

# **Tide of gambling yields backwash of addiction**

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Rev. 08 21 04*

The risk of gambling is not so much in losing ones money, but rather the danger of losing control of ones life. Like other substances and activities which become addictive, games of chance too often turn on their players and transform frivolity into a nightmare. Collectively, the pattern is predictable, as each tide of gambling expansion leaves a backwash of addiction, pulling under an ever-growing wave of Americans.

In ways and in individuals that few would suspect, gambling can and does become addictive. Gambling addiction is listed among the psychological disorders recognized by the American Psychiatric Association. In 1995, Howard J. Shaffer, PhD., of the Harvard Medical School Division on Addictions reported, "Gambling is an addictive behavior, make no mistake about it . . . Gambling has all the properties of a psychoactive substance, and again, the reason is that it changes the neurochemistry of the brain."<sup>1</sup>

Gambling causes excitement, often leading the participant to forget about outside problems and the stresses of everyday life. Electronic gambling devices in particular offer a seemingly non-competitive diversion from reality. Gambling establishments usually serve and often encourage the use of alcoholic beverages, which further loosens players' inhibitions. The games themselves are made to satisfy the demands of excitement; and the ensuing "loss of control" is part of the "enjoyable" experience of gambling.<sup>2</sup>

Gambling environments, specifically within casinos, are scientifically and socially designed to transport players beyond the realm of rational decisions. Presentations by one prominent international researcher concluded, ". . . strong emotional physiological responses during a session of play is a natural human experience. The expectation that the player will be able to continue to make controlled, informed, rational decisions during such a session of continuous gambling is ill-founded."<sup>3</sup>

Even the best intentioned gamblers, the majority of whom say they set limits of how much they intend to lose, often find themselves "out of control." "When regular players are recruited in gaming venues (no other selection criteria) 43% "sometimes", "often" or "always" experience an irresistible urge to continue a session of play once they

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<sup>1</sup> Shaffer, Howard, quoted by Kindt in *Managerial and Decision Economics*, 22: 17-63 (2001)

<sup>2</sup> Dickerson, Mark, "What if There Were No Problem Gambler" p.3.

<sup>3</sup> Ibid.

have started,” the study concludes.

Though most gamblers are not “hooked,” some begin to gamble well beyond reason or their financial ability. These players fit the classic definition of addiction, which is, “The compulsive use of a substance or activity resulting in physical, psychological, or social harm to the user; (and) the user continues in this pattern of behavior despite the harms that result.”<sup>4</sup>

Much has been made of the “co-morbidity” of addictions, or the apparent tendency of victims to have multiple addictions or emotional and mental problems. The gambling industry has repeatedly attempted to dismiss gambling addiction as just another symptom of broader psychological problems among victims. That argument is specious and largely irrelevant, since harm would not befall victims if gambling were not available, in much the same way that lung cancer would occur far less if tobacco were not available. The fact is, gambling is addictive to a significant number of Americans, and that addiction afflicts an increasing number of victims as technology changes and the prevalence and proximity of gambling increase.

**HISTORY** provides some background for consideration of gambling addiction. The United States is in its third historic wave of gambling. The first two occurred in the Revolutionary and Civil War eras. Gambling was sanctioned and often sponsored by government to pay for war costs and civic improvements, and has historically intensified during times of economic stress. Both earlier eras ended when corruption and social costs persuaded the states to criminalize gambling.

In 1900, there was virtually no legalized gambling in the United States. After several decades of “abstinence,” America first ventured back into gambling with its legalization in Nevada in 1931. Government first sponsored gambling in the modern era as New Hampshire initiated a state-run lottery in 1963. In 1976 New Jersey opened Atlantic City to gambling. In 1988, Congress passed the Indian Gaming Regulatory Act, providing gambling financiers a means of using tribes to penetrate states where gambling had been illegal. As the 1990’s began, the floodgates opened.

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<sup>4</sup> <http://www.hmis.harvard.edu/doi/research/education.htm#institute>

In 1994, Congress realized gambling was growing out of control and authorized the National Gambling Impact Study Commission (NGISC), which published its findings in 1999.

