

Dallas D. Erickson Testimony
House Judiciary Committee
HB 132 Class III Gambling
January 27, 2005

EXHIBIT 6
DATE 1/27/05
HB 132

Madam Chair and Members of the Committee,

I am Dallas Erickson and represent Montana Family Coalition. We ask you to oppose this power grab instigated on behalf of the Governor.

We think it is cruel to even consider foisting Gambling of any kind on the Noble Tribes of the Native Americans. There is much evidence to indicate that the money and employment brought in by gambling is more than offset by the harm of this addictive activity. Gambling is addictive:

- 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.¹
- Dr. Rachel Volberg has conducted the majority of compulsive gambling prevalence surveys in the United States. According to Dr. Volberg, the prevalence of gambling problems, as indicated in her statewide surveys, has increased noticeably in more recent years as gambling has become more widely available.²
- *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.*³
- 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.⁴
- Studies being undertaken at the University of Nevada-Las Vegas indicate the incidence of problem gambling in Nevada is 8 or 9 percent, which would be the highest rate in the nation.⁵
- A court-ordered temporary shutdown of video lottery machines in the state of South Dakota resulted in a drastic reduction of people seeking treatment for gambling addictions. A study of gambling treatment centers in the state found that before the machines were shut off, the four centers studied received an average of 68 inquires and treated 11 gamblers per month. During the time the machines were shut down, the average number of inquiries and clients treated both plummeted to less than one per month. Once the machines resumed operations, the number of average monthly inquiries immediately increased to 24 while eight gamblers a month sought treatment at the facilities.⁶
- 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.⁷
- 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.⁸
- 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.⁹
- In 1996, Mississippi and Louisiana ranked number three and four, respectively, among the states in terms of the amounts of money legally wagered.¹⁰ Recent studies indicate that 7 percent of adults in both of those states have been classified as problem or pathological gamblers.¹¹

Endnotes

¹ Information provided by Gamblers Anonymous International Service Office, Los Angeles, California, February 23, 1998.

² Rachel A. Volberg, "Prevalence Studies of Problem Gambling in the United States," *Journal of Gambling Studies*, Summer 1996, p. 123.

³ Michael O. Emerson, J. Clark Laundergan, James M. Schaefer, "Adult Survey of Minnesota Problem Gambling Behavior; A Needs Assessment: Changes 1990 to 1994," Center for Addiction Studies, University of Minnesota, Duluth, September 1994.

⁴ Rachel A. Volberg, "Gambling and Problem Gambling in Iowa: A Replication Survey," Iowa Department of Human Services, July 28, 1995.

⁵ Rex Buntain, "There's a Problem in the House," *International Gaming & Wagering Business*, July 1996, p. 40.

⁶ Robert D. Carr, Jerome E. Buchkoski, Lial Kofoed, and Timothy J. Morgan, "'Video Lottery' and Treatment for Pathological Gambling: A Natural Experiment in South Dakota," *South Dakota Journal of Medicine*, January 1996, p. 31.

⁷ Buntain, *op. cit.*, p. 40.

⁸ Rachel A. Volberg, "Gambling and Problem Gambling in New York: A 10-Year Replication Survey, 1986 to 1996," Report to the New York Council on Problem Gambling, July 1996.

⁹ Jeff Mapes, "Gambling on Addiction," *The Oregonian*, March 9, 1997, p. 1A.

¹⁰ "1996 Gross Wagering By State," *International Gaming & Wagering Business*, August 1997, p. 20.

¹¹ Rachel A. Volberg, "Gambling and Problem Gambling in Mississippi," Report to the Mississippi Council on Compulsive Gambling, November 1996, p. 31. (NOTE: The actual percentages were 7.0% for Louisiana, 6.8% for Mississippi.)

It has become commonly known that there is an association between gambling and increased criminal activity. The gambling industry offers hearty denials and various statistical manipulations attempting to counter this perception. Information from gambling communities across the country, however, indicates that gambling does indeed foster a significant increase in crime.

