

1 CHAIRPERSON JAMES: Doctor Quinn.

2 DR. QUINN: Madam Commissioner, Madam Chairman, I
3 appreciate your asking me here today. I'm afraid I'm losing my
4 voice from a late night flight and a round of golf on a windy
5 day, if you'll bear with me. I've submitted some testimony and
6 I also have a preliminary report that I believe Doctor Kelly had
7 earlier and I have a copy for each of you. If you would like
8 one of those, I'll get one of those to you. The preliminary
9 report is a piece of research that Doctor Kathy Pike and I have
10 conducted in Columbia, South Carolina throughout the State of
11 South Carolina last June.

12 I've changed my mind on what I wanted to say today
13 about 15 times sitting in the audience, so I'm going to speak
14 somewhat extemporaneously to you. I feel like I've come from
15 Frankenstein's laboratory. The State of South Carolina
16 currently has only convenience gambling. We have no destination
17 gambling. We have no large casinos. We have really no tourist
18 industry. All we have are video poker machines located
19 predominantly in convenience settings although, as I'll tell you
20 later, we have some very unique settings like tanning salons,
21 laundromats, one real estate office and we have some unusual
22 circumstances that I think may point out to you what can
23 absolutely go wrong in the worst way in terms of convenience
24 gambling.

25 As Ms. Jones indicated, Las Vegas and Nevada have
26 dealt with this issue over a long enough period of time that

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1 they have learned from some of their earlier mistakes perhaps.
2 In South Carolina we've only had about four years to deal with
3 this issue and during that period we've gone from only -- well,
4 some illegal machine operation to 31,000 licensed video poker
5 machines at 7600 different locations spread throughout the
6 state.

7 Now, what that amounts to because we're a very small
8 state, is approximately one video poker machine per square mile.
9 We have 46 carriers, so if you do the math very quickly you can
10 see with 7600 locations the opportunity to gamble is widespread
11 in the State of South Carolina. This is compounded by the fact
12 that the only form of legalized gambling in South Carolina and
13 I'm sorry I am excluding bingo in this case because bingo is
14 legal in South Carolina under certain circumstances, but it's a
15 very, very small player today. So truly the only form of
16 legalized gambling are the video poker machines. The video
17 poker machines have not only different varieties of video poker
18 but, of course, black jack and keno possibilities, so an
19 individual may play numerous games on a machine.

20 State law requires that no more than five machines
21 could be at any one facility. However, this law has been
22 subverted by the establishment of what are euphemistically
23 referred to of video malls and in a video mall a partition is
24 placed in a room and an owner can have five more machines if a
25 business license is established for that and I believe also a
26 separate electrical outlet. So we have some very small casino

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1 like operations usually referred to as video malls. Many of
2 them actually appear to be nothing more than a double wide with
3 approximately 30 or 40 machines in it.

4 Now, I'm sure you've heard testimony in the past
5 from individuals such as Doctor Hunter from here in Las Vegas
6 about video poker specifically as a form of gambling and that is
7 exactly what we've had to deal with, how virile a form of
8 gambling it truly can be. There is currently a class action
9 suit in the State of South Carolina against the operators and
10 the report that Doctor Pike and I produced last year was passed
11 onto the federal judge, Judge Anderson, in that suit. And
12 basically all we were trying to do was look at the impact in the
13 State of South Carolina.

14 We sent our researcher into the 46 counties in the
15 state that had to interview approximately 500 individuals who
16 were currently playing video poker at different sites on that
17 day. Now, the information that we got from that gave us some
18 insight not only into the thought process but the behaviors and
19 the emotional state of the individuals actually playing and I
20 would like to suggest to you that since you're examining
21 convenience gambling that all that we truly have to measure are
22 individuals involved in convenience gambling, that our research
23 might have some impact and import for you for further concerns.

24 We have several specific issues that I think are
25 very important. Number one, based on our information,
26 approximately 20 percent of the people that we interviewed could

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1 meet some of the criteria for problem gambling. Now, there's --
2 as you know in the field there are different terms. There's
3 probably problem gambling, problem gambling, pathological
4 gambling disorder, gambling level 1, 2 and 3 and our definition
5 is kind of a combination of all of those.

