



# Gambling's Effects on Local Businesses

*Much of the gambling industry's rapid expansion in recent years can be attributed to its effective courting of local business leaders, who have been tantalized by promises of increased tourism and economic development. In community after community, however, the promises of the industry have failed to come to fruition. Worse, local businesses suffer as discretionary dollars are drained from the economy, and as they and their communities experience the social fallout that typically accompanies legalized gambling.*

- William Eadington, University of Nevada, Reno professor, warns state officials of the “substitution effect” in which a new casino will hurt local businesses and services.<sup>1</sup>
- A Wellesley College study revealed that an average of \$38 per household per month is spent on state gambling sales. This is about 2 percent of household consumption that would normally go to non-gambling businesses in a state.<sup>2</sup>
- Iowa State University researchers surveyed business owners in Clinton, Iowa, to determine how they had been affected by the presence of a riverboat casino. Twelve percent indicated business had increased, while 29 percent reported a decrease. Sixty percent said they had witnessed no change.<sup>3</sup>
- In a survey of 900 Minnesota restaurant owners, 38 percent said they had lost business due to gambling; only 10 percent reported an increase in business due to the existence of casinos.<sup>4</sup>
- The number of independent restaurants in Atlantic City dropped from 48 the year casinos opened to 16 in 1997.<sup>5</sup> Within just four years of the casinos' arrival, one-third of the city's retail businesses had closed.<sup>6</sup>
- The number of retail businesses in Gilpin County, Colorado, dropped from 31 before gambling to 11 within a couple of years after casinos arrived. Gilpin County is home to the majority of the state's casinos.<sup>7</sup>
- More than 70 percent of businesses in Natchez, Mississippi, reported declining sales within a few months of the opening of that city's first riverboat.<sup>8</sup>
- More than half of business owners in Illinois riverboat casino towns reported either a negative effect or no effect on their businesses from the presence of casinos. Only 3 percent of respondents said their businesses had been “helped a lot” by the casinos.<sup>9</sup>

- A University of South Dakota study showed that retail and service businesses in South Dakota suffered a net loss of approximately \$60 million in anticipated sales in the year following the introduction of gambling.<sup>10</sup>
- According to a study commissioned by New York's Gov. Pataki, 1,208 more jobs will be lost, rather than gained with gambling expansion. These jobs will be lost because western New Yorkers will most likely change their spending habits with the onslaught of stand-alone casinos.<sup>11</sup>

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<sup>1</sup> *Associated Press*, 2/13/03.

<sup>2</sup> Study by Dr. Melissa Kearney, Wellesley College, as reported by *The Christian Science Monitor*, 1/21/03.

<sup>3</sup> Cathy H.C. Hsu, "The Impact of Gambling on Iowa Tourism and Rural Businesses," Gambling and the Family Conference, Iowa State University, October 31, 1996.

<sup>4</sup> Arnold J. Hewes, "Minnesota's Restaurants, Hotels & Resorts Are 'Losers' In Gambling Explosion, Survey Results Reveal," News Release from the Minnesota Restaurant, Hotel and Resort Associations, January 13, 1993.

<sup>5</sup> Evelyn Nieves, "Our Towns: Taste of Hope at Restaurants Casinos Hurt," *New York Times*, March 23, 1997, section 1, p. 39.

<sup>6</sup> Robert Goodman, *The Luck Business: The Devastating Consequences and Broken Promises of America's Gambling Explosion* (New York: Free Press, 1995), p. 23.

<sup>7</sup> Patricia A. Stokowski, *Riches and Regrets: Betting on Gambling in Two Colorado Mountain Towns* (Niwot, Colo.: University of Colorado Press, 1996), p. 159.

<sup>8</sup> Goodman, *op. cit.*, p. 31.

<sup>9</sup> Terrence Brunner, "Statement on Riverboat Gambling to the Metro Ethics Coalition Project," Better Government Association, October 1994.

<sup>10</sup> Michael K. Madden, "Gaming in South Dakota: A Statistical Description and Analysis of Its Socioeconomic Impacts," University of South Dakota, November 1991, p. 36.

<sup>11</sup> Jerry Zremski, "Doubts Raised on Casino Job Gains," *The Buffalo News*, 8/18/02.



# Adolescent Gambling

*The next generation is the first in modern American history to grow up in an era when gambling is legally sanctioned and culturally approved. Tragically, adolescents have proven extremely susceptible to the enticements of gambling, and are becoming hooked at rates even greater than their adult counterparts. Scholars and researchers caution that we may only be seeing the “tip of the iceberg,” and that the seeds of destruction being sown in these young lives today portend immense individual and cultural devastation as we enter the 21st century.*

- The Center for Drug and Alcohol Studies at the University of Delaware reported that nearly one-third of Delaware’s 8<sup>th</sup>-graders and more than one-quarter of 11<sup>th</sup>-graders have gambled within the last year. Almost half of the students in both grades admitted to gambling at least once in their lives.<sup>1</sup>
- The National Research Council reported an estimated 1.1 million adolescents between the ages of 12 and 18 were already pathological gamblers as of 1999.<sup>2</sup>
- A 1997 survey of 12,000 sixth- through twelfth-graders in Louisiana found that 86 percent had gambled. Almost six percent of the students surveyed by the Louisiana State University Medical School researchers met the criteria for pathological gambling, while 16 percent could be classified as problem gamblers.<sup>3</sup>
- A survey of Atlantic City high school students showed that 64 percent had gambled at the city’s casinos. Twenty-one percent reported visiting the casinos more than 10 times.<sup>4</sup>
- In 1995, New Jersey casinos reported ejecting nearly 26,000 underage persons some time after they had managed to enter the casinos. Another 136,000 juveniles attempted to enter the casinos but were prevented from doing so.<sup>5</sup>
- Howard Shaffer, director of the Center for Addiction Studies at Harvard Medical School, conducted a meta-analysis of youth gambling studies in North America. Shaffer concluded that the rate of problem gambling for youths ranged between 9.9 percent and 14.2 percent, while an additional 4.4 percent to 7.4 percent were already exhibiting compulsive gambling behaviors.<sup>6</sup>
- University of Minnesota researchers found that 52 percent of underage Minnesota youths surveyed had gambled on legal gambling activities.<sup>7</sup>
- The Massachusetts Attorney General’s office conducted a sting operation in which 66 percent of minors were able to place bets on Keno games. The sting tested compliance at 90 different locations and involved adolescents as young as 14. The minimum legal age to gamble on Keno in Massachusetts is 18.<sup>8</sup> An earlier survey by the Massachusetts Attorney

General's office found that 80 percent of minors in Massachusetts were able to purchase lottery tickets.<sup>9</sup>

- In studies of gambling behaviors among high school students, one in 10 report committing illegal acts to obtain gambling money or to pay gambling debts.<sup>10</sup>
- The national 1-800-GAMBLER helpline received nearly 76,000 calls in 1995; 12 percent of callers were under the age of 21.<sup>11</sup>
- A survey of high school students in Massachusetts found that 5 percent had been arrested for a gambling-related offense. The survey further found that 10 percent of students reported experiencing family problems because of their gambling, 8 percent had gotten in trouble at work or school due to their gambling activities, and 13 percent reported being unable to stop gambling when they wanted.<sup>12</sup>

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<sup>1</sup> "Survey Says Public School Students are Gambling," *Associated Press*, February 2003.

<sup>2</sup> National Gambling Impact Study Commission, page 4-12, citing the National Research Council, 1999.

<sup>3</sup> James Westphal, Jill Rush, and Lee Stevens, "Preliminary Report on the Statewide Baseline Survey for Pathological Gambling and Substance Abuse, Louisiana Adolescents (6th Through 12th Grades) School Year 96-97, Department of Psychiatry, Louisiana State University Medical Center School of Medicine in Shreveport, June 30, 1997.

<sup>4</sup> Alan F. Arcuri, David Lester, and Franklin O. Smith, "Shaping Adolescent Gambling Behavior," *Adolescence*, Winter 1985, p. 936.

<sup>5</sup> "Juvenile Suspected Underage Report: January to December 1995," New Jersey Casino Control Commission.

<sup>6</sup> <sup>4</sup> Howard J. Shaffer and Matthew N. Hall, "Estimating the Prevalence of Adolescent Gambling Disorders: A Quantitative Synthesis and Guide Toward Standard Gambling Nomenclature," *Journal of Gambling Studies*, Summer 1996, p. 193.

<sup>7</sup> Ken C. Winters, Randy D. Stinchfield, and Leigh G. Kim, "Monitoring Adolescent Gambling in Minnesota," *Journal of Gambling Studies*, Summer 1995, p. 179.

<sup>8</sup> Scott Harshbarger, Attorney General, Commonwealth of Massachusetts, "Kids and Keno Are a Bad Bet: A Report on the Sale of Keno Tickets to Minors in Massachusetts," October 8, 1996.

<sup>9</sup> Scott Harshbarger, Attorney General, Commonwealth of Massachusetts, "Report on the Sale of Lottery Tickets to Minors in Massachusetts," July 1994.

<sup>10</sup> Durand F. Jacobs, "Illegal and Undocumented: A Review of Teenage Gambling and the Plight of Children of Problem Gamblers in America," in *Compulsive Gambling: Theory, Research and Practice*, Howard Shaffer (editor), (Lexington, Mass.: Lexington Books, 1989), p. 256.

<sup>11</sup> <sup>9</sup> "1995 Statistics for 1-800-GAMBLER Helpline," Council on Compulsive Gambling of New Jersey, March 20, 1996.

<sup>12</sup> Howard J. Shaffer, "The Emergence of Youthful Addiction: The Prevalence of Underage Lottery Use and the Impact of Gambling," Massachusetts Council on Compulsive Gambling, January 13, 1994, p. 12.



