

Briefs and clips . . .

An Indiana woman and her Internet connection have nearly bankrupt her small-business employer to feed her gambling addiction. The 31 year-old highly-trusted bookkeeper played poker, blackjack, slots and even bingo online. When she ran out of her own money, she began tapping into her boss's bank account, telling the court, "Once it progressed into me using other people's money, that's when I lost track." She was convicted of embezzling \$65,000, which she lost without even leaving her home. www.wndu.com/news/112003/news_22755.php

The former treasurer for the Vietnam Veterans Motorcycle Club of Wisconsin embezzled \$108,000 raised by the organization to aid needy veterans and lost it gambling, according to an affidavit filed Monday in Waukesha County Circuit Court.

The 56-year-old Navy veteran, was urged by the club president to repay the money by selling his home or his car, according to the affidavit filed by a Waukesha County Sheriff's Department detective.

But the man revealed he already has two mortgages on his home and his car is worth only \$50. "There's nothing there," he told the president, according to local reports

He added, however, that the club could have his motorcycle, according to the affidavit.

<http://www.jsonline.com/news/wauk/oct03/180561.asp>

An Indiana nurse is charged with giving her husband a fatal dose of insulin to keep him from finding she had taken money. Neither the woman nor her husband needed insulin for medical reasons. The woman had a history of gambling away her husband's money, court documents said. She told police she decided to kill her husband because she was scared he would find out she had spent \$4,000 from his savings account, according to local reports.

www.theindychannel.com/news/2627583/detail.html

Gambling industry expansion plans largely failed as year 2003 closes

NCALG Executive Director Tom Grey notes there were 43 battles for expansion of gambling in 27 states, with anti-gambling forces posting a 40-3 win record. Pennsylvania remains undecided.

Gambling industry executives meeting through the year speculated New England and tribal casinos would be their next successful points of expansion, and predicted statewide opportunities would come through referenda.

Clearly, that has been the case, as no state legislatures have this year voted to expand gambling, and gambling expansions in recent years have overwhelmingly been facilitated by referenda.

The industry focus on New England, plus Maryland and Pennsylvania have become legendary. Though Maine voters turned down a massive single casino last month, they opened the door for possible "racinos." Slot machines are such a powerful profit incentive that tracks move, breed, materialize and evaporate on their mere possibility.

Town councils in at least two Maine locations, Saco and Westbrook, are considering referenda at nearly breakneck speeds. Track owners want town voters to make decisions by the end of the year, and well before even the broadest details of the gambling operations are even finalized.

The pressure for incremental expansions continue unabated throughout the region as legislators prepare for the 2004 sessions, and the movement is hardly contained in New England.

Kentucky is already under threat of a referendum as next year's legislature plans its first sessions in January. According to news wires there, "It's likely that voters — not legislators — will end up deciding just how much (gambling) will be allowed. State Rep. Jimmie Lee, D-Elizabethtown, gauged the probability of an expanded gambling referendum on next year's ballot at greater than 50 percent." www.newsenline.com/articles/2003/11/23/news/news4.txt

Landmark Canadian case proves industry has 'duty' to protect customers from harm

A landmark case in Canada has been settled in Toronto as a compulsive gambler and the Ontario Lottery and Gaming Corporation reached an out of court agreement. That, says the media, "could open the floodgates because there's a growing list of compulsive gamblers launching lawsuits against the governments that own casinos, and the people who operate them. The case, on behalf of Lisa Dickert, is believed to be the first settlement of its kind. "It means the government knows they have some exposure," says her attorney, Jerry Levitan.

<http://www.cbc.ca/stories/2003/11/19/gamble031119>

In the United States, courts have not yet determined the gambling industry or sponsoring government agencies have any "duty" to consumers. The Canadian case shows a crack forming in the armor frequently used by the gambling industry.

David Williams and his attorney, Terry Noffsinger, are awaiting the results of appellate rulings in Williams vs. Casino Aztar in Indiana. Noffsinger described the case at this year's NCALG conference in Baltimore. In this case, it is clear that Aztar knew Williams was a compulsive gambler, yet continued to solicit his business and encourage his addiction.

