissioner Dobson, Madam Chair and the
25 rest of the commissioners, we -- fundamentally the NCAA is
26 opposed to legal and illegal sports wagering, but much like this

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 Commission, we have not drawn a moral line in the sand that we
2 are going to come out and attempt to change the law. Certainly
3 we would be adamantly opposed to any further legalization across
4 the United States. If we're going to have sports wagering,
5 let's keep it in Nevada and nowhere else. Let's not allow
6 individuals to wager from outside the state lines.

7 We also have a rule that our athletes, our coaches
8 and everyone involved in athletics, including those of us at the
9 national office may not wager legally. So we are opposed to it.
10 But we also recognize that society or a segment of society
11 believes that this is something that they believe should be
12 permissible. So I don't think you will see the NCAA start a
13 campaign to remove sports wagering from the State of Nevada, but
14 you would see us jump to our feet if it would expand outside of
15 state. For example, being that the State of Oregon which has
16 the lottery that has to do with NFL games, we will not bring the
17 NCAA tournament to the State of Oregon because of that.

18 DR. DOBSON: Mr. Costas, same question essentially.

19 MR. COSTAS: Mr. Dobson, this may not be directly
20 related to your question but Ms. Price made a point that might
21 be overlooked and I think it's very significant. With the
22 geometrically expanding sports universe on television, with
23 cable TV and now direct satellite television, you have more
24 games which people can follow. Now, this bit of evidence is
25 antidotal but I'm certain that the research backs this up as
26 well.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 There are some people who are able, I'm sure, to bet
2 in a detached fashion, not follow the game and then just learn
3 of the outcome, but in my experience, my father would almost
4 only bet on the games that were on television. We lived in New
5 York, so we knew the Yankees and Mets or Nicks or Rangers might
6 be on television, but then he would consult what compared to
7 today were the relatively meager offerings on network TV in his
8 day, "Oh, the Broncos and the Bills are on," and then he'd
9 mutter, "What the hell do I know about the Broncos and Bills?"
10 But he'd bet that game anyway because that game was on
11 television and you can follow it. I think part of, and those
12 who have a background in this, academic background, would know
13 more about it, but I think part of the appeal here isn't just
14 the outcome of the wager, it's the thrill and the adrenaline
15 rush of following the wager, almost as if you're participating
16 in the game to take it from its very beginning to its end with
17 all the emotional ups and downs.

18 And now as more and more of that is available, it
19 only makes sense that that increases the problem for those on
20 the fringes. And I'm not sure what the percentage is but
21 obviously there are those involved in gambling who represent the
22 down-side that Art Schlichter represents, at the most extreme
23 and with increased technology allowing for almost moment to
24 moment interaction. You could bet not just on the outcome of
25 the game but on the outcome of a drive. Does this drive result
26 in points being scored? Does this inning result in runs being

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 scored? Does this at bat yield an out or the batter reaching
2 base?

3 I mean, you could, in theory, have hundreds and
4 hundreds of events within the three-hour span -- or hundreds and
5 hundreds of wagers within the three-hour span of a single sports
6 event.

7 DR. DOBSON: Thank you.

8 CHAIRPERSON JAMES: Commissioner Loescher.

9 MR. LOESCHER: Thank you, Madam Chair. I thought
10 this panel was very interesting and I was particularly pleased
11 with Mr. Price's testimony and she's one tough grandmother, I'll
12 tell you that, but I wanted to ask a question of Mr. Curran and
13 Mr. Salerno, if they could impart some information to the
14 Commission.

15 This Internet exposure seems to be just at the
16 beginning and looks like it has a chance to be very explosive
17 right into our households, our living rooms and something that
18 our college kids can access very easily. In the State of Nevada
19 it seems like the chairman of the Regulatory Commission has a
20 lot of power there in judgment as to how things get done. What
21 is -- it seems like you're holding back the dam on the Internet
22 with your regulations. How long do you think that that can
23 occur given the marketplace? Is that a policy that can endure
24 or will technology overwhelm you and the marketplace drive that
25 opportunity?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 MR. CURRAN: Commissioner, I think you're going to
2 hear different responses from Mr. Salerno and me on this issue.
3 We have taken a strong stand against Internet gaming in the
4 past. I think that you pointed out some changes in society and
5 in technology that have forced us to at least agree to look at
6 what should be done to regulate, if anything, Internet gaming.
7 That change has happened both here in Nevada.