· 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. ¹

· 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. ²

· 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. ³

· 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. ⁴

- 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 1996.⁵
- The annual number of calls to the Ledyard, Connecticut, police department jumped from 4,000 to 16,700 within five years after the opening of the nearby Foxwoods Casino.⁶
- 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.⁷
- 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.⁸
- 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.⁹
- 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.¹⁰
- 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.¹¹
- Half of Louisiana District Attorneys surveyed in 1995 noted gambling as a factor in rising crime rates in their jurisdictions.¹² □

Endnotes

¹Dennis J. McGrath and Chris Ison, "Gambling Spawns a New Breed of Criminal," [Minneapolis] *Star Tribune*, December 4, 1995, p. A6.

²Andrew 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.

³Robert Waterbury, "1996 Mississippi Coast Crime Statistics," Mississippi Coast Crime Commission, May 1997.

⁴Joseph P. Shapiro, "America's Gambling Fever," *U.S. News & World Report*, January 15, 1996, pp. 58, 60.

⁵Bartholomew Sullivan, "Once-Sleepy Tunica Awakens to Gambling-Inspired Crime," [Memphis] *Commercial Appeal*, October 20, 1997, p. A5.

⁶Mayor Wesley J. Johnson, Sr., "Fiscal Impacts of Foxwoods Casino on the Town of Ledyard, Connecticut," April 1997.

⁷William N. Thompson, Ricardo Gazel, and Dan Rickman, "Casinos and Crime in Wisconsin: What's the Connection?," *Wisconsin Policy Research Institute Report*, November 1996.

⁸Ed Koch, "Nevada: Most Dangerous?" *Las Vegas Sun*, July 16, 1997, p. 1A. ⁹Louis A. Cobarruviaz, City of San Jose Memorandum from the Chief of Police to the Mayor and City Council, October 27, 1995.

¹⁰J. Joseph Curran, Jr., "The House Never Loses and Maryland Cannot Win: Why Casino Gaming Is a Bad Idea," Report of Attorney General J. Joseph Curran, Jr., on the Impact of Casino Gaming on Crime, October 16, 1995, pp. 9, 12.

¹¹Information provided by the Eighth Circuit Court of South Dakota, November 12, 1997.

¹²Greg Garland, "Crime Rising with Gambling: Bad Checks, Theft Show Biggest Gain," [Baton Rouge, La.] *Advocate*, July 30, 1995, p. 1A.

The tragedy of gambling addiction reaches far beyond the more than 15 million Americans¹ 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.²
- 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."³
- 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.⁴
- 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."⁵

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."⁶
- 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.⁷
- 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.⁹
- 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.¹⁰

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.¹¹
- 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.¹²
- 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.¹³
- A University of Nebraska Medical Center study concluded that problem gambling is as much a risk factor for domestic violence as alcohol abuse.¹⁴
- Domestic violence murders in at least 11 states have been traced to gambling problems since 1996.¹⁵

Endnotes

¹National Gambling Impact Study Commission (NGISC) Final Report, June 1999, p. 4-1.

²NGISC Final Report, p. 7-27.

³NGISC Final Report, p. 7-26.

⁴Mississippi State Department of Health, "Vital Statistics Mississippi" for the years 1991-1998.

⁵National Opinion Research Center, "Gambling Impact and Behavior Study: Report to the National Gambling Impact Study Commission," April 1, 1999, p. 48.

⁶NGISC Final Report, p. 7-28.

⁷Grace Schneider, "Children Being Left Alone While Parents Gamble," [Louisville] *Courier-Journal*, July 18, 2000.

⁸Joe 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.

⁹Ed Bierschenk, "Gambler Receives 21 Years in Connection with Baby's Death," Copley News Service, October 23, 1999.

¹⁰Stephanie Saul, "Tribe Bets on Growth," *Newsday*, August 11, 1997.

¹¹National Research Council, "Pathological Gambling: A Critical Review," April 1, 1999, p. 5-2.

¹²NGISC Final Report, p. 7-27.

¹³Maryland 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.

¹⁴John Jejkal, "U. Nebraska Doctor Contributes to National Domestic Violence Study," *Daily Nebraskan*, January 13, 2000.

