

### *With elections over, beware mischief in the legislatures around the country*

**NCAGE chair tells states' legislators to "fight gambling responsibly"**

*(see page 3)*

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**Casinos' Top Gun admits he's 'NIMBY!'**

*(see page 6)*

Last year featured resounding wins against the spread of gambling, but most of the states' legislatures are back in session, and there is "great mischief at work," warns NCALG Chairman Guy Clark.

"The people spoke firmly against more gambling in important Rhode Island, Nebraska, and Ohio votes," Clark said, "but some are ignoring that message, and the battle is not over."

"The circuits on the nation's electronic voting machines have barely cooled from the November elections and here they are again. The gambling expansionists are back, trying to pry their way in through state and local legislative measures," Clark said.

In Clark's own state of New Mexico, governor-turned-presidential-candidate Bill Richardson is trying to tie the state to a 38-year tribal gambling compact. Richardson has already been the beneficiary of huge tribal casino campaign contributions, and the 38-year sweetheart deal he's proposed would cement his title as one of the nation's leading proponents of Indian gambling.

Stories are similar across the country. In West Virginia, race tracks continue to try to add table games to their video lottery slots, and are attempting to overrun the state a county at a time. The newest legislative proposals would allow expansion by county option.

Wyoming has overwhelmingly turned down expanded gambling in recent elections, and there is no pressing need for increased taxes in that state. "In short, nobody needs it, and the citizens certainly aren't clamoring for it, but a few gambling legislators have introduced bills to join the multi-state lottery," Clark notes. "It seems Wyoming has so much money they're determined to ship all they can out-of-state."

Wyoming could do well to look eastward where Indiana's governor wants to privatize the lottery, or Illinois where the governor is trying to sell his. Neither state has been able to gamble itself rich or provide better education from their lotteries.

New York has a swarm of gambling bills, including one to allow video gambling at bowling alleys, and another to give horse breeders a bigger cut of the money New Yorkers lose to lottery terminals. There is also a bill to allow privately owned casinos by county option. That measure would require a constitutional amendment because casinos violate that state's constitution.

# *Beware the mischief of the legislatures . . .*

*When we're  
active and we  
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*. . . Tom Grey*

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Florida legislators are considering giving high-stakes poker tournaments to card rooms and high-stakes dominoes to racetracks.

The Texas legislature has been invaded by a proposal to allow Poker Runs.

Certain Indiana legislators also believe it's a good idea to let charitable organizations have slots.

In Kansas, there's a movement to attach casinos to the lottery, which is up for "renewal." Most observers admit the Kansas legislature is addicted to its lottery, and expansionists are hoping to tie their casino wagons to the renewal bill.

## **But the news isn't all bad!**

Hawaii, one of the last two remaining states with no legalized gambling, has a bill to crack down on lotteries that skirt the law with "free" tickets.

Connecticut lawmakers are seeking a study on the effects of legalized gambling on their state, and they want it done by June, 2008. Connecticut lawmakers are also trying to fund treatment programs for gambling's victims.

The Missouri Senate is also considering funding a major study to determine the true costs vs. benefits of gambling.

"Most states have the gambling camel's nose under their tent. If activists don't work hard to drive them back out, they'll inch their way in a little more every year," Clark said.

NCAGE field director Tom Grey underscores Clark's concerns. "Every year, the certainty is that promoters with deep pockets and selfish intent will attempt to influence our local and state officials to expand gambling. It never remains static.

"Nothing is going to change until the business, civic, religious, and political leadership at the local, states and national levels address the basic questions. If gambling doesn't deliver, and it has these costs, then why is it being tolerated, much less expanded?" Grey asked.

Grey and Clark agree the best action for this winter is to "force the issues" and make lawmakers address and answer the tough questions about gambling's impact on real lives, and its real costs to the society. "We need to ask them, 'Where are all those benefits you've been talking about? The "painless revenue stream" you promised doesn't seem to be working. Why are you showering us with more addiction, bankruptcy and crime?'"