Aztar, following precedence of other cases, argued the casino has no "duty" or, in other words, responsibility, to its customers for selling a dangerous product. No one has yet broken that barrier in a U.S. case, though it is apparent the barrier has been broken with the Dickert case in Canada.

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An Australian bank branch manager stold and lost nearly \$19 million on internet sports betting. He gambled on horses with the stolen money.

For five years, waiting until his staff had gone home, the 36 year-old banker used the West Australian bank's computer to transfer the stolen funds directly into an IASBet online betting account with the Bennett Street branch of the Commonwealth Bank, in Darwin. He took the money from term deposit accounts and foreign currency notes. Despite the frequency and size of the thefts from 1998, despite regular audits, Faithfull's activities were not detected.

The Commonwealth Bank had no idea that one of their managers was robbing them blind until Faithfull gave himself up. But first he made a frantic effort to punt his way out of deep trouble.

Trying to recover \$8 million he had already stolen and lost, Faithfull stole, bet and lost another \$11 million to IASBet in six months. His weekly deposits into the IASBet account were never less than \$200,000, often as big as \$400,000.

<http://www.theage.com.au/articles/2003/10/17/1066364488821.html>

PECHANGA INDIAN RESERVATION

---- In the course of three years, Dennis Blundell allegedly embezzled \$256,000 from the city of Murrieta coffers and gambled it away.

A former Murrieta building and safety manager, and a well-respected man in the community, Blundell said this week that he won and lost hundreds of thousands of dollars at the Pechanga Resort & Casino, southwest of Temecula, trying to feed an insatiable addiction.

"(Gambling addiction) is a problem much larger than anyone wants to look at," Blundell said, sitting in the office of his attorney, John Pozza. "The pitfalls are tremendous. It took me to the point where I was engaged in things I wouldn't normally have done."

Blundell was arrested in July for allegedly altering 34 checks made out to the city, which police say he put his own name on and deposited into his personal account. He subsequently resigned from his job and has been released from jail on \$100,000 bail.

http://www.nctimes.com/articles/2003/10/18/news/top_stories/10_17_0318_51_47.txt

Gambling contributes to homelessness of many surviving under Atlantic City boardwalks. Among the 120 homeless people living at the Atlantic City Rescue Mission shelter, 20 percent listed "gambling" as a contributing factor.

<http://www.lasvegassun.com/sunbin/stories/gaming/2003/oct/29/515795695.html>

Study affirms machines' addiction much faster than 'traditional' forms

A recent study has again illustrated electronic gambling "machines" produce gambling addicts at a deadly pace.

The study, titled "Rapid Onset of Pathological Gambling in Machine Gamblers" illustrates the addictive new trends toward machine gambling sweeping the nation. The work emanates from the Department of Psychiatry and Human Behavior at the Brown University School of Medicine, under the authorship of Robert B. Breen and Mark Zimmerman.

Briefly, the study illustrates "latency of onset" of pathological gambling is about one year, compared to three and a half for more "traditional" gambling. (1.08 years vs. 3.58 years, by the study's averages.)

The authors also noted the remarkable shift in gambling profit dynamics in recent years. Table games once accounted for 60% of the average casino's revenues. Recently, 70 percent of revenues have come from machines. "One study of the two hugely successful casinos in Connecticut reported that an estimated 73% of casino gambling revenue came from gambling machines. (Christiansen Capital Advisors, 2000.)"

The study explains, ". . . many slots players describe the machines as reassuringly hypnotic. The visual stimuli, the repetitive pattern of betting and outcome, and the chance to withdraw into one's own world are features that may contribute to this perception. Machines are the most continuous medium of gambling. Bets can be made and decided in a matter of seconds, with virtually no delay before the pattern is repeated. Machines are non-threatening and user-friendly to the uninitiated, thus they may offer an unparalleled 'gateway' activity to gambling."

This "user friendly" factor is often cited as a big reason why the number of women becoming addicted is coming into balance with men in the formerly male-dominated illness.

