

1 and thankful.

2 Doctor Lesieur.

3 DOCTOR LESIEUR: Chair James and members of
4 the Commission, I'd like to thank you for inviting me
5 to speak here.

6 I'd like to introduce myself first. I am
7 President of the Institute for Problem Gambling. That
8 is a non-profit organization that has been set up
9 primarily for training treatment professionals to
10 treat pathological gamblers. I'm also a member of the
11 Board of Directors of the National Council on Problem
12 Gambling. I am a member of the Board of Directors of
13 the Rhode Island Council on Problem Gambling. I'm on
14 the Advisory Board of the Council on Compulsive
15 Gambling of New Jersey, and a good dozen other problem
16 gambler-oriented organizations.

17 I've conducted research since 1971 on
18 problem gambling, over 25 years. I'm the author of a
19 book called, "The Chase," founding editor of the
20 Journal of Gambling Behavior, which -- Journal of
21 Gambling Studies, which Howard Shaffer now edits, and
22 I was a member of the Workgroup on DSM-IV, one of the

1 people who helped draft the criteria for pathological
2 gambling for the American Psychiatric Association.

3 I'm co-author of the South Oaks Gambling
4 Screen, which is a widely used instrument to measure
5 pathological gambling around the world.

6 I want to address the following topics,
7 the costs of problem gambling, and this is in one of
8 the papers that I sent to you, studies of surveys of
9 pathological gamblers and problems with telephone
10 surveys, which is in an article I sent to you on the
11 critique of methodologies, and discuss teen gambling,
12 which I was asked to do, and I'm going to make some
13 recommendations based on my research and the knowledge
14 of the problem on pathological gambling I've had over
15 the past 25 years.

16 First of all, the costs of problem
17 gambling, pathological gambling. There is a lot of
18 ways we can measure social and economic costs. We can
19 do a survey of the general population, we tried that
20 in Connecticut. The problem with that survey was, it
21 wasn't a large enough sample population in
22 Connecticut.

1 Also, when you ask people who have problems
2 the extent of those problems, they tend to minimize
3 the problems and tend to deny the problems in the
4 general population surveys. They'll say they have
5 lost time from work, but they won't tell you how much
6 time it was. They'll tell you they borrow from banks,
7 but they won't tell you how much money they borrow.
8 There's a lot of real methodological problems in
9 gaining that information from the general population
10 surveys.

11 However, Gamblers Anonymous numbers and
12 people in treatment are more likely to answer that
13 question. They are a biased sample, but I want to
14 give you an example of the kinds of information that
15 I've gotten from three surveys of Gamblers Anonymous
16 members, one survey conducted in Illinois, another in
17 Wisconsin, and another in Connecticut. This
18 represents 394 members of Gamblers Anonymous, it's
19 just an illustration to make the point that I want to
20 make.

21 Most of these people were male, actually,
22 78 percent were male, and their average age was 42

1 years old. Again, there were 394 people surveyed.
2 Eighteen percent of them said they had a gambling-
3 related divorce, 18 percent. Another ten percent said
4 they were separated as a direct consequence of their
5 gambling. More than that were divorced or separated,
6 but this said that they were separated or divorced as
7 a consequence of their gambling.

8 We asked about, how much money did you owe
9 when you entered Gamblers Anonymous? Well, these 394
10 people, put that number in your mind, it's almost 400
11 people, owed \$37,433,000, this is 394 people. They
12 owed an average of \$95,000.00 a piece. There were
13 four people in that survey who owed over a million
14 dollars.

15 It turns out that no matter where you
16 conduct the survey you are always going to get these
17 outliers, these people who owe an enormous amount of
18 money. So, taking those outliers out, the average is
19 about \$21,000.00 that they owed when they entered
20 Gamblers Anonymous.

21 Now, that \$37 million is just for 394
22 people, not 2.2 million, it's just 394 people, and

1 they owed more money than all of the states in the
2 United States spent helping problem gamblers combined,
3 that's just 394 people.

4 Now, where did they get their money from?

5 Well, they owed the money -- most of them owed money
6 to banks, credit unions, credit cards, credit
7 availability is a major factor. Do I have a credit
8 card available to me, can I get instant cash?

9 I was in Nova Scotia once, I was in a
10 casino, and I saw this guy, he just got absolutely
11 crazy, he threw the cards down, he was playing
12 Blackjack, and ran right over to the credit card
13 machine and withdrew money, and then went back to the
14 table. I'm saying to myself, what kind of mental
15 state was this guy at? He lost -- you know, whether
16 he lost or won, he was like out of sync, his mental
17 state was gone.

18 Twenty percent had casino credit, and 18
19 percent had borrowed from loan sharks. Now, males are
20 more likely to borrow from loan sharks than females.