Then, notes Grey, "We need to nationalize this debate. Internet gambling, interstate gambling, the corruption of our national sports and the threats of organized crime and overseas money laundering are all things we should be asking every Presidential candidate to address."

"When we're active and we hold elected officials accountable, we have done very well," Grey noted.

"We can do very well again this year."

# ***NCALG / NCAGE chair gives stern warnings to Legislators from Gambling States conference***

(Guy Clark was invited to speak at the annual conference of legislators from gambling states. He spoke before a meeting with off-track betting officials, Racing Commissioners & other racing people where “agribusiness” was paraded as a main reason for simulcasting and other horse-racing products on the wire and the Internet)

## **“INTERNET & OFF-SHORE WAGERING BAN: A GOOD BET FOR HORSEMEN?”**

*by NCAGE / NCALG Chairman Dr. Guy C. Clark  
Winter Conference of the National Council  
of Legislators from Gambling States*

I'm at about the bottom of the food chain as regards horse agribusiness. The night before I left I took a bucket full of alfalfa pellets, sweet feed, Senior Equine, and bran out to my 31 year old Arabian gelding. I've also shoveled tons of horse manure over the years. I haven't done that since leaving home, but I feel like I've waded through a quite a lot in the last couple of days.

The question our discussion group was asked to consider states, “Is the Internet gambling ban a good bet for horsemen?” The simple answer is yes. When government and the racing industry get together, it's usually a sure bet that the racing industry will get the better end of the deal.

But I want to frame the question a little bit differently: “Is this good bet for the racing industry a good bet for the American people?” That's the real question legislators need to look at. And the answer to it, by nearly all objective standards, is no.

It seems certain that the Unlawful Internet Gambling Enforcement Act of 2006 will put an enormous dent in most Internet gambling, but will leave betting on the domestic horse races over the internet or the wire largely untouched. If anyone assumes that the racing conglomerates are going to be satisfied with simply simulcasting live races to participating states, they are going to be seriously surprised. Legislators need to be alert to their machinations.

There are many states where the tracks are already moving from simulcasting live racing to promoting “instant races” or “historic races” where the better can wager on hundreds of thousands of

races that have been run in the past with enough masking of the exact race that memory will not help the betters determine the winners. That would allow betters to wager non-stop on “instant races” throughout the day and into the night.

On another front, the Supreme Court of Alabama recently struck down an activity that the race tracks were engaged in which was essentially slot machine gambling on the Internet. We can be certain that the racing conglomerates will take every effort to make their games more rapid, more interactive, more sophisticated and more engaging—that is to say, more addictive.

Addiction is already a huge problem with Internet gambling. The British government commissioned a study on Internet gambling by the RSe Consulting firm that was presented at the Remote Gaming Summit held in Britain this last October. One of the findings of their report is that “74% of Internet gamblers were classified as level 2 (problem) or 3 (pathological) gamblers according to the South Oaks Gambling Screen.”

It is stunning to me that the government of Great Britain would commission a report that finds that a product is addictive to about ¾ of its users and still promotes it and profits from it.

Let's compare the product of Internet gambling with fast food. Imagine if the US government responded to E. Coli in fast food restaurants in the same way it responds to the issue of gambling. Many fast food patrons enjoy the experience of eating fast food products and are mostly unaffected by it, just like gambling. A relatively small number of fast food patrons have been afflicted with the E. Coli bacteria.

If the US government treated E. Coli in fast food restaurants the way they treat organized gambling, they would promote the infected food, tax it, and mention that people should contact their physician if infected. But we know that the governments vigorously attack the infectious outbreaks of E. Coli, but smile benignly on the devastation caused by Internet and other forms of gambling. But then, E. Coli does not make huge campaign contributions to government officials and candidates for office.