Slots are also much less expensive to manage and operate than other forms of gambling, and they occupy considerably less floor space.

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IGRA growing threat to Native Americans, states

By CARL BECHTOLD

Nothing in the past 200 years rivals the threat to Native American culture and sovereignty as does the introduction of “Indian gaming.” It will join the ranks of alcohol and smallpox as culture killers, pitting tribes against surrounding state governments in tensions not seen in recent centuries. The process creates a “monopoly” which will be broken, leaving the tribes empty, indebted, addicted and abandoned. This could be the worst of all of America’s broken promises to the first citizens of our country.

The movement first began with a Supreme Court ruling which said states could not restrict traditional gaming on reservations, which enjoy limited sovereign status and self government. The gambling industry, like a thriving parasite it is, seized on seemingly benign moment and has taken hold. And, like a typical parasite, the industry is more than capable of killing or materially damaging the tribes.

In response to the Supreme Court, Congress authorized the Indian Gaming Regulatory Act (IGRA) and its offspring commission. This commission quickly became a mechanism for the gambling industry to leverage their product into states where it had been illegal for more than a century. More importantly, the phenomenon pits states against tribes, tribes against their own members, and ultimately creates impossible entanglements of governance and jurisdiction. It allows the gambling industry to operate within sub-nations embedded within the United States, but outside the legal protection and jurisdiction of the states.

The strategy has been remarkable, effective and quick. No one doubts Native Americans were cheated and robbed by broken treaties and outright theft. In the past, tribes have had little remedy because they had neither power nor resources. Money, however, brings both, and gambling generates obscene flows of money. As soon as a strategy jelled, the states began to fall.

The spread of “Indian gambling” utilizes industry-funded land claim lawsuits to blackmail states into casino compacts. Tribes sue states for broken treaties and illegal seizure of Indian lands. The tribes win. The states can’t pay. The tribe trades the judgment for a casino. The land suits are often funded by established gambling companies and overseas investors who are the overwhelming motivators and benefactors of the casinos.

Several states buckling beneath land claim lawsuits have opened Indian casino compacts without constitutional or legislative approval. Agreements in New York, for example, are still being tested in court and casinos continue to open ahead of legal sanction.

One landmark case cleared a U.S. Supreme Court hurdle only last week when the Supreme Court refused to get into a debate over Indian gambling. New York had urged the justices to consider whether courts have the authority to block tribal-state agreements, which state lawyers said are in place in about 25 states nationwide.

Justices declined, without comment, to review a 4-3 decision by New York’s highest court that found that governors cannot bypass the Legislature when authorizing Indian tribes to establish casinos in that state. The ruling invalidated a 10-year-old compact that former Gov. Mario Cuomo reached with Akwesasne Mohawks to open a casino in Hogsburg, in northern New York. http://www.newsday.com/news/local/wire/ny-bc-ny--scotus-tribalgami1117nov17.0.5181071_story?coll=ny-ap-regional-wire

Cornelius Murray, the lawyer representing the group that sued, had argued that courts cannot be barred from considering cases that involve interests of Indian tribes. Murray was a speaker at this year’s NCALG conference in Baltimore, MD. His comments will soon be posted on the NCALG web site.

Despite that ruling, Auburn NY’s *The Citizens*, reports the Cayuga Nation is planning to open a gaming operation in the former auto parts store it purchased on Route 90. Electricians hired to renovate the building “were putting in outlets every few feet,” said Richard Tallcot, UCE Seneca-Cayuga Chapter co-chair Friday. “We knew it had to be for video slots.” To improve their odds, last month the Cayugas said they would share casino profits with the state, retaining all proceeds the first seven years as “payment” for their portion of the \$247.9 million land-claim settlement. This casino is apparently targeted for “Class II” pseudo-slots that don’t require state compact approval.

