

HJR

3

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 12, 2009

SUBJECT: Effect of HJR 3 on Cruise Ship Gaming
(Work Order No. 26-LS0128R)

TO: Representative Harry Crawford

FROM: Gerald P. Luckhaupt *GPL*
Legislative Counsel

You have asked if HJR 3 would have any effect on gaming currently conducted aboard cruise ships in Alaska. It is my opinion that HJR 3 would not have an effect on gaming currently conducted aboard cruise ships. Cruise ship gaming is conducted pursuant to federal law and not state law.¹ The federal law was enacted in response to public statements made in the early 1990's by the administration of former Governor Wally Hickel questioning the authority of cruise ships to conduct gambling activities while in Alaska waters and asserting that the state would no longer allow those activities to occur. The legislature considered a bill to allow cruise ships to conduct gambling activities in Alaska and allowed a temporary exception for cruise ships for one season.²

GPL:med
09-003.med

¹ See 15 U.S.C. § 1175(c)(2).

² Chapter 31, SLA 1995.

Alaska State Legislature
House of Representatives

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Representative Harry T. Crawford, Jr.

East Anchorage District 21

E-mail: Representative_Harry_Crawford@legis.state.ak.us

Website www.akdemocrats.org

MEMORANDUM

To: Rep Bob Lynn

From: Representative Harry Crawford

Re: Scheduling Request, House Joint Resolution 3

Date: February 2, 2009

I respectfully request that the House Finance Committee schedule a hearing for House Joint Resolution 3, "Proposing an amendment to the Constitution of the State of Alaska requiring an affirmative vote of the people before any form of gambling for profit may be authorized in Alaska."

With this request, I am including a sponsor statement, the most recent copy of HJR 3, and Sectional analysis and supporting documentation. Teleconferencing in Anchorage and other areas may be needed. Once a committee hearing is scheduled, any teleconference request and names of witnesses wishing to testify will also be provided.

Please contact me if you have any questions or require any additional information.

Nancy Manly

From: Nancy Manly
Sent: Monday, February 02, 2009 9:44 AM
To: Paul Grossi
Subject: Error on HJR 3 Hearing Request Packet

Paul: Some of the documents you sent over have the wrong bill number. Can you correct and re-send? They are:

- 1) Memo requesting a hearing (in the title anyway) it says HJR 2 and should say HJR 3
- 2) In the first paragraph of the Sponsor Statement it is referring to HJR 2 and should say HJR 3
- 3) Sectional Analysis says House Bill 22 and should say House Joint Resolution 3
- 4) Testimony by Pamela Samash says "Testimony for HJR2 and should say HJR 3.

Those are the ones that I noticed but would request that you look everything over and make sure everything references HJR3. Then email the corrected versions back to nancy_manly@legis.state.ak.us Thanks.

Nancy Manly, Chief of Staff and
House State Affairs Committee Aide for
Representative Bob Lynn
House District 31
907-465-2794 Fax: 907-465-4316

*Rec'd & New
Docs 2-2-09*

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Representative Harry Crawford
District 21

SPONSOR STATEMENT: HOUSE JOINT RESOLUTION 3

While some Alaskans may consider gambling to be a harmless pastime, many underestimate the costs in dollars and human suffering associated with it. House Joint Resolution 3 would amend Alaska's Constitution to require an affirmative vote of the people before any form of gambling for profit may be authorized in Alaska.

Studies show that about 2.5 million Americans are pathological gamblers, and another 3 million are problem gamblers. These compulsive gamblers have high rates of suicide, depression, mania, alcohol and drug abuse, and arrest rates. According to the American Insurance Institute, gambling is the main cause of white collar crime, and is the third leading cause of individual bankruptcy in America.

Though the human suffering caused by compulsive gambling may be borne by a minority of the population, the overall economic and social costs are shared by all. Before expanding gambling in our state, it is imperative that the voice of Alaskans be heard. I respectfully ask for your support of HJR 3

E-mail: Representative_Harry_Crawford@legis.state.ak.us

1 (b) This section does not prohibit or restrict any form of gaming lawfully
2 conducted under Alaska law on the date of the ratification of this section by the people
3 of Alaska, nor does this section affect the authority of the legislature to authorize or
4 regulate nonprofit gaming by organized boroughs and cities or by nonprofit
5 organizations.

6 * **Sec. 2.** The amendment proposed by this resolution shall be placed before the voters of the
7 state at the next general election in conformity with art. XIII, sec. 1, Constitution of the State
8 of Alaska, and the election laws of the state.