# Gambling and Bankruptcy

*Bankruptcy rates have reached record levels in the United States despite a relatively robust economy. Many observers see a strong link between the spread of legalized gambling and the recent rise in bankruptcy filings. There is an abundance of evidence to support their contention.*

- The Consumer Credit Counseling Service of Des Moines reported that southwestern Iowa, the location of Council Bluffs—home of the state’s three largest slot palaces—had the highest increase in bankruptcies in the United States for 2001.<sup>1</sup>
- A 1997 nationwide study found that the bankruptcy rate in counties with at least one gambling establishment (race tracks, casinos, and jai alai frontons) was 18 percent higher than for those counties without gambling. The rate was 35 percent higher for counties with five or more gambling facilities.<sup>2</sup>
- Iowa counties with a casino, racetrack or riverboat casino have a bankruptcy rate 21 percent higher than the state average.<sup>3</sup>
- Nevada had the fourth-highest bankruptcy rate in the nation in 1996. Mississippi, the state with the second-highest level of gambling per-capita, ranked fifth in the nation in per-capita bankruptcy filings.<sup>4</sup>
- Atlantic County, New Jersey, home of Atlantic City, has by far the highest bankruptcy rate in the state.<sup>5</sup>
- Six of the 16 counties with the highest bankruptcy rates in the nation in 1996 were located near the 10 riverboat casinos in Tunica, Mississippi. Shelby County, Tennessee (home to Memphis), had the highest bankruptcy rate in the nation — four times the national average.<sup>6</sup> Memphis, which is within an hour's drive of Tunica, ranks as the number six "casino feeder market" in the country, producing 6 million casino visits in 1996.<sup>7</sup>
- Prince George's County, Maryland, the only county in the state where casino gambling was legal in 1996, also had by far the state's highest bankruptcy rate that year.<sup>8</sup>
- The two California counties with that state's highest bankruptcy rates, Riverside and San Bernardino, are both adjacent to Las Vegas.<sup>9</sup>
- Gambling-related bankruptcies in metro Detroit increased by as much as 40-fold within a year and a half of the opening of Casino Windsor, just across the Detroit River, according to local bankruptcy attorneys.<sup>10</sup>
- Various studies of pathological gamblers show that 20 percent or more eventually file for bankruptcy.<sup>11</sup>

- SMR Research Corporation, in its lengthy study, "The Personal Bankruptcy Crisis, 1997," concluded, "It now appears that gambling may be the single fastest-growing driver of bankruptcy." The report also determined that in those areas near major casinos, "Gambling-related bankruptcies account for a good 10% to 20% of the filings."<sup>12</sup>

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<sup>2</sup> The Personal Bankruptcy Crisis, 1997: Demographics, Causes, Implications & Solutions," SMR Research Corporation, 1997, p. 117.

<sup>3</sup> John McCormick, "Many Iowans Going for Broke," *Des Moines Register*, June 15, 1997, p. 1. (Note: For the years 1991-1996.)

<sup>4</sup> Calculations based on data provided by the American Bankruptcy Institute.

<sup>5</sup> "The Personal Bankruptcy Crisis, 1997," *op. cit.*, p. 117.

<sup>6</sup> *Ibid.*, p. 121. (Note: Among counties with a minimum population of 25,000.)

<sup>7</sup> "Harrah's Survey of Casino Entertainment, 1997," Harrah's Entertainment Incorporated.

<sup>8</sup> "The Personal Bankruptcy Crisis, 1997," *op. cit.*, p. 123.

<sup>9</sup> *Ibid.*, p. 117.

<sup>10</sup> Ron French, "Gambling Bankruptcies Soar," *Detroit News*, December 3, 1995, p. A1.

<sup>11</sup> William N. Thompson, Ricardo Gazel and Dan Rickman, "The Social Costs of Gambling in Wisconsin," Wisconsin Policy Research Institute Report, July 1996, p. 15; Henry R. Lesieur and Christopher W. Anderson, "Results of a 1995 Survey of Gamblers Anonymous Members in Illinois," June 14, 1995; "The Personal Bankruptcy Crisis, 1997," *op. cit.*, p. 124.

<sup>12</sup> "The Personal Bankruptcy Crisis, 1997," *op. cit.*, pp. 116, 124.



# Gambling and Crime

*Polls show that most Americans assume an association between gambling and increased criminal activity. The gambling industry offers hearty denials and various statistical manipulations attempting to counter this perception. Data from gambling communities across the country, however, indicates that gambling does indeed foster a significant increase in crime.*

- An estimated 40 percent of white-collar crime is committed by gambling addicts. Research suggests that \$1.3 billion per year in insurance fraud alone is related to gambling.<sup>1</sup>
- In the first six years of casinos in Minnesota, the crime rate in counties with casinos increased more than twice as fast as in non-casino counties. According to an analysis by the Minneapolis Star Tribune, the median crime rate in casino counties rose 39 percent during that period as compared to an 18 percent increase in non-casino counties.<sup>2</sup>
- The total number of crimes within a 30-mile radius of Atlantic City increased by 107 percent in the nine years following the introduction of casinos to Atlantic City.<sup>3</sup>
- According to a study by Earl Grinols, a city can expect its crime rate to increase by about 8 percent after four or five years of introducing casinos.<sup>4</sup>
- The Mississippi Gulf Coast experienced a 43 percent increase in crime in the four years after casinos arrived. Harrison County, where most of the Gulf Coast casinos are located, witnessed a 58 percent increase in total crimes between 1993 and 1996.<sup>5</sup>
- A U.S. News & World Report analysis found crime rates in casino communities to be 84 percent higher than the national average. Further, while crime rates nationally dropped by 2 percent in 1994, the 31 localities that introduced casinos in 1993 saw an increase in crime of 7.7 percent the following year.<sup>6</sup>
- 57 percent of 400 surveyed Gamblers Anonymous members admitted to stealing in order to maintain their gambling habits. “Collectively, they stole \$30 million, for an average of \$135,000 per individual.”<sup>7</sup>
- The number of court cases filed in Tunica County, Mississippi, went from 689 in 1991, the year before casinos began operating there, to 11,100 in 1996.<sup>8</sup>
- The annual number of calls to the Ledyard, Connecticut police department jumped from 4,000 to 16,700 within five years after the opening of the nearby Foxwoods Casino.<sup>9</sup>
- University of Illinois professor, John Kindt, reported that 1.5 million people or .5 percent of the U.S. population became new criminals from 1994 to 1997 as a direct correlation to states’ government-sponsored legalized gambling. The cost for this rise in crime ranged from \$12 billion to \$15 billion.<sup>10</sup>
- University of Nevada-Las Vegas researchers concluded that the state of Wisconsin experiences an average of 5,300 additional major crimes a year due to the presence of casinos

in that state. They also attributed an additional 17,100 arrests for less-serious crimes each year to the existence of casino gambling.<sup>11</sup>

- Nevada ranked first in crime rates among the fifty states in both 1995 and 1996, based on an analysis of FBI Uniform Crime Report statistics. Further, the violent crime rate in Nevada increased by close to 40 percent from 1991 to 1996, a period in which the national violent crime rate dropped by approximately 10 percent.<sup>12</sup>
- The San Jose, California, police department reported significant increases in crime in the vicinity of a new cardroom in the year after its opening. Narcotics offenses increased by 200 percent, property crimes by 83 percent, petty thefts by 56 percent, auto thefts by 21 percent, and traffic accidents by 55 percent in a single year.<sup>13</sup>
- The number of police calls in Black Hawk, Colorado, increased from 25 a year before casinos to between 15,000 and 20,000 annually after their introduction. In neighboring Central City, the number of arrests increased by 275 percent the year after casinos arrived. In Cripple Creek, Colorado, serious crime increased by 287 percent in the first three years after casinos.<sup>14</sup>
- The annual number of felony cases filed in Lawrence County, South Dakota, has increased by approximately 69 percent since the introduction of casinos to Deadwood.<sup>15</sup>
- Half of Louisiana District Attorneys surveyed in 1995 noted gambling as a factor in rising crime rates in their jurisdictions.<sup>16</sup>

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<sup>1</sup> The American Insurance Institute.

<sup>2</sup> Dennis J. McGrath and Chris Ison, "Gambling Spawns a New Breed of Criminal," [Minneapolis] *Star Tribune*, December 4, 1995, p. A6.

<sup>3</sup> Andrew J. Buck, Simon Hakim, and Uriel Spiegel, "Casinos, Crime and Real Estate Values: Do They Relate?," *Journal of Research in Crime and Delinquency*, August 1991, p. 295.

<sup>4</sup> Earl Grinols, "Measuring Industry Externalities: The Curious Case of Casinos and Crime," March 2001.

<sup>5</sup> Robert Waterbury, "1996 Mississippi Coast Crime Statistics," Mississippi Coast Crime Commission, May 1997.

<sup>6</sup> Joseph P. Shapiro, "America's Gambling Fever," *U.S. News & World Report*, January 15, 1996, pp. 58, 60.

<sup>7</sup> National Gambling Impact Study Commission, page 7-13, citing testimony from the Institute for Problem Gambling, 1999.

<sup>8</sup> Bartholomew Sullivan, "Once-Sleepy Tunica Awakens to Gambling-Inspired Crime," [Memphis] *Commercial Appeal*, October 20, 1997, p. A5.

<sup>9</sup> Mayor Wesley J. Johnson, Sr., "Fiscal Impacts of Foxwoods Casino on the Town of Ledyard, Connecticut," April 1997.

<sup>10</sup> Dr. John Kindt, "The Costs of Addicted Gamblers: Should the State Initiate Mega-Lawsuits Similar to the Tobacco Cases?" *Managerial and Decision Economics*, December 2001.

<sup>11</sup> William N. Thompson, Ricardo Gazel, and Dan Rickman, "Casinos and Crime in Wisconsin: What's the Connection?" *Wisconsin Policy Research Institute Report*, November 1996.

<sup>12</sup> Ed Koch, "Nevada: Most Dangerous?" *Las Vegas Sun*, July 16, 1997, p. 1A.

<sup>13</sup> Louis A. Cobarruviaz, City of San Jose Memorandum from the Chief of Police to the Mayor and City Council, October 27, 1995.

<sup>14</sup> J. Joseph Curran, Jr., "The House Never Loses and Maryland Cannot Win: Why Casino Gaming Is a Bad Idea," Report of Attorney General J. Joseph Curran, Jr., on the Impact of Casino Gaming on Crime, October 16, 1995, pp. 9, 12.

<sup>15</sup> Information provided by the Eighth Circuit Court of South Dakota, November 12, 1997.

<sup>16</sup> Greg Garland, "Crime Rising with Gambling: Bad Checks, Theft Show Biggest Gain," [Baton Rouge, La.] *Advocate*, July 30, 1995, p. 1A.





