

CASINO GAMBLING IS A BAD BET FOR TEXAS

Gambling undermines good values, mocks work, finances crime, robs children, enslaves its addicts, subverts government, and poisons society. It does not contribute to the common good. Asserting past discrimination against our Native American friends does not justify their taking this action. Alleging that gambling would produce an economic windfall does not make it right. Texans were asked to vote for a state lottery with assurances it would provide for schools. Where are they? The lottery did not produce what it promised. Gambling ships did not produce what they promised. Horse and dog racing did not deliver on their promises. Casinos will not deliver either.

Gambling is a dishonest business. It is in no sense an industry. It produces no legitimate product. It renders no honorable service. “Gambling is a parasitic business, which is completely nonproductive in that it tends to create no new wealth but simply serves to redistribute wealth from lower income groups to higher income groups” (Congressional Research Service Report No.83-84E, Updated, April 22, 1983). When governments enter the gambling business they are not neutral regarding morals. They are promoting the worst instead of the best interest of citizens.

EFFECT OF GAMBLING ON BUSINESS

Gambling’s rapid expansion in recent years is due to effective courting of local business leaders tantalized by promises of increased tourism and economic development. Repeatedly the promises have failed to materialize. Worse, local businesses suffer as dollars are drained from the economy. Additionally, they experience the social fallout typically accompanying gambling.

A survey of 900 Minnesota restaurant owners reported 38 percent saying they lost business due to gambling; only 10 percent reported an

increase due to the presence of casinos (Arnold J. Hewes, ‘Minnesota’s Restaurants, Hotels & Resorts Are ‘Losers’ In Gambling Explosion, Survey Results Reveal,’ News Release from the Minnesota Restaurant, Hotel and Resort Associations, January 13, 1993).

The number of independent restaurants in Atlantic City dropped from 48 the year casinos opened to 16 in 1997 (Evelyn Nieves, “Our Towns: Taste of Hope at Restaurants Casinos Hurt,” *New York Times*, March 23, 1997, section 1, p. 39.). Within four years of the casino’s arrival, one-third of the city’s retail businesses closed (Robert Goodman, *The Luck Business: The Devastating Consequences and Broken Promises of America’s Gambling Explosion* (New York: Free Press, 1995), p.23).

The number of retail businesses in Gilpin County, Colorado, dropped from 31 before gambling to 11 within a couple of years after casinos arrived. Gilpin County is home to the majority of the state’s casinos (Patricia A. Stokowski, *Riches and Regrets: Betting on Gambling in Two Colorado Mountain Towns* (Niwot, Colo: University of Colorado Press, 1996), p.159).

More than half of business owners in Illinois riverboat casino towns reported either negative impact or no effect from the presence of casinos. Only 3 percent said their businesses had been “helped a lot” by the casinos (J. Terrence Brunner, “Statement on Riverboat Gambling to the Metro Ethics Coalition Project,” Better Government Association, October 1994).

A University of South Dakota study showed retail and service businesses in South Dakota suffered a net loss of approximately \$60 Million in anticipated sales the year following the introduction of gambling (Michael K. Madden, “Gaming in South Dakota: A Statistical Description and Analysis of its Socioeconomic Impacts,” University of South Dakota, November 1991, p. 36).

Closer to home, more than 70 percent of businesses in Natchez, Mississippi, reported declining sales within a few months of the opening of that city’s first riverboat casino (Goodman, op. cit., p. 31).

There is no reason to believe the presence of a casino in our community will do great things for local business operators.

Gambling promoters typically hold out the promise of tourism when attempting to expand. However, most gambling enterprises make their money from the pockets of the local citizenry. They merely transfer wealth from the community to casino companies, many of which are out of state.

A survey of Illinois riverboat gamblers conducted in 1995 found that 85 percent lived within 50 miles of the floating casino where they gambled (Ricardo C. Gazel, William N. Thompson and J. Terrence Brunner, *Casing Gamblers in Illinois: Who are they?* 1996, p. 7).

A survey of gamblers inside a Kansas City, Missouri, casino found that 88 percent lived within 45 minutes of the casino (Rick Alm, *Taking A Chance on the Boats*, *Kansas City Star Magazine*, June 30, 1996, p. 9).

Eighty percent of Wisconsin casino revenues come from Wisconsin residents, according to a study released in 1995 (William Thompson, Ricardo Gazel and Dan Rickman, *The Economic Impact of Native American Gaming in Wisconsin*, *Wisconsin Policy Research Institute Report*, April 1995, p. 1).

