

for
Pennsylvania:

**The Little Casino
Factbook**

armed with just a few little facts,
the little people can make
a big difference.

**Get informed.
Get involved.**

brought to you by
your concerned neighbors
at Casino-Free Philadelphia
www.casnofreephila.org

Gambling's Effects on Local Businesses

Much of the gambling industry's rapid expansion in recent years can be attributed to its effective courting of local business leaders, who have been tantalized by promises of increased tourism and economic development. In community after community, however, the promises of the industry have failed to come to fruition. Worse, local businesses suffer as discretionary dollars are drained from the economy, and as they and their communities experience the social fallout that typically accompanies legalized gambling.

The number of independent restaurants in Atlantic City dropped from 48 the year casinos opened to 16 in 1997. Within just four years of the casinos' arrival, one-third of the city's retail businesses had closed.

A University of South Dakota study showed that retail and service businesses in South Dakota suffered a net loss of approximately \$60 million in anticipated sales in the year following the introduction of gambling.

In a survey of 900 Minnesota restaurant owners, 38 percent said they had lost business due to gambling; only 10 percent reported an increase in business due to the existence of casinos.

According to a study commissioned by New York's Gov. Pataki, 1,208 more jobs will be lost, rather than gained with gambling expansion. These jobs will be lost because western New Yorkers will most likely change their spending habits with the onslaught of stand-alone casinos.

More than half of business owners in Illinois riverboat casino towns reported either a negative effect or no effect on their businesses from the presence of casinos. Only 3 percent of respondents said their businesses had been "helped a lot" by the casinos.

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.

Iowa State University researchers surveyed business owners in Clinton, Iowa, to determine how they had been affected by the presence of a riverboat casino. Twelve percent indicated business had increased, while 29 percent reported a decrease. Sixty percent said they had witnessed no change.

Gambling and Tourism

The gambling industry holds out the promise of tourism (and an influx of tourist dollars) wherever it attempts to expand. No new gambling locale, however, has come close to imitating the Las Vegas model, in which an estimated 85 percent of profits come from out-of-state gamblers. Most gambling enterprises make their profits from the pockets of the local citizenry, thus merely transferring wealth from the community to large casino companies, many of which are located out of state.

According to gambling researcher William Thompson, a professor at the University of Nevada–Las Vegas, “(Casinos) have a negative impact on the community unless 50 percent of the gamblers come from out of state.”

A survey of Illinois riverboat gamblers conducted in 1995 found that 85 percent lived within 50 miles of the floating casino at which they were gambling.

A study by Iowa State University reported that 94 percent of gamblers at the Prairie Meadows Race Track and Casino in Des Moines came from within the state; nearly two-thirds came from the county in which the racetrack is located.

Eighty percent of Wisconsin casino revenues come from Wisconsin residents, according to a study released in 1995.

A survey of gamblers inside a Kansas City, Missouri, casino found that 88 percent lived within 45 minutes of the casino. Another survey of Kansas City casinos, which are located on or near the Missouri River across from the Kansas border, found that 94 percent of cars in the casino parking lots bore either Missouri or Kansas license plates.

At the short-lived New Orleans land-based casino, local residents made up 60 percent of the clientele.

The 1995 United States Survey of Gaming and Gambling gives further evidence that casinos are primarily a local draw. The survey found that among respondents with a casino in or near their community, 40 percent gambled in the past year, compared to only 17 percent of those who lived at least 100 miles from a casino. Further, among casino gamblers, 42 percent of those with a casino in or near their community gambled at least every three months, compared with only 17 percent of casino gamblers living 100 miles away from a casino.

Gambling and Crime

Most Americans assume an association between gambling and increased criminal activity. The gambling industry offers hearty denials and various statistical manipulations attempting to counter this perception. Data from gambling communities across the country, however, indicates that gambling does indeed foster a significant increase in crime.

Within five years after the opening of the nearby Foxwoods Casino, the annual number of calls to the Ledyard, Connecticut police department jumped from 4,000 to 16,700.

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 Atlantic City.

University of Illinois professor, John Kindt, reported that 1.5 million people or .5 percent of the U.S. population became new criminals from 1994 to 1997 as a direct correlation to states' government-sponsored legalized gambling. The cost for this rise in crime ranged from \$12 billion to \$15 billion.

University of Nevada-Las Vegas researchers concluded that the state of Wisconsin experiences an average of 5,300 additional major crimes a year due to the presence of casinos in that state. They also attributed an additional 17,100 arrests for less-serious crimes each year to the existence of casino gambling.

