COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
GAMING OVERSIGHT COMMITTEE
PUBLIC HEARING

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ROOM G50
HARRISBURG, PENNSYLVANIA

TUESDAY, JULY 30, 2008
9:35 A.M.

PUBLIC HEARING
HOUSE BILL 783 (CLYMER)

BEFORE:
HONORABLE HAROLD JAMES, MAJORITY CHAIRMAN
HONORABLE PAUL I. CLYMER, MINORITY CHAIRMAN
HONORABLE KERRY A. BENNINGHOFF
HONORABLE FLORINDO J. FABRIZIO
HONORABLE WILLIAM F. KELLER
(Cont'd)

HONORABLE JIM MARSHALL
HONORABLE FRED McILHATTAN
HONORABLE MICHAEL H. O'BRIEN
HONORABLE JOHN E. PALLONE
HONORABLE EDDIE DAY PASHINSKI
HONORABLE MICHAEL PEIFER
HONORABLE CHRIS SAINATO
HONORABLE RONALD G. WATERS

ALSO PRESENT:
TERRENCE A. ALADDIN, EXECUTIVE DIRECTOR (D)
GARTH SHIPMAN, EXECUTIVE DIRECTOR (R)
BECCA SAMMON, RESEARCH ANALYST
LATASHA WILLIAMS, RESEARCH ANALYST

BRENDA S. HAMILTON, RPR
REPORTER - NOTARY PUBLIC
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CHAIRMAN JAMES: Good morning.

Okay. We're going to call the Gaming
Oversight Committee to order, the hearing.

My name is Harold James, state
representative of 186th Legislative District,
and Majority Chairman of the Gaming Oversight
Committee.

I want to thank you for taking the
time to be here today, all of you. Today
we're here to discuss House Bill 783 sponsored
by Representative Clymer, chairman, who is
minority chairman, and I know since its his
bill and he was wanting us to bring this up
and we've done that for him.

Today we will hear testimony from
Ms. Nanette Horner of the Pennsylvania Gaming
Control Board, Office of Problem and
Compulsive Gambling; Mr. Bill Kearney, a
recovering gambling addict and author; Mr. Tom
Bonner, vice president and general counsel and
the -- of the Pennsylvania Family Institute;
and the League of Women Voters has provided a
written statement.

This proposal would require
casinos to provide player club members with a monthly statement. This statement would reflect the wagers won and lost by the player club members. It would allow those who participate in these programs to see a visible reminder of the money that they have spent and earned, which could be beneficial to certain individuals.

But it could also present an undue burden to those who operate these casinos. I'm aware of at least one casino that would provide this information upon request when a patron visits their facility.

The purpose of this hearing is for those who have a stake in this particular proposal to share their opinions with the members of this committee so that the members may be in a better position to understand this matter and, therefore, make the best public policy decision.

I thank all of those who traveled from all over the Commonwealth to come to this hearing, and at this time I ask Chairman Clymer for his remarks.

REPRESENTATIVE CLYMER: Well, thank
you, Chairman James and I do want to extend my
sincere appreciation for allowing this bill to
have a public hearing.

The Chairman has articulated quite
well the reason for this legislation; that is,
simply if a patron goes into a casino and gets
a reward card that they would also be entitled
to a monthly statement showing their winnings
and losses and, of course, our guests who are
here this morning will go -- go into that
issue to some degree.

But, again, I do want to thank the
chairman for his courtesy on this very
important issue, and I appreciate the public
hearing that we have before us this -- this
morning.

CHAIRMAN JAMES: Okay. We're going
to -- thank you. Thank you, Mr. Chairman.

We're going to call the roll.

Rebecca.

MS. SAMMON: Representative James.

CHAIRMAN JAMES: Present.

MS. SAMMON: Representative Waters.

Representative Fabrizio.

REPRESENTATIVE FABRIZIO: Here.
MS. SAMMON: Representative Biancucci.

Representative Brennan.
Representative Goodman.
Representative Keller.
Representative Leach.
Representative Myers.
Representative O'Brien.

REPRESENTATIVE O'BRIEN: Here.

MS. SAMMON: Representative Pallone.
Representative Parker.
Representative Pashinski.
Representative Readshaw.
Representative Sainato.

REPRESENTATIVE SAINATO: Here.

MS. SAMMON: Representative Wansacz.
Chairman Clymer.

REPRESENTATIVE CLYMER: Here.

MS. SAMMON: Representative Benninghoff.

Representative Creighton.
Representative Gabig.
Representative Harris.
Representative Maher.
Representative Marshall.
MS. SAMMON: Representative McIlhattan.

REPRESENTATIVE McILHATTAN: Here.

MS. SAMMON: Representative Mustio.

REPRESENTATIVE PEIFER: Here.

MS. SAMMON: Representative Peifer.

REPRESENTATIVE PEIFER: Here.

MS. SAMMON: Representative Quinn.

Representative Schroder.

Representative Sonney.

CHAIRMAN JAMES: Okay. Thank you.

We usually -- the person whose bill -- we usually like to have them speak and be at the witness stand, but since the chairman is the one whose bill it is, do you want to make any other remarks on the bill? You have another opportunity.

REPRESENTATIVE CLYMER: Well, thank you, Mr. Chairman. But it's a very simple bill, and I think between the two of us we have already explained the insight, the reason for it, the necessity of it, and I think we're prepared at this point in time to move forward in -- in public testimony.

CHAIRMAN JAMES: Thank you. Okay.
We're going to first call Ms. Nanette Horner, director of the Pennsylvania Gaming Control Board, Office of Problem and Compulsive Gambling.

How are you this morning?

DIRECTOR HORNER: Good morning.