# Gambling's "Foot-in-the Door" Approach to Growth

*Gambling promoters frequently soft-peddle their intentions when pitching their plans to the citizenry and political officials. They will often proclaim publicly that they desire only a very limited amount of legalized gambling and are willing to accept restrictions to assure such. Once they get a foot in the door, however, gambling interests push relentlessly for expansion and accommodations until they receive the wide-open, virtually unlimited gambling they privately sought in the first place.*

- West Virginia legislators agreed to add 165 video lottery terminals to Mountaineer Park Racetrack in 1990. Video machines were shortly added to the state's other three racetrack facilities, and reel slots were then legalized in 1999. Although a total of 11,000 video and reel slots were already located at the four racetracks by 2002, legislators still voted to increase the number of slots at racetracks and to permit slots in bars. In an effort to counter tri-state gambling competition, legislators have laid out a projected goal to add blackjack and other table games to racetracks.
- Delaware legislators voted in 1995 to legalize up to 500 video machines per racetrack with the option to add 500 more per track with the lottery director's approval. As of 2002, nearly 5,300 video lottery terminals are in place at the state's three racetrack facilities. Recent proposals have been made to expand gambling through legalized sports betting and floating casinos on the Delaware River.
- Illinois legislators agreed to permit riverboat casinos in 1990 with the stipulation that there be a \$500 loss limit. However, at the last minute, the loss limitation was dropped "accidentally," according to the bill's sponsor, though legislators were still under the impression that it existed.<sup>1</sup> Since passage of the riverboat casino bill, gambling interests in Illinois have also lobbied aggressively for dockside gambling, land-based casinos and slot machines at racetracks.
- The Louisiana legislature approved riverboat gambling on ships that cruise; the state now has dockside gambling. The gambling vessels in Louisiana routinely flout cruising requirements and instead remain moored at their docks in order to earn greater profits. For instance, records from various Louisiana floating casinos show that they canceled between 88 percent and 98 percent of scheduled cruises in the first half of 1997.<sup>2</sup>
- Gambling interests enticed Missouri voters in 1992 to allow betting on card games aboard riverboats that cruised on the Missouri and Mississippi Rivers, with numerous limiting stipulations. Among those were requirements that the riverboats would devote 50 percent of their floor space to non-gambling, family-oriented activities and that the boats would be required to conduct cruises. In 1994, gambling proponents unleashed a \$15-million public

relations campaign to win another referendum legalizing slot machine gambling on board the boats. Gambling proponents have succeeded in effectively abolishing many of the initial regulations, including the floor-space requirement, the requirement that boats actually cruise, and even the requirement that boats be located on the rivers. They have continued to push for even further concessions, including a lifting of betting limits and an elimination of the requirement that trained maritime crews be on board the gambling boats.<sup>3</sup>

- Iowa became the first state to allow riverboat casinos in 1991, with loss limits of \$5 per bet and \$200 per riverboat excursion. Three years later, under heavy pressure from casino interests, the legislature voted to drop the betting limits and also to permit slot machine gambling at racetracks.<sup>4</sup>
- In 1990, Coloradans voted to allow limited-stakes casino gambling in three mountain mining towns. Gambling promoters painted a picture of existing businesses operating a few slot machines on the side, while suggesting a relatively high tax of 40 percent on gambling revenues to discourage full-scale casino operations. Both suggestions proved to be a ruse. Large out-of-state casino operators moved in almost immediately once gambling was legalized, while virtually all existing businesses closed and/or were turned in to full-fledged casinos. Casino owners vigorously and successfully protested the 40 percent tax rate after the legislation was enacted; rates were subsequently slashed to between 4 and 15 percent.

In addition, the legislation permitting the casinos included a restriction that no more than 50 percent of floor space could be devoted to gambling. The state gambling commission, however, narrowly defined what constituted “gambling space,” thus rendering the provision meaningless and thereby allowing full-scale casinos. Within two years after limited-stakes gambling began, casino interests were actively pressing for a lifting of the betting limits.<sup>5</sup>

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<sup>1</sup> Kathy O’Malley and Hanke Gratteau, “Gamblin’ Man: The Sky’s the Limit,” *Chicago Tribune*, January 15, 1990.

<sup>2</sup> Associated Press, “Louisiana Boats Told: Get Moving,” *Las Vegas Review-Journal*, August 11, 1997.

<sup>3</sup> Keith Chrostowski and Rick Alm, “Betting Limit Hurts Riverboats, Commission Says,” *Kansas City Star*, March 4, 1997, p. A1; Phil Linsalata and Fred W. Lindecke, “Gambling Bill Signed; Casinos May Roll on State Rivers as Early as This Fall,” *St. Louis Post-Dispatch*, April 30, 1993, p. 1A; Ronald A. Reno, “False Hope,” *Citizen*, June 23, 1997, pp. 10-13.

<sup>4</sup> A. Fogarty Thomas, “High-Stakes Betting Approved,” *Des Moines Register*, March 31, 1994.

<sup>5</sup> Patricia A. Stokowski, *Riches and Regrets: Betting on Gambling in Two Colorado Mountain Towns* (Niwot, Colo.: University Press of Colorado, 1996).



# Gambling and Organized Crime

*The histories of gambling and organized crime in the United States are deeply intertwined. However, gambling advocates maintain that present concerns about mob involvement in casinos and other forms of legal gambling are relics of a bygone era. American Gaming Association President Frank J. Fahrenkopf, Jr., contends, "The only place where organized crime can be linked to today's (casino) industry is in the movies."<sup>1</sup> Despite such denials, the reality is that organized crime continues to make its presence felt in various aspects of state-sanctioned gambling operations.*

- The *Philadelphia Inquirer* reported that Philadelphia mob boss Joseph Ligambi and Peter "Petey Boxcars" Cosoleto of New York were permanently banned from all Atlantic City casinos by the New Jersey Casino Control Commission after promoting the use of casinos for mob meetings. The commission voted unanimously to add these mobsters to the state exclusion list already numbering 150.<sup>2</sup>
- In April 1997, the Associated Press reported: "A reputed crime syndicate tried to infiltrate and control an Indian casino near San Diego, the second time in 10 years that the casino was allegedly targeted, according to federal indictments." Seventeen people were charged, including numerous members of organized crime families from Pittsburgh and Ohio. In the previous incident, nine reputed Chicago organized crime figures were convicted of racketeering, extortion and other charges.<sup>3</sup>
- In Louisiana, 25 individuals were convicted for taking part in a scheme designed to skim video poker profits for the Marcello, Genovese and Gambino crime families in Louisiana and New York. Among those convicted was a former New Jersey deputy attorney general, who also had served as an executive with the Trump Taj Mahal Casino in Atlantic City, N.J.<sup>4</sup>
- In February 1998, the Charleston (S.C.) *Post and Courier* reported: "South Carolina lawmakers left the door wide open for organized crime when they wrote the law on video gambling. And it looks as if organized crime walked right on in. Federal court documents and South Carolina corporate records show a link between South Carolina's video gambling industry and a Pittsburgh organized crime ring."<sup>5</sup>
- In 1994, the Minneapolis *Star Tribune* reported: "Companies and individuals with links to East coast Mafia families have made millions of dollars doing business with five northern Minnesota casinos."<sup>6</sup>

- Reputed organized crime members from New Orleans and Los Angeles were convicted along with casino employees in a blackjack-cheating scheme at the President Casino in Gulfport, Mississippi.<sup>7</sup>
- In the 1980's, the *Christian Science Monitor* reported, "Atlantic City has become a magnet for organized crime members." After reviewing court documents and public records, the paper identified 11 different organized crime families that had participated in rackets designed to profit from labor unions and casino service providers in Atlantic City.<sup>8</sup>
- In 1998, several Detroit Mafia figures stood trial for, among other charges, attempting to gain a secret interest in three Nevada casinos.<sup>9</sup>
- Further, the premise that legalizing gambling would undercut illegal operations has proven false William Jahoda, a former Chicago-area Mafia gambling director, testified before members of Congress in 1995 that legalized gambling has been a boon to mob gambling operations: "[A]ny new form or expansion of existing state-controlled licensed gambling always increased our market share. Simply put, the political dupes or stooges who approved riverboat gambling houses, lotteries, off-track horse betting sites, Las Vegas nights, etc., became our unwitting-and at least to my knowledge-unpaid pimps and frontmen."<sup>10</sup>

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<sup>1</sup> Frank J. Fahrenkopf, Jr., letter to the editor, (Baton Rouge, La.) *Advocate*, August 8, 1997, p. 8B.

<sup>2</sup> Amy Rosenberg, "Casino Panel Bans Reputed Philadelphia Mob Boss," *The Philadelphia Inquirer*, Feb. 14, 2003.

<sup>3</sup> Matthew Fordahl, "Indictment Alleges Organized Crime Infiltration of Indian Casino," Associated Press, April 18, 1997.

<sup>4</sup> Joe Gyan, Jr., "Book Closes on Mob Try to Infiltrate Louisiana Gambling," (Baton Rouge, La.) *Advocate*, October 13, 1996, p. 1A.

<sup>5</sup> Mike Soraghan, "Crime Ring Linked to Video Poker," (Charleston, S.C.) *Post and Courier*, February 15, 1998, p. A1.

<sup>6</sup> Chris Ison and Lou Kilzer, "Mafia Associates Had Ties to 5 Casinos," *Star Tribune*, May 29, 1994, p. 1A.

<sup>7</sup> Michael Perlstein, "Arrests Link Mob to Casino Card Scam," (New Orleans) *Times-Picayune*, June 2, 1995, p. A1; "The Mob and Gambling Scam," *Times-Picayune*, February 21, 1996, p. B6.

<sup>8</sup> Victoria Irwin and Warren Richey, "Holding the Mob at Bay?," *Christian Science Monitor*, August 28, 1986, p. 18.

<sup>9</sup> Associated Press, "Skimming Scheme Overheard, FBI Agent Testifies at Detroit Trial," *Las Vegas Sun*, March 3, 1998, p. 6B; David Josar, "Defense Rests in Mob Trial," *Detroit News*, April 9, 1998, p. C2.

<sup>10</sup> William Jahoda, Statement before the House Judiciary Committee Hearing on the "National Gambling Impact and Policy Commission Act," September 29, 1995.