FREQUENTLY, Indian Gambling compacts with states trade



PUSHING THE ISSUE . . . New York attorney Cornelius D. Murray has pushed the issue of Indian gambling vs. state constitutions and legislatures all the way to the U.S. Supreme Court. New York’s governor, Murray and his clients contend, made a compact with neither constitutional nor legislative authority. The resulting Indian Casinos argued no one could contest the compacts because they, as sovereign nations could not be called, into civil court. That logic would allow governors to enter into agreements with sovereign nations without any authority from their states, and never be held accountable for their actions. Murray was one of the attorneys who spoke to the NCALG conference in Baltimore in September.

a percentage of profits for “exclusive” market share. Indian casinos pay the state so long as the state doesn’t allow other competition. That arrangement, however, creates a monopoly which is already beginning to fracture.

Californians will likely face another ballot measure next year to allow slots at card rooms and racetracks, a maneuver which could

visceralize the growing Indian casinos and cripple their profit margins.

<http://www.latimes.com/news/local/la-me-gamble21nov21001453.1.5461262.story?coll=la-headlines-california>

Sault Ste. Marie Tribe of Chippewa Indians has braved the disapproval of the Detroit City Council recently over plans to open another casino in that “market.” To settle a land dispute, former Michigan Gov. John Engler allowed the tribe to open a casino in Romulus, Monroe County or Flint. They apparently chose the Romulus - Detroit market. The city fears the Indian casino would compete with existing operations.

<http://www.detroitnews.com/2003/business/0311/18/c01-328380.htm>

Gambling has also provided incentives for tribes to jump state lines and file claims against ancestral lands in New York, Pennsylvania and other states. A report by John Kennedy of the *Philadelphia Business Reporter*, for example, notes “in the event that the General Assembly does approve slots at tracks and non-track venues. Two tribes, the Delaware Tribe and the Delaware Nation, have claims on land in eastern Pennsylvania”

Tribes purged from northeastern states more than a century ago are activating claims to ancestral lands to the consternation of both states and other tribes. Senecas in New York face this problem as tribes from Oklahoma and Wisconsin seek to rejuvenate ties to their former homelands.

From New York to Florida to California, communities are reeling from the uncontrollable proliferation of casinos which circumvent local law. Traffic, sewage, land use, addiction treatment, law enforcement and jurisdictional questions go unanswered as tribes assert their sovereign nation status.

The local Sierra Club of California considers the conflicts important enough to send the following resolution of Nov. 23 to controlling authority:

“The Sierra Club encourages the National Indian Gaming Commission to extend its active jurisdiction to the original intent of Section 11(b) (2) (E) of IGRA, 25 U.S.C. 52710(b) (2) (E), so that the construction and maintenance of tribal gaming facilities and their operations are conducted in a manner which adequately protects the environment and the public health and safety, wherever adverse effects from these operations occur, and to include public comment in planning stages from affected persons and entities.”

MATTERS could get much worse between states and the tribes as the waters between classes of gambling get even murkier. States cannot restrict “Class II” games that are allowed with the states. Generally, that class has been limited to bingo and similar games. However, slot machine manufacturers have been clouding the difference between slots and “electronic bingo machines.”

Those machines have been ruled “Class II” devices by the National Indian Gaming Commission, (NIGC), which has an obvious and uncontrolled vested interest in the proliferation of the new pseudo-slots.

The Sacramento Bee reports that in late September, NIGC issued an opinion that spells out what the commission would consider a Class II game. The opinion says that as long as the machine has some form of bingo card visible on the screen; has a pre-determined outcome set by a remote master computer (unlike traditional slots, which each have their own computer that doesn't decide the outcome until the game starts); and is linked to other machines and players like a bingo game, it is a bingo game and not subject to state regulation.

NCALG chairman Guy Clark said that ruling might well be the “Joker in the deck” that could trump state control of Indian casinos across the country.

The *Bee* reports, “The ruling has whetted the appetite of major gambling machine makers. International Games Technology (IGT), the Reno-based firm that is to slot machine manufacturers what King Kong

is to monkeys, unveiled a Class II prototype two weeks ago that the company says will appear to players extremely similar to a regular slot.

“Last week, another big slot maker, Alliance Gaming Corp., bought a smaller private company that designs Class II games, in order to get deeper into what analysts say will be a growing market.