¹⁵Petula Dvorak, "Marrero Man Kills Wife, Self," *New Orleans Times-Picayune*, May 8, 1998, p. A1; Benita Williams, "Woman Sentenced in Slaying," *Kansas City Star*, December 21, 1999, p. B2; Dave Racher, "Landscape Held in Wife's Slaying," *Philadelphia Daily News*, July 11, 1998; Hector Castro, "Savage Killing of 3 Still a Mystery," (Tacoma, Wash.) *News Tribune*, June 14, 1999, p. A1; Carson Walker, "Cepek Killed in Her Apartment, Police Believe," (Sioux Falls, S.D.) *Argus Leader*, January 30, 1997; Mark Horvit, "Anecdotes Link Video Poker with Crimes," *Charlotte Observer*, October 3, 1999; Jack Gruber, "Gambling Help Comes Slowly," *Detroit News*, October 3, 1997, p. C1; Ed Hayward, "Gambling Habit Eyed As Motive," *Boston Herald*, October 21, 1997, p. 7; W. Melillo and B. Masters, "Lone Survivor of Father's Shooting Dies," *Washington Post*, August 6, 1998, p. A1; Associated Press, "Woman Blames Gambling Debts in Double Murder," September 10, 1999; "Ohio Man Guilty of Bomb Murder," Associated Press, February 5, 1997.

Please do not give the people's power of this House to the Governor. That would violate the people's rights to have a say on an expansion of gambling.

Please respect our Native Americans and table this bill.

Thank you.

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Imagine, if you will, Congress passing a bill to make Indian tribes more self-sufficient—by allowing them to own and operate Indian businesses—and nothing to hundreds of thousands of Native Americans. Imagine a billion dollars to one Indian tribe with a few dozen members—and not a penny to a select Indian tribes to create businesses that reap millions of dollars in profits and millions in aid from American taxpayers. Can't imagine Congress passing such a bill?

SPECIAL REPORT INDIAN CASINOS

WHEEL OF MISFORTUNE

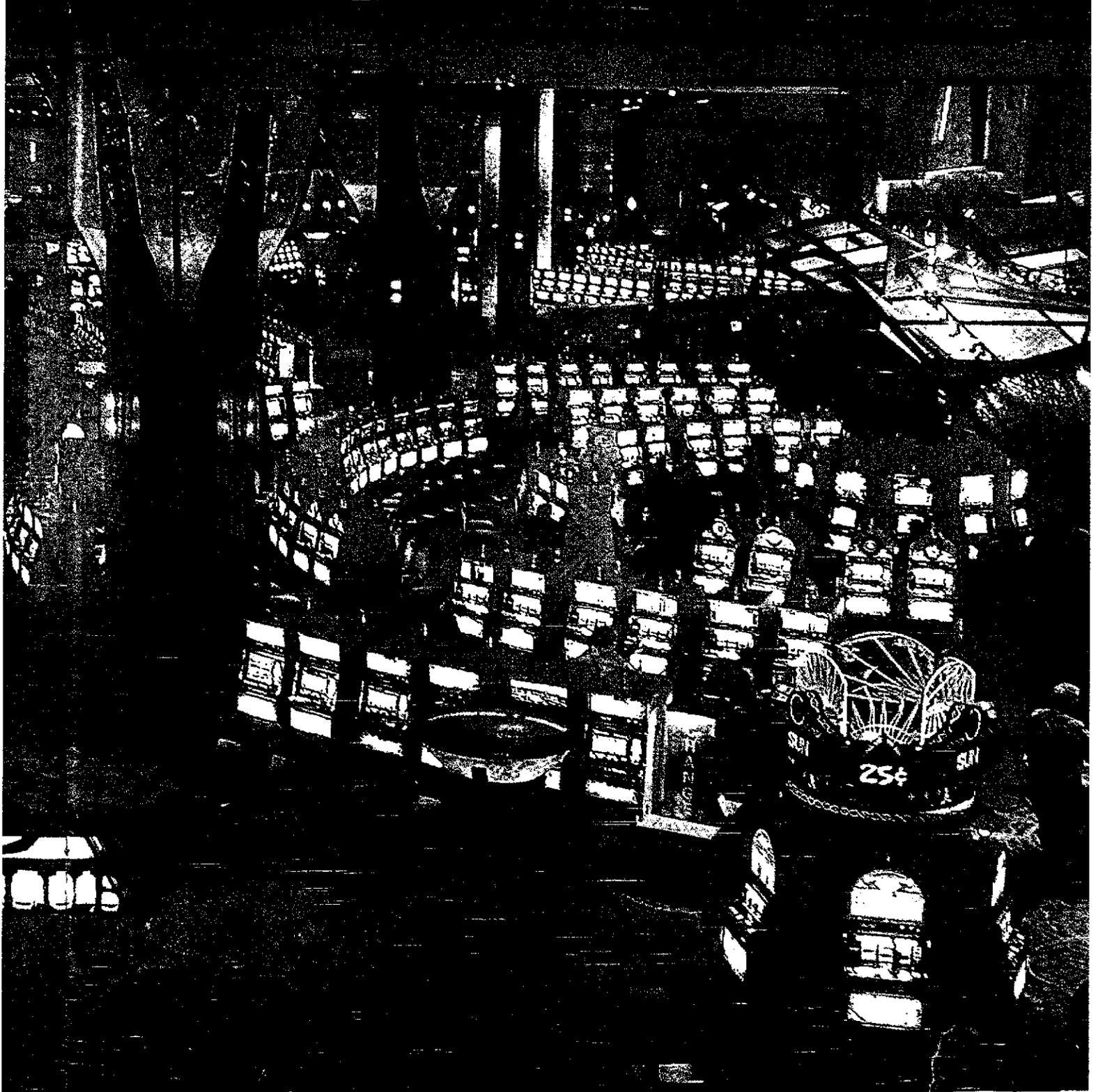
By Donald L. Barlett and
James B. Steele