57 percent of 400 surveyed Gamblers Anonymous members admitted to stealing in order to maintain their gambling habits. "Collectively, they stole \$30 million, for an average of \$135,000 per individual."

An estimated 40 percent of white-collar crime is committed by gambling addicts. Research suggests that \$1.3 billion per year in insurance fraud alone is related to gambling.

In the first six years of casinos in Minnesota, the crime rate in counties with casinos increased more than twice as fast as in non-casino counties. According to an analysis by the Minneapolis Star Tribune, the median crime rate in casino counties rose 39 percent during that period as compared to an 18 percent increase in non-casino counties.

The number of police calls in Black Hawk, Colorado, increased from 25 a year before casinos to between 15,000 and 20,000 annually after their introduction. In neighboring Central City, the number of arrests increased by 275 percent the year after casinos arrived. In Cripple Creek, Colorado, serious crime increased by 287 percent in the first three years after casinos.

According to a study by Earl Grinols, a city can expect its crime rate to increase by about 8 percent after four or five years of introducing casinos.

A U.S. News & World Report analysis found crime rates in casino communities to be 84 percent higher than the national average. Further, while crime rates nationally dropped by 2 percent in 1994, the 31 localities that introduced casinos in 1993 saw an increase in crime of 7.7 percent the following year.

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.

The annual number of felony cases filed in Lawrence County, South Dakota, has increased by approximately 69 percent since the introduction of casinos to Deadwood.

Half of Louisiana District Attorneys surveyed in 1995 noted gambling as a factor in rising crime rates in their jurisdictions.

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.

Nevada ranked first in crime rates among the fifty states in both 1995 and 1996, based on an analysis of FBI Uniform Crime Report statistics. Further, the violent crime rate in Nevada increased by close to 40 percent from 1991 to 1996, a period in which the national violent crime rate dropped by approximately 10 percent.

The San Jose, California, police department reported significant increases in crime in the vicinity of a new cardroom in the year after its opening. Narcotics offenses increased by 200 percent, property crimes by 83 percent, petty thefts by 56 percent, auto thefts by 21 percent, and traffic accidents by 55 percent in a single year.

Gambling's Impact on Families

The tragedy of gambling addiction reaches far beyond the more than 15 million Americans who are problem or pathological gamblers. Employers, work associates, friends, and taxpayers often pay a steep price as well. However, it is family members who bear the brunt of the pain and misery that accompanies this addiction. In addition to material deprivations, family members frequently experience the trauma of divorce, child abuse and neglect, and domestic violence.

Divorce

In a survey of nearly 400 Gamblers Anonymous members, 28 percent reported being either separated or divorced as a direct result of their gambling problems.

The National Gambling Impact Study Commission reported that it received "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."

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.

A nationwide survey undertaken for the National Gambling Impact Study Commission found that "respondents representing 2 million adults identified a spouse's gambling as a significant factor in a prior divorce."

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."

In Indiana, a review of the state's gaming commission records revealed that 72 children were found abandoned on casino premises during a 14-month period.

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.⁸ An Illinois mother was sentenced to prison for suffocating her infant daughter in order to collect insurance money to continue gambling.

Cases of child abandonment at Foxwoods, the nation's largest casino in Ledyard, Conn., became so commonplace that authorities were forced to post signs in the casino's parking lots warning parents not to leave children in cars unattended.

Domestic Violence

According to the National Research Council, studies indicate that between one quarter and one half of spouses of compulsive gamblers have been abused.

Case studies of 10 casino communities conducted for the National Gambling Impact Study Commission revealed that the majority of those communities witnessed increases in domestic violence relative to the introduction of casinos.

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.

A University of Nebraska Medical Center study concluded that problem gambling is as much a risk factor for domestic violence as alcohol abuse.

Domestic violence murders in at least 11 states have been traced to gambling problems since 1996.

Adolescent Gambling

The next generation is the first in modern American history to grow up in an era when gambling is legally sanctioned and culturally approved. Tragically, adolescents have proven extremely susceptible to the enticements of gambling, and are becoming hooked at rates even greater than their adult counterparts. Scholars and researchers caution that we may only be seeing the "tip of the iceberg," and that the seeds of destruction being sown in these young lives today portend immense individual and cultural devastation as we enter the 21st century.

for specifics, see www.casinofreephila.org/node/35

Gambling and the Poor

Gambling is not the “painless” tax that gambling promoters like to claim. Rather, it is a highly regressive form of taxation that thrives by inducing false hopes among the financially destitute. Government’s multibillion-dollar annual take from gambling activities comes disproportionately from the pockets of America’s poor. This has been most clearly evidenced in numerous statewide studies of lottery behavior over the last couple of decades. However, as casinos, racetracks and the like are made more accessible, it has become increasingly clear that all forms of gambling prey heavily on those with meager financial resources.