Among the commission's findings was a number which could be reasonably used as a "background" level for compulsive gambling. The commission cited reports of between 0.6 and 0.9% of Americans were present or "past year" compulsive gamblers.<sup>5</sup>

In 1976, when only Nevada and a few scattered pari-mutuel tracks offered legal gambling, a widely quoted study by the University of Michigan showed just 0.77% of Americans, were then or had been pathological gamblers in their lifetimes.<sup>6</sup>

The commission found that following a decade of expansion in the 1990's, the national lifetime compulsive gambling population had grown by at least 50%, to no less than 1.2% based on the most conservative of its source studies.<sup>7</sup> The gambling industry's own addiction study organization admits to a 1.1% current pathology level in the U.S. and Canada.<sup>8</sup>

The NGISC also discovered a significant trend indicating addiction had doubled in many populations within 50 miles of casinos.<sup>9</sup>

The commission unanimously recommended the nation "pause" the expansion of legalized gambling until the social and economic impacts could be better understood. Their findings were almost universally ignored.<sup>10</sup>

At this writing, there are gambling opportunities in all states except Utah and Hawaii with 443 commercial casinos operating in 11 states, plus racetrack casinos in six states.<sup>11</sup> Indian casinos comprise the fastest growing segment with 354 casinos in 28

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<sup>5</sup> National Gambling Impact Study Commission, "Final Report" Sec. 4, p.5.

<sup>6</sup> University of Michigan study, 1976, cited in NGISC Final Report, Part 4, p.6.

<sup>7</sup> NGISC, Part 4, p. 4

<sup>8</sup> National Center for Responsible Gambling <http://www.ncrg.org/index.cfm> 08/20/04

<sup>9</sup> Ibid.

<sup>10</sup> "The (NIGC) commission's study included more than a dozen recommendations to combat gambling addiction, ranging from refusing service to any customer exhibiting signs of problem gambling to posting hot line numbers in casinos. More than four years after the study's release, the gambling industry has disregarded most of the guidelines, Whyte said. Social, problem and pathological gamblers differ in their ability to control themselves." Keith Whyte, executive director of the National Council on Problem Gambling. <http://www.themagazine.com/articles/2004/09/01/040901p01.htm>

<sup>11</sup> American Gaming Association "State of the States survey, 2004" p. 4

states.<sup>12</sup> With government sanction and sponsorship of gambling, the vice has been gaining in prevalence and acceptability.<sup>13</sup>

Gaining, too, are the number of addicts and their associated social costs.

**MATURE MARKETS** provide a reasonable reference for what all of America could become if the trend were to continue. Australia has saturated its market with Electronic Gambling Machines, (EGM's) which they call "pokies," and parts of Canada have also had extensive experience with gambling. In the United States, Nevada and the cities of Las Vegas and Atlantic City provide some frame of reference.

Probable pathological gambling in Nevada in 2000 measured 3.5% and the prevalence of problem gambling added 2.9% for a total of 6.4%. Other cited states ranged from 2.1% in North Dakota in 2000 to 4.9% in Mississippi in 1996.<sup>14</sup>

The American Psychiatric Association notes the diversity of pathological gambling rates in its diagnostic manual. "Community studies estimate the lifetime prevalence of pathological gambling to range from 0.4% to 3.4% in adults, although prevalence rates in some areas (e.g., Puerto Rico, Australia) have been reported to be as high as 7%. Higher prevalence rates, ranging from 2.8% to 8% have been reported in adolescents and college students."<sup>15</sup> Those differences illustrate the effects of demographics, proximity and diversity of gambling opportunities.

Researchers at the National Opinion Research Center combined data from a national telephone survey with data from a casino patron survey and found that adults living within 50 miles of a casino had double the probability of pathological or problem gambling.<sup>16</sup>

Poverty, lower education level and other social and economic factors can affect gambling addiction, and they can be accelerated by the proximity of gambling outlets.

"Neighborhood disadvantage shows . . . a strong positive effect on frequency of gambling and pathological or problem gambling. For every increase of one standard

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<sup>12</sup> <http://www.indiangambling.org/library/index.html#facts>

<sup>13</sup> "American Gaming Association State of the States survey, 2003" p. 3

<sup>14</sup> Volberg, Rachel A., PhD "Gambling and Problem Gambling in Nevada: Report to the Nevada Department of Human Resources," p. iii.