Gambling sucks money out of the local economy. Local residents, not tourists, comprise the bulk of gamblers. Ladies and gentlemen the East Texas economy cannot afford such an assault.

Gambling differs from legitimate forms of entertainment in that it is heavily reliant on revenues from people with a psychological disorder, as defined by the American Psychiatric Association.

A University of Illinois economist Earl Grinols has calculated that 52 percent of casino revenues come from active problem and pathological gamblers (E.L. Grinols and J. D. Omorov, "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).

University of Minnesota researchers calculated that 2 percent of gamblers account for 63 percent of all the money legally wagered in

Minnesota (D.J. Tice, "Big Spenders," *Saint Paul Pioneer Press* (Special Reprint Section), February 1993).

There is no honor in taking advantage of psychologically impaired citizens.

EFFECT OF GAMBLING ON FAMILIES AND THEIR COMMUNITIES

DIVORCE

Employers, business associates, friends, and taxpayers all pay a steep price for gambling. However, family members pay the most acute cost. In addition to severe material deprivations, family members often experience the trauma of divorce, child abuse, neglect, and family violence.

When gambling arrives, divorce increases. A survey of nearly 400 Gamblers Anonymous members showed nearly 28 percent were separated or divorced as a direct result of their gambling (National Gambling Impact Study Commission Final Report, June 1999, p.4ff).

The National Gambling Impact Study Commission reported receiving "abundant testimony and evidence that compulsive gambling introduces a greatly heightened level of stress and tension into marriages and families, often culminating in divorce and other manifestations of familial disharmony" (NGISC Final Report, p.7-26).

The number of divorces in Harrison County, Mississippi, has nearly tripled since the introduction of casinos. The county, which is home to ten casinos, has averaged an additional 850 divorces per year since casinos arrived (Mississippi State Department of Health, "Vital Statistics Mississippi" for the years 1991-1998).

A nationwide survey undertaken for the National Gambling Impact Study Commission found "respondents representing 2 million adults identified a spouse's gambling as a significant factor in a prior divorce" (National Opinion Research Center, "Gambling Impact and Behavior

Study: Report to the National Gambling Impact Study Commission,” April 1, 1999, p.48).

We do not want the added pressures of casino gambling damaging marriages in our community.

CHILD ABUSE AND NEGLECT

The National Gambling Impact Study Commission reported: “Children of compulsive gamblers are often prone to suffer abuse, as well as neglect, as a result of parental problem or pathological gambling” (NGISC Final Report, P. 7-28).

Children have died as a direct result of adult gambling problems. In Louisiana and South Carolina, children died after being locked in hot cars for hours while their caretakers gambled (Joe Darby, “Sitter Indicted in Toddler’s Death,” *New Orleans Times-Picayune*, May 23, 1997, p. B1; “Police: Baby Died of Dehydration in Car While Mom Gambled in Casino,” Associated Press, September 2, 1997).

An Illinois mother was sentenced to prison for suffocating her infant daughter to collect insurance money to continue gambling (Ed Bierschenk, “Gambler Receives 21 Years in Connection with Baby’s Death,” Copley News Service, October 23, 1999).

Cases of child abandonment at Foxwoods, the nation’s largest casino in Ledyard, Conn., became so common authorities were forced to post signs in the casino’s parking lots warning parents not to leave children unattended in cars (Stephanie Saul, “Tribe Bets on Growth,” *Newsday*, August 11, 1997).

We do not need more neglected children in our community.

FAMILY VIOLENCE

National Research Studies indicate between one quarter and one half of spouses of compulsive gamblers have been abused (National Research

Council, "Pathological Gambling: A Critical Review," April 1, 1999, p. 5ff).

Case studies of 10 casino communities conducted for the National Gambling Impact Study Commission revealed the majority of those communities experienced increases in domestic violence relative to the introduction of casinos (NGISC Final Report, p. 7-27).

Domestic violence shelters on Mississippi's Gulf Coast reported increases in requests for assistance ranging from 100 to 300 percent after the introduction of casinos (Maryland Attorney General J. Joseph Curran, Jr., "The House Never Loses and Maryland Cannot Win: Why Casino Gaming Is a Bad Idea," October 16, 1995, p.5; NGISC Final Report, p.7-27).

A university of Nebraska Medical Center study concluded the problem of gambling is as much a risk factor for domestic violence as alcohol abuse (John Jejkal, "U. Nebraska Doctor Contributes to National Domestic Violence Study," *Daily Nebraskan*, January 13, 2000).