## Please fight gambling responsibly' . . .

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The gambling “industry” makes sympathetic noises about their concern for gambling addicts, but the nasty little secret that the gambling promoters try to hide is that they cannot prosper without gambling addicts. Studies indicate that gambling addicts are a major source of revenue to the gambling “industry”:

- Professor Earl Grinols of the University of Illinois reported to Congress in 1996 that, according to riverboat casino records, a little over 4% of the gamblers were the source of over 50% of the casino revenue.
- A 1997/1998 study by the Nova Scotia Department of Health determined that overall, “5.7% of adults in Nova Scotia are involved in regular continuous play of video lottery gaming. These adults account for approximately 25% of all those who play VLT’s each year in the province and contribute approximately 96% of the annual provincial net revenue for VL gambling.”
- According to a 2003 study by Robert Williams, Ph.D., and Robert Wood Ph.D. of the University of Lethbridge and by the Alberta Gaming Research Institute, “about 35% of Ontario gaming revenue is derived from moderate and severe problem gamblers, with even higher proportions for gaming machines and horse racing.”
- According to a July 2006 report in Australia by the Victorian Commission for Gambling Regulation, 43 per cent of the losses came from 2-3 per cent of players who were problem gamblers.

These studies were done by serious scholars and government researchers. In these cases, the same governments that were sponsoring the gambling. They weren’t paid for by rabid anti-gambling groups. Anti-gambling groups like ours don’t have the money to finance such studies. The gambling “industry” cites studies that are favorable to their activities that are usually done by outfits like the addictions division of the Harvard Medical School, which receives millions of dollars from the American Gaming Association. In the world of science, this type of research is considered to be pretty similar to in-house research. The studies cited above show that gambling addicts are the life blood of the gambling industry and the gambling “industry” cannot survive without the addicts.

It’s certain that horse racing is going to try to exploit the Kyl bill’s provisions as much as possible. Gambling conglomerates aren’t satisfied

with being millionaires, but want to become billionaires. The move of corporate gambling to Internet gambling could be the action that so to speak kills the “golden goose.” NCALG has been saying for years that the gambling industry is sowing the seeds for its own destruction. I feel certain that Internet gambling, with its staggering potential for addiction, is going to be the major impetus for that destruction. The bodies are going to pile up and the stench is going to reek to the point that a disgusted citizenry will demand criminalization of Internet and other forms of gambling and will throw out those politicians who promote it.

Richard Leone, a member of the National Gambling Impact Study Commission, lamented, “You don’t see states telling their citizens they should smoke more, or drink more alcohol because the state needs the money,” but across America, we see states encouraging their citizens to gamble more money more often to fund the public budgets. For a “cut of the action,” many of you have even opened your states to casinos.

Warren Buffett recently commented, “Government is teaching its citizens something every day by the actions they take.” As he fought against expansion of gambling in Nebraska, he noted “Government shouldn’t be on the opposite side of the transaction” from its citizens. It shouldn’t be “trying to get the citizens to do something dumb.”

Or, as James Madison said in Federalist 52, “. . . It is essential to liberty that the government in general should have a common interest with the people.”

The “common interest with the people” should be “front stage” in your deliberations on Internet gambling in your states. The best response to Internet gambling in your state would be to criminalize it. Short of that it would be helpful to prevent the racetracks from expanding to “instant races” and other faster, more addictive games. Please shoulder your primary duty as keepers of the public trust and give more consideration to the health and welfare of the citizens in your state than you do to the prosperity of the gambling promoters.

Please fight gambling responsibly.

# Comorbidity falls victim to twisted rhetoric

One need not listen long to any psychological discussion on gambling addiction until “comorbidity” rings its curious chime.

There is, intuitively and statistically, a correlation between gambling and other addictions. People who get hooked on gambling are more likely than others to have had problems with alcohol, tobacco or drugs. They may have (forgive the term) addictive tendencies, susceptible genetics, or depression.