8 I think it's also important to realize that we are
9 really just a leading jurisdiction but a leading jurisdiction in
10 the worldwide industry. I recently came back from Prague at an
11 international conference of gaming regulators. There was much
12 discussion there by my counterparts having to do with Internet
13 gaming regulation and we have undertaken a study of how this can
14 be handled. There are some jurisdictions, Australia is notable,
15 that had already authorized Internet gaming and I believe
16 they've licensed Mr. Salerno to participate in it in that
17 jurisdiction.

18 There can be no question that the more strictly we
19 regulate sports betting in Nevada, the greater the likelihood
20 that offshore operations in the Caribbean and other places
21 benefit from what we do to tighten our regulations. So I guess
22 the short answer is we're looking at it, and we recognize it's a
23 very difficult issue. At this point the problems, to me at
24 least, overwhelm the benefits that would come from authorizing
25 it.

26 CHAIRPERSON JAMES: Mr. Salerno.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 MR. SALERNO: Well, first of all, I believe the
2 Internet can be really regulated no differently than we've been
3 regulated here by the Nevada Gaming Board. We have to keep
4 track of every wager that's placed. If the Gaming Board would
5 come in and do the same thing with the Internet, there would be
6 no problem regulating it.

7 As Mr. Curran said, we have been licensed in
8 Australia to take wagers over the Internet. In Australia it's
9 all regulated by the Australian government. However, our
10 company by choice has decided not to accept wagers from the U.S.
11 and in fact, we will block out any wagers that are attempted to
12 be made from the U.S. The Internet is definitely the wave of
13 the future. It is a very exploding industry.

14 I was reading in USA Today now where you can get
15 prescriptions over the Internet. You answer questions on the
16 Internet, you can get Viagra or whatever your drug of choice is.
17 So things are changing and I just feel that to keep the industry
18 where it is, especially the legal industry, yes, we can
19 definitely regulate it and it can be regulated more than
20 everybody understands now.

21 MR. LOESCHER: Thank you.

22 CHAIRPERSON JAMES: Ms. Price, I had a question for
23 you and I see your hand is raised as well. I just wondered for
24 a point of clarification if you could explain why there are some
25 who would not want winning sports teams, college teams in
26 Nevada. I didn't quite follow the logic of that.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 MS. PRICE: First let me comment on what was just
2 said and it is impossible to govern gambling in the absence of a
3 consistent policy from Congress. If Congress is going to say
4 what Bill Bradley said in his statement, then they need to apply
5 the law uniformly throughout the country and make that a policy
6 statement at least as it applies to college sports.

7 With regard to my statement about the conflict
8 within this state, when -- and even before, but with the
9 Professional and Amateur Sports Protection Act, that basically
10 gave Nevada a monopoly on sports betting. That is that with the
11 proliferation of gambling around the country, they cannot have
12 sports betting. So the laws of Nevada apply.

13 Now, there is a gaming regulation that prohibits as
14 they stated, gambling on UNLV. So if UNLV is a winning team,
15 the casinos can't take book. Now, I've heard that there is more
16 money played on the NCAA basketball than there is on the Super
17 Bowl but the casinos can't take book if UNLV is playing. So
18 there is that conflict. Now, I had legislation drafted, and
19 they did hear me, but didn't act on it to not allow gambling on
20 any teams for college sports in Nevada.

21 Then I said, well, allow gambling on UNLV even
22 though I don't think that's a good idea for any of them, but
23 allow it on UNLV. At least it's better than having the conflict
24 that exists in this state because there will always be a cloud
25 over our schools on whether they're being kept from having a
26 winning team.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 CHAIRPERSON JAMES: Thank you. Commissioner Lanni.

2 MR. LANNI: Thank you. I agree, it's an excellent
3 panel, it was a good presentation. Mr. Saum, I have a question,
4 if I may, of you. You had indicated and I was referring to your
5 written testimony that this particular study of 1700 students
6 from six colleges and universities in the U.S. were surveyed
7 about their gambling behavior and it talked about the percentage
8 of males and females that gambled once a week.

9 It goes on to say, "The data also revealed that the
10 rates of pathological and problematic gambling among college
11 students are four to eight times higher than reported for the
12 adult population." Now, I've seen some studies about the
13 overall population, Doctor Schaffer's and others, but about the
14 adult population. There doesn't seem to be anywhere near that
15 level of higher percentages in the overall adult population.
16 What is it that college does to people during that four-year
17 period that either allows them to change afterwards and move
18 away from problematic or pathologic gambling or is there a
19 correlation? I was very confused by that.