Mohegan Sun

The casino's revenue is \$1 billion a year, but non-Indians take a lot of the profits

PHOTO BY AP/WIDEWORLD

ore self-sufficient that gives billions of dollars to the white backers of
ative Americans living in poverty. Or a bill that gives hundreds of millions
enny to a tribe with hundreds of thousands of members. Or a bill that allows
rofits and pay no federal income tax—at the same time that the tribes collect
sing such a bill? It did. Here's how it happened—and what it means



TAYA KASHUBA—THE DESERT SUN



MARYANN MARTIN PRESIDES OVER AMERICA'S SMALLEST TRIBE. RAISED IN LOS ANGELES in an African-American family, she knew little of her Indian ancestry until 1986, when at age 22 she learned that her mother had been the last surviving member of the Augustine Band of Cahuilla Mission Indians. In 1991, the Bureau of Indian Affairs (BIA) certified Martin and her two younger brothers as members of the tribe. Federal recognition of tribal status opened the door for Martin and her siblings to qualify for certain types of government aid. And with it, a far more lucrative lure beckoned: the right to operate casinos on an Indian reservation.

As Indian casinos popped up like new housing developments across Southern California, Martin moved a trailer onto the long-abandoned Augustine reservation in Coachella, a 500-acre desert tract then littered with garbage, discarded household appliances and junk cars, about 25 miles southeast of Palm Springs. There she lived with her three children and African-American husband William Ray Vance. In 1994, membership in the tiny tribe dwindled from three adults to one when Martin's two brothers were killed during separate street shootings in Banning, Calif. Police said both men were involved in drug deals and were members of a violent Los Angeles street gang.