21 Now, there's some added money that comes
22 from household resources. Now, that's not included in

1 the money they borrowed or the money they owed.
2 Almost 90 percent said they drained their household
3 savings account. Half of them borrowed from their
4 spouse, two thirds had borrowed from another relative,
5 and half had sold personal family property.

6 Now, in Illinois we asked how much was the
7 value of that property, the 184 people in Illinois had
8 sold \$15 million in personal property. This is 184
9 people. That \$15 million is more than the state of
10 Illinois has ever spent, ever spent, helping problem
11 gamblers.

12 Gambling impacts on the job. Thirty-one
13 percent of these people lost their job or quit a job
14 as a consequence of their gambling. Now, this
15 involves cost. We could measure the cost of lost days
16 at work. Seventy-two percent missed time from work.
17 The average amount of time missed was 117 hours per
18 year. Forty percent stole from work, 40 percent of
19 these 394 people stole from work. Some of them stole
20 a little, some of them stole a lot, some of them stole
21 a lot of money. The question is, how much money was
22 stolen, not just from work, but total, how much was

1 stolen. There were 223 of these 394 people who stole,
2 who admitted stealing. They stole \$30 million, this
3 is 223 people stole \$30 million, that's \$76,000.00 on
4 average. Although, there were four people, again,
5 these are outliers that crop up in all these surveys,
6 there were four people who stole over a million
7 dollars a piece. I take those four out and just look
8 at the average, the average was \$1,000.00 stolen, so
9 they skew this average up enormously.

10 Now, that \$30 million for 223 people is one
11 and a half times as much money as all of the states in
12 the United States spent combined helping problem
13 gamblers. In fact, there were ten problem gamblers in
14 this study, only ten of them, who stole combined \$20
15 million. There were ten pathological gamblers who
16 stole as much money as all of the states, not just the
17 three states, but all of the states in the United
18 States, had contributed to helping problem gamblers.
19 This was only ten people. It's mind boggling.

20 Bankruptcy, a little over 20 percent of
21 these pathological gamblers had bankrupted in their
22 lifetime, that was 87 out of 394 people. Other court

1 involvements, well, 16 percent were sued by a creditor
2 in court, civil court, sued for rent or you name it.
3 Twenty-five percent were arrested on gambling-related
4 charges, that's not other arrests, but just gambling-
5 related charges. Fourteen percent went to trial in
6 court, and 12 percent were convicted. It turns out
7 that 11 percent went on probation and nine percent
8 were incarcerated. Now, these figures may be slightly
9 different, but they are in the papers that I've given
10 you. On average, they spent -- well, the total
11 average of those incarcerated spent 208 days in jail.
12 What were they incarcerated for? They were
13 incarcerated for things like embezzlement, fraud and
14 forgery, that's what they were incarcerated for.

15 Well, that leads to a problem with looking
16 at community studies of street crime, and thinking
17 that if somehow street crime doesn't go up there has
18 been no increase in crime in a neighborhood. In
19 actuality, problem and pathological gamblers, some do
20 commit street crime, but the overwhelming majority of
21 them are committing embezzlement, forgery and fraud
22 and theft of various sorts, and those are the kinds of

1 crimes that need to be investigated.

2 Unfortunately, I'm a criminologist, uniform
3 crime reports are notoriously terrible at looking at
4 those specific offenses.

5 Also, another thing that I note is that a
6 lot of compulsive gamblers, they live in one area, but
7 they steal -- and they gamble in another area. An
8 illustrative case is a woman who lived in Wisconsin,
9 went to the casinos in Minnesota and she robbed banks
10 in Wisconsin. So, you can study Minnesota crime rates
11 until the cows come home and it isn't going to detect
12 those people who go from Wisconsin to Minnesota,
13 crossing state lines, in order to steal. You are just
14 not going to capture that figure. So, it's a very
15 complicated and complex picture.

16 Another thing I looked at in this study is
17 that welfare costs actually were not that high, I was
18 surprised, and I think it's probably a bias of the
19 sample. These are Gamblers Anonymous members and
20 people in treatment. Actually, in some ways they are
21 the healthiest of the pathological gamblers, because
22 they are the ones that are seeking treatment and

1 trying to solve their problem. Only four percent sold
2 Food Stamps to pay for gambling, or welfare money, or
3 Social Security, and while there were 20 percent who
4 said they used unemployment checks to gamble with.
5 These are financial things.

6 What about personal things? Let's get down
7 to the person. I remember there was a day a few years
8 ago when the state of Illinois said they weren't going
9 to spend \$250,000.00 that they were supposed to spend,
10 and on that same day I found out that a woman had
11 killed herself in Collinsville, Illinois. To say the
12 least, I was rather upset about the coincide of those
13 two events on the same day for me.