<sup>15</sup> DSM-IV, American Psychiatric Association, P.673.

<sup>16</sup> Welte, John W., Wieczorek, William F., Barnes, Grace M., Hoffman, Joseph H. Reference cited in "The Relationship of Ecological and Geographic Factors to Gambling Behavior and Pathology" p. 7

deviation in neighborhood disadvantage the odds of being a pathological or problem gambler increase by 69%. . . . A casino within 10 miles of home is associated with a 90% increase in the odds of being a pathological or problem gambler."<sup>17</sup>

It is clear that establishing casinos in areas already troubled with alcohol and poverty will have a devastating effect on an already struggling population.

In short, the presence of gambling opportunities is likely to double the prevalence of problem and pathological gamblers, and the addition of other contributing factors may increase the addiction rate exponentially.

For example, 93% of a group of Southeast Asian refugees in a Connecticut study had gambled in the previous two months, and more than half were said to be pathological gamblers.<sup>18</sup> Clear across the nation, casinos find 60% to 70% of table game customers and 20% to 25% of their slot players are Asians, despite the fact they comprise only 9% of the population.<sup>19</sup>

**TECHNOLOGY** is also driving addiction rates as gambling venues compete to attract customers. The most "enjoyable" games may be the most addictive.

In recent years, casinos and lotteries have turned from table games and ticket sales to slot machines and Video Lottery Terminals (another form of EMG's). Space and labor-intensive table games used to comprise 60% of casino revenue, but slots have taken over, producing about 70% of gaming revenue.<sup>20</sup>

Women appear to be generally more attracted to machines than to table games and addiction rates among women are increasing accordingly. Gamblers who participate with electronic machines are becoming addicted much more quickly. One of the most recent studies show EGM gamblers arrive at the pathological level in 1.08 years vs. 3.58 years with more "conventional" forms of table and racetrack gambling. Thus, electronic gambling devices have been often labeled as the "crack cocaine" of the industry.<sup>21</sup>

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<sup>17</sup> Welte, et al; P15

<sup>18</sup> [http://www.enr.com/author/dk/online/news/story/newsid\\_1987018x16P1\\_P01XAPMG\\_3p\\_x.asp?ci=10110x.dk](http://www.enr.com/author/dk/online/news/story/newsid_1987018x16P1_P01XAPMG_3p_x.asp?ci=10110x.dk)

<sup>19</sup> [http://www.sacbee.com/content/news/story\\_7287160p-8231825c.html](http://www.sacbee.com/content/news/story_7287160p-8231825c.html)

<sup>20</sup> Christiansen Capital Advisors, <http://www.cca.com/Primary%20Navigation/Online%20Data%20Store/Byte%20Research/2002%20Revenue%20by%20Industry.pdf>

<sup>21</sup> Breen, Robert B. and Zimmerman, Mark, "Rapid Onset of Pathological Gambling in Machine Gamblers" p.2

The effects of gambling addiction on individuals and society have been repeatedly calculated and demonstrated.

The percentage of those afflicted should not be considered "small." Even at the minimalist "background" level of under one percent, gambling addiction, not including problem gamblers, would still be twice as prevalent as cancer among Americans.<sup>22</sup> In mature gambling markets, more than 5% of the population will develop some problem with gambling, a prevalence rate about five times that of schizophrenia and more than twice that of cocaine addiction.<sup>23</sup>

Gambling exploded in Canada during the 1990's as it did in the United States, but Canada has funded more extensive research. A massive study recently completed there shows problem and addicted gamblers comprise 2.8% of the entire Canadian Population over 15 years of age! Three fourths of Canadians gambled during the year, and 6% of those are considered "at risk" or "problem" gamblers!

The study also confirms an accelerated level of addictions for those using gambling machines, and affirms the devices have become the "crack cocaine" of gambling for Canadian citizens.