Subsequently, Martin negotiated a deal with Paragon Gaming, a Las Vegas company, to develop and manage

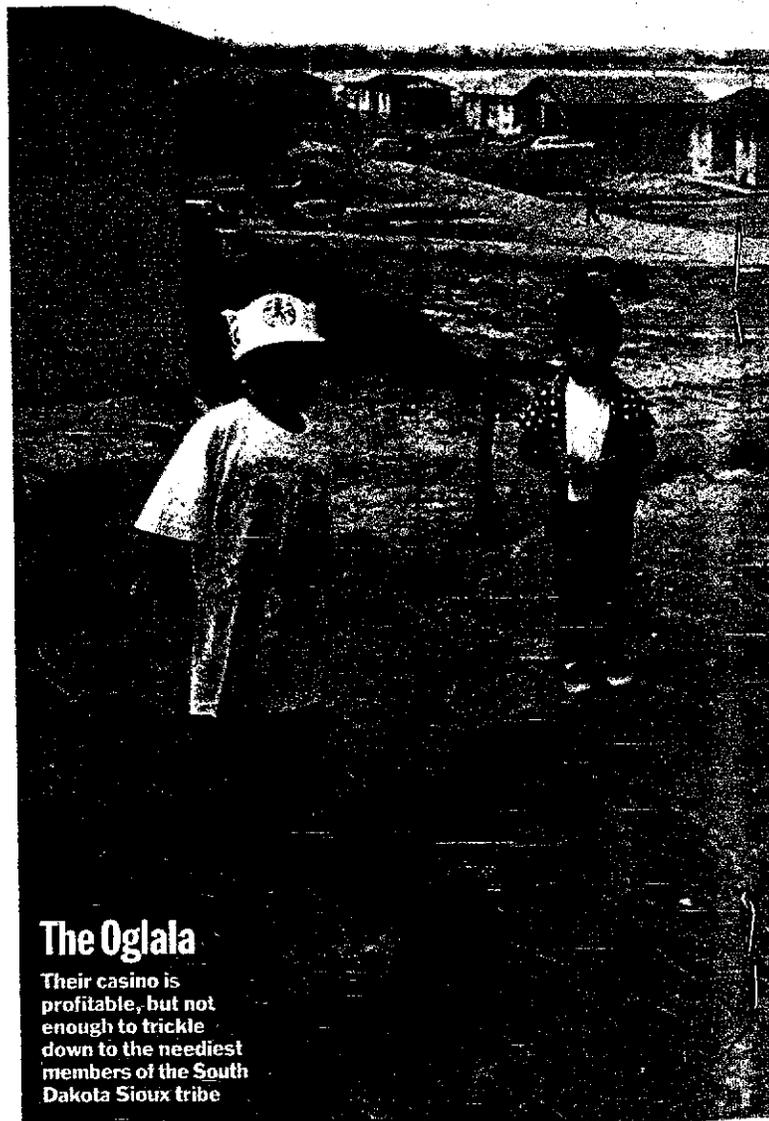
a casino. Paragon is headed by Diana Bennett, a gaming executive and daughter of Vegas veteran and co-founder of the Circus Circus Casino William Bennett. Martin's Augustine Casino opened last July. With 349 slot machines and 10 gaming tables, it's the fifth and by far the most modest casino in the Palm Springs area. But it stands to make a lot of non-Indian investors—and one Indian adult—rich.

And get this: Martin still qualifies for federal aid, in amounts far greater than what many needy Native Americans could even dream of getting. In 1999 and 2000 alone, government audit reports show, she pulled in more than \$1 million from Washington—\$476,000 for housing, \$400,000 for tribal government and \$146,000 for environmental programs.

It wasn't supposed to be this way. At the end of the 1980s, in a frenzy of cost cutting and privatization, Washington perceived gaming on reservations as a cheap way to wean tribes from government handouts, encourage economic development and promote tribal self-sufficiency. After policy initiatives by the Reagan Administration and two U.S. Supreme Court rulings that approved gambling on Indian reservations, Congress enacted the Indian Gaming Regulatory Act in 1988. It was so riddled with loopholes, so poorly written, so discriminatory and subject to such conflicting interpretations that 14 years later, armies of high-priced lawyers are still debating the definition of a slot machine.