Thank you. Good morning, chairman and members of the committee. Thank you for having me today.

Without taking a position on this subject, or addressing the economics of this requirement from a regulatory oversight perspective or an industry perspective, I want to point out some of the issues that I believe should be explored before this amendment is adopted.

I believe that we must first understand the intent or the goal of the amendment and then determine whether sending a monthly win/loss statement is the best method -- best method to achieve the stated goal.

We must be mindful of unintended consequences of applying a seemingly rational, and simple, program to eradicate irrational
and complex behavior. And I believe that research needs to be directed and funded in order to fully understand the implications of adopting this legislation.

I would first like to pose the question of what the intent of the amendment is. Is the proposed amendment meant to arrest pathological gambling?

An estimated two million American adults become compulsive gamblers at some point in their lifetime. This is approximately one to three percent of the adult population. In males, compulsive gambling typically starts in adolescence and it is later in females.

Pathological gamblers are more likely to engage in many different types of gambling, including card games, slot machines, lottery, racing, charitable bingo, Internet waging, and illegal sports gambling.

Pathological gambling is a very complex disorder, the cause of which is unknown. Research indicates that there are biological differences between the brain functions of compulsive gamblers and
1 nonproblematic gamblers.

2 There are also psychological causes
for excessive gambling such as depression or
being the victim of domestic violence. Some
pathological gamblers suffer -- suffer from
cognitive distortions such as irrational or
superstitious beliefs, and other research
describes compulsive gamblers as being highly
competitive. These criteria overlap and
reinforce each other.

11 The American Psychiatric
Association's Diagnostic and Statistic Manual
of Mental Disorders -- and I'll refer to that
as the DSM-IV -- classifies pathological
gambling as impulse control disorder.

11 The diagnostic criteria for
pathological gambling provides that it is:

18 Persistent and recurrent maladaptive
gambling behavior that is indicated by five or
more of the following:

21 Is preoccupied with gambling. For
example, preoccupied with reliving past
gambling experiences, handicapping, or
planning the next venture, or thinking of ways
to get money with which to gamble.
Needs to gamble with increasing amounts of money in order to achieve the desired excitement.

Has repeated unsuccessful efforts to control, cut back, or stop gambling.

Is restless or irritable when attempting to cut down or stop gambling.

Gambles as a way of escaping from problems or of relieving a dysphoric mood. For example, feelings of helplessness, guilt, anxiety, and depression.

After losing money gambling, often returns another day to get even. This is known as chasing one's losses.

Lies to family members, therapists, or others to conceal the extent of involvement with gambling.

Has committed illegal acts, such as forgery, fraud, theft, or embezzlement to finance gambling.

Has jeopardized or lost a significant relationship, job, or educational or career opportunity because of gambling.

Relies on others to provide money to relieve a desperate financial situation caused
by gambling.

As shown by this list, pathological gamblers generally gamble for the action and the excitement or to escape or self-medicate.

Nowhere in the DSM-IV list will you find: Gambles more to gain notoriety, rewards, or complimentaries or will stop if amount of losses is known.

The next question is: Is the proposed amendment designed to prevent recreational gamblers from becoming pathological gamblers?

As stated above, research has not indicated what causes problem gambling or pathological gambling, but it has provided a number of factors that can increase an individual's risk of developing compulsive gambling behavior.

Some of the risk factors that we have found through research include:

Other behavior or mood disorders. People who gamble compulsively often have substance abuse problems, a history of overspending, or mood and personality disorders.
Age. Research seems to indicate that nonproblem gamblers start gambling at a significant later age than problem gamblers. The earlier a gambler's age of onset of gambling behavior, the more likely it seems that they will experience symptoms correlated with pathological gambling.

Gender. Men are more likely than women to become pathological gamblers.

Location. People who live close to gambling opportunities, or who work in gambling facilities, are more likely to develop gambling problems than are those who live farther away or who do not work with gambling activities.

Family influence. If a parent had a gambling problem, it's more likely that an individual will also have gambling problems. Additionally, victims of domestic violence have a higher incidence of gambling problems because they use gambling to escape.

Medications. Medications called dopamine agonists have a rare side effect that results in compulsive gambling behavior in some people, including compulsive gambling,
and I'm sure that you've all heard the warning of Miraplex -- Mirapex for restless leg syndrome and other Parkinson's drugs.

Certain personality characteristics. Being highly competitive, a workaholic, restless or easily bored may increase the risk of becoming a problem gambler.

An early win. People who experience a big early win may develop a false expectation of future wins or hold mistaken beliefs about the odds of winning.

Life changes. People who have suffered a recent loss or change, such as divorce, job loss, retirement, or the death of a loved one may have an increased risk of becoming a problem gambler.

However, there is no research of which I am aware that shows a link between the receipt of compliments or the development or maintenance of a gambling problem. Perhaps a threshold question that needs to be answered before legislation is adopted is whether the rewards drive the gambling behavior and, more importantly, do the rewards drive pathological gambling behavior.
There are research-based guidelines that help prevent recreational gamblers from developing problems. Again, to my knowledge, none of these guidelines focus on complimentaries or win/loss statements.

Studies suggest an at-risk individual should first determine if and how he may want to gamble. The individual would consider the benefits of not gambling, such as you would have money for this or you would have time to spend with that person, and weigh them against the benefits of gambling. A benefit of gambling would include your friends are going to the gambling facility or you would be able to spend time with a certain individual at the gambling facility.

The costs of not gambling could be you have to face a problem or you have too much lonely time. And a cost of gambling could be you're in debt already or your free time is very limited.

If the costs of gambling outweigh the benefits of gambling, then an at-risk individual or any individual should refrain from engaging in gambling activities.
If the decision is made to engage in gambling, the at-risk individual should make every effort to engage in responsible gambling.

