

Who Profits From Gambling

2003

The Human Cost



On my school “career days,” I went to the Flamingo Casino. I got a free casino t-shirt and sang the Flamingo’s theme song. I’m in the fourth grade. (Missouri)



Former Shreveport Mayor Hazel Beard, who originally supported gambling, lost a relative to Louisiana’s riverboat gambling. Her cousin lost everything, ran up debts of \$80,000, and committed suicide—all because of gambling.

Not Texas Revenues

- Millions in profits sent to international firms in Malaysia, South Africa, and Nevada.
- Profits destined for “transaction processing companies” headquartered in another state. (GTECH plagued with scandal and controversy.)
- States lose \$3 in bankruptcies, crimes, and corruption for every \$1 profit. (Kindt)

Have you heard the one about...Maryland’s Gov. Robert Ehrlich retracts claims about profits from “racinos” (slot machines at racetracks). Original projected revenues were reduced \$210 million dollars. His slogan “Slots for Tots” did not set well with Marylanders, who have rejected his approach to finance education budget shortfalls.

Not YOU, the Legislator

- Each pathological or problem gambler costs the state \$13,000 in social services. (Grinols)
- State sponsored gambling produces no product, no new wealth, and makes no genuine contribution to economic development. (Kindt)
- Government officials supporting new gambling initiatives are vulnerable to charges of corruption.
- A 1999 report in *The Economist* indicated that “there might be a lot of money to be made by suing the entities that knowingly get people addicted to gambling”
- Legal experts indicate that gambling is the new tobacco—addictive and subject to liability for those who promote it.
- Political contributions and lobbying efforts, as well as industry-sponsored studies, attempt to obfuscate, or even negate, legitimate research, liability issues, and to influence public officials.



Most problem gamblers are men, but we lost our twenty-five-year-old daughter to the disease. She divorced her husband over money troubles and stole money from our business. She is trying to get her life back by living in one of two states that don't sponsor gambling of any kind.

Video Lottery Terminals

Video Lottery Terminals (VLTs) have been called the **crack cocaine of gambling**.



Clinical psychologist, have observed the addictive elements of video gaming: speed, non-stop playing, the perception that skill is involved, and the game's hypnotizing effect contribute to accelerated rates of addiction.

Have you heard the one about... Popular South Carolina legislator Doug Jennings retracted his longtime support of video lottery terminals. So many of his constituents became addicted to video gambling that their spouses and children begged him to back a bill banning the machines.

Not the Local Community

- Local businesses in Natchez, MS report 70% declining sales after riverboat casino gambling arrived.
- Two-thirds of retail business were closed in Gilpin County, Colorado after casinos were built.
- In Gulfport, Mississippi, the city's chief of police reports increases in crime after arrival of casino gambling: armed robberies up by 218%; vehicle theft up by 166%; rapes up by 300%; burglaries up by 200%.

Have you heard the one about...Stanton, Texas (2500 population) city council was approached by out of state gambling interests, offering to build an 85-acre golf course and gambling casino. Located in drought-plagued west Texas on I-20 and founded by German Catholics, Stanton is a dry county (no alcohol); 70% of Stanton's residents don't frequent nightclubs or bars. The casino's business plan includes luring truck drivers off the interstate to save the declining cotton economy.

Not Law Enforcement

- For an average county of 100,000 people, a 7.9% increase in crime due to gambling means 772 more larcenies, 357 more burglaries, 331 more auto thefts, 12 more rapes, 68 more robberies, and 112 more aggravated assaults.
- Crime ratios in gambling communities are 84% higher than the national average.
- Without strong regulatory statutes and adequate staffing, bringing in additional gambling will increase toll on law enforcement.

Have you heard the one about...

- Pathological gambling is one of the most rapidly growing, but ignored, mental health problems in the United States. (Abbott, quoted in NCALG)
- Research indicates that as many as 7% of teenagers are addicted to gambling. (Lorenz, quoted in NCALG)

As many as 10 million people in the U. S. may be designated as compulsive gamblers. Another 3% may be considered problem gamblers. (Abbott, quoted in NCALG)

Who Profits from Gambling?