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Representative Harry Crawford
District 21

Sectional Analysis: House Joint Resolution 3

Section # 1 Amends the Alaska Constitution requiring a vote of the people before any for profit gaming or gambling may be authorized in Alaska. The amendment does not prohibit or restrict nonprofit gaming currently permitted by law.

Section # 2 Require the proposed amendment to be placed before the voters at the next general election.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HJR 3
 () Publish Date: _____

HJR3 02-11-09
 Title Const.Amend: No Gaming Without Voter Approval Dept. Affected: _____
 RDU _____
 Sponsor Representative Crawford and Dahlstrom Component _____
 Requester House State Affairs Committee Component Number _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

CHANGE IN REVENUES ()								
-------------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Nancy Manly, Committee Aide
 Division House State Affairs Committee
 Approved by: Representative Bob Lynn
 Chair

Phone 465-2794
 Date/Time _____
 Date 2/11/2009



DOING
THE MOST
GOOD™

Office of the Divisional Commander

January 29, 2007

The Honorable Nancy Dahlstrom
The Honorable Harry Crawford
Alaska House of Representatives
State Capitol, Juneau, AK 99801-1182

RE: Proposed Gambling Constitutional Amendment

I recently learned of your intent to sponsor a constitutional amendment this legislative session to prohibit for-profit gambling in Alaska and wanted to express my appreciation for your leadership in addressing this important issue.

In other areas of the country where legalized gambling is welcomed, The Salvation Army has seen firsthand the impact and destruction caused in the lives of many who chase after the promise of riches and end up caught in the snare of addictive lifestyles. In Las Vegas, for instance, The Salvation Army recently expanded its Adult Rehabilitation Program for substance abusing adults to treat individuals with gambling addictions. In the short time the program has been open, they have documented that close to fifty percent of those who experience alcohol/drug addictions are also addicted to (or at significantly higher risk) for co-addictive behaviors, including gambling.

In Alaska, where we have some of the highest rates of substance abuse per capita in the nation, it is encouraging to know we have legislators like yourselves, ready to step forward and tackle these tough issues.

Thank you again, for your leadership. Know that I continue to pray God's blessing upon you as you serve the people of Alaska.

God bless you.

Sincerely,

Douglas Tollerud, Major
Divisional Commander
Alaska Division

Testimony for HJR 3
By Pamela Samash
HC 66 Box 29715
Nenana, AK 99760
907-832-1850

Dear Representatives,

Thank you for taking the time to read my testimony today.

This letter is in regards to gambling and my family's experience.

My mother became addicted to gambling. She had always been against gambling before and had no addictions to anything but smoking. She worked for what she had, believed in God, raised us kids as best as she knew how.

What opened the door for her she shared with me was she became depressed because her mother passed away. She was also feeling rejected by people who were near and dear to her. My step dad took her to a casino to "lift her spirits" and get her mind off her troubles.

At first it was all for fun and in control. It took a few years to become addicted for her, but it happened none the less. Addiction to gambling is

very real and this is why it's so dangerous to bring to Alaska.

Once she was addicted, she had to gamble and get the money anyway she could. I asked her, "what made it so addicting?"

She replied, "it was always bright and friendly, good food, free drinks, great service, driven to get back the money lost from the last gambling experience, and to basically get away from the world."

My mom and step dad exhausted the payday loan stores, wrote bad checks and eventually towards the end, stole from their job.

I was visiting my sister when we got the call from my mom. Her boss found out about the theft, my mom was terminated and evicted from where she was living. She was also facing possible jail time. Everyone including us who love my parents had to scramble to raise money to quickly pay her boss to keep her out of jail. We had to get her stuff and get her out that day from where she lived. It was horrible. Here my mom at 48 yrs. old was losing everything she had worked for because of a gambling addiction. That was just the beginning. They had to pay back the payday loan stores, the banks, the casinos and all the people that loaned them money. The total bill was \$27,000. They couldn't find work so they had to settle for odd jobs and sometimes working in

dangerous conditions or areas. They stayed at weekly motels and lived on McDonald's dollar meals. Every day was a complete struggle. Every minute of every day to rebuild their life. They finally filed bankruptcy, but they have to pay that back as well.

All this took place about 3 yrs. ago and they are still rebuilding from it all. The good news is that my mom is totally free from gambling addiction. She wanted me to write this to you because she didn't want anyone else to go through what she's been through.