For example, gamble for entertainment purposes only.

Expect to lose and treat money that is lost as the cost of entertainment and treat winnings as a bonus.

Set a dollar amount and a time limit before you go to a facility and stick to it.

Do not gamble on credit. Leave your checkbook, your credit card, your debit card, and your ATM cards at home.

Avoid chasing money that you have lost.

Do not gamble as a way to cope with emotional or physical pain.

And become educated about the warning signs of problem gambling.

A self-help guide that addresses the costs and benefits of gambling known as your First Step to Change is on the Gaming Control Board's website, and we have other informational brochures about responsible
gaming and at-risk individuals on the board's website.

The next question: Is the proposed amendment meant to provide more information to the gambler on his or her gambling behavior?

Problem gamblers receive bank statements and credit card statements every month. They receive receipts for financial transactions.

The financial data, the information regarding the charges, debits, and ATM withdrawals, and the facts of the date, location, and time of advances, withdrawals, and charges are there in black and white. Yet, these notifications do not seem to be effective in changing problem gambling behavior.

Receiving a win/loss statement could also have unintended consequences such as:

A win/loss statement that shows a win could invoke an -- could invoke in an individual a false expectation of winning.

A win/loss statement that shows a win could cause a problem gambler to feel that there is no problem because there was no net
loss that month.

A win/loss statement that shows a loss could serve as a benchmark for chasing which could be a larger amount than that of a single gambling episode.

A win/loss statement that shows a loss could -- could exacerbate the problem and drive the individual to illegal and/or destructive behavior.

While these actions may seem irrational, problem gamblers by definition are suffering from a mental health disorder and thus may not respond to a win/loss statement in expected ways.

The next question: Is the proposed amendment meant to provide more information to the gambler's spouse about his or her gambling behavior?

First, there is no guarantee that the correct information, or any information, will reach the spouse. There are many variables to consider with player card usage such as:

Not all gamblers utilize a player card, particularly an individual who is attempting to conceal the extent of his
Not all gamblers play with a player account or use their card every time that they play.

Not all gamblers utilize their own player card. Couples and family members often have duplicate cards for one player account.

Players sometimes leave their card in slot machines, both intentionally and unintentionally, which if -- which, if unnoticed, will record the gambling play of another individual.

Players could have more than one player account at one facility. Problem gamblers have been known to put minimal play on one account in order to conceal the extent of their gambling behavior.

Players could go to more than one facility and have an account at each facility, none of which would provide a true picture of the gambling behavior.

Most, if not all, player tracking systems at the facilities offer a no mail option so that the player would not receive any mailings.
Players can utilize a post office box for the delivery of player account materials so that the mailings would not go to their home.

And, finally, promotional play and free credits are included in the win/loss statements and the total amount played but are not necessarily indicative of cash transactions.

The second issue regarding a spouse receiving this statement is that the spouse could cause harm with the information. In addition to causing harm to the family relationship, confronting or bailing out a gambler could be detrimental to the gambler's recovery.

Also, domestic violence is a huge concern and it often exists in families that are affected by a family member with an addiction.

A heated confrontation with a problem gambler can turn into violence just as easily as with someone who has an alcohol or drug dependence. Counselors never encourage family members to directly confront someone who may
hurt them or their children.

Third, player account information is readily available. With the account information and a PIN number, players can obtain their point totals, as well as information on complimentaries and rewards, at the facilities, at a player club booth, and also electronically at kiosks throughout the facility.

Some facilities also offer this information on their websites.

Also, because gambling losses can be utilized to offset taxes on gambling winnings, all facilities in Pennsylvania provide a win/loss statement upon request.

Players can obtain account information in person at the facility or can request it through the facility's website.

Players may also keep a personal log of their own play that includes winnings, losses, patterns of play, time spent gambling, type of gambling, and other information, such as the reason that they are gambling. And this type of personal accounting could provide a more holistic view
of the gambling behavior and serve as a contemporaneous assessment tool.

During my preparation for this testimony, I created an example gambling log. I included it with my testimony. I believe that you may have a copy of it.

And I'm going to explore with treatment professionals whether I should provide this log on the Gaming Control Board's website.

And if you do not have a copy, the log has data entry sections for the game, so MegaBucks, Blackjack, Let It Ride, slot machine gambling, horse racing gambling.

It includes a date lot; the time, when did you begin gambling, the gambling episode, and when did you end; the location of the gambling episode, which would be at the office, at a casino outside of the state, at a facility within the state, off track betting parlor, your own home, personal computer.

Has a list -- or an entry section, I mean, for the buy-in and the cash-out and then the net win or loss from that gambling episode.
And finally a column -- a column for notes. For example, I felt pressured to buy into the office pool, or I was on a weekend trip and it was an enjoyable experience with my spouse, or my in-laws were in town and I really just wanted to escape being in the house.

In conclusion, I just want to say that in light of all these issues, all of these unknowns, and all of these potential unintended consequences, I believe that the General Assembly should contemplate whether this broad approach is the best method to address problem gambling.

I would have loved to have come here with answers. I would be ecstatic if a monthly win/loss statement would help the three percent of the adult population who suffer from problem gambling. But without research we simply do not know.

I urge this committee to consider sponsoring a research project to determine the benefits or the consequences of this program. Regard it as an equivalent to an environmental impact statement. At the very least, if the
program becomes mandatory, in the absence of empirical evidence, there should be a pre- and a post-research project to evaluate the efficacy of the program.

I thank you for providing me time, listening to my testimony, and I would happy -- would be happy to address any questions that you may have.

CHAIRMAN JAMES: Well, I want to thank you for that intensive testimony and it was well put together. Very good.