“If the tribes ultimately prevail in court,” said Bill Eadington, director of the Study for the Center of Gambling and Commercial Gaming at the University of Nevada, Reno, “Class II games could be the next big thing at Indian casinos. A very big thing.”

<http://www.sacbee.com/content/politics/story/7802885p-8743917c.html>

In other words, machines that look and feel a lot like “slots” could be outside the realm of any state's control.

Control of Indian gambling could be vested entirely within the authority of the NIGC and the Bureau of Indian Affairs. There is little to indicate either of these entities would be likely to exercise much control over either expansion or regulation of tribal operations.

“Famous Dave” Anderson, is slated to take over the BIA in the coming year. The entrepreneur of “Famous Dave's” barbecue restaurants is also a legendary entrepreneurial success in the gambling industry.

The gaming management company once owned by Anderson, for example, took 40 percent of the profits from the Mille Lacs Ojibwe casino in the 1990's, according to a report in the *Minneapolis Star Tribune*.

Federal auditors questioned the arrangement, according to the paper, because gaming management companies are usually only allowed to take up to 30 percent in profits from a tribe. But nothing happened and the tribe eventually took over management of the casino. Anderson formed Grand Casinos with businessman Lyle Berman and attorney Stan Taube. The publicly-held company managed several casinos and once had stock worth more than \$100 million, the paper reports.

Anderson has said he will divest himself of shares in Park Place Entertainment, the largest gambling company in the world. Park Place has projects pending before the BIA, including a \$500 million off-reservation casino in the Catskills region of New York. <http://www.indianz.com/News/archives/002126.asp>

POLITICAL impact, funneled through the tribes, is becoming legendary. Leaders of the Coshatta Indian Tribe of Louisiana have spent millions on lobbyists - and spent it without informing tribe members, according to news reports there. “Chief Maynard Kahgegab of the Saginaw Chippewa Tribe of Michigan and other tribe council members have spent more than \$8 million in two years on lobbyists, according to tribal activists.

“That leadership is spending money on the very same lobbyists on which the Coshatta leadership has spread its largess: Capitol Campaign Strategies and Greenberg Traurig LLP.

“Coshatta Chairman Lovelin Poncho and council member William Worfel spent more than \$18 million in one recent year on lobbyists, and two of the firms were Capitol Campaign Strategies and Greenberg Traurig. CCS is located in Washington, and Greenberg Traurig has offices in more than 12 cities, including Washington, D.C., and some European cities. Fortune magazine once tapped Greenberg as one of the country's top lobbying firms, according to its Web site. It employs more than 385 lawyers. “

<http://www.thetowntalk.com/html/AE75ABA4-6AEC-47CF-A9D1-91BAAD31C3B6.shtml>

Those numbers pale, though, in comparison to California where Common Cause says the industry has pumped \$130 million into political campaigns.

The roiling potential confrontation of flexing tribal sovereignty has been largely obscured in the economics of gambling. In a recent CNBC Kudlow and Cramer segment, both veteran pundits, apparently oblivious of gambling industry orchestration of Indian casino

expansion, praised NIGC chairman Ernest Stevens, Jr., for the tribes' "business acumen."

Kudlow apologetically asked Stevens how the California tribes could contribute \$12 million to Arnold Schwarzenegger's opponents, influence politics, garner billions in revenues and still pay not even ordinary business income taxes. He mentioned no sovereign nation gets to influence American politics, citing what happened when the Chinese tried to that in 1996, and "all heck broke loose. You can't have it both ways," he concluded.

Without breaking his smile, Stevens replied. "Well, I'll tell you what. We can, and we have."

Missing all the big points, the segment ended with Cramer salivating over nascent dividends and stock prices of gambling machine manufacturers.