14 So, it's important, I think, to know what
15 is the suicidal ideation of problem gamblers. And,
16 Chris Anderson, the person that I did this first
17 Gamblers Anonymous survey with in Illinois, suggested maybe
18 we should ask these people, well, have you ever wanted
19 to die? Seventy-seven percent of the Gamblers
20 Anonymous members stated that they have wanted to die.
21 That's an enormous figure. Two thirds contemplated
22 suicide, slightly under half, 47 percent, said they

1 had a definite plan to kill themselves. We asked
2 them, well -- I remember in 1973 or '74 I was
3 interviewing this guy, he was a professional bowler,
4 he said, well, I thought I would take these bowling
5 balls and tie them around my waist and I'd jump off a
6 bridge. I mean, this is -- he knew exactly how he was
7 going to do it. I had interviewed a guy who told me
8 he would take a 45 and blow his head off. Two years
9 later, that's what he did, he relapsed, he was in
10 Gamblers Anonymous for five years, went on burned down
11 and he relapsed, lost everything, lost the insurance
12 money and killed himself. I know, I personally know
13 people who have killed themselves.

14 Now, these people, they are in pain. The
15 question, I mean, obviously, if they had these
16 suicidal ideations they were in pain, we are not
17 talking about somebody who, you know, kind of, oh, I
18 lost a lot of money, ah, ah, ah, you know, we're
19 talking about pain.

20 One third of these people have no health
21 insurance, one third. We could ask the insurance
22 industry to pay for treatment, but one third of them

1 have no insurance. Where are they going to get the
2 help, and they are not getting the help, the vast
3 majority of the states in the United States don't
4 provide treatment money.

5 The state of Illinois makes \$800 million a
6 year, that's \$800 million a year, and doesn't pay one
7 penny to help problem gamblers. Some of that money
8 could be used --

9 COMMISSIONER LANNI: Excuse me, where do
10 they make \$800 million a year?

11 DOCTOR LESIEUR: They make that money --
12 they make that money from the lottery, they make that
13 money from the casino, from the race tracks, that's
14 where they make the money.

15 COMMISSIONER LANNI: Okay, various gaming
16 sources is what you are saying.

17 DOCTOR LESIEUR: Yes, various gaming
18 sources, I'm sorry.

19 Gamblers Anonymous is not enough for a lot
20 of people. The only study of Gamblers Anonymous and
21 the effectiveness of Gamblers Anonymous show that
22 eight percent, eight percent of Gamblers Anonymous

1 members were in abstinence after two years in Gamblers
2 Anonymous.

3 Now, we know, we've done evaluation
4 research, that treatment plus Gamblers Anonymous, we
5 increased that, and the question is, actually, we
6 don't know how effective it is. We did one study
7 where 60 percent were abstinent, but that was after
8 about six months to a year, but what are called
9 controlled studies really need to be funded.

10 In most places, alternatives to Gamblers
11 Anonymous are simply not available, they are just not
12 available. There are places in Texas, you have to
13 drive over 100 miles to get to a Gamblers Anonymous
14 meeting. Or, they are too inconvenient, when we make
15 treatment inconvenient, people who are addicted don't
16 go, they just don't go. Treatment just isn't
17 available, it isn't around.

18 A second question, why do current surveys,
19 and it's my belief they underestimate the problem, and
20 I'm going to give you my reason for why they
21 underestimate the problem, Howard Shaffer and I
22 slightly disagree. First of all, when we conduct a

1 telephone survey, and you had your telephone cut off
2 for non-payment because you lost your phone as a
3 result of gambling debts, you are not going to be in
4 that survey. So, minus one problem gambler.

5 Some individuals have no phone, and there
6 is some evidence that people without a phone have
7 higher rates of problem gambling than people with a
8 phone. The only survey that I know of in North
9 America was a survey of Native Americans, conducted by
10 Rachel Volberg, showed that over the phone ten percent
11 Native Americans were problem gamblers. When they did
12 door-to-door surveys that percentage went up to over
13 a third, three times, three and a third times higher
14 rate in door-to-door surveys than you get over the
15 phone. We don't know what that would be in the
16 general population, I don't know, or whether that's
17 restricted to just Native Americans. But, at a
18 minimum, I think that field and phone rates need to be
19 combined, because phone rates are going to give an
20 underestimate, from my point of view.

21 There are the in-patients and people in
22 drug treatment, and Howard Shaffer mentioned this as

1 well, they are excluded from phone surveys.

2 I conducted a survey, well, it's 12 years
3 ago now, of alcoholics in alcohol treatment
4 facilities, and we found out that 19 percent of them
5 were pathological problem or pathological gamblers.

6 I recently did some surveys that were
7 funded by the National Institute of Drug Abuse, Methadone
8 Maintenance Clinics, it showed 30 percent were problem or
9 pathological gamblers. Those are people who are in
10 the community that probably would be surveyed.