# The Gambling Industry's Political Clout

*The gambling industry has quickly become a potent force in local, state and national politics. Gambling lobbyists now swarm the halls of Congress and state capitols from California to Connecticut. The industry has hired many of the most high-powered and influential political players in the nation to push for gambling-friendly legislation. Further, they have showered millions of dollars on political candidates and officeholders, both Republican and Democrat, in an aggressive attempt to curry political favor. Following are just a few examples of the tremendous money and influence wielded by this rapidly expanding political force.*

- Nearly \$2 million in campaign contributions were poured into Pennsylvania politics from 1999-2002 by racetrack owners, casino executives and other businesses holding gambling interests. Over \$800,000 of those contributions went directly to the Rendell campaign.<sup>1</sup>
- Center for Responsive Politics reported that campaign donations from casinos and track owners to state and federal candidates were likely to reach \$11 million in 2002.
- Gambling interests gave \$3.9 million in soft money contributions to the two major political parties in 1996.<sup>2</sup>
- At least two dozen lobbyists represented the gambling industry in the Louisiana legislature in 1997, including several former legislators (one a former Senate president) and associates of two previous governors.<sup>3</sup>
- Gambling lobbyists in Illinois have included a former governor, former director of state police, former state attorney general, two former U.S. attorneys, former Chicago mayor, and dozens of former state legislators-including a Senate president and House majority leader.<sup>4</sup>
- Gambling interests spent \$2.7 million to lobby California legislators and agencies in 1995.<sup>5</sup>
- In 1995, the gambling industry hired 48 lobbyists to push gambling in Virginia's legislature.<sup>6</sup> That same year, the industry bankrolled 74 lobbyists to work the Texas legislature.<sup>7</sup>
- Casino gambling interests donated \$600,000 to Illinois politicians in 1996, right in advance of a critical legislative session concerning gambling.<sup>8</sup>
- The gambling industry paid \$938,000 to lobbyists in the Maryland legislature during the 1997 legislative session.<sup>9</sup>
- Indian tribes spent at least \$4.2 million to protect their gambling interests via lobbying and campaign contributions in 1996, according to the Center for Responsive Politics.<sup>10</sup>
- In 1995, casino companies created the American Gaming Association, hiring some of the most powerful Washington insiders to lobby Capitol Hill on gambling. Frank Fahrenkopf, Jr.,

former Republican National Committee chair, earns an estimated annual salary of \$750,000 as AGA executive director.<sup>11</sup> Other AGA lobbyists have included former Reagan White House chief of staff Ken Duberstein; former Ohio Democratic Congressman Dennis Eckart; Judy Kern Fazio, wife of California Democratic Representative Vic Fazio; Charles L. Kinney, former chief floor counsel to former Senate Majority Leader George Mitchell; Don Fierce, a top aide to former Republican National Committee Chairman Haley Barbour; and Charles Black, a senior adviser to Presidents Reagan and Bush.<sup>12</sup>

- Rhode Island-based Gtech, the nation's largest lottery operator, paid \$11 million to lobbyists and consultants in 1993 alone.<sup>13</sup>
- Mirage Resorts spent more than \$10 million on a failed four-year lobbying and public relations campaign to put a casino in Bridgeport, Conn.<sup>14</sup>
- Gambling has already become the single most powerful lobbying group in many state legislatures, according to "U.S. Gambling Study" author Robert Goodman.<sup>15</sup>
- Ladbroke Racing Corp. lavished \$25,000 in political contributions on at least 34 Michigan legislators and key political groups the week before bidding for a Detroit casino license.<sup>16</sup>
- Two political insiders in Illinois, including an aide to a U.S. Representative, were offered \$20 million from a gambling company if they could secure a single casino license in the state.<sup>17</sup>
- A 1997 investigation by Mother Jones magazine found that the gambling industry had spent in excess of \$100 million in political contributions and lobbying fees in the previous five years in an attempt to influence state governments.<sup>18</sup>

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<sup>1</sup> Bob Warner, "How Gambling \$\$ Funds PA Politics - & Rendell," *Philadelphia Daily News*, 3/3/03.

<sup>2</sup> Common Cause, "Gamblers Unanimous: Gambling Interests Tripled Their Soft Money Giving in 1996," June 26, 1997.

<sup>3</sup> Alan Sayre, "Gambling Has Prominent Lobbyists," *Baton Rouge Advocate*, March 27, 1997, p. 10A.

<sup>4</sup> Kevin Sack, "Gambling's New Winnings," *New York Times*, December 18, 1995, p. B12.

<sup>5</sup> Clark McKinley, "Gambling Spending Limit Bill Fails," United Press International, May 24, 1996.

<sup>6</sup> Sack, *op. cit.*

<sup>7</sup> *Ibid.*

<sup>8</sup> Kevin McDermott, "Casino Firms Boost Campaign Donations," *St. Louis Post-Dispatch*, April 11, 1997, p. 1A.

<sup>9</sup> "Gambling Lobbyists: Rich and Relentless," *Baltimore Sun*, June 6, 1997, p. 28A.

<sup>10</sup> Jim Drinkard, "Indians Spent \$4.2 Million to Lobby," Associated Press, July 28, 1997.

<sup>11</sup> Jeff German, "Fahrenkopf Looking to Strengthen Marriage with Gamers," *Las Vegas Sun*, May 22, 1997, p. 3A.

<sup>12</sup> Keith White, "Casino Interests Hire Big Names to Shape Gambling Study Commission," Gannett News Service, May 3, 1996.

<sup>13</sup> R.G. Ratcliffe, "Is Gtech's Number up in Texas?" *Houston Chronicle*, March 8, 1997, p. A1.

<sup>14</sup> *Ibid.*

<sup>15</sup> Robert Goodman, *The Luck Business* (New York: Free Press, 1995), p. 190.

<sup>16</sup> Kenneth Cole, "Gaming Giant Gives Gifts to Legislators," *Detroit News*, March 5, 1997, p. D1.

<sup>17</sup> Tom Pelton and Ken Armstrong, "Court Documents Show Casino Bet Big on Illinois," *Chicago Tribune*, March 28, 1995, sec. 1, p. 1.

<sup>18</sup> Martin Koughan, "Easy Money," *Mother Jones*, July/August 1997, p. 35.



# Gambling and Political Corruption

*Gambling “has more of a history of corruption than any other industry,” former Illinois Senator Paul Simon testified at the opening meeting of the National Gambling Impact Study Commission in June 1997. Indeed, Simon’s statement has abundant basis in fact. Gambling-related political corruption became so widespread in the 1800s that every state in the union eventually outlawed lotteries and all other forms of gambling. Today, history appears to be repeating itself. The recent wave of gambling expansion in the United States has spawned another epidemic of political corruption.*

- Two former West Virginia Senate Presidents were sentenced to prison for taking money from gambling interests. One was charged with soliciting \$15,000 from a casino company to help pass a bill that would have allowed casinos in the state. The other was convicted for accepting an illegal \$10,000 payment from gambling interests.<sup>1</sup>
- Nineteen Arizona legislators and lobbyists were caught on videotape taking money after agreeing to vote for legalized gambling.<sup>2</sup> Six lawmakers eventually accepted plea bargains; another was convicted of conspiracy for taking \$25,000 from an undercover agent.<sup>3</sup>
- Three Hilton Hotels executives — one a board member — resigned in the wake of an investigation regarding the corporation’s attempts to obtain a riverboat license in Kansas City, Missouri. Hilton allegedly paid \$250,000 to a business headed by the former chairman of the Kansas City Port Authority, whose approval Hilton needed to lease city property for the casino. The former chairman later cast the deciding vote awarding Hilton the lease.<sup>4</sup>
- Missouri’s House Speaker of 15 years resigned in 1996 in the wake of a federal investigation induced by charges of gambling-related dealings. According to media reports, the ex-speaker demanded that a gambling company direct payments of \$16 million toward the ex-speaker’s friends and business associates in order to secure a casino license in the state.<sup>5</sup>
- In Kentucky, 15 state legislators were eventually convicted or pled guilty to charges stemming from Operation Boprot, an FBI investigation centering on influence peddling and bribery involving the state’s horse racing industry.<sup>6</sup>
- The FBI launched a two-year investigation into the activities of more than a dozen Louisiana legislators suspected of accepting bribes from gambling interests.<sup>7</sup> One former state senator, who chaired the senate committee overseeing gambling matters, has been convicted of racketeering-related charges in the investigation.<sup>8</sup> A representative who sat on a similar committee in the Louisiana House resigned after admitting to using his influence to help two organized-crime-controlled video poker companies in exchange for gifts.<sup>9</sup>

- Seventeen South Carolina lawmakers were convicted of or pled guilty to charges related to a federal sting operation labeled “Operation Lost Trust.” The investigation centered around allegations that legislators accepted gambling money in exchange for pro-gambling votes on horse racing legislation.<sup>10</sup>
- In 1997, the former chairman of the Indiana House Ways and Means Committee was indicted on charges of bribery, perjury and filing false finance reports. The charges stemmed from allegations that the former chairman took bribes from the lead engineering firm in a riverboat casino project in the state.<sup>11</sup>
- Four of Atlantic City’s last seven mayors have been found guilty of or pleaded guilty to corruption charges.<sup>12</sup>

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<sup>1</sup> A.V. Gallagher, Associated Press, “Former W. Va. Senate President Sentenced to 5 Years, Fined \$10,000,” December 14, 1989.

<sup>2</sup> Sally Ann Stewart, “New Tarnish on Arizona’s Image; Bribe Case Has State ‘in Shock,’” *USA Today*, February 13, 1991, p. 6A.

<sup>3</sup> John Pacenti, “Walker Found Guilty of Conspiracy in AzScam,” Associated Press, November 5, 1992.

<sup>4</sup> Bruce Orwall, “Hilton Officials Resign Amid Focus on Missouri Casino,” *Wall Street Journal*, October 14, 1996, p. B7.

<sup>5</sup> Joe Stephens, “Powerbrokers Await Windup of Grand Jury,” *Kansas City Star*, October 11, 1996, p. A1.

<sup>6</sup> Bill Estep, “BOPTROT Leaves Legacy of Ethics Rules,” *Lexington Herald-Leader*, August 2, 1995, p. A1.

<sup>7</sup> Jim Yardley, “Don’t Bet on Gambling; Louisiana Bribery Suspected,” *Atlanta Journal and Constitution*, September 5, 1995, p. 4B.

<sup>8</sup> Joe Gyan, Jr., “Bankston Convicted on 2 Counts; Rayburn Acquitted,” *Baton Rouge Advocate*, June 28, 1997, p. 1A.

<sup>9</sup> Joe Gyan, Jr., “Guzzardo Quits After Guilty Plea,” *Baton Rouge Advocate*, May 2, 1996, p. 1A.

<sup>10</sup> Associated Press, “Former State Representative Sentenced to Prison for Selling Votes,” April 24, 1992.

<sup>11</sup> Thomas P. Wyman and Beth Menge, “Bribery in Casino Contract Charged,” *Cincinnati Enquirer*, April 29, 1997, p. B1.

<sup>12</sup> Jerry Gray, “Sharpe James Wins a Third Term as Mayor of Newark,” *New York Times*, May 11, 1994, p. B7.