Problem gamblers in Nova Scotia comprise 16% of all those who play the machines on a regular basis, which translates to approximately 0.92% of all adults in the province. This group of gamblers contributes just over half of the net revenue for video lottery gambling and, at any given time, and will comprise almost half of all those sitting in front of video lottery terminals in Nova Scotia.<sup>24</sup>

Percentages from problem gamblers appear to vary with market saturation, technology, gambling genre and demographics.

Dr. Henry Lesieur, president of the Institute for Problem Gambling compiled existing surveys from seven states and provinces. His study concluded that 30.4 percent of gambling revenues in those markets came from problem and pathological gamblers.

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<sup>22</sup> American Cancer Society: Most recent year's prevalence rates are just under 0.5%  
[http://www.cancer.org/docroot/SFL/SFL\\_0.asp](http://www.cancer.org/docroot/SFL/SFL_0.asp)

<sup>23</sup> Petry, Nancy, Ph.D., University of Conn.

[http://www.achc.edu/online/features/stories/story03\\_future\\_gambling1.html](http://www.achc.edu/online/features/stories/story03_future_gambling1.html)

<sup>24</sup> Nova Scotia Department of Health Nova Scotia "Video Lottery Players' Survey 1997-98 Highlights" p. 3

Those surveys included data from lotteries, casinos, pari-mutuel wagering and sports betting.<sup>25</sup>

These and other studies<sup>26</sup> illustrate that problem and pathological gamblers will contribute 30 to 50% of gambling losses in a mature gambling market.

Particularly troubling are problem and addictive gambling rates among America's youth and military. A study of America's 11- to 18-year-olds showed a 4 to 7% prevalence rate of problem gambling behaviors.<sup>27</sup>

The Worldwide Survey of Substance Abuse and Health Behaviors Among Military Personnel<sup>28</sup> is a large-scale study that screened for gambling-related problems among America's military personnel. The survey reported that in 1992 and 1998, 7.1% and 8.1%, respectively, of all Department of Defense personnel had at least one gambling-related problem, and 2% exhibited behaviors suggestive of pathologic gambling.

**HEALTH ISSUES** associated with problem and compulsive gambling are serious and complex. A recent Canadian study found, "Half of all problem gamblers reported that their gambling caused difficulties in relationships with family or friends. Four in 10 obsessive gamblers (42%) reported a high level of stress in their life, compared with 23% of gamblers who reported no problems.

"About 18% of problem gamblers reported that they had contemplated suicide in the year prior to the survey, six times the proportion (3%) of non-problem gamblers.

"The insidiousness of excess gambling is revealed by the 27% of moderate-risk gamblers and 64% of problem gamblers who wanted to stop gambling in the year prior to

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<sup>25</sup> Lesieur, Henry R., "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>26</sup> Also see E. L. Grinols, E.L. and Omorov J. D., "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, which calculates 52% of revenues from problem and pathological gamblers. Also, University of Minnesota researchers calculated that 2% of gamblers account for 63 percent of all the money legally wagered in Minnesota. Tice, D. J. "Big Spenders," *Saint Paul Pioneer Press* (Special Reprint Section), February 1993.

<sup>27</sup> Promos J, DuRant RH, Pierce JD, Goodman E. "Gambling and other risk behaviors among 8th- to 12th-grade students." *Pediatrics* 1998;102:e23, as cited in *American Family Physician*, Feb. 1, 2000.

<sup>28</sup> Bray RM, Krouth LA, Luckey JW, Wheelless SC, Iannacchione VG, et al. "1992 worldwide survey of substance abuse and health behaviors among military personnel." Research Triangle Park, N.C.: Research Triangle Institute, 1992, as cited in *American Family Physician*, Feb. 1, 2000.



the survey, but believed they could not. About 56% of problem gamblers had tried to quit, but could not.<sup>29</sup>

The Canadian study validates findings in the United States. Suicide, for example, is a link almost universally denied by the gambling industry, but a Nevada study of addicted gamblers revealed, "Between 20% and 30% of the respondents made actual suicide attempts (we could not assess how many were successful). No other addictive population has had as high a prevalence for attempts."<sup>30</sup>