One Victim's Story



The father of David F. D'Alessandro, Chairman and CEO of John Hancock Financial Services, was a pathological gambler. He wagered money that he begged or borrowed from friends, banks, and loan sharks. He lost his job, his marriage, his home, his friends, and his dignity. Perhaps the worst thing for young David to face was going to the race track to watch his father bet on a horse to win back the college tuition money that he had gambled away earlier. Or maybe it was knowing that his father had also stolen David's car and sold it to pay off a gambling debt.

If you ask David D'Alessandro now if his life lessons as a child made him the success that he has become today, he will answer that he would have given up all those lessons for a chance at a happy childhood and home. If you ask David D'Allessadro about the new revenues generated by bringing in more gambling elements into the state, he replies that he would rather be taxed, not the addicts-to-be, or the children who will be the ultimate victims of gambling addictions.

Not Education

- More children are hooked on gambling than are involved with drugs, smoking or drinking, according to psychology Professor Jeff Derevensky. A child's addiction rate is two to four times that of the population at large.
- Thirty-four percent of students buy lottery tickets, illegally, in Texas because ticket sales aren't monitored.
- In 1991, lottery enthusiasts promised that lottery revenues for education would solve the educational funding crisis. Fifty-nine per cent of Texans said at that time that lottery money should be used to solve the problems of education.
- However, in 2003 revenue from the Texas lottery pays for only 10 days of education costs.
- In a 2001 report, New York Senator Padavan estimated that the Quick Draw lottery pulled about \$500 million out of the state economy. Seventy five per cent of the total goes to pay for prizes and perpetuate the lottery (60% for prizes; 15% for administrative costs).

Have you heard the one about... In 1991, Then-Governor Ann Richards said in a televised address to fellow Texans, "If you want good schools, you can choose between a lottery and a huge tax bill." In 1995, retiring Senator Paul Simon in a speech to Congress, said that states take the path of gambling as "easy revenue" to pay for education costs. It is, he said, not a "courageous path."

Not Other States

- Gambling expansion went from a sure thing to a bad bet in 2003. As the year began, a massive expansion of gambling was predicted to fill state budget deficits.
- With 45 battles in 30 states, gambling expansion was defeated 42 times. The three that survived were a "slot barn" in Bangor Maine, a lone casino boat on Lake Patoka in Orange County Indiana, and 10 slot machines in Oregon, a state that already had thousands of slots and video lottery terminals.



Governor Kenny Quinn of Nevada, in his 2003 State of the State address, said “the revenue system of Nevada is broken. Three out of four tax dollars are collected from sales and gaming taxes. These taxes are highly vulnerable to swings in the economy. Nevada’s tax strategy was based on the belief that money received from the gaming industry and tourism could keep pace with the needs of the state’s growing and diverse population.” Governor Quinn reports, “this kind of regressive and unstable tax strategy is a failure.”

- “Simply put, this current gambling surge couldn’t beat the boom-to-bust cycle of the previous two binges. Historical odds aren’t in favor of unlimited casino expansion.” (Tom Grey, Executive Director, National Coalition Against Legalized Gambling)

Have you heard the one about... States, like individuals, cannot gamble themselves rich. But they can, and have, gambled themselves poor, as demonstrated by Nevada’s \$870 million budget deficit in 2003.

Not the Future

- Legalized gambling activities, are detrimental to the social and economic foundations of the United States. Gambling is not just recreation; it is a very addictive and destructive activity.
- Governments should not promote programs that undermine the public’s health, safety, and welfare.
- Gambling establishments should be held liable for the costs to society for new addicted gamblers, bankruptcies, and crime.
- Causes of action brought on the basis of the Racketeer Influenced and Corrupt Organization Act (RICO) appear headed for success in the 21st century. Legal action against those promoting gambling should result in expensive settlements similar to the tobacco settlements.
- In Florida, investigations into video poker machines found criminal violations and links to organized crime in West Virginia, Pennsylvania, New Jersey, and New York.
- In Louisiana, the FBI and Louisiana State Police recently arrested 17 people who allegedly used a video poker machine company to skim profits for the Marcello, Genovese, and Gambino crime families.