Seven percent of Illinois casino gamblers surveyed reported annual incomes below \$10,000. Half of these individuals reported losing at least \$1,900 to the casinos in the previous year.

In a 1994 survey, 50 percent of Wisconsin casino gamblers reported an annual household income below \$30,000.² (The median income in Wisconsin that year was \$35,400.)

The 1976 U.S. federal gambling commission found that the poorest Americans spend three times as much of their income on gambling compared to the wealthiest Americans.

A Texas A&M study found that the lowest-income group of Texans, who earn only 2 percent of the state’s total income, provide 10 percent of the lottery’s revenue.

In New York, those living in the most impoverished areas of the state spent eight times more of their income on lottery tickets than did those living in the most affluent sections.

A 1996 Mississippi State University study found that poor Mississippians living in counties with casinos lost a far greater percentage of their income in the casinos than did wealthier gamblers. Gamblers earning less than \$10,000 per year lost about 10 percent of their family income to casinos, while those earning more than \$40,000 spent only about 1 percent of their earnings on casino gambling.

A study of 1,800 Minnesotans in state-run gambling treatment programs found that 52 percent had yearly incomes of \$20,000 or less. The study also discovered that the amount of debt, as a proportion of income, was highest among the poorest gamblers seeking treatment.

Gambling and Bankruptcy

Bankruptcy rates have reached record levels in the United States despite a relatively robust economy*. Many observers see a strong link between the spread of legalized gambling and the recent rise in bankruptcy filings. There is an abundance of evidence to support their contention.

Atlantic County, New Jersey, home of Atlantic City, has by far the highest bankruptcy rate in the state.

A 1997 nationwide study found that the bankruptcy rate in counties with at least one gambling establishment (race tracks, casinos, and jai alai frontons) was 18 percent higher than for those counties without gambling. The rate was 35 percent higher for counties with five or more gambling facilities.

Gambling-related bankruptcies in metro Detroit increased by as much as 40-fold within a year and a half of the opening of Casino Windsor, just across the Detroit River, according to local bankruptcy attorneys.

The Consumer Credit Counseling Service of Des Moines reported that southwestern Iowa, the location of Council Bluffs (home of the state's three largest slot palaces) had the highest increase in bankruptcies in the United States for 2001.

Prince George's County, Maryland, the only county in the state where casino gambling was legal in 1996, also had by far the state's highest bankruptcy rate that year.

The two California counties with that state's highest bankruptcy rates, Riverside and San Bernardino, are both adjacent to Las Vegas.

Iowa counties with a casino, racetrack or riverboat casino have a bankruptcy rate 21 percent higher than the state average.

Various studies of pathological gamblers show that 20 percent or more eventually file for bankruptcy.

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."

* We wrote that a while back - can we afford more bankruptcies now?

Gambling and Corruption

Gambling “has more of a history of corruption than any other industry,” former Illinois Senator Paul Simon testified at the opening meeting of the National Gambling Impact Study Commission in June 1997. Indeed, Simon’s statement has abundant basis in fact. Gambling-related political corruption became so widespread in the 1800s that every state in the union eventually outlawed lotteries and all other forms of gambling. Today, history appears to be repeating itself. The recent wave of gambling expansion in the United States has spawned another epidemic of political corruption.

Four of Atlantic City’s last seven mayors have been found guilty of or pleaded guilty to corruption charges.

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 for accepting an illegal \$10,000 payment from gambling interests.

Nineteen Arizona legislators and lobbyists were caught on videotape taking money after agreeing to vote for legalized gambling. Six lawmakers eventually accepted plea bargains; another was convicted of conspiracy for taking \$25,000 from an undercover agent.

The FBI launched a two-year investigation into the activities of more than a dozen Louisiana legislators suspected of accepting bribes from gambling interests.⁷ One former state senator, who chaired the senate committee overseeing gambling matters, has been convicted of racketeering-related charges in the investigation. 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.

Missouri’s House Speaker of 15 years resigned in 1996 in the wake of a federal investigation induced by charges of gambling-related dealings. According to media reports, the ex-speaker demanded that a gambling company direct payments of \$16 million toward the ex-speaker’s friends and business associates in order to secure a casino license in the state.