During her gambling experiences she met many other people who also were addicted to gambling and so my mom shared with me some of the effects and tragedies of their lives. Here is a list of what she saw:

1. Children pay the highest price. Many times people divorce because of gambling or they leave for days at a time leaving the children to fend for themselves or with a caretaker who is not very responsible. The children are vulnerable to molesting, rape, abuse, poor eating habits, poor school grades or no attendance at all, kidnapping and sometimes even death. The parents simply aren't there to protect and take care of them.
2. Divorce is really common with gamblers. If a spouse becomes addicted, they may and many times do drain the savings account, and also

sometimes bounce checks or they're late on paying bills, mortgage or rent. It's very stressful on marriage to say the least.

3. My mom met people who were stealing to gamble occasionally. But what's really sad is when she met a small business owner who had to close up his business because of addicted gamblers who stole thousands from him.
4. Bankruptcy increases and that's hard on the public as a whole.

Final Statement

I have done my own research regarding gambling and it's a known fact that anyone who already has an addiction problem or has relatives with addictions is more likely to become addicted to gambling. In my love for Alaska I feel compelled to mention that Alaska has one of the highest drinking and drug addiction problems in the U.S. from what I've heard and read. Which, if this is true, means if gambling were introduced to Alaska, it could be devastating. If you also include long, dark, winters and the depression problems, I can't even imagine what would happen 10-20 yrs. down the road. If a casino were to open please consider the following:

1. Increase funding to Child Protective Services programs and foster homes because the children will need you to help them.
2. Provide marriage counseling and addiction counseling programs for free to the public.

Again I thank you so much for your time.
May God bless you with His wisdom.
Pamela Samash

**Tide of gambling yields
backwash of addiction**

by Carl G. Bechtold

*for the National Coalition Against Legalized Gambling
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."¹

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.²

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."³

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

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

² Dickerson, Mark, "What if There Were No Problem Gambler" p.3.

³ 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."⁴

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.

⁴ http://www.hms.harvard.edu/dao/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.⁵

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.⁶

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.⁷ The gambling industry's own addiction study organization admits to a 1.1% current pathology level in the U.S. and Canada.⁸

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

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.¹⁰

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.¹¹ Indian casinos comprise the fastest growing segment with 354 casinos in 28

⁵ National Gambling Impact Study Commission, "Final Report" Sec. 4, p.5.

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

⁷ NGISC, Part 4, p. 4

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

⁹ Ibid.

¹⁰ "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.thetincsonline.com/articles/2003-09-01/news/top_newsrec6dd9117d1049786256d9300807abd.txt

¹¹ American Gaming Association "State of the States survey, 2004" p. 4

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

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 1996.¹⁴

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."¹⁵ 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.¹⁶

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

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

¹³ "American Gaming Association State of the States survey, 2003" p. 3

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

¹⁵ DSM-IV, American Psychiatric Association, P.673.

¹⁶ 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."¹⁷

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.¹⁸ 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.¹⁹

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.²⁰

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.²¹

¹⁷ Welte, et al; P15

¹⁸ http://www.newbritainherald.com/site/news.cfm?newsid=10057018&BRD=1641&PAG=401&dept_id=10110&rfi=6

¹⁹ <http://www.sacbee.com/content/news/story/7287160p-8231825c.html>

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

²¹ 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.²² 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.²³

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.²⁴

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.

²² American Cancer Society: Most recent year's prevalence rates are just under 0.5%
http://www.cancer.org/docroot/STT/stt_0.asp

²³ Petry, Nancy, Ph.D., University of Conn.
http://www.uchc.edu/ocomm/features/stories/stories03/feature_gambling2.html

²⁴ 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.²⁵

These and other studies²⁶ 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.²⁷

The Worldwide Survey of Substance Abuse and Health Behaviors Among Military Personnel²⁸ 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

²⁵ 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.

²⁶ 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.

²⁷ Proimos 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.

²⁸ Bray RM, Kroutil 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.²⁹

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."³⁰

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."³¹

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."³²

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

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

²⁹ 2002 Canadian Community Health Survey, Cycle 1.2 on Mental Health and Well-being
<http://www.statecan.ca/Daily/English/031212/d031212c.htm>

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

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

³² 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

³³ *The Wager*, Volume 9 Number 24 - June 16, 2004 <http://www.thewager.org/index.htm>

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

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.³⁵ 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.³⁶ 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.³⁷

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

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

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

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

³⁷ Morgan Quitno Press, “Determining the Safest and Most Dangerous State Rankings” http://www.governmentguide.com/community_and_home/where_i_live/factors.adp

at any point during their lifetime had been incarcerated.³⁸ 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.³⁹

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.⁴⁰

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.⁴¹

More recently, SMR sites 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."⁴²

³⁸ 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.