11 In-patient populations have enormously high
12 rates of problem gambling, enormously high.
13 Psychiatric in-patients also have high rates of
14 problem gambling, rates about maybe three to five
15 times higher than the general population.

16 In prison surveys, between ten and 30
17 percent, we don't know what the rate of problem or
18 pathological gambling is among prisoners, but it is
19 high. It's like the rate among the in-patient alcohol
20 and drug treatment population.

21 Question of the homeless, we have
22 absolutely no idea what the rate of problem gambling

1 is among the homeless.

2 Let's continue with the telephone survey
3 business. Response rates are lower and refusal rates
4 are higher in phone surveys than they are in field
5 studies. This we know. Non-response can mean at the
6 casino. Of course, if you do a home survey you may
7 come up with the same problem. Also, it may mean at
8 the race track, or it may mean just out gambling.

9 Non-response may also mean too obsessed or
10 too depressed with my gambling problems, and non-
11 response also may be, I'm so afraid of my creditors
12 that I don't want to answer the phone. My creditors
13 are hounding me. Refusal, refusal may mean my spouse
14 is angry over my gambling, oh, this is a gambling
15 survey, oh, I'm not gambling anymore, you know, no,
16 I'm not going to answer this survey. Or, the spouse
17 may be on the extension. You know, today, using a
18 telephone survey isn't like it was 25 years ago,
19 everybody has extensions. I pick up the phone and I'm
20 surveyed about gambling, my wife or my husband is on
21 the extension, how honest am I going to be in that
22 survey? I am going to get a greater degree of honesty

1 in a door-to-door survey, where I can seclude that
2 gambler, or seclude that interview, than I will over
3 the phone. The telephone survey has some
4 difficulties. Now, each of these problems will lead
5 to an undercount of problem gamblers.

6 I was also asked to address the question of
7 teen gambling. The rate of teen gambling is between
8 four to eight percent of teens have a problem with
9 gambling. What are the characteristics of teens with
10 gambling problems? They begin playing at an early
11 age. We know that teens who start gambling at an
12 early age are more likely to have gambling problems.
13 They are also more likely to be illegal drug users,
14 teens who have a gambling problem are more likely to
15 be illegal drug users. They are also more likely to
16 have a history of delinquency, and it's almost like a
17 chicken and egg, they probably both occur at the same
18 time, the delinquency, the drug use and the gambling
19 are all part of this one behavioral -- kind of complex
20 behavioral pattern. Also, more likely to have poorer
21 grades in school, more likely to be truant from
22 school, and there's some evidence that they are more

1 likely to have suicide attempts, although that
2 evidence needs to be concurred.

3 No one, as far as I know, has investigated
4 the teen gambling and crime phenomenon. It's like it
5 doesn't exist. We don't know how much it exists or
6 whatever it exists.

7 In the end, problem gambling, I think, cuts
8 across state lines. Lottery tickets are bought in
9 Rhode Island, and you live in Massachusetts, or vice
10 versa. I steal in Wisconsin, I gamble with stolen
11 money in Minnesota. I live in Indianapolis and I
12 gamble at the Paradise Casino in Peoria. I live in
13 Utah and I cross the state line, I go into Nevada,
14 even Utah, Utah and Hawaii don't have legalized
15 gambling, Utah, you know, it's ringed by states that
16 have legalized gambling, and now we have the Internet,
17 and you are going to be looking at the Internet, well,
18 you ain't seen nothing yet. The Internet, it's a
19 regulatory nightmare, and things you could address.

20 Problem gambling is a nationwide issue that
21 really currently is not being addressed adequately by
22 the states. It's not being addressed adequately by

1 the states. And, because of that I'd like to make
2 some recommendations.

3 One of the recommendations is for the
4 creation of a national institute on problem gambling.
5 Now, why do I recommend that? I recommend that
6 because you need somebody who thinks -- who is paid to
7 think about problem gambling on a national level.
8 Currently, there is no one who is paid to think about
9 problem gambling on a national level, except in
10 voluntary organizations.

11 Also, we need a national clearinghouse for
12 problem gambling information. We have a hodgepodge of
13 help lines across the country, and there's really no
14 way of getting information about problem gambling. I
15 can call up the National Institute on Alcoholism, the
16 National Alcohol and Drug Clearinghouse, right now and
17 get a wide range of information, I can't do anything
18 similar to that with gambling, with problem gambling.

19 Now, I'd like to -- I think that the
20 federal government, we need a federal role in
21 encouraging research into problem gambling, and I'm
22 reminded of the monitoring of future studies. Every

1 year, every year the U.S. government finds out how
2 many kids are using drugs, every year, but we don't
3 know how many people are gambling, how many teens are
4 gambling.