In regard to the last thing that you said as -- in talking about the research project, would you be willing to work with the committee in terms of developing something in that regard?

DIRECTOR HORNER: Absolutely. I would love to.

CHAIRMAN JAMES: Okay. Now, also I didn't have a copy of the player's log, but I see in your testimony you have a line that looks like a website.

DIRECTOR HORNER: Yes. I added in my testimony there were two links to two different websites that have different types
of personal gambling logs.

CHAIRMAN JAMES: And that's --

that's -- that's both those sites right

there?

DIRECTOR HORNER: Yes.

CHAIRMAN JAMES: So we would need a

copy of the log if we can get that.

DIRECTOR HORNER: I'll get that to

you. Actually I have -- I have one copy I can

leave with you, and we can e-mail copies as

well.

CHAIRMAN JAMES: Great. Thank you.

I appreciate it.

Are you aware of any other

jurisdictions that may provide monthly

statements in some form, of, you know, dealing

with compulsive gambling?

DIRECTOR HORNER: I do not believe

that mandatory monthly win/loss statements are

in effect in any commercial gambling

jurisdiction in the U.S. and that includes

Indian gaming.

CHAIRMAN JAMES: And you also pointed

out that in Pennsylvania, under the Gaming

Control Board, any person that wishes a
statement can get it --

DIRECTOR HORNER: Yes.

CHAIRMAN JAMES: -- if there is a need for it?

DIRECTOR HORNER: In preparing for this testimony, I went to the website of every facility in the Commonwealth that is currently open, and I also contacted representatives at each of the facilities to make certain that the win/loss statements are something that a person can obtain upon request.

Some of the facilities, such as Harrah's, you can go directly to the website, put in a four-digit PIN number, and with your account number you can get a -- a reading of what your account activity has been. And I believe it goes back for five years.

CHAIRMAN JAMES: Well, you've -- you've done your homework. That's good. Thank you.

DIRECTOR HORNER: Thank you.

CHAIRMAN JAMES: Okay. Chairman Clymer.

REPRESENTATIVE CLYMER: Thank you, Mr. Chairman. I appreciate the opportunity to
respond.

And thank you, Nanette Horner, for coming and sharing some -- some important testimony.

My -- my observation is that if I was to debate the reason we should not have gambling in Pennsylvania, this is what I would use. I mean think about it. Think of the problems that we are creating with this industry.

And we don't have any answers, no answers to help the people. Research cannot give us any idea of how we can help our fellowman who goes into a casino and gambles. We have to do all these studies. There are no conclusions.

What in the world are we doing? If anything, we ought to scrap this industry and throw it out because it has no benefit, benefit to the casinos but not to our fellowman who we are trying to help.

Having made that statement, Mr. Chairman, I do have a few -- a few questions that I'd like to ask.

And that is, we know that in your
testimony, which I appreciate, you mentioned the fact that -- that people have to be concerned about their gambling behavior, that they should not be gambling. They should be very thoughtful and considerate about going and spending money.

Why do you think the casinos give them rewards? What's the purpose of the rewards cards?

DIRECTOR HORNER: Well, if I may first correct something. I don't believe that any of my testimony said that there was nothing we can do to help pathological gamblers. I don't think I addressed -- I addressed the help issue at all.

We do know that treatment works. We do know that some individuals respond wonderfully to a twelve-step program. Other individuals respond very, very well to self-help programs and others -- there is emerging research on natural recovery, that a person can recover without any formal treatment.

And also, of course, personal counseling works very, very well. So we do
know that treatment helps, and it works.

As far as the purpose of
complimentaries. Much like the frequent flier
rewards or credit card point rewards,
companies are competing for your business and
companies offer perks for your business.

So a player should be making a
rational decision, if maybe not economically
rational, but a rational decision of where
will I go with my gambling money that will
give me the best bang for my bucks.

So if they're going to be gambling
anyway, they would go to the location that
offers them the most rewards. The
complimentary buffet or, you know, they -- the
free zoom back.

REPRESENTATIVE CLYMER: You say that
the -- that the programs to help addicted
gamblers have been successful. What is that
success rate?

DIRECTOR HORNER: That -- well, first
of all, unfortunately about ten percent of
pathological gamblers actually seek help. But
of that, there is a very high success rate. I
will get you the exact number.
But those who go into treatment have problems initially, but help -- but treatment really does help.

REPRESENTATIVE CLYMER: Of course, the casinos have done the studies and they know that reward cards are very successful. That's why they put them out there. And it's not just a complimentary dinner. It's the weekend. It's flying people in from different locations.

So it's really a major inducement by casinos to bring in the heavy gamblers, and they want those dollars.

So what I'm saying is the reward cards are really to bring the people in, to bring in these heavy gamblers, those that they monitor, they know from the time that they get the reward card and they're playing, how much money they're spending, how long they've been spending, and that's a real problem.

So how can a person -- I just see a conflict here with a person who is monitored, who is getting their reward card, being able to -- to manage their time, manage the dollars that they're spending, as you have outlined,
that you say this is a requirement.

But my other question is this.

Studies have also proved, and we have studies
that do, who indicate that the poor, the
disadvantaged, and the less educated are those
who spend the higher proportion of their -- of
their -- of their dollars when they go into a
casino.

Now, do you really think that -- that
they're -- because their dollars are so
limited that they're going to question how
much money they're going to spend?

I mean we -- we know that they spend
a far greater amount than -- than the other --
the average person that goes in there.
Proportionally they spend a larger part of
their money that they bring to the casino, and
that becomes now a social problem for us.

So my -- my question is -- is how --
how are some of the clients who are coming in
there able to defend themselves from the
inducements of the casinos, from the
attractions of the casinos, which are so
constructed and so designed with their high
technology to get that last dime from the
pocket of the consumer?