³⁹ www.kgw.com/sharedcontent/APStories/stories/D837H1M01.html

⁴⁰ Gross, Ernie and Morse, Edward. "The Impact of Casio Gambling on Bankruptcy Rates: A County Level Analysis.) p. 1

⁴¹ 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.

⁴² 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.)⁴³

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

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.

⁴³ Grinols, p. 14.

⁴⁴ March 24, 2004 Gallup Polls, March 24, 2004 "Gambling a Common Activity for Americans"
<http://www.gallup.com/content/Default.aspx?ci=11098>

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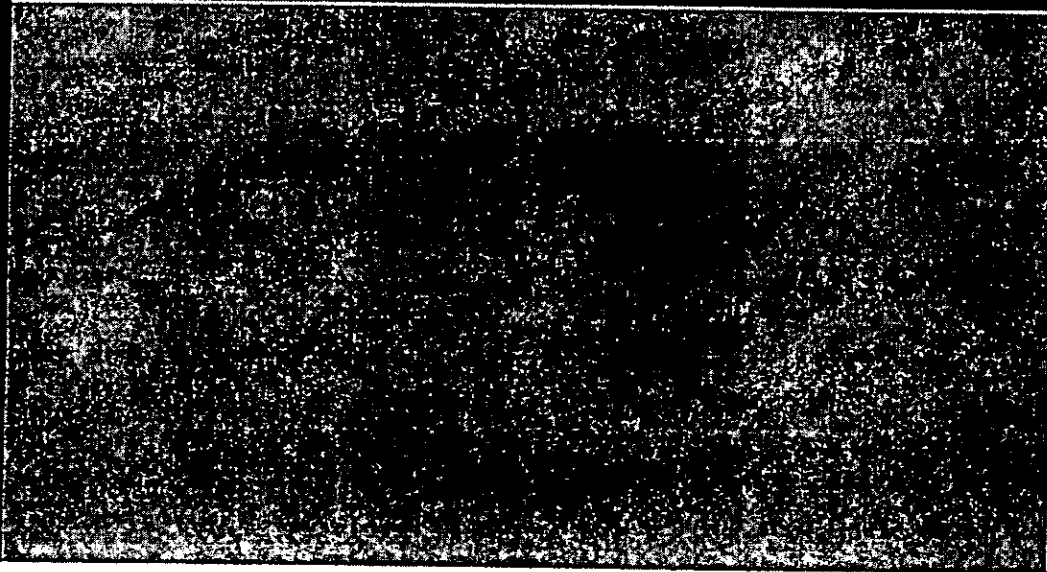
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Research for

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Gambling and Crime Among Arrestees: Exploring the Link



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JULY 04

Gambling and Crime Among Arrestees: Exploring the Link

This Research for Practice is based on a final report submitted to the National Institute of Justice, *Pathological Gambling in Arrestee Populations* (NCJ 196677) by Richard C. McCorkle. The final report is available electronically from the National Criminal Justice Reference Service Web site, at <http://www.ncjrs.org/pdffiles1/nij/grants/196677.pdf>.

Findings and conclusions of the research reported here are those of the author and do not reflect the official position or policies of the U.S. Department of Justice.

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NCJ 203197

ABOUT THIS REPORT

Is there a connection between problem gambling and crime? Do compulsive or pathological gamblers resort to criminal activity to pay their debts and finance their bets? To examine the link between problem gambling and crime, researchers interviewed arrestees in Las Vegas and Des Moines to probe their gambling behavior and its relationship to their crimes.

What did the researchers find?

Using the Arrestee Drug Abuse Monitoring (ADAM) Program as a survey vehicle, researchers found significantly more problem gambling among arrestees than in the general population. The arrestees who were interviewed had high levels of criminal activity related to pathological gambling.

- The percentage of problem or pathological gamblers among the arrestees was three to five times higher than in the general population.

- Nearly one-third of arrestees identified as pathological gamblers admitted having committed robbery in the previous year. Approximately 13 percent had assaulted someone for money. Pathological gamblers were much more likely to have sold drugs than other arrestees.