Seventeen South Carolina lawmakers were convicted of or pled guilty to charges related to a federal sting operation labeled "Operation Lost Trust." The investigation centered around allegations that legislators accepted gambling money in exchange for pro-gambling votes on horse racing legislation.

In Kentucky, 15 state legislators were eventually convicted or pled guilty to charges stemming from Operation Boprot, an FBI investigation centering on influence peddling and bribery involving the state's horse racing industry.

Three Hilton Hotels executives – one a board member – resigned in the wake of an investigation regarding the corporation's attempts to obtain a riverboat license in Kansas City, Missouri. Hilton allegedly paid \$250,000 to a business headed by the former chairman of the Kansas City Port Authority, whose approval Hilton needed to lease city property for the casino. The former chairman later cast the deciding vote awarding Hilton the lease.

In 1997, the former chairman of the Indiana House Ways and Means Committee was indicted on charges of bribery, perjury and filing false finance reports. The charges stemmed from allegations that the former chairman took bribes from the lead engineering firm in a riverboat casino project in the state.

Gambling Regulation

The gambling industry has worked diligently to repackage itself as harmless, wholesome entertainment. One key component in this marketing strategy is the portrayal of gambling as a heavily regulated (and thus "clean") industry. However, the often-cozy relationship that exists between the gambling industry and gambling regulatory bodies calls into question the effectiveness of such oversight. In fact, a "revolving door" of sorts exists within the regulatory agencies; many regulators "cash in" on their experience by turning around and working for the industry they formerly regulated.

Michael Brown, former director of the New Jersey Division of Gaming Enforcement, later served as the CEO of the Foxwoods casino, reportedly the world's most profitable gambling establishment. Foxwoods has hired other former New Jersey casino regulators, including the past deputy director of gaming enforcement.

Mick Lura, former chief administrator for the Iowa State Racing and Gaming Commission, left to become an executive for President Riverboat Casinos.

for more examples, see www.casinofreephila.org/node/6

Gambling Revenues from Compulsive Gamblers

Gambling interests frequently refer to themselves as the "gaming-entertainment" industry and contend that they earn their money merely by providing another form of recreation to the consuming public. Gambling, however, differs from legitimate forms of entertainment in that it is heavily reliant on revenues from individuals with a psychological disorder, as categorized by the American Psychiatric Association. Though the industry has been predictably reluctant to release data in this area, preliminary research indicates that problem and pathological gamblers account for a phenomenal percentage of the roughly \$50 billion in annual gambling revenues.

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

A 1997 study commissioned by the Connecticut Department of Revenue found that 47 percent of gambling patrons interviewed in that state were problem or pathological gamblers. The study included on-site interviews with more than 900 gamblers at casinos and pari-mutuel betting facilities. Nearly one-third of the gamblers surveyed met the criteria for pathological gambling. Meanwhile, a phone survey of Connecticut residents, also conducted as part of the Department of Revenue study, found a pathological gambling rate of only 1.2 percent in the general population.

University of Illinois economist Earl Grinols has calculated that 52 percent of casino revenues come from active problem and pathological gamblers. Grinols based his calculations on data regarding the prevalence of problem and pathological gambling in the general adult population, the amounts lost to gambling by those with gambling problems, and the distribution of gambling losses among the population.

After a two-month investigation into video poker machine operations by the Oregon State Lottery, the Portland Oregonian concluded: "Problem gamblers are providing a huge share (perhaps even a majority) of the more than \$200 million in profits raised by video poker each year."

Gambling and Suicide

For millions of Americans, gambling addiction has become a pathway to pain and misery; for some it leads to death. Gambling-related suicides have become an increasingly common phenomenon, as legalized gambling has spread across America. The extent of this phenomenon remains largely unrecognized, however, due to a variety of reasons, ranging from a desire by surviving family members to protect privacy to attempts by suicide victims to make their deaths appear accidental for insurance purposes. Even so, the evidence beginning to come forth paints a grim picture of the depth of despondency which often accompanies a gambling addiction.

In a 1997 study, a University of California-San Diego sociologist found that "visitors to and residents of gaming communities experience significantly elevated suicide levels." According to Dr. David Phillips, Las Vegas "displays the highest levels of suicide in the nation, both for residents of Las Vegas and for visitors to that setting." In Atlantic City, N.J., Phillips found that "abnormally high suicide levels for visitors and residents appeared only after gambling casinos were opened."

In 1999, more than 429 Nevada residents committed suicide according to the Donrey Washington Bureau. Nevada has consistently held the highest suicide rate for more than 10 years.