6 We use some criteria that met some of the DSM-IV
7 criteria, the GA-20 questions and some of the items from the
8 SAG's (ph) to determine that. Twenty percent of the people that
9 we interviewed who were currently playing video poker met the
10 cutoff criteria for problem gambling. I would suggest to you if
11 we weren't in the city of Las Vegas and did similar research, if
12 we came up with a number that high, that Ms. Jones and her
13 colleagues would be screaming to shut down the casinos. That's
14 an inordinately high number.

15 Some other items that you might be interested in are
16 these. Of the individuals we interviewed approximately 78
17 percent had been offered at least one illegal inducement. Now,
18 South Carolina has some rather unusual laws and they do not
19 enforce all of their laws very well. But certain things are
20 illegal -- constitute an illegal inducement in South Carolina
21 that do not constitute an illegal inducement in Nevada.

22 One of those for example is having alcohol on the
23 premises. In South Carolina it's illegal to hold a liquor
24 license and a video poker license in the same location. This is
25 a law that appears to be constantly ignored since many of the
26 sites are in bars and restaurants and even convenience stores

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1 who hold license to sell alcoholic beverages. That debate is
2 still going through the court system also. Approximately 46
3 percent of the individuals we interviewed say that that one of
4 the illegal inducements that induced them not only to play
5 longer but to play more often.

6 There are some legal inducements, however, that may
7 even be more important. Sixty-one point nine percent of the
8 individuals that we interviewed said that it was availability
9 and proximity that played the biggest part for them, 61.9
10 percent. Now, what that means is that essentially having 7600
11 locations is one of the really big issues in terms of getting
12 people to play and perhaps, contributing to pathology. Many of
13 you are familiar with the Baker case in South Carolina where the
14 lady who went into play video poker and left her 10-day old
15 child in a car in the hot August sun for nine hours while she
16 played.

17 And there are many, many contingencies in that case,
18 but I've got to tell you, availability and proximity are one of
19 them because that lady set out that day not to go play video
20 poker. She set out to go pay her bills. Well, other issues
21 that I think may also be of concern to you is that approximately
22 13 percent of the individuals we interviewed said that they had
23 at least one or more family members who they perceived to have a
24 gambling problem.

25 This is in a state that has only had a form of
26 legalized gambling for four years. Now, the vast majority of

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1 the individuals that we interviewed that met our criteria for
2 problem gambling had been gambling, particularly the video
3 poker, for at least four years. The vast number of players that
4 we interviewed almost 42 percent had been playing for one year
5 or less and what that suggests is that there's the possibility
6 of the pig moving through the python, that the bubble is going
7 to get larger in the next couple of years. There seems to be
8 some link to pathology with longevity.

9 In South Carolina it's illegal to advertise. This
10 is unusual, of course, because here in Nevada there are
11 advertisements all around. Part of any of you that have driven
12 up in I-95 lately, however, have seen billboard, signs. We've
13 recently acquired a casino boat that will be based out of Myrtle
14 Beach but will be gambling three miles off the coast and
15 approximately with a capacity of 400 people that will constitute
16 the largest casino in South Carolina. So all we really have is
17 casino gambling.

18 The industry itself has not been regulated very well
19 by the state. We have individuals who come from places like
20 Nevada and look at our regulation, just shook their head and
21 say, "We must either be naive or just stupid." I personally
22 would prefer that we were just criminally negligent because I'd
23 hate to believe my fellow statesmen are that stupid.

24 The laws that we do have, the laws that are on the
25 books have not been enforced very well and so what we have is a
26 situation that is out of control. It's totally convenience

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1 gambling or what some of you may refer to as fast food gambling.
2 We have sites. As I mentioned before, literally any place that
3 you would like to have a site, although they're supposed to be
4 approximately 300 yards away from a school or a church and
5 they're not supposed to operate on Sunday or Saturday night from
6 midnight until Monday morning at 6:00 o'clock. If you'd like to
7 get a look at what can go wrong in terms of gambling that is
8 under-regulated and with regulations that are unenforced and
9 where the primary form of gambling is the most virile form,
10 video poker, and when it's totally convenience gambling, I'd
11 appreciate it if any of you would like to come to South Carolina
12 to visit, I'll be more than happy to take you around.

13 I would like to share with you the findings of our
14 report and I'll make these available to you at the end. Thank
15 you.

16 CHAIRPERSON JAMES: Thank you.