20 MR. SAUM: Commissioner Lanni, there's several
21 thoughts I could share with you on that. The first thought is,
22 is that our college communities are frankly artificial societies
23 and many things that happen within that college campus stays on
24 that college campus. Much of the indiscretions by our students
25 and our student athletes are handled within that world. I think
26 also studies would show that college students have binge

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 behaviors, whether it's a binge alcohol, binge drug, binge sex
2 or binge gambling.

3 There are studies that exist that college students
4 have these binge behaviors when they are within this artificial
5 community but when they leave and enter society, real life, that
6 they no longer have these binge behaviors. So I think it's the
7 atmosphere within the college, within the college community, the
8 artificial society. The first time these individuals are on
9 their own, the first time that these individuals can make their
10 own decisions.

11 Also the characteristics at least from the athletic
12 side of our greatest athletes, the items we mentioned such as
13 believing they can control anything they're involved in or
14 nothing bad is going to happen to me, aggressive behavior, et
15 cetera, those are the characteristics of our greatest athletes
16 but on the negative side it can put them at risk also.

17 MR. LANNI: I guess that says that we're going to
18 have a new category of binge pathological and binge problematic
19 gambling as a new category to study. We'll have to see how that
20 works. Mr. Salerno, I have one question.

21 MR. SAUM: Well, I think it is important to raise
22 awareness in that area, frankly. I think in the '70's I think
23 those of us that attended college in the '70's, we didn't hear
24 much about binge drinking or date rape. We do hear about that
25 in the '90's and our goal is to raise awareness of problem
26 gambling.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 MR. LANNI: No, and I think that's quite valuable.
2 Unfortunately I didn't attend college in the '70's, it goes back
3 to the '60's for me. So we didn't know much of anything then.
4 I may want to go back again.

5 Mr. Salerno, I have one question of you, if I may.
6 Jim Dobson and I are both USC graduates and our football team is
7 getting a little bit better for a change. Not quite there yet
8 but it's getting better.

9 Mr. Salerno, I have one question on the aspect of
10 Internet gambling. And I'm not a proponent of Internet gambling
11 I must tell you that ahead of time but my question is, how can
12 you control -- and you're a specialist in this, how can you
13 control Internet gambling when it operates in Turk and Cacos
14 (ph) Island in the Caribbean? How do you control that?

15 MR. SALERNO: How does government control that?

16 MR. LANNI: How does anyone control it?

17 MR. SALERNO: You really can't --

18 MR. LANNI: Thank you.

19 MR. SALERNO: -- as far as that, but Mr. Lanni, in
20 places -- if it was in Nevada or if it's in Australia, you sure
21 as hell can control it then and regulate it. I agree with you.
22 That's part of the problem we're facing today is with all these
23 Caribbean companies that are popping up that are accepting
24 wagers from everywhere and everybody, it is a definitely
25 problem and it will effect us here, the legal bookmakers in
26 Nevada.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 It's going to effect the entire country. There is
2 no doubt in my mind about that but under the right circumstances
3 it sure can be controlled.

4 CHAIRPERSON JAMES: Commissioner Wilhelm?

5 MR. WILHELM: I have a comment rather than a
6 question but before I make the comment I would respectfully
7 advise the Chair as a fellow Virginian that in my case I've
8 spent some time in Nevada, I would strongly urge you not to try
9 to unravel the UNLV basketball history. Many have tried and all
10 have failed.

11 I just have a comment following up on some of
12 Commissioner McCarthy's comments and questions. I normally very
13 much agree with Commissioner McCarthy's view that the gambling
14 industry or industries would be well advised to step up to the
15 plate and take responsibility for dealing with compulsive
16 gambling problems in this country. I think that that would be
17 in the best interest of all of the industries involved in legal
18 gambling casinos, both commercial and tribal, lotteries,
19 parimutuels and other aspects of legal gambling. And I think
20 that it would be in the best interests of job security of the
21 people who work in the gaming industry as well but I'm puzzled,
22 Commissioner McCarthy, by your application of that concept to
23 today's panel. Because according to the testimony and the staff
24 briefings, there's about two and a half billion dollars worth of
25 legal sports gambling in this country and there's somewhere,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 depending on whose guesstimate you take, within \$80 to \$380
2 billion worth of illegal sports gambling.