5 Chair James and members of the Commission,
6 I'd like to thank you again for inviting me.

7 CHAIRMAN JAMES: Thank you, Doctor Lesieur.

8 Are there questions?

9 Commissioner Bible.

10 COMMISSIONER BIBLE: Doctor, what do you
11 know about the 300 -- I believe it's 394 people in
12 Gamblers Anonymous that you surveyed, in terms of
13 their actual gambling habits? What types of
14 activities did they engage in?

15 DOCTOR LESIEUR: It varied by state, but
16 about 30 percent of them were casino gamblers, about
17 30 percent were race track gamblers, and then the rest
18 were mixed, mixed type gambling.

19 COMMISSIONER BIBLE: Did you make a
20 relationship between the legal gambling activities and
21 the illegal gambling activities?

22 DOCTOR LESIEUR: There's a lot of overlap,

1 so, for example, people who go to casinos or race
2 tracks also gamble illegally, particularly, on sports.

3 COMMISSIONER BIBLE: Thank you.

4 CHAIRMAN JAMES: Commissioner Lanni.

5 COMMISSIONER LANNI: Yes, Doctor, a couple
6 of questions, if I may.

7 Could you share with me, unfortunately, my
8 packet didn't have the material, so I apologize, but
9 what is the Institute for Problem Gambling?

10 DOCTOR LESIEUR: The Institute for Problem
11 Gambling is a non-profit corporation devoted to
12 training, treatment professionals, to treat
13 pathological gamblers.

14 COMMISSIONER LANNI: And, where is it
15 located? Is it located in Rhode Island?

16 DOCTOR LESIEUR: I am in Rhode Island, it's
17 incorporated in Connecticut. There are people in
18 Rhode Island, Connecticut and Maryland affiliated with
19 the Institute.

20 COMMISSIONER LANNI: Is that funded by a
21 state?

22 DOCTOR LESIEUR: No.

1 COMMISSIONER LANNI: How is it funded?

2 DOCTOR LESIEUR: No. It's funded through
3 the training that's done.

4 COMMISSIONER LANNI: So, it's a not-for-
5 profit, but you charge for the services then?

6 DOCTOR LESIEUR: Yes, right.

7 COMMISSIONER LANNI: And, your particular
8 expertise is as a researcher?

9 DOCTOR LESIEUR: Correct.

10 COMMISSIONER LANNI: You are a researcher.
11 You sound to be more of an advocate than a researcher.

12 DOCTOR LESIEUR: I started out as a
13 researcher in 1971. I've seen enough people with
14 problems to become an advocate.

15 COMMISSIONER LANNI: I appreciate that, and
16 it's, indeed, a problem, I don't mean to make light of
17 it, I realize there's a problem.

18 As far as the statespending, you referred
19 to the fact and you gave a number of numbers about the
20 fact that the state doesn't spend anywhere near the
21 amount of money. Do you what the state funding is?
22 For example, say in the state of Illinois, where

1 there's legalized race tracks, paritmutuel, there's
2 off track betting, there's a lottery, very active
3 lottery, and there's riverboat gaming in Illinois
4 maybe.

5 DOCTOR LESIEUR: Right, on the riverboats,
6 right. The Illinois Riverboat Owners Association
7 currently funds the Illinois Council on Problem
8 Gambling for advocacy and for training.

9 COMMISSIONER LANNI: Is that on a voluntary
10 basis?

11 DOCTOR LESIEUR: Yes, and it also funds the
12 help line in Illinois, but there is no treatment being
13 funded in Illinois at all.

14 COMMISSIONER LANNI: You referenced also
15 the issue of field as relative to phones.

16 DOCTOR LESIEUR: Yes.

17 COMMISSIONER LANNI: It reminds me of the
18 old times with Tom Dewey winning the phone survey and
19 not enough Democrats had phones, but the issue -- I
20 question the issue, you seem to be -- again, accepting
21 the fact that you are an advocate, and I appreciate
22 that, as I said when I was named to this Commission,

1 I can't be objective, I'm an advocate on the other
2 side, certainly not on the issue of problem gaming.
3 I fully realize that it exists and it needs to be
4 dealt with. But, you were emphatic that a phone
5 survey, which produced a level of about a ten percent
6 return, as compared to a field survey of 33, you
7 automatically assumed or reached the conclusion, at
8 least it sounded to me, that the phone had to be an
9 under survey, and it seems to me if you are an
10 advocate I might take the other position because I'm
11 an advocate the other way. What significant support do
12 you have for the fact, on a research basis, that the
13 33 percent in the field is more accurate than the ten
14 percent on the phone? You were very, very strong
15 about that.

16 DOCTOR LESIEUR: Yes. I also qualified
17 that by saying that this is based on one survey, we
18 don't know if it would be true on a national level,
19 and the only way we'll find out if it's true on a
20 national level is to conduct both a field and a phone
21 survey. That's the only way we'll find out.

22 COMMISSIONER McCARTHY: Can I ask a

1 question?