# Referenda Spending by the Gambling Industry and Referendum Campaigns

*Gambling interests frequently push for gambling expansion issues to be decided via referenda, under the guise of “letting the people vote.” This may sound like good, old-fashioned democracy at work; it is not. Such referenda allow gambling promoters to unleash a torrent of media spending that corrupts the democratic process by precluding fair debate. Citizens are inundated with the gambling industry’s pie-in-the-sky promises of jobs, tourism and economic development, which drown out the truth about legalized gambling’s devastating social and economic costs. Following are but a few examples of the huge disparity in spending between gambling proponents and opponents evidenced in 1996- 2002 gambling referenda campaigns.*

- In Ohio, gambling proponents spent \$8.5 million on a failed campaign to legalize eight dockside casinos at various locations around the state. Opponents spent \$1.1 million.<sup>1</sup>
- In Arkansas, gambling boosters spent a total of \$9.2 million on various proposed referenda that would have expanded gambling in the form of casinos, a state lottery, video lottery terminals and charitable bingo. Gambling opponents spent \$500,000. (Out-of-state casino companies spent an additional \$1.2 million to defeat expansion in Arkansas in order to protect their own interests.)<sup>2</sup>
- Louisiana gambling interests outspent opponents by a margin of nearly 200 to 1 in statewide local-option elections to decide the fate of riverboat casinos, the New Orleans land-based casino and video poker machines. Gambling expenditures totaled \$10.5 million, while opponents spent \$53,000.<sup>3</sup>
- Pro-casino groups in Michigan spent more than \$10 million in narrowly winning a referendum to bring casinos to Detroit.<sup>4</sup> Opponents spent but a small fraction of that amount.
- Washington state gambling proponents outspent opponents \$1.7 million to \$12,000 in a failed attempt to legalize slot machines at tribal casinos.<sup>5</sup>
- In 1994, casino promoters spent a staggering \$16.5 million in a failed effort to bring dozens of casinos to Florida. Opponents spent \$1.7 million.<sup>6</sup>
- Missouri gambling interests spent nearly \$15 million on two 1994 referenda (one failed, one successful) to allow full-scale casino gambling on riverboats. Opponents spent \$395,000.<sup>7</sup>

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- <sup>1</sup> Office of the Secretary of State Ohio, Campaign Finance Department.
- <sup>2</sup> Rachel O’Neal, “Gambling Effort: \$9.2 Million Bad Bet,” *Arkansas Democrat-Gazette*, Jan. 9, 1997.
- <sup>3</sup> Brad Cooper, “Gambling Interests Spent \$10 Million on ’96 Elections,” *Shreveport Times*, Jan. 21, 1997.
- <sup>4</sup> Melinda Wilson, “Why Wasn’t Whole State Opened for Casinos, Many Ask,” *Detroit News*, June 19, 1997, p. A6.
- <sup>5</sup> Rob Carson, “Voters Again Say No to Slot Machines,” (Tacoma, WA) *News Tribune*, Nov. 6, 1996.
- <sup>6</sup> Michael Griffin, “Court Clears Way for Casino Vote in ’96,” *Orlando Sentinel Tribune*, June 9, 1995.
- <sup>7</sup> Missouri Ethics Commission, “1994 Missouri Annual Campaign Finance Report.”



# Gambling and Suicide

*For millions of Americans, gambling addiction has become a pathway to pain and misery; for some it leads to death. Gambling-related suicides have become an increasingly common phenomenon, as legalized gambling has spread across America. The extent of this phenomenon remains largely unrecognized, however, due to a variety of reasons, ranging from a desire by surviving family members to protect privacy to attempts by suicide victims to make their deaths appear accidental for insurance purposes. Even so, the evidence beginning to come forth paints a grim picture of the depth of despondency which often accompanies a gambling addiction.*

- February 2003 news reports said support for a proposed downtown casino expansion in Alberta, Canada is in trouble after statistics revealed an alarming link between gambling and suicides. Medical examiners suspect that at least one out of every 10 suicides is gambling-related.<sup>1</sup>
- A 2001 South Carolina study found that 5 percent of those playing video poker considered suicide because of their debt.<sup>2</sup>
- In 1999, more than 429 Nevada residents committed suicide according to the *Donrey Washington Bureau*. Nevada has consistently held the highest suicide rate for more than 10 years.<sup>3</sup>
- In a 1997 study, a University of California-San Diego sociologist found that “visitors to and residents of gaming communities experience significantly elevated suicide levels.” According to Dr. David Phillips, Las Vegas “displays the highest levels of suicide in the nation, both for residents of Las Vegas and for visitors to that setting.” In Atlantic City, N.J., Phillips found that “abnormally high suicide levels for visitors and residents appeared only after gambling casinos were opened.”<sup>4</sup>
- In Gulfport, Mississippi, suicides increased by 213 percent (from 24 to 75) in the first two years after casinos arrived. In neighboring Biloxi, suicide attempts jumped by 1,000 percent (from 6 to 66) in the first year alone.<sup>5</sup>
- The National Council on Problem Gambling, citing various studies, reports that one in five pathological gamblers attempts suicide — a rate higher than for any other addictive disorder.<sup>6</sup>
- At least 140 clients at Minnesota’s six gambling addiction treatment centers have attempted suicide, according to the Minneapolis Star Tribune. The paper confirmed six gambling-related suicides in that state, but noted that the six are “almost certainly a fraction of the total number,” given that authorities often do not ascertain motives in suicide cases.<sup>7</sup>

- A survey of nearly 200 Gamblers Anonymous members in Illinois found that 66 percent had contemplated suicide, 79 percent had wanted to die, 45 percent had a definite plan to kill themselves, and 16 percent had actually attempted suicide.<sup>8</sup>
- Authorities in Montreal, Canada, officially linked four suicides and a murder-suicide to gambling problems at the Montreal Casino within the first three years of its opening.<sup>9</sup>
- The Illinois Council on Compulsive Gambling reports that more than 20 Illinois residents have killed themselves as a result of a gambling addiction since casinos arrived.<sup>10</sup>
- Multiple casino-related suicides also have been reported in various other states, including Iowa, Missouri and Connecticut.<sup>11</sup>

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<sup>1</sup> Sue Bailey and Louise Elliott, "New Numbers Link Gambling, Suicide," *Canadian Press*, 2/23/03.

<sup>2</sup> Wayne C. Wehunt, (Columbus) *Ledger-Enquirer*, 9/29/01.

<sup>3</sup> Rachel Myer, "Suicide Attack Strategy Unveiled," *Donrey Washington Bureau*, 5/3/01.

<sup>4</sup> David P. Phillips, Ward Welty, and Marisa Smith, "Elevated Suicide Levels Associated with Legalized Gambling," *Suicide and Life-Threatening Behavior*, vol. 27, December 1997, p. 373.

<sup>5</sup> Attorney General J. Joseph Curran, Jr., "The House Never Loses and Maryland Cannot Win: Why Casino Gaming Is a Bad Idea," Report on the Impact of Casino Gaming on Crime, October 16, 1995, p. 7.

<sup>6</sup> National Council on Problem Gambling, Inc., "The Need for a National Policy on Problem and Pathological Gambling in America," November 1, 1993, p. 7.

<sup>7</sup> Chris Ison, "That Last Losing Bet Often Is More Than Some Can Take," (Minneapolis) *Star Tribune*, December 3, 1995, p. 18A.

<sup>8</sup> Henry R. Lesieur and Christopher W. Anderson, "Results of a 1995 Survey of Gamblers Anonymous Members in Illinois (N=184)," Illinois Council on Problem and Compulsive Gambling, June 14, 1995.

<sup>9</sup> Lynn Moore, "Coroner's File on Gambling Suicides Grows Longer," (Montreal) *Gazette*, January 11, 1997, p. A4.

<sup>10</sup> Christopher Anderson (interview), executive director, Illinois Council on Problem and Compulsive Gambling, May 1, 1998; Laura Gatland, "Paying to Play," *Crain's Small Business Chicago*, October 1, 1996, p. 24.

<sup>11</sup> Dirk Johnson, "More Casinos, More Players Who Bet Until They Lose All," *New York Times*, September 25, 1995, p. A1; Charles Bosworth, Jr., "Man Whose Wife Killed Herself Over Gambling Builds New Life," *St. Louis Post-Dispatch*, August 8, 1995, p. 1B; Tim O'Neil, "Police Tie Suicide, Gambling," *St. Louis Post-Dispatch*, February 24, 1996, p. 1A; United Press International, "Body Identified as Suicide Victim," May 7, 1996; Keith Chrostowski, "Downward Slide Ends in Anguish, Suicide," *Kansas City Star*, March 10, 1997, p. A11; "Relative: Death at Casino Was Suicide," *Hartford Courant*, March 12, 1998, p. B6; Indira A.R. Lakshmanan, "A Woman's Life Lost to Gambling," *Boston Globe*, March 9, 1996, sec. Metro, p. 13.



# Gambling and the Poor

*Gambling is not the "painless" tax that gambling promoters like to claim. Rather, it is a highly regressive form of taxation that thrives by inducing false hopes among the financially destitute. Government's multibillion-dollar annual take from gambling activities comes disproportionately from the pockets of America's poor. This has been most clearly evidenced in numerous statewide studies of lottery behavior over the last couple of decades. However, as casinos, racetracks and the like are made more accessible, it has become increasingly clear that all forms of gambling prey heavily on those with meager financial resources.*

- A 1996 Mississippi State University study found that poor Mississippians living in counties with casinos lost a far greater percentage of their income in the casinos than did wealthier gamblers. Gamblers earning less than \$10,000 per year lost about 10 percent of their family income to casinos, while those earning more than \$40,000 spent only about 1 percent of their earnings on casino gambling.<sup>1</sup>
- In a 1994 survey, 50 percent of Wisconsin casino gamblers reported an annual household income below \$30,000.<sup>2</sup> (The median income in Wisconsin that year was \$35,400.)<sup>3</sup>
- A study of 1,800 Minnesotans in state-run gambling treatment programs found that 52 percent had yearly incomes of \$20,000 or less. The study also discovered that the amount of debt, as a proportion of income, was highest among the poorest gamblers seeking treatment.<sup>4</sup>
- University of North Florida researchers reported: "Gambling expenditures in Las Vegas indicate a regressive pattern for gambling taxes because the percentage of household income devoted to gambling falls consistently as income rises." For instance, Las Vegas casino gamblers with household annual incomes of less than \$10,000 lost 3.25 percent of their income to casino gambling. Those with annual incomes between \$50,000 and \$60,000, by comparison, lost only .8 percent of their income to the casinos.<sup>5</sup>
- Seven percent of Illinois casino gamblers surveyed reported annual incomes below \$10,000. Half of these individuals reported losing at least \$1,900 to the casinos in the previous year.<sup>6</sup>
- The 32 Colorado counties with the highest per-capita lottery sales all have per-capita income levels below the state average.<sup>7</sup>
- In New York, those living in the most impoverished areas of the state spent eight times more of their income on lottery tickets than did those living in the most affluent sections.<sup>8</sup>
- Almost half (49 percent) of California lottery players have household incomes below \$35,000.<sup>9</sup>

- The three poorest counties in New Mexico all rank among the state's top 10 counties in per-capita lottery sales. New Mexico's wealthiest county accounts for the fewest lottery ticket purchases per resident.<sup>10</sup>
- An Associated Press survey of Wisconsin lottery purchases found that residents living in the poorest neighborhoods in the state spent, on average, four times as much of their income on lottery tickets as did those in wealthier neighborhoods.<sup>11</sup>
- A University of Louisville study showed that Kentuckians with annual incomes less than \$15,000 spent \$9.23 per week on lottery tickets, while those earning above \$35,000 spent only \$7.36.<sup>12</sup>
- A Texas A&M study found that the lowest-income group of Texans, who earn only 2 percent of the state's total income, provide 10 percent of the lottery's revenue.<sup>13</sup>
- Research among Maryland's largest counties revealed that per-capita lottery sales are highest in the state's poorest county, while the richest county has the lowest per-capita lottery sales.<sup>14</sup>
- The 1976 U.S. federal gambling commission found that the poorest Americans spend three times as much of their income on gambling compared to the wealthiest Americans.<sup>15</sup>

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<sup>1</sup> William Rivenbark and Don Slabach, "Who Pays to Play? Voluntary Tax Incidence and Mississippi Gaming," Mississippi State University, the John G. Stennis Institute of Government, July 1996, p. 33.