3 There's no way that I could see for anybody to get
4 the neighborhood bookie or the local college bookie to step up
5 to the plate and share in the responsibility for the apparently
6 rampant compulsive gambling problems that directly relate to
7 sports wagering. So I concur with the concept that it's in the
8 best interests of the legal gambling industries to step up to
9 the plate on the compulsive gambling issue both in terms of
10 prevention and research and increasing treatment opportunities,
11 but I think that this panel shows really how big of a problem
12 there is and the difficulty of addressing it. Because there
13 isn't any way to make the sports gambling world, most of which
14 is illegal, to step up to the plate on this and I think that's
15 one of the dilemmas that faces this commission when we make our
16 recommendations.

17 CHAIRPERSON JAMES: Commissioner Dobson?

18 DR. DOBSON: Mr. Curran, just a quick question for
19 you. It's obvious that Nevada prohibits gambling on sporting
20 events taking place inside this state because the fear,
21 obviously, that it would compromise the game. Considering the
22 fact that visitors here are coming from all over the United
23 States and, indeed, around the world, why wouldn't your concern
24 extend to them as well as to sporting events in this state?
25 What is different about the fact that sports gambling here could

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 have a negative effect on the outcome and compromise the game
2 itself here but not elsewhere?

3 MR. CURRAN: I think part of the answer has to do
4 with not just simply perception issues but the reality basis. I
5 think that the fear is that because athletes or others who are
6 closely involved in the games are -- would reside here and be
7 involved in the community with local members in the community
8 including those who are interested in betting them would be very
9 much involved together, perhaps, on a day to day basis, that
10 that just creates the possibility of greater influence and
11 greater perception problems about the fact that the game is
12 independent. It's played independently and we are simply
13 permitting people to wager on the outcome of that game.

14 DR. DOBSON: Are you willing to acknowledge that you
15 might have that kind of negative effect outside the state as
16 well?

17 MR. CURRAN: Well, I guess I'll acknowledge that
18 people can perceive what the inter- relationship is, sort of
19 depending on where they begin their analysis or where they want
20 to end. But I don't think that the fact that people come here
21 from around the country and around the world for the Nevada
22 gaming experience and as one part of that experience they visit
23 the tables, they play the slot machines, they see the shows and
24 one other thing they do while they're here is make a bet on the
25 Super Bowl or on a game involving their home team or a team that
26 they follow. I really don't think that that is problematic.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 MR. SALERNO: Excuse me, the team players from
2 wherever these people are coming from don't live here in Nevada
3 also. You have to remember that. That's a big concern here for
4 us. If your team is from Wyoming or New York or wherever
5 they're from, those players live there. They don't live in
6 Nevada. Our players do live here.

7 DR. DOBSON: Well, university athletics, obviously,
8 recruits from all over the United States. That doesn't sound
9 like a strong argument to me.

10 MS. SALERNO: Sure, they recruit but isn't your
11 environment, the environment that we present here is that sports
12 betting is legal. If a student from UNLV lives in Chicago, he
13 can't go to a local bookmaker and place a wager on that game.

14 DR. DOBSON: I won't take any more time. I
15 understand where you're coming from.

16 CHAIRPERSON JAMES: All right, Commissioner
17 McCarthy.

18 MR. MCCARTHY: I want to thank my friend, John
19 Wilhelm, for once again contributing in a constructive way to
20 some comment I made. I do think we have to have a sense of
21 proportion on how we address these problems. And it is correct,
22 as Mr. Bible pointed out awhile ago, that the vast large
23 percentage of the sports betting we're talking about here is
24 illegal and while our charge from Congress and the President is
25 to look at legal gambling in America, I think we have the

NEAL R. GROSSCOURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 latitude to add comments on an issue as important as this if we
2 can get some guidance from the NCAA and other groups.

3 I would add at the very end of this comment, though
4 that \$2.6 billion is not chump change and if that's what's being
5 bet on sports in Nevada, then I would suggest that
6 proportionally those who would derive the fruit from that
7 betting, Mr. Salerno and his peers, I might respectfully suggest
8 should start thinking about the down-side that's caused from the
9 number of pathological and problem gamblers in this country who
10 may do nothing else besides sports betting here and illegally
11 outside of the State of Nevada.

12 Let me ask, Madam Chair, if I may, Mr. Saum, if you
13 can give us any guidance: What are the strongest ideas? What
14 are the strongest suggestions that NCAA leaders over the years
15 have proposed to deal with college gambling? Give them to us
16 and I think this Commission membership would certainly like to
17 look at those and review those and maybe include some kind of
18 very supportive strong statement in its final report. It may be
19 addressed to -- I'm assuming to state government leadership who
20 charter certainly the public universities in their specific
21 states but there may be many ideas. We're asking for help from
22 people that have been studying this kind of issue for many
23 years.