2 CHAIRMAN JAMES: Certainly.

3 COMMISSIONER McCARTHY: Two of the three of
4 you recommended that the insurance industry play a
5 role in addressing some of the cost problems, economic
6 consequence problems, that arise from pathological
7 gambling. None of you suggested any particular role
8 or responsibility for the gambling industry itself,
9 whether it's states who sanction lotteries, or private
10 entities that run casinos, or race tracks, or card
11 clubs, or whatever it is. Do you have any thoughts on
12 that?

13 DOCTOR LESIEUR: I can answer that. I
14 think that that's actually a state responsibility. I
15 don't necessarily think the casinos should be forced
16 into helping problem gamblers. They are in the
17 business of business, and I think that it's important
18 to make a distinction there.

19 I think the state can tax those
20 corporations, which it does. The state of Illinois,
21 for example, taxes the riverboats. The state of Rhode
22 Island taxes the jai alai fronton and dog track. The

1 states do tax, and they can take some of their tax
2 dollars and spend it for help lines, for treatment,
3 for prevention, for research, et cetera. I think it's
4 a state responsibility.

5 We don't ask the same question, I guess, we
6 don't think about whether Budweiser should be the one
7 that's funding the research. If Budweiser gets
8 together with other beverage industry representatives
9 and decides to contribute to that research, I think
10 that's a good idea, to fund research into problem
11 drinking, but it's not Budweiser's responsibility. In
12 terms of, you know, corporate responsibility, yes, you
13 know, in terms of moral, but that's a different
14 question.

15 COMMISSIONER LEONE: I --

16 CHAIRMAN JAMES: Excuse me just a minute,
17 I promised Doctor Dobson I would recognize him next.

18 COMMISSIONER LEONE: Actually, I mean this
19 point that's being made makes no economic sense. I'd
20 just like --

21 CHAIRMAN JAMES: Well, you hold that point
22 for just a minute, and then after that I will

1 recognize you.

2 COMMISSIONER DOBSON: Actually, I have two
3 quick questions. I hope they'll be quick.

4 You made reference to the one small study
5 with regard to Gamblers Anonymous, they are having a
6 success rate of about eight percent. Do you have any
7 studies that show what the success rate is with more
8 traditional therapy in addition to something like
9 Gamblers Anonymous or even therapy alone?

10 DOCTOR LESIEUR: Yes, that rate --

11 COMMISSIONER DOBSON: As an advocate for
12 treatment, what kind of success rate can we look at?

13 DOCTOR LESIEUR: -- that rate is between 30
14 -- well, between 40 percent and 60 percent, depending
15 on the study, and I would suspect that the treatment
16 success would be very similar to treatment success for
17 alcohol treatment, because the kind of treatment
18 that's being offered is very similar. The populations
19 are very similar. And so, I would suspect that in the
20 long run, as a researcher I would suspect that that's
21 the case.

22 COMMISSIONER DOBSON: The second question

1 would be for any of the three of you, I suspect Doctor
2 Shaffer, but any of the three of you.

3 It has been my understanding, although I
4 don't know where I got this, that pathological and
5 problem gamblers are developed faster when the
6 turnaround time in the type of gambling is faster. In
7 other words, people who are involved in race track
8 betting, dog track betting, Bingo, things of that
9 nature, take longer to get into trouble with that than
10 some people who are involved in video poker, and slot
11 machines, and Keno and things of that nature. Is that
12 an accurate assumption?

13 DOCTOR SHAFFER: Well, that position has
14 been developed from what we know about the other
15 addictions. In almost every case with the other
16 addictions substances that are short acting, quickly
17 stimulating, have very short duration of action, are
18 related with the most rapid seduction into an
19 addictive state, for those who will experience it.
20 Not everyone does. So, cocaine, for example, and
21 crack, producing very rapid introductions. So, in
22 that sense, since we know, as I testified before, that

1 there's a neurobiology of gambling as well, that very
2 rapid, short-lived games that have stimulating
3 capacity will change our central nervous system and
4 our subjective experience and can be the most
5 seductive.

6 Literature on this is meek and scant,
7 untheoretical at best, but I do think in the next
8 several years we'll see more evidence, but as
9 clinically I can say that we see this and it's one of
10 the reasons that I believe the 1984 Commission
11 suggested that states not fund instant lottery
12 tickets, not promote instant lottery games.

13 CHAIRMAN JAMES: Commissioner Leone.

14 COMMISSIONER LEONE: Well, I just had to
15 interrupt because it seems to me that what's been
16 described is in economic terms a classic case of
17 externalities, where the costs of certain activities
18 are not built into the price of those activities.
19 And, since one of the most important things for making
20 a market economy work, perhaps, the most important, is
21 getting prices right.