Domestic violence murders in at least 11 states have been traced to gambling problems since 1996. Families are under enough pressure without gambling.

SUICIDE

Dr. David Phillips notes that Las Vegas displays the highest levels of suicide in the nation, both for residents of the city and for visitors. In Atlantic City, N.J., Philips found abnormally high suicide levels for visitors and residents appeared only after gambling casinos were opened (David P. Philips, Ward Welty, and Marisa Smith, *Elevated Suicide Levels Associated with Legalized Gambling, Suicide and Life-Threatening Behavior*, vol.27, December 1997, p. 373).

In Gulfport, Mississippi, suicides increased by 213 percent (from 24 to 75) in the first two years after casinos arrived. In neighboring Biloxi,

suicide attempts jumped by 1,000 percent (from 6 to 66) in the first year alone (Attorney General J. Joseph Curran, Jr., *The House Never Loses and Maryland Cannot Win: Why Casino Gaming Is a Bad Idea*, Report on the Impact of Casino Gaming on Crime, October 16, 1995, p.7). Is this what you want for Texas communities?

BANKRUPTCY

Bankruptcy rates have reached alarmingly high levels in the United States despite a relatively robust economy. Nevada (home of Vegas) had the fourth highest bankruptcy rate in the nation in 1996. Atlantic County, New Jersey, home of Atlantic City, has the highest bankruptcy rate in the state (“The Personal Bankruptcy Crisis, 1997: Demographics, Causes, Implications & Solutions,” SMR Research Corporation, 1997, p. 117).

Six of the 16 counties with the highest bankruptcy rates in the nation in 1996 were located near the 10-riverboat casinos in Tunica, Mississippi. Shelby County, Tennessee (home to Memphis), had the highest bankruptcy rate in the nation four times the national average (Ibid., p.121 Note: among counties with a minimum population of 25,000).

Memphis, which is within an hour’s drive of Tunica, ranks as the number six “casino feeder market” in the country, producing 6 million casino visits in 1996 (“Harrah’s Survey of Casino Entertainment, 1997,” Harrah’s Entertainment Incorporated).

SMR Research Corporation, in its lengthy study, “The Personal Bankruptcy Crisis, 1997,” concluded, “It now appears that gambling may be the single fastest-growing driver of bankruptcy.” The report also determined that in those areas near major casinos, “Gambling-related bankruptcies account for a good 10% to 20% of the filings (“The Personal Bankruptcy Crisis, 1997,” op.cit., pp.116, 124).

CRIME

Information developed from gambling communities across the country shows that gambling fosters a significant increase in crime. The total number of crimes within a 30-mile radius of Atlantic City increased by 107 percent in the nine years following the introduction of casinos to that community (Andrew J. Buck, Simon Hakim, and Uriel Spiegel, *Casinos, Crime and Real Estate Values: Do they Relate?*, *Journal of Research in Crime and Delinquency*, August 1991 p.295).

The Mississippi Gulf Coast experienced a 43 percent increase in crime in the four years after casinos arrived. Harrison County, where most of the Gulf Coast casinos are located, witnessed a 58 percent increase in total crimes between 1993 and 1996 (Robert Waterbury, 1996 *Mississippi Coast Crime Statistics*, Mississippi Coast Crime Commission, May 1997).

A *U.S. News & World Report* analysis found crime rates in casino communities to be 84 percent higher than the national average (Joseph P. Shapiro, *America's Gambling Fever*, *U. S. News & World Report*, January 15, 1996, pp. 58, 60).

The number of court cases filed in Tunica County, Mississippi, went from 689 in 1991, the year before casinos began operating there, to 11,100 in 1996 (Bartholomew Sullivan, *Once-Sleepy Tunica Awakens to Gambling-Inspired Crime*, [Memphis] *Commercial Appeal*, October 20, 1997, p. A5).

Half of Louisiana District Attorneys surveyed in 1995 noted gambling as a factor in rising crime rates in their jurisdictions (Greg Garland, *Crime Rising with Gambling: Bad Checks, Theft Show Biggest Gain*, [Baton Rouge, La.] *Advocate*, July 30, 1995 p. 1A).

In April 1997, the Associated Press reported: "A reputed crime syndicate tried to infiltrate and control an Indian casino near San Diego, the second time in 10 years that the casino was allegedly targeted, according to federal indictments. In the first incident, nine reputed Chicago organized crime figures were convicted of racketeering, extortion, and other charges (Matthew Fordahl, "Indictment Alleges Organized Crime Infiltration of Indian Casino," Associated Press, April 18, 1997).