February 2003 news reports said support for a proposed downtown casino expansion in Alberta, Canada is in trouble after statistics revealed an alarming link between gambling and suicides. Medical examiners suspect that at least one out of every 10 suicides is gambling-related.

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.

A survey of nearly 200 Gamblers Anonymous members in Illinois found that 66 percent had contemplated suicide, 79 percent had wanted to die, 45 percent had a definite plan to kill themselves, and 16 percent had actually attempted suicide.

The National Council on Problem Gambling, citing various studies, reports that one in five pathological gamblers attempts suicide - a rate higher than for any other addictive disorder.

Gambling Availability Increases Addiction

Gambling promoters frequently maintain that there is little, if any, relationship between the availability of gambling and gambling addiction. However, testimony from experts and data from gambling communities indicate otherwise. Indeed, a concomitant explosion in the number of problem and pathological gamblers in the United States have closely paralleled the phenomenal explosion of legal gambling opportunities in the 1990s.

The number of Gamblers Anonymous chapters in the United States has nearly doubled in the last eight years. GA now has more than 1,200 chapters meeting regularly across the country.

Gambling surveys in the state of Iowa showed a marked increase in the number of problem and pathological gamblers after the introduction of casinos. In 1989, only 1.7 percent of Iowa adults showed indications of having a serious gambling problem; by 1995, the percentage had more than tripled to 5.4 percent.

Dr. Rob Hunter, founder and director of the Charter Hospital Gambling Treatment Center in Las Vegas and a nationally recognized expert on gambling addiction, estimates that 15 percent of casino workers have a compulsive gambling problem.

In New York, the percentage of individuals who report having had a gambling problem increased from 4.2 percent in 1986 to 7.3 percent a decade later, as gambling opportunities greatly expanded.

In Oregon, the number of Gamblers Anonymous chapters increased from three to more than 30 within five years of the introduction of video poker machines. Gambling addiction experts contend video poker is among the most addictive forms of gambling.

Two gambling behavior surveys conducted in Minnesota showed a substantial increase in the number of compulsive gamblers coincidental with the expansion of gambling in that state. The lottery was introduced in Minnesota in 1990, while casino gambling was just gaining a toehold that year. By 1994, however, there were 17 casinos in operation in Minnesota with estimated gross annual sales of between \$3 billion to \$4 billion. The percentage of Minnesota adults who demonstrated a serious gambling problem in the past year climbed from 2.5 percent of the population in 1990 to 4.4 percent in 1994.

What's Next?

This little booklet contains only a fraction of the information that your concerned neighbors have volunteered their time to collect and share with you.

Go read the full fact sheets at:
www.casinofreephila.org/research
and check out the cost/benefit analysis:
www.casinofreephila.org/keydocs

While you're on the CFP website, make sure to sign-up for updates, and donate if you can.

Share this information with a friend:

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www.casinofreephila.org/little-casino-factbook

Ask some smart questions:

Contact the Mayor's office (215-686-2181), your representatives, and also local community groups. Why hasn't the city done a cost/benefit analysis?

Can we really afford to gamble the our future away on casinos?

www.casinofreephila.org

A few more numbers:

200 feet:

The distance between the proposed SugarHouse casino site in Fishtown and two-story residential homes. (actually, it's 180)

20 Minutes:

The amount of time that it will take a resident from 69th street to reach the proposed Foxwoods casino site in Chinatown. The whole city could be just one SEPTA token away from these ills.

2 People:

When over 27,000 Philadelphians petitioned for a referendum on the ballot, it only took 2 PA State Supreme Court Justices to make the difference in denying us the right to vote to decide for ourselves whether or not we wanted casinos within 1500 feet of our schools, churches, and homes.

1 broken promise:

Mayoral candidate **Michael Nutter** expressly promised that, if elected, he'd work with civic associations and community groups to prevent the building of casinos that violate the 1,500-foot standard.

\$52 Million:

The net amount that the City could lose, yearly, due to the hidden costs of casinos. PICA (the state agency that oversees the City's budgets) estimated in its July 2007 report that just the law enforcement costs alone associated with the two casinos could be as high as \$200 million per year.

How did we get here?

If you're not familiar with the history, you might want to check out the June 2007 Philadelphia Magazine story: "Gaming The System"
www.phillymag.com/articles/gaming_the_system/

here's how the article starts:

"Two summers ago, Ed Rendell and Vince Fumo pushed through a bill virtually ensuring that the favorite slots parlors of the usual Philadelphia insiders would come to town. Never mind whether we wanted them — or what gambling might do to the city"