22 And, when you have a market imperfection,

1 or you have a situation where there are externalities,
2 we go to great extremes -- we are going to great
3 extremes in other areas to try and get prices right.
4 Pollution taxing is one of those things, and cigarette
5 settlement is another sensational example of getting
6 prices right.

7 It seems to me only logical, to the extent
8 it's possible, to build into the price, either being
9 in the business of gambling, or engaging in gambling
10 activity, the costs, and capturing that. Otherwise,
11 you are basically taxing the rest of society or
12 charging the rest of society, even if it's paying for
13 an extra bank guard, which may not show up as a tax,
14 but may show up in some other respect, for the costs
15 that are generated by this activity.

16 So, I have no particular -- I'm not taking
17 a position on how this ought to be done, but I do
18 think just -- and, I'm trying not to force an economic
19 point of view on everything, but I think it's
20 important for us to think about these questions this
21 way.

22 The alternatives tend to be intervening in

1 people's lives on other grounds in a regulatory and
2 intrusive fashion, or imposing a variety of controls
3 and regulations on businesses that are less efficient
4 and trouble me a lot more than getting prices right.

5 So, I just -- I don't want to get into an
6 argument about this, but I think before we just assume
7 that building this into the price is not a good idea,
8 or just pass that out as something we can't do, makes
9 you think very hard, to the extent -- in our society,
10 in our system, one of the reasons it works well we
11 have a lot of market imperfections, but we work very
12 hard to try and get prices right, and getting the
13 price right about gambling, or anything else, is
14 tricky, but it's not something which you just say we
15 can't do or we shouldn't do.

16 So, that comes back to how you pay for
17 these things, whatever the costs.

18 CHAIRMAN JAMES: I happened to see
19 Commissioner Lanni first, and then I will go to
20 Commissioner Wilhelm.

21 COMMISSIONER LANNI: Actually, just a
22 general comment for us as the Commissioners. I have

1 been having a difficult time reading a number of
2 documents from the esteemed representatives of the
3 research community, and the three members present
4 before us today, obviously, meet those particular
5 standards. But, I've trying to in my own mind define
6 problem gaming or gambling, pathological gambling, and
7 there's a difference if they are combined.

8 Commissioner McCarthy was referring to some
9 numbers in level three that Doctor Shaffer referred
10 to, and used the term, I think, pathological gambling,
11 but if I understood it correctly I thought level three
12 had problem and pathological gambling people in it,
13 but maybe I misunderstood that aspect.

14 DOCTOR SHAFFER: Our level --

15 COMMISSIONER LANNI: Just one last thing,
16 if I may, Doctor Shaffer.

17 And then, I get even further confused
18 because Doctor Volberg raises the term probable
19 pathological gambler. What we are going to need to do
20 is to have some definition so that we can have some
21 discussion that has some merit to it, because I get a
22 little lost, and maybe the other commissioners are

1 not, but I am in disorders.

2 COMMISSIONER DOBSON: And disordered.

3 COMMISSIONER LANNI: Exactly.

4 COMMISSIONER DOBSON: Disordered gamblers,
5 too.

6 COMMISSIONER LANNI: Exactly. There are
7 others, I wasn't limiting to those, but I've been
8 trying to just work at defining in my own mind the
9 meaning of each of these, and then suddenly Doctor
10 Volberg has thrown a new one in for me.

11 CHAIRMAN JAMES: May I suggest this, that
12 we have our staff just to come up with a list of the
13 terms and work with some of the people who have been
14 involved in the field for a while, and see if we could
15 come up -- that would probably help very much in just
16 the discussion and the debate that's ensuing in our
17 country, so that when we use the terms on the
18 Commission we at least know what we mean by that, and
19 people who are covering our deliberations could know
20 what we mean by that.

21 COMMISSIONER LANNI: and, I think I
22 interrupted Doctor Shaffer, who wanted to respond to

1 the middle part of my question.

2 DOCTOR SHAFFER: We had the same problems
3 in our recent research that you are experiencing as
4 well. There are many, many terms, and not all
5 researchers use the same term and operationalize it
6 the same way, so that the notion of a problem gambler,
7 for example, to talk about Doctor Lesieur's important
8 scale, the SOGS, the South Oaks Gambling Scale, some
9 researchers reported results using three or four
10 positive responses as a problem, other researchers
11 used two, three or four, and still others used
12 positive responses of one, two, or three or four to
13 that scale. As a result, we went to a different level
14 of language and talked about level one, two, three,
15 and we can discuss that at another point.

16 COMMISSIONER McCARTHY: Could you answer
17 Commissioner Lanni's one specific point, Madam Chair,
18 level three, are we talking about pathological
19 gamblers?

20 DOCTOR SHAFFER: Level three are gamblers
21 who meet the diagnostic code as defined by Doctor
22 Lesieur's SOGS as five or more positive responses,

1 DSM-IV as five or more, or equivalent measures in the
2 field. So, it would be the most serious level of
3 pathological gambling, the most serious level of
4 gambling, I'm sorry, is level three.