ULTIMATELY, the ongoing expansion of Indian gambling funnels billions of dollars to the already established gambling industry and non-Indian corporations and investors. States in some cases, and tribes, in some cases, receive some of that money. That money is flowing outside the realm of ordinary protection against corruption, organized crime, malfeasance and mismanagement. These operations escape the taxation methods usually expected to mitigate industrial impacts of infrastructure, oversight and law enforcement. They also almost entirely escape the burgeoning costs of addictions and social damage created by the casinos. Essentially, the gambling industry has found a way to attach a giant vacuum hose to the American economy and escape conventional laws, taxes and oversight by routing it through tribes of Native Americans.

It is unrealistic to assume that the business or the voting taxpayer communities of the nation will long tolerate this imbalance. Pitting tribal sovereignty against the states and ultimately the nation could well become the instrument that destroys sovereignty. Native Americans, rightfully frustrated by the failures of federal and state governments, have put their faith fate in the hands of professional gamblers. It is hard to believe they will be treated better there.

IT IS ALSO not likely that anyone will long tolerate what all of this process is doing to Native Americans.

Within the tribes, close proximity of gambling is already generating extraordinary addiction rates, easily twice the normal rate of the greater U.S. population. Big money is tampering with rights of tribal membership and crushing tenants of native religions.

That was the case Susan Abrams made recently to delegates of the NCALG conference in Baltimore.

Mrs. Abrams is the Seneca tribal council member beaten by pro-gambling thugs -- pals of the power brokers who swindled the northern New York tribe into sanctioning a casino on her reservation. Her neck was broken. Her family members were threatened, her house shot at -- all because she was, and is, a strident opponent of gambling in "Indian Country."

Her story is touching, frightening and revealing. It's an

account that brings reality to the mystery of how and why gambling is "poisoning" Native American cultures across the nation -- for the profit of non-Native financiers and gambling industry executives.

It's a compelling story of how an unscrupulous tribal member joined forces with "a slick attorney" and Malaysian financier to swing an election. (Abrams and her group had defeated gambling in two earlier elections.) Money and the lure of big profits made the difference. Tribal members were paid for votes. Off-reservation members were



CALL FOR REPEAL . . . Seneca tribal activist Sue Abrams called for the repeal of the National Indian Gaming Act at the NCALG Baltimore conference. She said the law is "a failure," and argued there is not enough money provided to address any of the nation's complaints of illegal activity. "There has not been one single court case complaint investigated and brought to trial for criminal activity," she said, noting there are larger budgets for regulating casinos in Atlantic City alone than for all 300 plus Indian casinos across the nation. Congress should mandate money and a staff and be willing to prosecute for malfeasance, theft and mob infiltration," she said. Mrs. Abrams appealed for help from NCALG and especially from other anti-gambling Native American activists. "I need you help . . . to bring together a forum where I know race will not be on the table." She said many tribal members are fearful of challenging tribal leaders and casino developers on tough issues, fearing for their safety and even for their tribal memberships. She said "going public" is the best way to ensure personal safety.

flown across the country and paid to vote. Promises of prosperity and future employment lured some.

Now, only about 75 of the tribe's people are among the more than 2000 casino employees at the Niagra facility, and no one is allowed to see the books that might explain where the money goes. A few people are getting rich, while some Seneca families still live without indoor plumbing and with 13 people crammed into a mobile home. Unemployment remains near 60 percent.

The financier gets 30 percent. New York gets 25, and the machine manufacturers get 40, but no one knows where the last few percentage points are going -- at least no one who can be forced to be accountable in the sovereign nation of the Seneca tribe. Not even the non-Indian entities are required to give an accounting. The casino was built and is still in operation without an approved state compact or approval from the Bureau of Indian Affairs. "The Great White Father didn't do his job again," Mrs. Abrams charges.

Abrams urges Congress to repeal the Indian Gaming Regulatory Act. Gambling turns the tribes into "banana republics," with third world economics and accountability, she said. "When Congress approved gaming for Indians across the country, it created a tool that destroys us."

There is no money coming to the people, Mrs. Abrams told the conference, but more importantly, "What congress is doing is destroying a culture -- the first people of this land," she said. "I think there is a better way of life. We need to teach our children there are values and morals and principles to live by, and that a quality of life is more important than making a buck off of a person who has an illness."

How could anyone have said it better?