Nothing surprising there. The surprise, though, is in how this correlation is applied to the debate over gambling. The American Gaming Association’s CEO and national apologist Frank Fahrenkopf uses it as a bullet point in his presentations – as if it should nail dead any notion of culpability on the part of his product.

“CO-Morbidity” he recently enunciated<sup>1</sup>, means that among pathological gamblers, “gambling is not their only problem. 60 percent of them have trouble with alcohol, drugs or mental instability. These are sick people.”

Well, no. Not really. A new NORC (University of Chicago) study of Californians took perhaps the hardest look to date at quantifying comorbidity and found, as one would suspect, some positive correlations. But, “While problem and pathological gamblers in California are *more likely* than others in the population to smoke, drink and use drugs, most problem and pathological gamblers do *not* smoke, drink often or use drugs. About three in ten problem and pathological gamblers (29%) smokes daily, about one in six (15%) drinks once a week or more often; and less than one in ten (6%) has used illicit drugs in the past year.<sup>2</sup>

The report also notes positive correlations with depression, unemployment and race. (One might suppose the ones with depression meet Fahrenkopf’s insensitive “mental instability” definition., and might help round out his 60%.) But it gets worse. He continues, “No one knows . . . if the alcoholism causes them to gamble, or the gambling causes them to take (drugs). We don’t know.”

We don’t know because no serious psychologist would ask the question in the first place. To assert victims become gambling addicts because they are “sick people” to begin with is outrageous.

The co morbid conditions are not causal. A tobacco habit does not cause a gambling habit, and certainly should not be used to explain or excuse it. We do not excuse tobacco because some humans have a genetic proclivity toward developing cancers. Nor are we likely to excuse Vioxx deaths because the deceased arthritis patients had a comorbidity of heart disease.

But that’s still not the point. Products that harm vulnerable people are not to be tolerated. Nothing in the ethics of our society suggests that, having found our neighbor has one problem or two, we should hand him a third. Many gambling victims live with depression and function well until casinos come to town. Lots of people drink, but they don’t lose their homes until the slots arrive.

Here’s what Fahrenkopf is really saying to the victims of gambling addiction:

See Smith, the guy under the sheet on the beach over there? He’s really not our fault. I mean, how were we to know? He was paddling around, having fun just like everyone else, and most of the other people do just fine with our game. He shouldn’t have been swimming anyway. He had those other problems, having been born without the legs and all. So it’s really not our fault that he drowned when we tossed him the rock.”

To excuse gambling because its victims have “other problems as well” is absurd on its face – to say nothing of being cruel, inhumane and cynical.

-- Carl Bechtold - [carl@ncalg.org](mailto:carl@ncalg.org)

1 Fahrenkopf, Frank. Speech before the Commercial Real Estate Deal Maker Forum, Oct. 24, 2006, Cleveland, OH.

2 Volberg, Rachel A., et al. “Californial Patholigal Gambling Prevalence Study Final Report,” 2006. National Opinion Researsch Council (NORC) of the University of Chicago.

# NIMBY moment

*Nation's top casino lobbyist says 'Not in My Back Yard!'*



(Image courtesy of video from Commercial Real Estate Deal Maker Forum.)

NCAGE field coordinator Tom Grey (right) debated Frank Fahrenkopf in Cleveland just before the November elections. Fahrenkopf is CEO for the American Gaming Association, and thus stands as the leading national spokesman for commercial casinos.

But would Fahrenkopf want one of his products in his own home town? Here's his comment:

*People have the right to go to the ballot box and determine what they want the quality of life to be in their own area. Now if someone were to come along and tell me that they were going to put a casino in McLean, Virginia, where I live, I would probably work very very hard against it. I just don't -- what's the old saying, 'NIMBY, not in my back yard?' Now I may be in favor of gaming, but I just don't want it located in a particular area.*

-- AGA CEO Frank Fahrenkopf in Cleveland, Ohio, Oct. 24, 2006

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