Limitations of the study

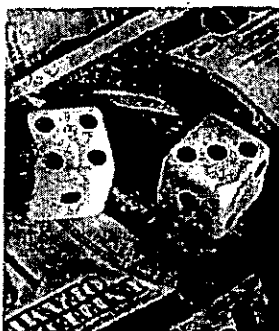
The study was conducted among arrestees in only two U.S. cities—Las Vegas and Des Moines. Las Vegas likely has the highest level of residents and visitors who gamble of any major U.S. city. Des Moines was chosen to represent a midsize U.S. city that had more typical levels of gambling.

Who should read this study?

Corrections administrators, drug and gambling treatment providers, State-level government policymakers.

Richard C. McCorkle

Gambling and Crime Among Arrestees: Exploring the Link



The spread of legalized gambling in the United States over the past 15 years has sparked considerable political controversy, public debate, and research (see "How Big Is Gambling?"). Many policy-makers are concerned that widespread gambling, especially what social scientists call compulsive or pathological gambling, will lead to increased crime, drug and alcohol use, and other social or psychological problems. They worry that gambling and its consequences will destroy individual lives, wreck families, and weaken societal institutions. Another concern is that many compulsive or pathological gamblers will turn to drug sales or other crimes to finance their habit and pay their debts.

Unfortunately, what little we know about the social and psychological effects of gambling is derived from studies of treatment populations or the general public. To understand the relationship between gambling and crime, more needs to be known about the gambling habits of people who have

been arrested and jailed or sentenced to prison. Their gambling and criminal problems may well be more chronic and severe than those of other subpopulations. And we know little about the nature and consequences of their gambling activities, or the extent to which their gambling is related to the crimes for which they have been jailed.

Exploring the connection

To better understand and deal with the relationship between gambling and criminal activity, researchers sought to answer several questions about the arrestee subpopulation:

- How many arrestees are compulsive or pathological gamblers and how many pathological gamblers are arrested for felony and misdemeanor offenses?
- Do compulsive or pathological gamblers fit any age, gender, marital status, or other profile?

About the Author

Dr. Richard C. McCorkle is associate professor at the University of Nevada, Las Vegas, and chair of the criminal justice department. He was the director of the Las Vegas Arrestee Drug Abuse Monitoring (ADAM) Program.

- How does the criminal activity of compulsive or pathological gamblers compare with that of less serious gamblers or nongamblers?
- What proportion of crimes committed by compulsive or pathological gamblers is linked to their gambling activities?
- What proportion of compulsive or pathological gamblers uses alcohol, illegal drugs, or other substances to excess? How does that affect the nature and extent of their gambling, as well as their criminal activity?

This Research for Practice is based on a study that addressed those questions. Researchers interviewed arrestees in jail in two U.S. cities—Las Vegas, Nevada, and Des Moines, Iowa. They initially contacted 3,332 arrestees. Completed interviews and urine samples were provided by 2,307 (69 percent) of those contacted. Ninety percent of those who were interviewed and provided urine samples also answered questions that probed their gambling behavior and its relationship to their crimes. The interviews for

this study were conducted between fall 1999 and winter 2001.

Las Vegas was chosen because it probably has more residents and visitors who gamble than any other major metropolitan area in the United States. If a relationship exists between gambling and crime and/or drug and alcohol use, it should be clearly recognizable in Las Vegas. Des Moines, on the other hand, represents a more typical midsize U.S. city. Both Las Vegas and Des Moines participate in the Arrestee Drug Abuse Monitoring (ADAM) Program, which was operating in 35 U.S. cities when the research was conducted. ADAM collects data that allow researchers to develop national and local profiles of drug use among people who have been arrested and jailed for whatever reason.

Classifying gambling types

For the purpose of this study, the arrestees who were interviewed were divided into five types based on their answers to a series of questions designed to determine the nature and extent of

their gambling: nongamblers and low-risk, at-risk, problem, and compulsive or pathological gamblers. Gamblers are classified by types based on a set of 10 criteria developed by the American Psychiatric Association (APA) and published in APA's *Diagnostic and Statistical Manual (DSM-IV)*. These criteria are preoccupation (e.g., reliving past gambling experiences or planning future ventures), tolerance (needing to wager more money to generate the same "buzz"), lying, withdrawal (restless or irritable when attempting to cut down or stop gambling), escape, chasing (returning to get even for a previous day's losses), loss of control, illegal acts, risked relationships, and bailout (relying on others to provide money to relieve a desperate financial situation caused by gambling). Gamblers must meet at least five of these criteria to be classified as pathological.