Instead of regulating Indian gambling, the act has created chaos and a system tailor-made for abuse. It set up a powerless and underfunded watchdog and dispersed oversight responsibilities among a hopelessly conflicting hierarchy of local, state and federal agencies. It created a system so skewed—only a few small tribes and their backers are getting rich—that it has changed the face of Indian country. Some long-dispersed tribes, aided by new, non-Indian financial godfathers, are regrouping to benefit from the gaming windfall. Others are seeking new reservations—some in areas where they never lived, occasionally even in other states—solely to build a casino. And leaders of small, newly wealthy tribes now have so much unregulated cash and political clout that they can ride roughshod over neighboring communities, poorer tribes and even their own members.

The amount of money involved is staggering. Last year 290 Indian casinos in 28 states pulled in at least \$12.7 billion in revenue. Of that sum, TIME estimates, the casinos kept more than \$5 billion



The Oglala

Their casino is profitable, but not enough to trickle down to the neediest members of the South Dakota Sioux tribe

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as profit. That would place overall Indian gaming among FORTUNE magazine's 20 most profitable U.S. corporations, with earnings exceeding those of J.P. Morgan Chase & Co., Merrill Lynch, American Express and Lehman Bros. Holdings combined.

But who, exactly, is benefiting? Certainly Indians in a few tribes have prospered. In California, Christmas came early this year for the 100 members of the Table Mountain Rancheria, who over Thanksgiving picked up bonus checks of \$200,000 each as their share of the Table Mountain Casino's profits. That was in addition to the monthly stipend of \$15,000 each member receives. But even those amounts pale beside the fortunes made by the behind-the-scenes investors who bankroll the gaming palaces. They walk away with up to hundreds of millions of dollars.

Meanwhile, the overwhelming majority of Indians get nothing. Only half of all tribes—which have a total of 1.8 million members—have casinos. Some large tribes like the Navajo oppose gambling for religious reasons. Dozens of casinos do little better than break even because they are too small or located too far from population centers. The upshot is that a small number of gaming operations are making most of the money. Last year just 39 casinos generated \$8.4 billion. In short, 13% of the casinos accounted

for 66% of the take. All of which helps explain why Indian gaming has failed to raise most Native Americans out of poverty. What has happened instead is this:

A LOSING HAND. Revenue from gaming is so lopsided that Indian casinos in five states with almost half the Native American population—Montana, Nevada, North Dakota, Oklahoma and South Dakota—account for less than 3% of all casino proceeds. On average, they produce the equivalent of about \$400 in revenue per Indian. Meanwhile, casinos in California, Connecticut and Florida—states with only 3% of the Indian population—haul in 44% of all revenue, an average of \$100,000 per Indian. In California, the casino run by the San Manuel Band of Mission Indians pulls in well over \$100 million a year. That's about \$900,000 per member.