24 So not at this moment but specifically, if you could
25 go back and talk to the NCAA leadership and look historically
26 through what previous NCAA leadership boards have attempted to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 propose to get at this, give us some guidance. I think this
2 Commission would be strongly disposed to help you in the
3 strongest terms.

4 One final question, if I may; do you have -- let me
5 ask Mr. Curran first. What's the division in that \$2.6 billion
6 bet on sports on Nevada between professional sports and amateur
7 sports?

8 MR. CURRAN: I don't have those numbers with me but
9 I believe there's more bet on professional sports to a fairly
10 significant degree.

11 MR. McCARTHY: I would guess that but I'm really
12 interested in the number that's bet on amateur sports. Any
13 idea?

14 MR. CURRAN: I would hesitate --

15 MR. McCARTHY: Where can we get that information?

16 MR. CURRAN: I could supply that to you probably
17 before the day is over.

18 MR. McCARTHY: Would you please, we'd like to have
19 it in our record. If it's a billion dollars or something, I
20 mean, that's significant. That's something we should know
21 about.

22 Let me ask and I know this is very hard because it's
23 in the realm of illegal betting. That a demonstrous number
24 we've just been given, billions bet on sports outside of Nevada
25 in illegal form. Do you have any idea, and documentation on how
26 much of that is on amateur sports versus professional sports?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 MR. CURRAN: Commissioner McCarthy, I don't want to
2 lose any credibility in taking a shot at that number. I have
3 the same numbers that have been shared here today of the illegal
4 wagering between 80 and --

5 MR. McCARTHY: All right, if you could help us
6 research that and try to pin that down, even if the number is
7 cut in half, as long as we have some defensible evidence as to
8 what it is. I think it's important that we know the number
9 especially bet on amateur sports in this country.

10 MR. CURRAN: I would like to say, Commissioner
11 McCarthy, the NCAA is appreciative of your comments and we do
12 have ideas for an action plan and would love to share those with
13 the Commission over time.

14 MR. McCARTHY: Thank you.

15 CHAIRPERSON JAMES: And I would ask each of our
16 panelists to do just that as well. The Commission is moving
17 from our listening phase to our deliberative phase and as we do
18 that it will be important for us to hear from each and every one
19 of you in terms of things that you think would be helpful for us
20 to know and in terms of recommendations that you'd like to make
21 to us for our final report.

22 Again, I'd like to thank all of you for the time
23 commitment that you've made to be here to share with us today
24 and we hope that you will stay in touch with the Commission
25 until we reach our final phase. It's very important for us to
26 have your input.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 MR. COSTAS: Madam Chair, may I make one quick point
2 for 15 seconds and I'll stay on point.

3 CHAIRPERSON JAMES: Fifteen seconds, yes.

4 MR. COSTAS: In Art Schlichter's testimony, and
5 obviously he can't be here to represent himself, one of the
6 points he makes is one that's been eluded to today about even
7 though it may represent a relatively small portion of the amount
8 of money that's bet in total, there are billions of dollars bet
9 legally and he endorses the idea of portions of those proceeds
10 across the board, not in piecemeal fashion, but in all the
11 various forms of legalized gambling, portions of those proceeds
12 going to programs that would head off compulsive gambling or
13 treat those who are in the throws of compulsive gambling.

14 If Art Schlichter himself, as you will see, as you
15 heard from Mitzi's eloquent testimony and as you can read in his
16 own testimony, if Art Schlichter once he is out of prison
17 through a combination of therapy and medication and the wisdom
18 he's gained through his own experiences, if he is able to move
19 forward with the foundation that he has already formed and plans
20 to be in the forefront of, he could be as powerful a spokesman
21 on this issue as you would find anywhere. Not just because of
22 his personal capabilities and how well-spoken and articulate he
23 is but because obviously his own background as a well-known
24 player and where he came from or where he wound up, I think that
25 he would be as powerful a person as you could find anywhere in
26 the country to make the case.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 CHAIRPERSON JAMES: Thirty-two seconds.

2 MR. COSTAS: I'm sorry. Had it been 15 seconds to
3 the commercial, I would have hit it.

4 CHAIRPERSON JAMES: Do you know what, I suspect that
5 would be the case. With that, we're going to stand in recess
6 for 15 minutes. Thank you.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com