<sup>2</sup> William Thompson, Ricardo Gazel and Dan Rickman, "The Economic Impact of Native American Gaming in Wisconsin," Wisconsin Policy Research Institute Report, April 1995, p. 23.

<sup>3</sup> U.S. Bureau of the Census, Statistical Abstract of the United States: 1996 (116th edition) Washington, DC, 1996, p. 465.

<sup>4</sup> Pat Doyle, "Compulsive Gambling Hitting Poor Hardest, New State Study Says," *Minneapolis Star Tribune*, July 25, 1997, p. 1B.

<sup>5</sup> Mary O. Borg, Paul M. Mason and Stephen L. Shapiro, "The Incidence of Taxes on Casino Gambling: Exploiting the Tired and Poor," *American Journal of Economics and Sociology*, July 1991, pp. 323-332.

<sup>6</sup> Better Government Association, "Statement of J. Terrence Brunner, Executive Director," November 3, 1995.

<sup>7</sup> Genevieve Anton, "Money Bet on a Miracle," *Colorado Springs Gazette Telegraph*, August 25, 1996, p. A1.

<sup>8</sup> Ford Fessenden and John Riley, "And the Poor Get Poorer ...," *Newsday*, December 4, 1995, p. A7.

<sup>9</sup> Jennifer Warren, "Bill Would Force Lottery Winners to Repay Aid," *Los Angeles Times*, March 23, 1997, p. A3.

<sup>10</sup> Carla Crowder, "N.M. Lottery Costs Rank High," *Albuquerque Journal*, April 27, 1997, p. A13.

<sup>11</sup> "Lottery Claims Bigger Slice of Poor's Income," *Chicago Tribune*, May 26, 1995, sec. "News," p. 3.

<sup>12</sup> Sheldon Shafer, "Blacks and Poor Spend More Money on Lottery, Study Says," *Louisville Courier-Journal*, June 29, 1994, p. 1B. (Note: Based on weeks in which respondents played the lottery.)

<sup>13</sup> Crystal Humphress, "Survey Shows Poor Lose More to Lottery," *Dallas Morning News*, March 10, 1994, p. 16A.

<sup>14</sup> Blaine Harden, "Addiction: Are States Preying on the Vulnerable?," *Washington Post*, March 4, 1996.

<sup>15</sup> Commission on the Review of the National Policy Toward Gambling, "Gambling in America," 1976, p. 65.



# Gambling and Tourism

*The gambling industry holds out the promise of tourism (and an influx of tourist dollars) wherever it attempts to expand. No new gambling locale, however, has come close to imitating the Las Vegas model, in which an estimated 85 percent of profits come from out-of-state gamblers. Most gambling enterprises make their profits from the pockets of the local citizenry, thus merely transferring wealth from the community to large casino companies, many of which are located out of state.*

- According to gambling researcher William Thompson, a professor at the University of Nevada-Las Vegas, “(Casinos) have a negative impact on the community unless 50 percent of the gamblers come from out of state.”<sup>1</sup>
- A survey of Illinois riverboat gamblers conducted in 1995 found that 85 percent lived within 50 miles of the floating casino at which they were gambling.<sup>2</sup>
- A study by Iowa State University reported that 94 percent of gamblers at the Prairie Meadows Race Track and Casino in Des Moines came from within the state; nearly two-thirds came from the county in which the racetrack is located.<sup>3</sup>
- A survey of gamblers inside a Kansas City, Missouri, casino found that 88 percent lived within 45 minutes of the casino.<sup>4</sup> Another survey of Kansas City casinos, which are located on or near the Missouri River across from the Kansas border, found that 94 percent of cars in the casino parking lots bore either Missouri or Kansas license plates.<sup>5</sup>
- Eighty percent of Wisconsin casino revenues come from Wisconsin residents, according to a study released in 1995.<sup>6</sup>
- The 1995 United States Survey of Gaming and Gambling gives further evidence that casinos are primarily a local draw. The survey found that among respondents with a casino in or near their community, 40 percent gambled in the past year, compared to only 17 percent of those who lived at least 100 miles from a casino. Further, among casino gamblers, 42 percent of those with a casino in or near their community gambled at least every three months, compared with only 17 percent of casino gamblers living 100 miles away from a casino.<sup>7</sup>
- At the short-lived New Orleans land-based casino, local residents made up 60 percent of the clientele.<sup>8</sup>

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<sup>1</sup> Ray Parker, “Gambling Is Professor’s Work,” *Las Vegas Review-Journal*, February 19, 1997, p. 12A.

<sup>2</sup> Ricardo C. Gazel, William N. Thompson and J. Terrence Brunner, “Casino Gamblers in Illinois: Who Are They?” 1996, p. 7.

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<sup>3</sup> Cathy H.C. Hsu, “The Impact of Gambling on Iowa Tourism and Rural Businesses,” presentation at the “Gambling and the Family Conference,” Iowa State University, October 31, 1996.

<sup>4</sup> Rick Alm, “Taking a Chance on the Boats,” *Kansas City Star Magazine*, June 30, 1996, p. 9.

<sup>5</sup> Anne Lamoy, “Kansans Leave Cash at Casinos,” *Kansas City Star*, September 23, 1995, p. C1.

<sup>6</sup> William Thompson, Ricardo Gazel and Dan Rickman, “The Economic Impact of Native American Gaming in Wisconsin,” *Wisconsin Policy Research Institute Report*, April 1995, p. 1.

<sup>7</sup> Arthur G. Cosby, “The Proximity Factor: Results from the 1995 United States Survey of Gaming and Gambling,” *Grogan Casino Report*, May 1995, p. 40.

<sup>8</sup> Amy Jinker-Lloyd, “Gambling Economic Development,” *American City & County*, July 1996, p. 57.





# Gambling Availability Increases Addiction

*Gambling promoters frequently maintain that there is little, if any, relationship between the availability of gambling and gambling addiction. However, testimony from experts and data from gambling communities indicate otherwise. Indeed, a concomitant explosion in the number of problem and pathological gamblers in the United States have closely paralleled the phenomenal explosion of legal gambling opportunities in the 1990s.*

- A 2003 study reports that three of every 10 gamblers in Delaware show at least one or two symptoms of a gambling problem:
  - Before slot machines came to Delaware tracks in 1996, the two-person office of the Delaware Council on Gambling Problems received maybe one or two calls a month.
  - Last year, the seven-person staff fielded about 450 calls a month and helped nearly 500 pathological and problem gamblers in Delaware, three-quarters of whom said they gambled on slots more than any other game.
  - Hot line operators offer possible solutions to callers who may be suicidal or at risk of arrest and refer them to trained and certified counselors.<sup>1</sup>
- The number of Gamblers Anonymous chapters in the United States has nearly doubled in the last eight years. GA now has more than 1,200 chapters meeting regularly across the country.<sup>2</sup>
- Dr. Rachel Volberg has conducted the majority of compulsive gambling prevalence surveys in the United States. According to Dr. Volberg, the prevalence of gambling problems, as indicated in her statewide surveys, has increased noticeably in more recent years as gambling has become more widely available.<sup>3</sup>
- Two gambling behavior surveys conducted in Minnesota showed a substantial increase in the number of compulsive gamblers coincidental with the expansion of gambling in that state. The lottery was introduced in Minnesota in 1990, while casino gambling was just gaining a toehold that year. By 1994, however, there were 17 casinos in operation in Minnesota with estimated gross annual sales of between \$3 billion to \$4 billion. The percentage of Minnesota adults who demonstrated a serious gambling problem in the past year climbed from 2.5 percent of the population in 1990 to 4.4 percent in 1994.<sup>4</sup>
- Gambling surveys in the state of Iowa showed a marked increase in the number of problem and pathological gamblers after the introduction of casinos. In 1989, only 1.7 percent of Iowa adults showed indications of having a serious gambling problem; by 1995, the percentage had more than tripled to 5.4 percent.<sup>5</sup>

- Studies being undertaken at the University of Nevada-Las Vegas indicate the incidence of problem gambling in Nevada is 8 or 9 percent, which would be the highest rate in the nation.<sup>6</sup>
- A court-ordered temporary shutdown of video lottery machines in the state of South Dakota resulted in a drastic reduction of people seeking treatment for gambling addictions. A study of gambling treatment centers in the state found that before the machines were shut off, the four centers studied received an average of 68 inquires and treated 11 gamblers per month. During the time the machines were shut down, the average number of inquiries and clients treated both plummeted to less than one per month. Once the machines resumed operations, the number of average monthly inquiries immediately increased to 24 while eight gamblers a month sought treatment at the facilities.<sup>7</sup>
- Dr. Rob Hunter, founder and director of the Charter Hospital Gambling Treatment Center in Las Vegas and a nationally recognized expert on gambling addiction, estimates that 15 percent of casino workers have a compulsive gambling problem.<sup>8</sup>
- In New York, the percentage of individuals who report having had a gambling problem increased from 4.2 percent in 1986 to 7.3 percent a decade later, as gambling opportunities greatly expanded.<sup>9</sup>
- In Oregon, the number of Gamblers Anonymous chapters increased from three to more than 30 within five years of the introduction of video poker machines. Gambling addiction experts contend video poker is among the most addictive forms of gambling.<sup>10</sup>
- In 1996, Mississippi and Louisiana ranked number three and four, respectively, among the states in terms of the amounts of money legally wagered.<sup>11</sup> Recent studies indicate that 7 percent of adults in both of those states have been classified as problem or pathological gamblers.<sup>12</sup>

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<sup>1</sup> Victor Greto, "Addicted Gamblers a Growing Problem," *Delaware Online/ The News Journal*, 3/9/2003.

<sup>2</sup> Gerard Shields, "Where Gambling Goes, Gamblers Anonymous Follows," Scripps Howard News Service, [Gulfport/Biloxi, Miss.] *Sun Herald*, 8/28/1997.

<sup>3</sup> Rachel A. Volberg, "Prevalence Studies of Problem Gambling in the United States," *Journal of Gambling Studies*, summer 1996, p. 123.

<sup>4</sup> Michael O. Emerson, J. Clark Laundergan, James M. Schaefer, "Adult Survey of Minnesota Problem Gambling Behavior; A Needs Assessment: Changes 1990 to 1994," Center for Addiction Studies, University of Minnesota, Duluth, September 1994.