The national publication of American family physicians said problem gambling victims may present "various gastrointestinal symptoms, low back pain, chest pain, impotence, headaches and vague illnesses. When patients are in the desperation phase of the addiction, they may present with symptoms of anxiety or depression. Pathologic gambling can have devastating effects on patients and their families, and may be the root of marital, family, sexual and financial problems. Some preliminary studies are starting to look at chemical markers for problem gambling, but the clinical use of such markers is limited. Studies have implicated the central noradrenergic system, the serotonin system and platelet monoamine oxidase activity in the pathophysiology of this condition."<sup>31</sup>

Gambling addiction appears to be very difficult to overcome. A study cited by the Harvard addiction scholars in their monthly publication noted, "Of the 80 participants followed for 12 months, 92% experienced relapse. Optimism about winning was the most frequently reported precipitant of relapse for both genders."<sup>32</sup>

In another review, the group reported, "Recent research reports that disordered gambling treatment providers experience patient drop-out rates between 40% and 80%"<sup>33</sup>

Financial and other stresses related to problem gambling take a toll on families. Government Accounting Office analyses prepared for the NGISC found 53.5% of

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<sup>29</sup> 2002 Canadian Community Health Survey, Cycle 1.2 on Mental Health and Well-being  
[http://www23.hc-sc.gc.ca/125/03/0312/031212\\_04\\_e.html](http://www23.hc-sc.gc.ca/125/03/0312/031212_04_e.html)

<sup>30</sup> Schwer, R. Keith; Thompson, William N.; Nakamuro, Daryl; "Beyond the Limits of Recreation: Social Costs of Gambling in Southern Nevada." p. 4

<sup>31</sup> Pasternak, Andrew V., IV, MD, "Pathologic Gambling: America's Newest Addiction?" *American Family Physician*, V, 56, No. 5, 1997.

<sup>32</sup> Hodgins, D., & el-Guebaly, N. (2004). "Retrospective and Prospective Reports of Precipitants to Relapse in Pathological Gambling." *Journal of Consulting & Clinical Psychology*, 72(1), 72-80, quoted in The WAGER Volume 9 Number 13 - March 31, 2004 "In the Mood for a Relapse?" [www.thewager.org](http://www.thewager.org)

*The Wager*, Volume 9 Number 24 - June 16, 2004 P.32 - [www.thewager.org/index.html](http://www.thewager.org/index.html)

pathological gamblers reported having been divorced, while only 18.2 percent of non-gamblers were divorced.<sup>34</sup>

**INCREASING** crime is a well-documented companion of legalized gambling. Crime predictably rises three to four years following the opening of a casino as problem and pathological gamblers begin to deplete their resources.<sup>35</sup> Gamblers who have “bottomed out” their own resources frequently begin borrowing money from family, friends and business relationships. This “borrowing” frequently takes the form of theft. Gamblers often feel they are only borrowing other people’s money until they can win it back.

Crime may drop slightly in communities with new casinos for the first few months or years, but Atlantic City is typical of the longer view. Three years after the introduction of casinos, there was a tripling of total crimes. Per capita crime in Atlantic City jumped from 50th in the nation to first.<sup>36</sup> Comparing Crime rates for murder, rape, robbery, aggravated assault, burglary and motor vehicle theft reveals Nevada is the most dangerous place to live in the United States.<sup>37</sup>

According to a 1990 Maryland Department of Health and Mental Hygiene survey, 62% of problem gamblers in treatment had committed illegal acts as a result of their gambling, 80% had committed civil offenses, and 23% were charged with criminal offenses. A similar study of nearly 400 members of Gamblers Anonymous showed that 57% admitted stealing to finance their gambling. On average they stole \$135,000 each, for a total of more than \$30 million.

The National Gambling Impact Study Commission’s final report noted that among those who did not gamble, only 7% had ever been incarcerated. In contrast, more than three times this number, 21.4%, of individuals who had been pathological gamblers

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<sup>34</sup> GAO stats prepared for NGISC, cited in Grinols, Earl L. *Gambling in America, Costs and Benefits*, p. 145.