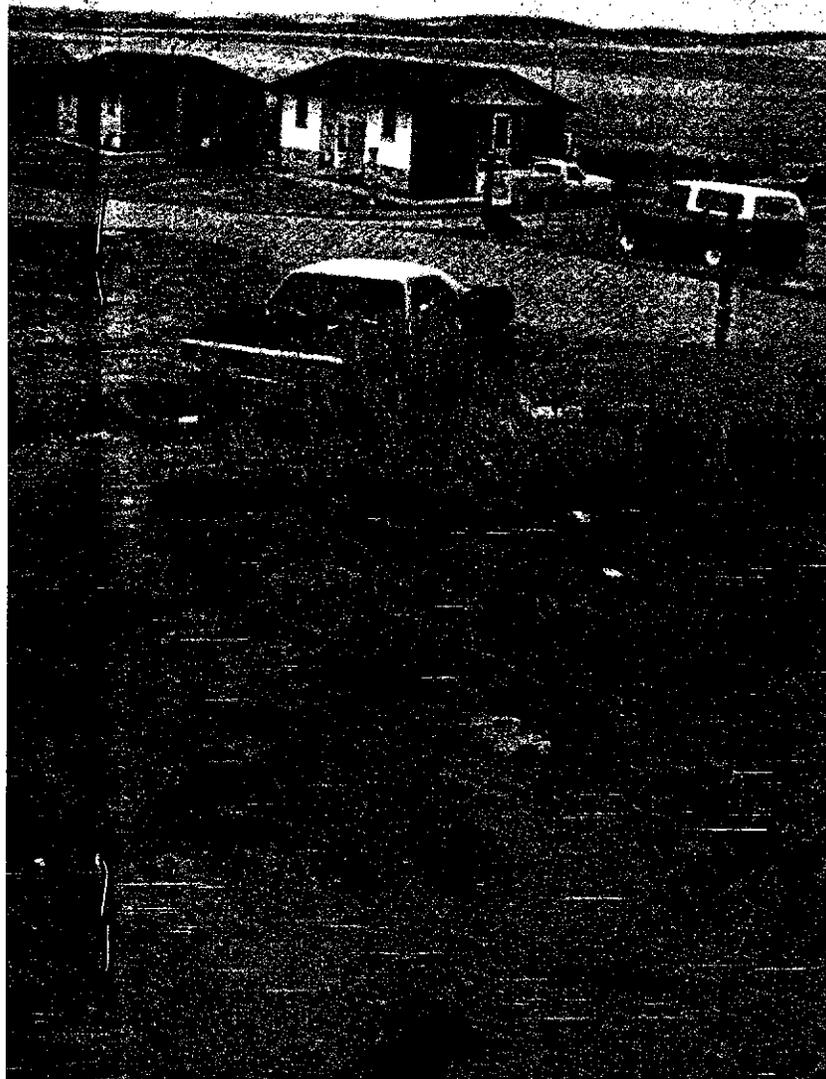
THE RICH GET RICHER. While federal recognition entitles tribes to a broad range of government benefits, there is no means testing. In 2001, aid to Indians amounted to \$9.4 billion, but in many cases more money went to wealthy members of tribes with lucrative casinos than to destitute Indians. From 1995 to 2001, the Indian Health Service, the agency responsible for looking after the medical needs of Native Americans, spent an average of \$2,100 a year on each of the 2,800 members of the Seminole tribe in Florida. The Seminoles' multiple casinos generated \$216 million in profits last year, and each tribe member collected \$35,000 in casino dividends. During the same six years, the health service spent an annual average of just \$470 on each of the 52,000 members of the Muscogee (Creek) Nation in Oklahoma, whose tiny casinos do little more than break even.

BUYING POLITICIANS. Wealthy Indian gaming tribes suddenly are pouring millions of dollars into political campaigns at both state and federal levels. They are also influencing gaming and other policies affecting Native Americans by handing out large sums to influential lobbying firms. In 2000 alone, tribes spent \$9.5 million on Washington lobbying. Altogether they spend more to influence legislation than such longtime heavyweights as General Motors, Boeing, AT&T—or even Enron in its heyday.

GAMING TRIBES AS EXCLUSIVE CLUBS. Tribal leaders are free to set their own whimsical rules for admission, without regard to Indian heritage. They may exclude rivals, potential whistleblowers and other legitimate claimants. The fewer tribe members, the larger the cut for the rest. Some tribes are booting out members, while others are limiting membership. Among them: the Pechanga Band of Mission Indians in Riverside County, Calif., whose new Las Vegas-style gaming palace, the Pechanga Resort & Casino, is expected to produce well over \$100 million in revenue.

GOLD RUSH. Since only a federally recognized tribe can open a casino, scores of groups—including long-defunct tribes and extended families—have flocked to the BIA or Congress seeking certification. Since 1979, as gambling has boomed, the number of recognized tribes on the U.S. mainland has spiked 23%, to a total of 337. About 200 additional groups have petitioned the bureau for recognition. Perhaps the most notorious example of tribal resurrection: the Mashantucket Pequots of Connecticut, proud owners of the world's largest casino, Foxwoods. The now billion-dollar tribe had ceased to exist until Congress re-created it in 1983. The current tribe members had never lived together on a reservation. Many of them would not even qualify for government assistance as Indians.

THE IMPOTENT ENFORCER. Congress created the National Indian Gaming Commission (NIGC) to be the Federal Government's principal oversight-and-enforcement agency for Indian



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