The overwhelming majority of Americans fall into the nongambler or low-risk groups. Most either do not gamble at all or do not gamble seriously enough to have social, legal, or economic problems as a result of their gambling. In general, low-risk gamblers are those who meet few if any of APA's criteria.

How Big Is GAMBLING?

There is no doubt about gambling's reach today. What once appeared to be largely confined to casinos, the quiet off-track bookie, bingo halls, and the occasional Friday night poker game has become a national pastime. By 1993, more than half of all Americans reported having gambled in a casino at least once. By 1996, Americans were wagering \$47.6 billion a year—more money than movies, sporting events, theme parks, cruise ships, and the recording business generated combined. By 1997, nearly 500 gambling sites were on the Internet.

The number of States with legalized gambling has mushroomed. In 1978, only two States—Nevada and New Jersey—had casinos. That number grew to 27 by 1998. Twenty-three States now have Indian-owned casinos on tribal reservations within their boundaries. Seven States now permit betting on riverboat casinos. Additionally, State-run lotteries operate in 37 States and the District of Columbia. In fact, only Hawaii and Utah have no form of legalized gambling. As States and localities seek solutions to burgeoning budget deficits, legalized gambling may become even more pervasive.

They tend to gamble for social or recreational purposes, usually betting such small amounts that they rarely suffer significant losses. Thus, they have little or no reason to turn to crime to finance their gambling.

Defining problem gambling.

Compulsive or pathological gamblers, the subject of this study, are those who sooner or later suffer heavy losses (often \$100 or more at a

time), borrow or steal money or write bad checks to pay gambling debts, avoid or cannot pay their nongambling bills, and lie to their families, friends, and therapists about the extent of their gambling. Not only do they lie, but compulsive or pathological gamblers often rely on others to bail them out of their gambling debts. They have risked and sometimes lost friendships, marriages, jobs, and careers because of gambling. They may have tried to curtail or stop their gambling, but failed. Although the numbers have differed over the years as research methodologies and definitions have changed, the most recent studies show that about 2.5 million Americans are pathological gamblers. Another 3 million Americans are problem gamblers. The lifetime prevalence rate for pathological and problem gambling is estimated as 1.2 percent and 1.5 percent, respectively.

Challenging stereotypes.

Compulsive gamblers are often perceived by the public as largely middle-class men whose gambling habits lead them to steal from their families, friends, and/or employers to finance their activities. They are seen as unfortunate

individuals who commit such white-collar crimes as larceny, theft, embezzlement, and fraud when their gambling losses become too great to pay through their regular sources of income. Although many compulsive or pathological gamblers fit this image, surveys of the general population paint a somewhat different picture. In fact, general surveys show that pathological gamblers are most likely to be nonwhite males, who are young, less well educated, and unmarried.

Again, although many arrestees who are compulsive or pathological gamblers fit the two images described above, the study found some differences. Unlike the general population, women arrestees are as likely to have gambling problems as men. Marital status and educational attainment also seem to make little or no difference. Arrestees start gambling at a later age than pathological gamblers in the general population, especially men. Male pathological gamblers typically begin gambling as teenagers and then slowly, often over a decade or more, develop a serious gambling habit. Women who become

compulsive or pathological gamblers generally begin gambling later than men, usually in their 20s. Once they become serious gamblers, however, women develop a dependency quickly, typically within 5 years. Both men and women arrestees who are compulsive or pathological gamblers tend to be from lower social and economic classes than those identified in general surveys, more often exhibit sociopathic traits, and frequently start as criminals and only later become gamblers.

Odds are there's a link

As noted earlier, compulsive or pathological gamblers represent only a small percentage of the general population. Yet those who meet APA's definition for pathological gambling accounted for slightly more than 1 in 10 arrestees surveyed in Las Vegas and about 1 in 25 in Des Moines. Together, 14.5 percent of arrestees in Las Vegas and 9.2 percent of those in Des Moines were either problem or pathological gamblers—three to five times the percentage in the general population.

Perhaps more telling, more than one-third of the compulsive or pathological gamblers arrested (34.6 percent in Las Vegas and 37.5 percent in Des Moines) had been arrested on at least one felony count. Surprisingly, though, pathological gamblers were no more likely to be arrested for property or other white-collar crimes (larceny, theft, embezzlement, and fraud) than nongamblers and low-risk and at-risk gamblers. Nor were they more likely to be arrested on drug charges, including selling illegal drugs. Rather, they were most likely to be arrested for such offenses as probation or parole violations, liquor law violations, trespassing, and other public order offenses.