DIRECTOR HORNER: Well, first of all, the marketing programs and how those programs work, I believe, we have someone who is representing the industry who would better be able to answer all of the ins and outs of those accounting programs.

As far as individuals having difficulties with problem gambling, those who may not have an economically sound financial background, there is a problem.

There is emerging research right now that says that as the price of gasoline goes up so do the purchase of lottery tickets. As the economy goes south, lottery sales have been going up.

And I believe that that is, you know, the effect of, well, what's a dollar going to buy me anyway, so I may as well take a chance. So I think some individuals think that way.

And maybe it's that same type of thinking that has people going into facilities to try their luck.

But to bring it back to this proposed
legislation, I do not believe that the complimentsaries and the rewards drive the gambling behavior. There are many, many factors that drive gambling behavior, as I had gone through in the testimony.

But, you know, I don't believe that we're here to -- to disagree on the fact that compulsive and problem gambling, absolutely, does exist.

But the question that needs to be asked, what drives the behavior? Do the rewards, do the complimentsaries, and do the points on the player tracking system drive that problem gambling behavior?

REPRESENTATIVE CLYMER: Another observation I have. I see in your testimony on Page 2 that you had indicated that -- that there is -- there is -- crimes are committed. That there is forgery and theft, embezzlement, to finance gambling.

And I just appreciate you saying that because so often in our debates there are those who say that there is no crime or very little crime, and you have just validated the fact that this is a serious problem, and I
appreciate you bringing that to our attention.

DIRECTOR HORNER: Desperate people do desperate things.

REPRESENTATIVE CLYMER: Sure. And also on page -- I think it was Page 2 and Page 3, you mention that location, people who live close to gambling opportunities, who work in gambling facilities -- who work in gambling facilities are more likely to develop a gambling problem than those who live further away.

DIRECTOR HORNER: Yes.

REPRESENTATIVE CLYMER: And that's, I think, a very important comment. Because those of us who have been looking at this issue and saying that -- that neighbors and communities have the right to establish -- to have an input as to where these casinos are to be located, and that is the argument, one of the arguments that they have been making, and I appreciate you again validating the fact that location is so important and that communities and neighbors should have the opportunity, the people who are going to be
most impacted should have the opportunity to
make their viewpoints known.

And, again, I think that's -- that's
a good point. That's a --

DIRECTOR HORNER: Well, research has
shown that within a 50-mile radius of -- of
gambling opportunities, there is a higher
incidence of problem gambling behavior.

But there's also research that goes
along with that that is known as the exposure
adaptation model, and I guess to -- to speak
in terms that we can all understand, that I
can understand, the exposure adaptation model
says something to the effect of: If you have
a compromised immune system, if you're
susceptible to becoming ill, and you're
exposed to someone who has a cold or a flu,
you are more likely to catch it, to get the
cold or the flu when you're in the vicinity of
the individual who has it.

However, after time, the adaptation
kicks in, so that you build up immunity. You
are no longer susceptible to becoming ill.

So exposure adaptation to put it into
gambling terms, is, hey, if a facility opens
nearby, if it's convenient, or if you're getting gas and there's the opportunity to buy a lottery ticket, that you may start playing and then eventually the novelty will wear off, a rational thinking person, someone who is not a pathological gambler will say, wow, you know, I'm losing money here. I think I'm going to stop. And they do start adapting to having it, you know, nearby.

REPRESENTATIVE CLYMER: And you have studies to indicate that is how it transacts with the gambler? I mean --

DIRECTOR HORNER: The adaptation exposure model?

REPRESENTATIVE CLYMER: Yes.

DIRECTOR HORNER: Yes. Absolutely. Would you like a copy of that?

REPRESENTATIVE CLYMER: Yes. And who did the studies?

DIRECTOR HORNER: You know what? There -- it's about four or five people who have done that so I will -- I will get that to you.

REPRESENTATIVE CLYMER: Another interesting comment was that mental health
disorders -- I just need to have a further explanation.

DIRECTOR HORNER: Uh-huh.

REPRESENTATIVE CLYMER: I've written down mental health disorders by some of the people who gamble who -- who are addicted to gambling.

There are many people who -- who can be addicted to gambling and have a very normal life. They are very successful at their businesses. They are very successful at providing for the family until the money runs out, until the addiction catches up to them.

Do you mean to say that those people have some kind of a mental disorder? Maybe you could further --

DIRECTOR HORNER: Oh, no. No. I believe that I said -- I listed some of the risk factors and some of the issues and said that many of them co-exist and overlap.

No. Well, I mean the -- the pathological gambling behavior is itself an impulse control disorder, as listed by the American Psychiatric Association.

But does that mean that you cannot
have a normal life outside of gambling, you
know, and -- and love people and do normal
things, hold a job?

REPRESENTATIVE CLYMER: Mr. Chairman,
that -- that concludes my questions.

I'd like to make one statement, and
that is really with this very good, in-depth
information that you provided for us, these
are the things we should have looked at before
we even had the gambling bill. Now, that's
not your problem.

But before we even considered
legalizing slot machines with this addictive
gambling behavior, we should have been looking
at -- we should have been looking at all these
issues to protect consumers because consumers
in Pennsylvania are not being protected.
There's nothing out there to help them, the
families, and the children.

So in that respect, I do appreciate
what you have shared with us and I'm certainly
going to use this information as we pursue the
expansion of gambling here in Pennsylvania.
Because there are people who want to move
the -- the gambling forward for -- for
legalizing games, table games.

And certainly we can't move in that
direction until we really find out all the
things that you had mentioned.

So thank you very much for your
testimony.