In Louisiana, 25 individuals were convicted for taking part in a scheme designed to skim video poker profits for the Marcello, Genovese, and Gambino crime families in Louisiana and New York. Among those convicted was a former New Jersey deputy attorney general, who also had served as an executive with the Trump Taj Mahal Casino in Atlantic City, N.J. (Joe Gyan, Jr., “Book Closes on Mob Try to Infiltrate Louisiana Gambling,” [Baton Rouge, La.] *Advocate*, October 13, 1996, p. 1A).

Reputed organized crime members from New Orleans and Los Angeles were convicted along with casino employees in a blackjack-cheating scheme at the President Casino in Gulfport Mississippi (Michael Peristein, “Arrests Link Mob to Casino Cars Scam,” [New Orleans] *Times-Picayune*, February 21, 1996, p. B6).

The argument legalized gambling would undercut illegal operations has proven false, William Jahoda, a former Chicago-area mafia gambling director, testified before members of congress in 1995 that legalized gambling has been a boon to mob gambling operations: “[A]ny new form or expansion of existing state-controlled licensed gambling always increased our market share. Simply put, the political dupes or stooges who approved riverboat gambling houses, lotteries, off-track horse betting sites, Las Vegas nights, etc., became our unwitting and at least to my knowledge unpaid pimps and frontmen” (William Jahoda, Statement before the House Judiciary Committee Hearing on the “National Gambling Impact and Policy Commission Act,” September 29, 1995).

IMPACT OF GAMBLING ON POLITICAL INSTITUTIONS

The recent wave of gambling expansion in the United States has spawned another epidemic of political corruption. Two former West Virginia Senate Presidents were sentenced to prison for taking money from gambling interests. One was charged with soliciting \$15,000 from a casino company to help pass a bill that would have allowed casinos in the state. The other was convicted of accepting an illegal \$10,000 payment from gambling interests (A.V. Gallagher, Associated Press,

“Former W. Va. Senate President Sentenced to 5 Years, Fined \$10,000,” December 14, 1989).

Nineteen Arizona legislators and lobbyists were caught on videotape taking money after agreeing to vote for legalized gambling (Sally Ann Stewart, “New Tarnish on Arizona’s Image; Bribe Case Has State ‘in Shock,’ *USA Today*, February 13, 1991, p.6A).

The FBI launched a two-year investigation into the activities of more than a dozen Louisiana legislators suspected of accepting bribes from gambling interests (Jim Yardley, “Don’t Bet on Gambling; Louisiana Bribery Suspected,” *Atlanta Journal and Constitution*, September 5, 1995, p. 4B). One former state senator, who chaired the senate committee overseeing gambling matters, has been convicted of racketeering-related charges in the investigation (Joe Gyan, Jr., “Bankston Convicted on 2 Counts; Rayburn Acquitted,” *Baton Rouge Advocate*, June 28, 1997, p. 1A). A representative who sat on a similar committee in the Louisiana House resigned after admitting to using his influence to help two organized-crime-controlled video poker companies in exchange for gifts (Joe Gyan, Jr., “Guzzardo Quits After Guilty Plea,” *Baton Rouge Advocate*, May 2, 1996, p. 1A).

The vulgar fruit of casino gambling is harmful to families and communities. Do not foist this corrupt business off on our community.

IMPACT OF INDIAN CASINOS

Many of my friends and neighbors are convinced a casino on the Alabama-Coushatta reservation will usher in a golden age of prosperity. A candid look at gambling on Indian reservations gives cause for concern.

The fastest-growing element of the gambling business is casinos operated Indian tribes. Many are reluctant to criticize any aspect of

these casinos because of the disadvantaged status of many Indian tribes. However, there are disturbing facts that argue for opposition to casino gambling.

According to *Forbes*, magazine, “Except for a few hundred people, many of whom boast only a trace of Indian blood, Most American Indians haven’t gained a penny [from casinos]” (William G. Flanagan with James Samuelson, “The New Buffalo? Who Got the Meat?” *Forbes*, September 8, 1997, p. 148).

The *Minneapolis Star Tribune* reported that unemployment among Indians in that state remains above 50 percent, about the same as before the state’s 17 Indian-owned casinos arrived (Pat Doyle, “The Casino Payoff: Tribes Struggling with Unemployment.” *The Minneapolis Star Tribune*, November 2, 1997, p. 1A).