Link to robbery, assault.

Still, more than 30 percent of pathological gamblers who had been arrested in Las Vegas and Des Moines reported having committed a robbery within the past year, nearly double the percentage for low-risk gamblers. Nearly one-third admitted that they had committed the robbery to pay for gambling or to pay gambling debts. In addition, about 13 percent said they had assaulted someone

to get money; one in four assaults reported by pathological gamblers was directly or indirectly related to gambling. By comparison, low-risk, at-risk, or problem gamblers reported committing gambling-related robberies infrequently.

Drug dealing. Although they were no more likely to have been arrested on drug charges, compulsive or pathological gamblers were significantly more likely to have sold drugs than arrestees who fit the other gambling types. More than one-third of pathological gamblers said they had sold drugs, compared to 19.2 percent of problem gamblers, 20.2 percent of at-risk gamblers, and 16.1 percent of low-risk gamblers. The differences in those numbers were even greater among gamblers who reported having sold drugs specifically to fund their gambling or pay gambling debts. One in five pathological gamblers who had been arrested admitted having sold drugs to finance their gambling, compared to 4 percent among problem gamblers and less than 2 percent among at-risk gamblers.

Using speed. Not surprisingly, a significant proportion of compulsive or pathological

gamblers tested positive for one or more illegal drugs. Arrestees' urine samples were screened for hallucinogens such as marijuana, opiates such as heroin, cocaine, and methamphetamine ("speed"). Overall, 60 percent of arrestees interviewed in Las Vegas and 56 percent of those in Des Moines had at least one illegal drug in their urine samples. But pathological gamblers were no likelier to test positive for drugs than were other gambler types. Nor were there any significant differences in which drugs were found, with one exception. Pathological gamblers were more likely to test positive for methamphetamine, a drug taken as an "upper" to keep users alert and awake during hours- or even days-long gambling binges. Beyond drugs, nearly two-thirds of the pathological gamblers reported that they drank alcohol to the point of dependence. In fact, only 3.3 percent of all arrestees interviewed for this study who were pathological gamblers reported no drug or alcohol problems.

Again, not surprisingly, the study found a relationship between pathological gambling and crime and/or drug

and alcohol use. More than 43 percent of those interviewed who acknowledged pathological gambling and substance use also said they had committed an assault during the previous year. Nearly 40 percent had committed more than one theft in the past year, four times the number of arrestees without either a gambling or a substance use problem. Approximately 38 percent of arrestees with both gambling and substance use problems reported having sold drugs, nearly eight times the number of those with no gambling or substance use problem.

Pathological gamblers reported that, on average, they committed their first crime around age 21, developed an alcohol problem by about 23 or 24, and began to have gambling problems in their mid- to late 20s. Gambling began after the onset of criminal and substance problems, not before. Nonpathological gamblers who said they had similar substance use problems and criminal activity reported a similar average age of onset for each of those problems. Men who were pathological gamblers were more likely to have committed a serious crime

at an earlier age than women who were pathological gamblers. Also, only 13 percent of pathological gamblers who admitted having a gambling problem said they sought treatment. And only 10 percent said they attended Gamblers Anonymous or similar meetings.

Policy implications

A number of conclusions and policy recommendations can be drawn from the study findings. Arrestees who report that they are or can be defined by their responses to interviews or questionnaires as compulsive or pathological gamblers are drawn disproportionately from the social and economic fringes of society. As legalized gambling spreads to States and localities that do not now permit gambling or have it only on a small scale, these jurisdictions must prepare to deal with the social ills engendered by problem gambling.

Criminals and those who use alcohol and illegal drugs to excess appear to be at greater risk for becoming compulsive or pathological gamblers. Few are likely to receive or seek treatment for

their addictions. Gambling, especially when accompanied by substance use, is a prime motivation for many but not all of their crimes.

States and localities may identify individuals with a gambling problem by using existing psychological tests (or abbreviated versions of such tests suitable to intake interviews) to screen arrestees. Today, however, few States or localities have screening programs in detention centers, jails, or prisons. Arrestees are often booked and released shortly thereafter. If at least some arrestees with a real or potential gambling problem can be identified, they can be offered treatment. Early treatment might help reduce the number who become repeat offenders.