DIRECTOR HORNER: Yes. And I thank
you for your concern. The three percent of
the population who can't handle this, the
three percent who are pathological gamblers,
need our help in all respects, and it doesn't
matter whether they go to the slots facilities
or wagering on horses, betting with someone on
a street corner on -- on sports or engaging in
Internet wagering in their own homes or their
campuses, college campuses.

I think that we all need to be aware
of the problem and to offer help and also
create prevention measures so that we can take
care of these individuals.

CHAIRMAN JAMES: Thank you. Thank
you so much for your in-depth testimony.

The benefit has been and has started
to the people of the Commonwealth in terms of
property relief. And -- and it has been more
than we had expected and -- and with the economic boom that has existed in the communities in which some of the facilities are around.

So I -- with that, you had mentioned in your testimony about a self-help guide that addresses costs and benefits called Your First Step to Change. How would people know that they can get that?

DIRECTOR HORNERT: Well, I brought a copy of it, of course. Your First Step to Change is a great self-help guide.

I promote it for individuals who have not yet engaged in gambling activities to measure the relative costs and benefits before you even engage.

It was recently studied in rural Nevada where there are no counselors and there are no 12-step programs, and it was -- it was studied to see if it is a guide that can help a problem gambler or a pathological gambler to -- to heal, to become better. And the research shows that this self-help guide has helped those with gambling problems.

The guide, we have it electronically
on the Gaming Control Board's website, which is www.pgcb.state.pa.us. We have a copy of that.

Also there's another brochure. I do not have it electronically. I'm trying to get it electronically on the board's website. And it's called Gambling: Choices and Guidelines. And it's the same type of guide, please assess your gambling behavior. Whether you've never gambled at all or if you've been gambling for a while, take a look and assess your gambling behavior.

We -- at the Gaming Control Board, we do care very, very much about those individuals who succumb to pathological gambling.

But I do want to point out that many, many people in the treatment field, many people in the 12-step programs, and many of the state councils on problem gambling have said that they don't take a position as whether they are pro or anti gaming.

Their goal is to help the problem gambler.

CHAIRMAN JAMES: Okay. Well, thank
you very much.

And we're going to call on Representative McIlhattan.

REPRESENTATIVE MCILHATTAN: Thank you, Mr. Chairman.

Ms. Horner, you talk a lot about research and you're telling me -- I want to make sure I understand this -- you're telling me that research indicates that in no way do rewards drive gambling behavior? Is that correct?

I mean I -- that's what you're telling me. I find it hard to believe, but I'll -- I'll -- you're in the business. I'm not. And I'll accept that if you tell me that.

Is that the case?

DIRECTOR HORNER: I --

REPRESENTATIVE MCILHATTAN: Is that true?

DIRECTOR HORNER: Yes. I'm saying that there is no research out there that says that the rewards drive -- well, I'm sorry -- the player club rewards drive the gambling behavior.
REPRESENTATIVE MCILHATTAN: Okay.

DIRECTOR HORNER: There's a lot of research to say that individuals gamble for the excitement or to escape.

REPRESENTATIVE MCILHATTAN: Research has been done on that, though, and that's the conclusion. Is that correct?

DIRECTOR HORNER: I have not seen any research on the subject.

REPRESENTATIVE MCILHATTAN: Well, now, wait a minute. You said research told -- you just said research said that the -- that the rewards do not drive gambling. Now you're telling me the research hasn't been done. Now, I'm a little confused. That's what I'm trying to figure out here.

DIRECTOR HORNER: If I may go back to my statement.

REPRESENTATIVE MCILHATTAN: Maybe we need to research that if we haven't done it. But you said we have.

DIRECTOR HORNER: Let me see. Perhaps the threshold question that needs to be answered, before legislation is adopted, is whether the rewards drive the gambling and,
more importantly, problem gambling behavior.

REPRESENTATIVE MCILHATTAN: Well,
then we don't know whether it does or not. Is that correct?

DIRECTOR HORNER: There is no research that indicates that it does, correct.

REPRESENTATIVE MCILHATTAN: And there's no research to indicate that it doesn't. Is that correct?

DIRECTOR HORNER: Right.

REPRESENTATIVE MCILHATTAN: Okay. So there's no --

DIRECTOR HORNER: Let's do the research.

REPRESENTATIVE MCILHATTAN: Okay. I just wanted to make sure. Because I thought you were trying to tell me the research has been done and it doesn't drive, and I was just -- I just wanted to make clear then there is no research?

DIRECTOR HORNER: There is no research, but there are no risk factors really that are -- that are out there that relate to the complimentaries.

I mean let's look at it. Let's see
if this really is something. Does this drive
the gambling behavior? It does not seem to
be, when we look at all of the factors listed
by the APA and DSM-IV.

REPRESENTATIVE MCILHATTAN: Well, I
just went --

DIRECTOR HORNER: But we should do
the research, yes.

REPRESENTATIVE MCILHATTAN: That's a
little bit of my concern. You -- you more or
less say in your testimony that in your
opinion -- well, I guess what I'm saying is
you're -- you're drawing out all the reasons
that we need to be concerned about doing this,
but you don't give me any reasons on the other
side, well, maybe we should. And I'm a little
puzzled about that because of the position
you're in.

Can you talk to me about that a
little bit?

DIRECTOR HORNER: Well --

REPRESENTATIVE MCILHATTAN: You're
saying all the reasons why maybe we shouldn't
do this. All the reasons why that there
should be problems with this, and there may
be, and I respect those, but you don't give me
any reason to say, well, you know this, this,
and this might occur, too, that might be
positive, and you just seem to be weighing on
the other side and I'm just curious about
that.