<sup>35</sup> Grinols, Earl L., *Cutting the Cards and Craps: Right Thinking About Gambling Economics*, p. 11

<sup>36</sup> Widgery, Robin, President of Social Systems, “Warning: Legal Gambling is a Costly Game,” May 23, 1994 edition.

<sup>37</sup> Morgan Quitno Press, “Determining the Safest and Most Dangerous State Rankings”

<sup>38</sup> [http://www.gambling.com/industry/articles/and\\_how\\_to\\_choose\\_the\\_factors\\_001](http://www.gambling.com/industry/articles/and_how_to_choose_the_factors_001)

at any point during their lifetime had been incarcerated.<sup>38</sup> That's TRIPLE the incarceration rate of a non-gambling community.

Oregon corrections officials have determined gambling is a significant motivator in criminal activity among the state's women. To help rehabilitate female convicts, the state penal system is launching pilot addiction treatment programs. The correctional system there finds 20-30% of female convicts have histories of gambling problems.<sup>39</sup>

**BANKRUPTCY** is another significant devastation in the wake of gambling expansion. Again, this phenomenon trails a few years behind casino openings because it takes gamblers some time to deplete their resources. In the most recent nationwide survey of every county in the nation, Creighton University researchers found personal bankruptcies rates are 100% higher in counties with casinos than in counties without casinos.<sup>40</sup>

Hired by the banking industry to help understand America's increasing bankruptcy rates, SMR Research Corporation determined in the late 1990's that legalized gambling was not only the fastest growing cause, but also the third leading cause of individual bankruptcies in the United States.<sup>41</sup>

More recently, SMR cites Dr. Nancy Petry's research, "UConn Health Center found that about one-third of all people in Connecticut who seek treatment for problem gambling have already filed for bankruptcy or are in the process of filing. On average, problem gamblers spend more than \$2,000 per month gambling. Some have legal problems stemming from credit card fraud or bounced checks. And their troubles spill over to their families. Each problem gambler may affect the lives of eight to 10 other people."<sup>42</sup>

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<sup>38</sup> Grinols, Earl L., "Cutting the Cards and Craps, right thinking about gambling economics," 2001, quoting Lesieur, Henry, "Costs and treatment of pathological gambling," *The Annals of the American Academy of Political and Social Science* (Gambling: Socioeconomic Impacts and Public Policy, Frey JH, special editor) 556: 153-171.

<sup>39</sup> [www.kgw.com/sharedcontent/APStories/stories/D837H1M01.html](http://www.kgw.com/sharedcontent/APStories/stories/D837H1M01.html)

<sup>40</sup> Gross, Ernie and Morse, Edward. "The Impact of Casino Gambling on Bankruptcy Rates: A County Level Analysis." p. 1

<sup>41</sup> Kindt, John Warren and Palchak, John K.I. "Legalized Gambling's Destabilization of U.S. Financial Institutions and the Banking Industry: Issues in Bankruptcy." Credit and Social Norm Production, *Bankruptcy: Developments Journal* V, 19, No. 1, P.29.

<sup>42</sup> Petry

Besides losing everything they own, including homes, vehicles, retirement funds and children's college education accounts, addictive gamblers are likely to mass significant debts leading into bankruptcy. Families who could have funded their own futures begin to stress social, medical and welfare programs in states where they reside.

These costs clearly encumber the greater society, including the members who do not gamble at all. Based on extensive studies of original research, social costs for problem and pathological gamblers average between \$14,006 and \$22,077 (depending whether one uses the lowest or highest estimated costs.)<sup>43</sup>

Thus, the costs for gambling addiction are born by the entire community, including the one-third of Americans who do not gamble at all.<sup>44</sup>

Though many Americans consider gambling to be acceptable behavior, it is unlikely that the general population understands the costs in either dollars or human suffering associated with the activity. Though the suffering may be born by a minority, the overall economic costs are shared by all.

For individuals and the society alike, when the hook is set, the fun of games is over.

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<sup>43</sup> Grinols, p. 14.

<sup>44</sup> March 24, 2004 Gallup Polls, March 24, 2004 "Gambling a Common Activity for Americans" <http://www.gallup.com/content/Default.aspx?ci=15008>