Among some tribes in South Dakota, unemployment has actually increased since the opening of casinos (Michael Ridgeway, “Gambling Ventures Haven’t Been Cure-All for Century of Poverty, Indians Say,” (Sioux Falls, S.D.) *Argus Leader*, July 12, 1997, p.1.).

In many instances, Indian tribes are simply a front for Las Vegas gambling interests looking to enter new markets. They know they can pocket up to 40 percent of Indian casino profits via “management contracts” (Tracey A. Reeves, “Gaming Companies Are Cozying Up to Tribes,” *Philadelphia Inquirer*, March 16, 1997).

The rationale used to justify Indian casinos is that they enable tribes to gain economic self-sufficiency. Yet tribes that struck it rich with casinos continue to receive large federal subsidies. The Pequots, sitting on revenues of a billion dollars per year, were granted \$1.5 million in low-income housing assistance in 1996.

The Tulalip Indians in Washington State (estimated casino revenues of \$30 million) used federal low-income housing grants to build themselves \$300, 000 luxury homes (New Kallispel Casino Could Gross \$28.8 Million Yearly,” *Seattle Post-Intelligencer*, September 28, 1998. p. B2).

A tribe in Minnesota refused to dip into its casino-generated \$30 million bank account to fix a school building with a leaky roof and insulation

bulging out of gashes in the wall, preferring to wait several years until the federal government could make the repairs (Sean Paige, “Gambling on the Future,” *Insight*, December 22, 1997, p. 8; Pat Doyle, “The Casino Payoff: Tribal Spending Priorities Spark Debate,” *Minneapolis Star Tribune*, November 3, 1998).

If they succeed in building a casino on their reservation, would the Alabama-Coushattas continue to receive government subsidies for housing, health-care, and education?

Indian casinos have key advantages over commercial operations. Because tribes are called “sovereign nations,” they pay no federal or state taxes. When a tribe gets into the gambling business, neighboring communities are typically left to foot the bill for increased crime, traffic congestion, and other problems accompanying casinos. Would the Alabama-Choushattas pay these costs or leave them to their neighbors?

The people of Texas need to understand that absent some showing that congress has consented, the states have no power to regulate activity conducted on an Indian reservation (*Mescalero Apache Tribe v. Jones*, 411 U.S. 145, 148 (1973)). If Texas makes a compact with the tribes and casinos are constructed, there will be no regulation by the state. Nor will there be any tax benefit to the state. Ladies and gentlemen why would you do that?

According to federal courts, state labor laws do not apply to tribal gambling employers. State laws that would be inapplicable include workers’ compensation; state unemployment insurance; state minimum wage; daily or weekly overtime; state disability insurance programs; protection against discrimination for race, sex, age, religion, disability, etc.; protection of minors...” The people of Polk County do not want that! Is it what our elected officials want for us?

The Chairman of the Hope Tribe testified before the National Gambling Impact Study Commission:

One need only visit an Indian casino to realize that a significant number of casino patrons are Indian people from the reservations on which the casino is located...I believe it is also safe to conclude that most Indian people do not routinely have a

surplus disposable income which should be expended on games of chance. Most of our people on most reservations and tribal communities find it difficult enough to accumulate enough income on a monthly basis to meet the most basic needs of their families... (The Honorable Wayne Taylor, Jr., Testimony before the National Gambling Impact Study Commission, Tempe, AZ, July 30, 1998).

It is clear that, just as lotteries and commercial casinos exploit the most vulnerable, Indian gambling advocates are setting a trap for many of their own tribal members. The high rate of alcohol and drug abuse on Indian reservations is well-documented. New Studies now show that gambling addiction rates are at least twice as high among Indians compared to the rest of the nation (“Pathological Gambling Among American Indians,” *The WAGER*, Massachusetts Council On Compulsive Gambling and Harvard Medical School Division on Addictions, August 20, 1996; Steve Moore, “Indians Said More Prone to Gambling Addiction,” (Riverside, Calif.) *Press-Enterprise*, February 28, 1994, p. A1; “Pathological Gambling Prevalence Among Indigenous Peoples,” *The WAGER*, October 14, 1997, Harvard Medical School Division on Addictions).

Casino gambling is a bad bet for Texas. I close with the immortal words of a wise man: “Righteousness exalteth a nation: but sin is a reproach to any people” (Proverbs 14:34).

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