DIRECTOR HORNER: I want to point out
that there are a lot of questions with this.
I want to point out that pathological gambling
is not a rational decision. I mean it's not
rational behavior.

We can sit here and say that this
simple answer will work. But we simply do not
know that. We know the research that's out
there. We know the factors that drive problem
gambling.

And this is something that really
needs to be looked into before we do something
that may cause harm.

REPRESENTATIVE MCILHATTAN: May cause
harm? It may do some good things, too,
possibly. Correct?

DIRECTOR HORNER: I would be ecstatic
if it did good things.

REPRESENTATIVE MCILHATTAN: Okay.
DIRECTOR HORNER: But I would not risk harming anyone.

REPRESENTATIVE MCILHATTAN: Well, how are we going to do this if we -- if we don't pass a law and maybe sunshine it or something? How are we ever going to know, is my question to you?

I'm sure the casino guys aren't going to volunteer to do this, I would assume. I've heard from them before.

I mean how do we get there, is my question to you? You're in the business. If we don't pass a law to do this research, how are we going to get it done so we know one way or the other?

DIRECTOR HORNER: Well, the first step is what is the question. Let's ask the question. Let's put it out to bid for a research project.

And the first question could be: Let's take that universe of pathological gamblers and say did the complimentaries drive your gambling behavior? So that would be the first step.

The second step would be if any
indicated, yes, you know, they -- that we were interested in the complimentaries, then perhaps -- and I'm not a researcher, but perhaps take that smaller group of individuals who indicated, you know, that this may drive their behavior and, you know, let's take a small group, a controlled group, and see how the win/loss statements, you know, affect them or their family members.

REPRESENTATIVE MCILHATTAN: Okay. In your opinion, then, the passing of this law, as it now stands, would cause more problems for compulsive gamblers than it would help them?

Am I correct or not correct in reading that from your testimony?

DIRECTOR HORNER: No. I'm saying we simply --

REPRESENTATIVE MCILHATTAN: What are you saying then?

DIRECTOR HORNER: -- do not know. So let's slow down. Let's put the research out there.

And then based on the outcome of that research, either move forward with this or
tweak it or tailor it to whatever we find the research outcomes are.

REPRESENTATIVE MCILHATTAN: Well, I won't go any further than that. But you reached conclusions without research, because I have them here. They're your opinions and you're entitled those, and I respect those, but I just wanted to bring that out because you have them here. Okay?

DIRECTOR HORNER: Many of the -- much of the information in my testimony has been taken from research that exists.

REPRESENTATIVE MCILHATTAN: One final question, Ms. Horner. You did say that increased gambling, compulsive gambling is -- there is a link between the proximity of casinos. Is that correct?

DIRECTOR HORNER: Yes. There is research that says that those who are employed by or are in the -- the vicinity of gambling opportunities do have a higher incidence of problem gambling.

REPRESENTATIVE MCILHATTAN: Okay. And to follow up on that, and my final comment and question to you, is yesterday we
considered at a hearing on a bill to put video poker machines in all of the nonprofit corporations -- the -- the Veterans and Legions and all those things around the state, which would be thousands of them.

So if I would take what you told me, I would assume that this could lead to more compulsive gambling? Am I correct on that? Based on the research.

DIRECTOR HORNER: Well, I'm -- I'm not exactly certain what was -- what the testimony was yesterday regarding that, but I would say if you are going to expand the availability of gambling opportunities that you need to put safeguards in place. Because we do know that one to three percent of the population will have a problem.

REPRESENTATIVE MCILHATTAN: And the more they're exposed, the easier the access, the harder -- the more opportunity for them to become compulsive gamblers is higher. Correct?

DIRECTOR HORNER: I can get the research to you, if you'd like, on the issue.

REPRESENTATIVE MCILHATTAN: Is that
yes or no? You ought to know that.

DIRECTOR HORNER: On the proximity issue?

REPRESENTATIVE MCILHATTAN: Okay.

But there is --

DIRECTOR HORNER: You made it -- you put about three or four --

REPRESENTATIVE MCILHATTAN: There is a correlation?

DIRECTOR HORNER: -- risk factors in there on top of those.

REPRESENTATIVE MCILHATTAN: There is a correlation. Correct?

DIRECTOR HORNER: There is a correlation with the exposure.

REPRESENTATIVE MCILHATTAN: Okay.

Thank you, Mr. Chairman.

CHAIRMAN JAMES: All right. Thank you.

Okay. Representative O'Brien.

REPRESENTATIVE O'BRIEN: Thank you, Mr. Chairman.

I'd like to come back for a moment to in your testimony you -- you touched on a physiological or biological disposition to
DIRECTOR HORNER: Yes.

REPRESENTATIVE O'BRIEN: For pathological and compulsive gambling. And I read a very intriguing article the other day regarding folks who suffer from Parkinson's disease and medication that developed compulsive gambling behavior, medication that they were prescribed for the Parkinson disease which helped them with the compulsive gambling.

DIRECTOR HORNER: Yes.

REPRESENTATIVE O'BRIEN: Now, I certainly have a -- a personal interest in mental -- mental health issues and the ongoing stigmatization of -- of -- of a medical issue versus a character flaw. You know, nature versus nurture, if you will.

If you could take a second and perhaps flesh that out a little where research is going with that, if there is any statistics dealing with the three percent of the general population who manifest compulsive behavior, where are we with folks that -- just flesh out a little bit, if you could, for me.
DIRECTOR HORNER: First, I want to say that pathological gambling behavior is not a character flaw. It is not a moral issue. Okay.

These people who suffer from that have an impulse control disorder. Some people have diabetes. You know, it's -- it's something that's there.

Research is at least 15 years behind research on alcoholism. So there's a lot of new and emerging research just come out over the past ten years as far as pathological gambling.