5 CHAIRMAN JAMES: I'm going to recognize
6 Commissioner Wilhelm, and, unfortunately, he will be
7 the last one with this particular panel.

8 Commissioner Wilhelm.

9 COMMISSIONER WILHELM: I have a question
10 which is -- first, this is for Doctor Lesieur,
11 although I'd certainly be interested in the views of
12 either of the other of you.

13 Doctor Lesieur, you have argued very
14 forcefully and very persuasively about the personal
15 pain and the personal costs, and the family costs, and
16 the societal costs of pathological gambling. The
17 Chair of the research committee and other
18 commissioners have often repeated in the course of our
19 meetings that a primary goal of this Commission is to
20 try to provide the tools for state and local officials
21 who want to think about, well, should we have more
22 gambling, or less gambling, or no gambling, or so on.

1 It's also -- there's also ample evidence to
2 show that some of the kinds of problems you talked
3 about, and other very serious problems, infant
4 mortality for example, tend to accompany chronic
5 unemployment.

6 Methodologically, do you have any
7 suggestion as to how the Commission might go about
8 helping state and local officials balance these kinds
9 of costs and the kinds of benefits, as one example
10 that go with more employment, steady employment,
11 decent wages, good benefits, those kinds of things?

12 DOCTOR LESIEUR: I think I'll answer that
13 maybe indirectly. I was struck by the fact that the
14 crime rates don't seem to go up in communities that
15 get increased gambling. When you take into account,
16 for example, influxes of populations, for example,
17 Atlantic City, you can't base Atlantic City's crime
18 rates on its base population. There's a million
19 people that get put into here, so you have to control
20 for this visitor population.

21 And so, I say, okay, well, how do I explain
22 that? I think part of that explanation goes to the

1 question you asked, part of that is that, okay, the
2 unemployed people are committing fewer crimes and they
3 are being replaced by problem and pathological
4 gamblers who are committing more crimes. And so, you
5 get a net wash. There's no increase because as one
6 goes down -- unemployment-related crime goes down, the
7 problem and pathological gambling rate of crime goes
8 up, and they are kind of washing.

9 I mean, I don't know if that's true or not,
10 that's a research -- that's one way I explain that
11 kind of data, but I have no idea whether that's -- you
12 know, that explanation is accurate or not.

13 It's a sticky wicket. We are not talking
14 about something that's very simple to understand,
15 there's a lot of variables and they are not all
16 controllable, and they are not all measurable. For
17 example, how do you measure the tears of somebody at
18 a funeral, for somebody who committed suicide? You
19 can't. Or, how do you measure, you know, when
20 children are angry at their parent for not being
21 there, how do you measure that? You can't. You know,
22 where's Dad, well, Dad is at the race track, Dad isn't

1 with me, you know, that kind of pain you just can't
2 measure, it's not measurable. Economists give up on
3 it, you know, and, frankly, I don't know how to
4 measure it either.

5 DOCTOR LESIEUR: Well, you could probably
6 measure things like that as well or as poorly as you
7 can measure a lot of the consequences of chronic
8 unemployment.

9 COMMISSIONER WILHELM: Right, yes.

10 CHAIRMAN JAMES: With that, I'm going to
11 end on that note, and want to thank our distinguished
12 panel, and, again, look forward to working with you as
13 we go throughout our work and our deliberations. I
14 would particularly ask your help as we come up with a
15 set of definitions of terms, as we are describing
16 problem and pathological gamblers, that we can all
17 work off to make sure that we are all using the same
18 and appropriate language.

19 I'm going to ask for a recess for five
20 minutes and ask that we come back together at 11:00,
21 and we'll hear our panel then.

22 (Whereupon, at 10:57 a.m., a recess until

1 11:11 a.m.)

2 CHAIRMAN JAMES: Here today to discuss the
3 treatment side are Doctor Valerie Lorenz, Executive
4 Director of the Compulsive Gambling Center in
5 Baltimore, and Edward Looney, Executive Director --
6 I'm going to ask for quiet in the room, please, we
7 have a very full agenda and we really do need to get
8 through this -- Executive Director for the Council on
9 Compulsive Gambling of New Jersey, and each of you
10 will have 15 minutes, and please allow time for
11 questions within that 15 minutes. Welcome, and we
12 greatly anticipate your testimony. Thank you.

13 Doctor Lorenz.

14 DOCTOR LORENZ: Thank you, Chairman James.

15 First of all, I would like to thank you
16 for the opportunity of being able to speak with you.
17 I had sent information to this Commission prior, I
18 understand there's a question of whether or not you
19 have it, so I will have to change my comments from
20 what I had intended to make and, perhaps -- you do
21 have it now?

22 CHAIRMAN JAMES: Yes.