States and localities also may want to develop treatment programs in detention centers, jails, and/or prisons. Such programs might include group therapy sessions similar to those offered by Gam-

blers Anonymous. Such sessions could be incorporated into existing programs for illegal drug or alcohol use. To reduce the chances of relapses once prisoners are released, States and localities may develop referral systems that offer former arrestees and inmates the names of agencies and programs that offer continued treatment and support.

Finally, being behind bars is likely to worsen the gambling habits of many compulsive or pathological gamblers. Although it is officially banned, gambling is difficult to control in prisons and jails. It is a diversion from the monotony of jail. As a result, jailed arrestees and prison inmates may accrue significant gambling debts behind bars that can only be paid off by committing further crimes after their release. Authorities could provide increased attention to gambling behaviors in detention centers, jails, and prisons.

The National Institute of Justice is the research, development, and evaluation agency of the U.S. Department of Justice.

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NIJ is a component of the Office of Justice Programs, which also includes the Bureau of Justice Assistance, the Bureau of Justice Statistics, the Office of Juvenile Justice and Delinquency Prevention, and the Office for Victims of Crime.

Facts about Gambling and Addiction

- **Yes, it is addictive.**

"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 [1]
neurochemistry of the brain."

The National Gambling Impact 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 [2]

less than 1.2% based on the most conservative of its source studies. It also discovered a significant trend indicating **addiction had doubled in many populations within 50 miles of [3]
casinos.**

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 [4]
Dakota in 2000 to 4.9% in Mississippi in 1996.

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 [5]
from 2.8% to 8% have been reported in adolescents and college students." Those differences illustrate the effects of demographics, proximity and diversity of gambling opportunities.

- **Proximity matters. So do culture, disadvantage and demographics.**

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 [6]**

casino had double the probability of pathological or problem gambling.

Poverty, lower education level and other social and economic factors can effect 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 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 [7]
problem gambler.**"

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. [8]

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. [9]

- **Electronic Gambling Machines may be the most addictive.**

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. [10]

- **It is neither a small number nor a small problem**

The percentage of those afflicted by compulsive gambling 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. [11]
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. [12]

- **Problem gamblers are biggest victims**

Problem and pathological gamblers comprise a sharply disproportionate share of gambling losses, contributing 30 to 50% of all gambling losses. They also often comprise HALF the gamblers participating at any given time.

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. [13]

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.** Those surveys included data from lotteries, casinos, pari-mutuel wagering and sports betting. [14]

- **Youth are more troubled and addicted than adults.**

The "acceptance" of gambling by government and the society's adults have led to a devastating increase in problem gambling among minors. Many studies have confirmed the problem, including study of America's **11- to 18-year-olds which showed a 4 to 7% prevalence rate of problem gambling behaviors.** [15]

- **America's military in danger.**

The Worldwide Survey of Substance Abuse and Health Behaviors Among Military Personnel [16]

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.

- **Gambling problems become health and family problems**

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 [17] problems.

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 pathological gamblers [18] reported having been divorced**, while only 18.2 percent of non-gamblers were divorced.

- **Suicide rates dramatic among problem gamblers**

"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 the survey, but believed they could not. About 56% of problem gamblers had tried to quit, but could not. 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 [19] attempts."

- **Gambling addiction is extremely hard to overcome.**

A typical 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 [20] was the most frequently reported precipitant of relapse for both genders."

In another review, the group reported, "Recent research reports that disordered gambling [21] treatment providers experience patient drop-out rates between 40% and 80%"

[1] Shaffer, Howard, quoted by Kindt, John Warren, in *Managerial and Decision Economics*, 22: 17-63 (2001)

[2] NGISC, Part 4, p. 4

[3] Ibid.

[4] Volberg, Rachel A., PhD "Gambling and Problem Gambling in Nevada: Report to the Nevada Department of Human

Resources," p. iii.

[5]

DSM-IV, American Psychiatric Association, P.673.

[6]

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.

[7]

Welte, et al; P15

[8]

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<http://www.sacbee.com/content/news/story/7287160p-8231825c.html>

[10]

Breen, Robert B. and Zimmerman, Mark; "Rapid Onset of Pathological Gambling in Machine Gamblers" p.2

[11]

American Cancer Society: Most recent year's prevalence rates are just under 0.5%

http://www.cancer.org/docroot/STT/stt_0.asp

[12]

Petry, Nancy, Ph.D., University of Conn.

http://www.uhc.edu/ocomm/features/stories/stories03/feature_gambling2.html

[13]

Nova Scotia Department of Health Nova Scotia "Video Lottery Players' Survey 1997/98 Highlights" p. 3

[14]

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