<sup>5</sup> Rachel A. Volberg, "Gambling and Problem Gambling in Iowa: A Replication Survey," Iowa Department of Human Services, July 28, 1995.

<sup>6</sup> Rex Buntain, "There's a Problem in the House," *International Gaming & Wagering Business*, July 1996, p. 40.

<sup>7</sup> Robert D. Carr, Jerome E. Buchkoski, Lial Kofoed, and Timothy J. Morgan, "Video Lottery and Treatment for Pathological Gambling: A Natural Experiment in South Dakota," *South Dakota Journal of Medicine*, January 1996, p. 31.

<sup>8</sup> Buntain, *op.cit.*, p. 40.

<sup>9</sup> Rachel A. Volberg, "Gambling and Problem Gambling in New York: A 10-Year Replication Survey, 1986 to 1996," Report to the New York Council on Problem Gambling, July 1996.

<sup>10</sup> Jeff Mapes, "Gambling on Addiction," *The Oregonian*, March 9, 1997, p. 1A.

<sup>11</sup> "1996 Gross Wagering By State," *International Gaming & Wagering Business*, August 1997, p. 20.

<sup>12</sup> Rachel A. Volberg, "Gambling and Problem Gambling in Mississippi," Report to the Mississippi Council on Compulsive Gambling, November 1996, p. 31. (NOTE: *The actual percentages were 7.0% for Louisiana, 6.8% for Mississippi.*)



# Gambling Dollars for Education

*(Note: There is no research data yet available on how casino dollars may impact education spending, since it is new. However, a number of states already use gambling dollars from the lottery to fund education. The net result: bad for education.)*

*Many states sell gambling as a painless substitute for extra taxes – and a way to raise money for good causes like education. But an exclusive MONEY magazine investigation revealed that lottery states collect more in taxes and spend less on schools than states that do without the games.<sup>1</sup>*

- Research has shown that gambling funds earmarked for educational purposes provided an initial, brief windfall, but in short order, the gambling dollars simply supplant other appropriates, leaving a net neutral impact in most cases and a net negative in others.
- While funding levels remained relatively static, the general public believes that gambling dollars are creating a windfall for the public schools, and therefore, the public is less likely to support bond issues, tax increases, and other actions to improve school funding. Gambling advertising, which promotes the idea that the gambling proceeds help education funding, fosters this false notion among the public.<sup>2</sup>
- According to Mary Fulton, a policy analyst at the Education Commission of the States in Denver said, “There’s a deep and widespread perception among the public that lottery revenues are being used to substantially fund education.” **This is simply not true. During this decade, states that used gambling proceeds to fund education actually dedicated a declining share of their total spending to schools.**
- In states that used gambling proceeds (lotteries) to fund education, net education spending declined from 50.1% to 49% since 1990, according to MONEY Magazine.<sup>3</sup> At the same time, education spending has inched up in states that lacked lotteries, from 58.2% to 58.9%. So, gambling dollars don’t help education.
- The comptroller of the State of New York did a detailed analysis of the impact of gambling proceeds dedicated for education funding. Here is what he concluded:

“When the lottery was approved in the early 1960’s, the public was promised that it would support education. Implied in that promise was that the lottery would add to state aid, rather than merely replace it. **Even today, a new lottery advertising campaign perpetrates THE MYTH that schools receive additional resources**

**from the lottery.** The truth is that the Legislature and Governor decide how much state aid will go to the local schools and the amount from the lottery is just a small part of that total. **Lottery money has never supplemented state aid: it doesn't today and it likely never will.**<sup>4</sup>

- While we don't have details on how much money supposedly will go to education from this amendment before us today, we do know from the proposals in 1997,<sup>5</sup> that the proceeds from slots at the racetrack dedicated to education would amount to **less than 2-percent of education spending in the state.**

## Education Questions

- ⇒ **For this pittance, are we willing to endure the social costs? Are we willing to teach children that “get rich quick” schemes are the way to get ahead instead of hard work?**
- ⇒ **What guarantees are there that school funding will be maintained if gambling revenues decline?**
- ⇒ **Will you allow the racetracks to sell gambling on billboards and television advertising by saying that gambling helps children?**
- ⇒ **Have you calculated how much Pennsylvanians will have to lose at the slots just to gain that 2-percent portion of education spending?**

**We have...and it's more than \$1.5 Billion dollars a year. \$1.5 billion a year!**

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<sup>1</sup> MONEY, May 1996, pp. 142-149.

<sup>2</sup> State and Local Government Review, vol.29, no. 1 (winter 1997): 34-42.

<sup>3</sup> MONEY May 1996, p. 144.

<sup>4</sup> McCall, H. Carl. State Comptroller of N.Y., “The New York Lottery: Role in Financing Education,” April, 1998.

<sup>5</sup> Tomlinson Amendment to HB 148, June 3, 1997



# Gambling Revenues from Compulsive Gamblers

*Gambling interests frequently refer to themselves as the “gaming-entertainment” industry and contend that they earn their money merely by providing another form of recreation to the consuming public. Gambling, however, differs from legitimate forms of entertainment in that it is heavily reliant on revenues from individuals with a psychological disorder, as categorized by the American Psychiatric Association. Though the industry has been predictably reluctant to release data in this area, preliminary research indicates that problem and pathological gamblers account for a phenomenal percentage of the roughly \$50 billion in annual gambling revenues.*

- A 1997 study commissioned by the Connecticut Department of Revenue found that 47 percent of gambling patrons interviewed in that state were problem or pathological gamblers. The study included on-site interviews with more than 900 gamblers at casinos and pari-mutuel betting facilities. Nearly one-third of the gamblers surveyed met the criteria for pathological gambling. Meanwhile, a phone survey of Connecticut residents, also conducted as part of the Department of Revenue study, found a pathological gambling rate of only 1.2 percent in the general population.<sup>1</sup>
- Henry Lesieur, president of the Institute for Problem Gambling and a recognized authority in the field of gambling addiction research, examined data from existing surveys of gambling behavior in Canada and the United States. Lesieur concluded, based on this self-reported data, that 30.4 percent of gambling revenues (lotteries, casinos, pari-mutuel wagering, sports betting, etc.) in these seven states and provinces came from problem and pathological gamblers.<sup>2</sup>
- University of Illinois economist Earl Grinols has calculated that 52 percent of casino revenues come from active problem and pathological gamblers. Grinols based his calculations on data regarding the prevalence of problem and pathological gambling in the general adult population, the amounts lost to gambling by those with gambling problems, and the distribution of gambling losses among the population.<sup>3</sup>
- After a two-month investigation into video poker machine operations by the Oregon State Lottery, the Portland Oregonian concluded: “Problem gamblers are providing a huge share (perhaps even a majority) of the more than \$200 million in profits raised by video poker each year.”<sup>4</sup>
- University of Minnesota researchers calculated that a mere 2 percent of gamblers account for 63 percent of all the money legally wagered in Minnesota.<sup>5</sup>

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<sup>1</sup> WEFA Group, "A Study Concerning the Effects of Legalized Gambling on the Citizens of the State of Connecticut," Prepared for State of Connecticut, Department of Revenue Services, Division of Special Revenue, June 1997, p. 8-3.

<sup>2</sup> Henry R. Lesieur, "Measuring the Costs of Pathological Gambling," Revision of the presentation to the Tenth International Conference on Gambling and Risk Taking, Montreal, Quebec, June 1997.

<sup>3</sup> E.L. Grinols and J.D. Omorov, "Development or Dreamfield Delusions?: Assessing Casino Gambling's Costs and Benefits," *The Journal of Law and Commerce*, University of Pittsburgh School of Law, Fall 1996, pp. 58-60.

<sup>4</sup> Jeff Mapes, "Gambling on Addiction," *Oregonian*, March 9, 1997, p. 1A.

<sup>5</sup> D.J. Tice, "Big Spenders," *Saint Paul Pioneer Press* (Special Reprint Section), February 1993.



# Gambling Regulation

*The gambling industry has worked diligently to repackage itself as harmless, wholesome entertainment. One key component in this marketing strategy is the portrayal of gambling as a heavily regulated (and thus “clean”) industry. However, the often-cozy relationship that exists between the gambling industry and gambling regulatory bodies calls into question the effectiveness of such oversight. In fact, a “revolving door” of sorts exists within the regulatory agencies; many regulators “cash in” on their experience by turning around and working for the industry they formerly regulated.*

- August Masciotra was a state racing commission regulator in Nevada and Colorado before he took over as general manager of the Woodlands in Kansas. During his time as general manager, Masciotra and a business partner were charged with stealing more than \$25,000 in track funds, although an ongoing investigation has uncovered evidence that over \$180,000 were stolen through phony receipts and other fraudulent acts.<sup>1</sup>
- Michael Brown, former director of the New Jersey Division of Gaming Enforcement, later served as the CEO of the Foxwoods casino, reportedly the world’s most profitable gambling establishment. Foxwoods has hired other former New Jersey casino regulators, including the past deputy director of gaming enforcement.<sup>2</sup>
- Stephen Perskie, former chair of the New Jersey Casino Control Commission, served as executive vice-president for Players International, a riverboat casino operator.<sup>3</sup>
- Bruce Nourse, former interim director of the Mississippi Gaming Commission, became a senior vice-president for Casino Magic.<sup>4</sup>
- The former chairman of the Louisiana Riverboat Gaming Commission, Ken Pickering, enlisted as a lobbyist for the Riverboat Casino Association of Louisiana.<sup>5</sup>
- Robert Sturges, president of the gaming division for Carnival Hotels and Casinos, formerly served as the New Jersey director of gaming enforcement.<sup>6</sup>
- Former Mississippi Gambling Commission Director Lorenzo Creighton became the general manager of a Vicksburg casino.<sup>7</sup>
- The top administrator of the Illinois Gaming Board is now an executive for a company that manages an Illinois riverboat casino. At least three other former Illinois Gaming Board employees, including the board’s former chairman and a former chief legal counsel, have since represented gambling companies with interests in the state.<sup>8</sup>
- The agency which regulates Indian-run casinos in Connecticut has “become a training ground for lucrative jobs with the (Indians’) gambling empire,” according to the *Providence Journal-*

*Bulletin*. The agency's executive director, another high-level regulator and the former state police commander have all gone to work for the casino industry.<sup>9</sup>

- Raymond Avansino, who led the worldwide gambling expansion efforts of Hilton Hotels as the corporation's president from 1993 through 1995, previously served for three years on the Nevada Gaming Commission.<sup>10</sup>
- The former director of the Minnesota Gambling Control Board, Thomas Anzelc, later went to work for a company that distributes gambling equipment.<sup>11</sup>
- Mick Lura, former chief administrator for the Iowa State Racing and Gaming Commission, left to become an executive for President Riverboat Casinos.<sup>12</sup>
- Nevada Gaming Control Board Chairman Bill Bible, hailed within the gambling industry as the nation's top regulator, was appointed to serve on the National Gambling Impact Study Commission at the behest of gambling interests. During the appointment process, the Las Vegas press called Bible "the man the (casino) industry desperately wants on the panel."<sup>13</sup>
- Harold Monteau, former chairman of the National Indian Gaming Commission, heads a law office in Washington, D.C., which works for tribes on behalf of various issues, including gambling.<sup>14</sup>
- As executive director of the Illinois Gaming Board, Milton Friedman used his position to link a Nevada casino operator with a state group seeking a casino license. The two parties formed a partnership, which now operates the third-richest gambling boat in the state.<sup>15</sup>

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<sup>1</sup> Rick Alm, "Former Woodlands Manager, Son-in-Law Charged with Theft of Funds," *Kansas City Star*, 1/8/03.

<sup>2</sup> Associated Press, "Ex-N.J. Officials Cashing in with Indian Casino Jobs," (Hackensack, N.J.) *Record*, August 25, 1993, p. A6.

<sup>3</sup> Bruce Rubenstein, "Chutes and Ladders," *Corporate Legal Times*, July 1994, p. 4.

<sup>4</sup> Patrick Peterson, "A Wealth of Opportunity for Natives," (Gulfport/Biloxi, Miss.) *Sun Herald*, April 10, 1997, p. A1.

<sup>5</sup> Christopher Cooper, "Bill Eliminating Louisiana Gambling Faces Tough Odds," (New Orleans) *Times-Picayune*, April 16, 1997, p. A3.

<sup>6</sup> Mitchell Zuckoff, "Of Carpentry and Casinos," *Boston Globe*, September 13, 1994, sec. "Economy," p. 37.

<sup>7</sup> Associated Press, "Former Gaming Regulator to Run Vicksburg Casino," (Memphis) *Commercial Appeal*, March 12, 1994, p. 41A.

<sup>8</sup> Ken Armstrong and Robert Becker, "Casino Board Seeks to Rein In Ex-Officials," *Chicago Tribune*, November 12, 1995, sec. "Metro," p. 1.

<sup>9</sup> "Roulettes and Revolving Doors," *Providence Journal-Bulletin*, January 31, 1997, p. 4B.

<sup>10</sup> Jesus Sanchez, "Hilton President Checks Out After 3 Years," *Los Angeles Times*, November 22, 1995, p. D2.

<sup>11</sup> Jim Klobuchar, "Absurdities Spawnd by Gambling Have Grown," (Minneapolis) *Star Tribune*, March 8, 1992, p. 3B.

<sup>12</sup> Jenny Hykes, "Meskwakis Hire Lura to Head Casino," *Des Moines Register*, Dec. 28, 1996, sec. "Metro," p. 3.

<sup>13</sup> Jeff German, "Tark Brings Back Old Times to the Thomas & Mack Center," February 18, 1997, p. 3A.

<sup>14</sup> "Former Indian Gaming Regulator Heads for Private Practice," *Indian Country Today*, March 31, 1997.

<sup>15</sup> David Gosnell, "Odds on Favorite," *Belleville (Ill.) News-Democrat*, May 11, 1997.





# Gambling's Impact on Families

*The tragedy of gambling addiction reaches far beyond the more than 15 million Americans<sup>1</sup> who are problem or pathological gamblers. Employers, work associates, friends, and taxpayers often pay a steep price as well. However, it is family members who bear the brunt of the pain and misery that accompanies this addiction. In addition to material deprivations, family members frequently experience the trauma of divorce, child abuse and neglect, and domestic violence.*

## Divorce

- In a survey of nearly 400 Gamblers Anonymous members, 28 percent reported being either separated or divorced as a direct result of their gambling problems.<sup>2</sup>
- The National Gambling Impact Study Commission reported that it received "abundant testimony and evidence that compulsive gambling introduces a greatly heightened level of stress and tension into marriages and families, often culminating in divorce and other manifestations of familial disharmony."<sup>3</sup>
- The number of divorces in Harrison County, Mississippi, has nearly tripled since the introduction of casinos. The county, which is home to ten casinos, has averaged an additional 850 divorces per year since casinos arrived.<sup>4</sup>
- A nationwide survey undertaken for the National Gambling Impact Study Commission found that "respondents representing 2 million adults identified a spouse's gambling as a significant factor in a prior divorce."<sup>5</sup>

## Child Abuse and Neglect

- The National Gambling Impact Study Commission reported: "Children of compulsive gamblers are often prone to suffer abuse, as well as neglect, as a result of parental problem or pathological gambling."<sup>6</sup>
- In Indiana, a review of the state's gaming commission records revealed that 72 children were found abandoned on casino premises during a 14-month period.<sup>7</sup>
- Children have died as a direct result of adult gambling problems. In Louisiana and South Carolina, children died after being locked in hot cars for hours while their caretakers gambled.<sup>8</sup> An Illinois mother was sentenced to prison for suffocating her infant daughter in order to collect insurance money to continue gambling.<sup>9</sup>
- Cases of child abandonment at Foxwoods, the nation's largest casino in Ledyard, Conn., became so commonplace that authorities were forced to post signs in the casino's parking lots warning parents not to leave children in cars unattended.<sup>10</sup>

## Domestic Violence

- According to the National Research Council, studies indicate that between one quarter and one half of spouses of compulsive gamblers have been abused.<sup>11</sup>
- Case studies of 10 casino communities conducted for the National Gambling Impact Study Commission revealed that the majority of those communities witnessed increases in domestic violence relative to the introduction of casinos.<sup>12</sup>
- Domestic violence shelters on Mississippi's Gulf Coast reported increases in requests for assistance ranging from 100 to 300 percent after the introduction of casinos.<sup>13</sup>
- A University of Nebraska Medical Center study concluded that problem gambling is as much a risk factor for domestic violence as alcohol abuse.<sup>14</sup>
- Domestic violence murders in at least 11 states have been traced to gambling problems since 1996.<sup>15</sup>

<sup>1</sup> National Gambling Impact Study Commission (NGISC) Final Report, June 1999, p. 4-1.

<sup>2</sup> NGISC Final Report, p. 7-27.

<sup>3</sup> NGISC Final Report, p. 7-26.

<sup>4</sup> Mississippi State Department of Health, "Vital Statistics Mississippi" for the years 1991-1998.

<sup>5</sup> National Opinion Research Center, "Gambling Impact and Behavior Study: Report to the National Gambling Impact Study Commission," April 1, 1999, p. 48.

<sup>6</sup> NGISC Final Report, p. 7-28.

<sup>7</sup> Grace Schneider, "Children Being Left Alone While Parents Gamble," [Louisville] *Courier-Journal*, July 18, 2000.

<sup>8</sup> Joe Darby, "Sitter Indicted in Toddler's Death," *New Orleans Times-Picayune*, May 23, 1997, p. B1; "Police: Baby Died of Dehydration in Car While Mom Gambled in Casino," Associated Press, September 2, 1997.

<sup>9</sup> Ed Bierschenk, "Gambler Receives 21 Years in Connection with Baby's Death," Copley News Service, October 23, 1999.

<sup>10</sup> Stephanie Saul, "Tribe Bets on Growth," *Newsday*, August 11, 1997.

<sup>11</sup> National Research Council, "Pathological Gambling: A Critical Review," April 1, 1999, p. 5-2.

<sup>12</sup> NGISC Final Report, p. 7-27.

<sup>13</sup> Maryland Attorney General J. Joseph Curran, Jr., "The House Never Loses and Maryland Cannot Win: Why Casino Gaming Is a Bad Idea," October 16, 1995, p. 5; NGISC Final Report, p. 7-27.

<sup>14</sup> John Jejkal, "U. Nebraska Doctor Contributes to National Domestic Violence Study," *Daily Nebraskan*, January 13, 2000.

<sup>15</sup> Petula Dvorak, "Marrero Man Kills Wife, Self," *New Orleans Times-Picayune*, May 8, 1998, p. A1; Benita Williams, "Woman Sentenced in Slaying," *Kansas City Star*, December 21, 1999, p. B2; Dave Racher, "Landscape Held in Wife's Slaying," *Philadelphia Daily News*, July 11, 1998; Hector Castro, "Savage Killing of 3 Still a Mystery," (Tacoma, Wash.) *News Tribune*, June 14, 1999, p. A1; Carson Walker, "Cepek Killed in Her Apartment, Police Believe," (Sioux Falls, S.D.) *Argus Leader*, January 30, 1997; Mark Horvit, "Anecdotes Link Video Poker with Crimes," *Charlotte Observer*, October 3, 1999; Jack Gruber, "Gambling Help Comes Slowly," *Detroit News*, October 3, 1997, p. C1; Ed Hayward, "Gambling Habit Eyed As Motive," *Boston Herald*, October 21, 1997, p. 7; W. Melillo and B. Masters, "Lone Survivor of Father's Shooting Dies," *Washington Post*, August 6, 1998, p. A1; Associated Press, "Woman Blames Gambling Debts in Double Murder," September 10, 1999; "Ohio Man Guilty of Bomb Murder," Associated Press, February 5, 1997.



# **Gambling and Senior Citizens**

## **Seniors Increasingly Vulnerable to Lure of Casinos, Experts Say**

The Responsible Gambling Council of Ontario released a study that senior citizens living on incomes under \$20,000 are more apt to become problem gamblers than those of other demographics. Research suggests that currently 6 percent of 5,000 people are problem gamblers from this age and income level. Experts expect this percentage to only increase, as the baby boom generation ages. “They (baby boomers) have a different view of money,” Jamie Wiebe, director of research stated. “Boomers tend to be looser with their money when it comes to pleasure and more accustomed to the idea of gambling as fun. That could spell trouble for them once they start to live on retirement savings or pensions.” [Canoe-wire (Ottawa) – 2/23/03]

## **Older Americans Gambling Retirement Money**

“Growing numbers of older Americans find themselves grappling with problems from gambling. In New Jersey, adults age 55 and older accounted for 15 percent of all calls last year to the state's hot line for problem gamblers, up from 9 percent in 2000. In Arizona, the latest figures show that 23 percent of calls involved seniors; in Connecticut, the number was 32 percent. The problem with this age group is that they really can't recoup. Most aren't going to go back to work; they aren't going to be able to get that income back. There seems to be a subgroup of older adults who tend to be more vulnerable. These are individuals who tend to be more isolated, more bored, more lonely. They may have been diagnosed with depression or an anxiety disorder. So they may be turning to gambling as an outlet -- one of the local casinos. Older adults (also) will get birthday cards (from a casino), or if they don't show up, they'll get a card from the casino saying, ‘Gosh, we've missed you; you haven't been here in a while.’” [10/1/02-Wall Street Journal]