And there are a lot of studies at the moment that are doing functional MRI's of the brain of a pathological gambler.

And what is -- what we are starting to see is that the brain of a pathological gambler lights up, becomes very, very bright when engaging in the gambling behavior. And if it is -- and, please, excuse me. We're in mixed company. But it is even brighter than the MRI of a person who is within the throes of passion.

So there is a great --
REPRESENTATIVE O'BRIEN: That's an A plus. Very well done.

DIRECTOR HORNER: There is a great high that comes from the gambling episode in the brain of a pathological gambler.

There's also research that is out there regarding the dopamine agonists and what it does. And the prefrontal cortex seems to be slightly different with those who have addiction problems.

And the answers aren't known yet, but we know that research is heading in that direction.

We also know that the human brain doesn't form -- doesn't finally conclude growing until about 21, 22 years old. So the prefrontal cortex, where judgment is, is the last part of the brain to develop.

So there are a lot of great research -- there's a lot of great research that's coming out now, and it's very, very interesting.

REPRESENTATIVE O'BRIEN: Thank you.

CHAIRMAN JAMES: All right. Thank you.
I'll say Representative Pashinski.

REPRESENTATIVE PASHINSKI: Thank you, Mr. Chairman.

And thank you very much, Ms. Horner, for your very intensive presentation.

Could you please tell me how one gets an MRI in that moment of passion?

DIRECTOR HORNER: Well, it's not easy.

REPRESENTATIVE PASHINSKI: It sounded pretty difficult to do.

DIRECTOR HORNER: Actually it's a functional MRI. Because you're probably thinking you heard that it's that tiny little tube and how do you get two people in there, but...

REPRESENTATIVE PASHINSKI: Well, I didn't go that far. I just was a little perplexed here.

Now, back to --

DIRECTOR HORNER: Yes.

REPRESENTATIVE PASHINSKI: -- the gambling. The three percent of the folks that we're concerned with here -- and I think that -- that it's very important for us to
note that I think we all care about these folks, just as Representative Clymer does, and I respect Representative Clymer for his charge on this.

But I'm trying to figure out anybody that is a compulsive anything, in this case gambling, if we didn't have the casinos, what would these compulsive gamblers be doing?

DIRECTOR HORNPER: People are addicted to all types of gambling, including which cockroach is going to get to the roll first.

So it's -- you know, people will -- people with -- with problems will gamble.

REPRESENTATIVE PASHINSKI: And that's the reason why I'm asking that question. Because the research that we've done, sports gambling is even a greater problem. And you know, we look at the lottery and there have been people that have created financial distress to the point of financial destruction just with lottery tickets.

So I think it's very important that we recognize this is a weakness and, although we may try to find cures, and although we may try to help them through strong education
opportunities, the fact of the matter is just
physiologically these folks do have a weakness
and it may be this one particular thing.

Could you expand on how the
compulsive gambler may also have some other
addictions?

DIRECTOR HORNHER: There is a high
rate of co-morbidity with other addictions. I
believe -- and I -- I don't want to give
you -- I don't have the exact statistic with
me, but it is in excess of 60 percent of
pathological gamblers also have another
addiction.

REPRESENTATIVE PASHINSKI: Most
likely?

DIRECTOR HORNHER: Most likely drug or
alcohol --

REPRESENTATIVE PASHINSKI: Okay.

DIRECTOR HORNHER: -- addiction.

There's also high incidence of nicotine
addiction.

REPRESENTATIVE PASHINSKI: Smoking,
right. Okay. And I -- I -- I bring that up
only because of the fact that it's just a part
of reality and eliminating the casino is going
to not eliminating -- is not going to eliminate that compulsion.

That's the point. So we have to find other avenues to try to help these folks out of this compulsion.

In your research is it similar to alcohol where they have to reach an absolute low, the bottom?

DIRECTOR HORNER: Yes.

REPRESENTATIVE PASHINSKI: They have to reach that before they realize they have the gambling problem, before you can begin the cure?

DIRECTOR HORNER: Yes.

REPRESENTATIVE PASHINSKI: Is that similar?

DIRECTOR HORNER: There is a vee chart and if you can imagine a vee that you start at the top end and everything is great and then it starts to descend and you become more desperate and then when you hit the absolute bottom, usually most individuals with addiction need to hit absolute bottom in order to start coming back up through treatment and recovery.
REPRESENTATIVE PASHINSKI: Okay. Do you see that additional funds would help? Do you think we should do the research and then the -- the concept of developing more funds to try to help some of these folks out?

DIRECTOR HORNER: Absolutely. I believe in PETER, which is Prevention, Education, Treatment, Enforcement, and Research, all of which takes money.

REPRESENTATIVE PASHINSKI: Okay. Is it safe to say that the lottery, although -- is the percentage the same with compulsive gambling in the lottery as it would be in the casino? Is it about a three percent number again?

DIRECTOR HORNER: Oh, yes. Yes. Three percent of people are addicted to gambling. As far as a breakdown of the type of gambling, there are slight differences.

I don't want to pick on any one form today, but I can get that research to you.

REPRESENTATIVE PASHINSKI: Okay. Okay. What I'm -- what I'm heading towards is, no matter what aspect of life, there's always going to be positives and negatives,
and I think we can all agree that the lottery has done an incredible job of helping our senior citizens.

And in the short time that the casino industry has been up and running, it has provided tremendous advantages to the areas that sponsor these gaming facilities as well as throughout the state we all received a property tax rebate.

I just caution everybody to be realistic about it that no matter what -- what program we provide, there's going to be some negativism, and I think that if we have identified this three percent, I would like to pursue, along with the minority chairman, you know, the concept of the research project and to work towards funding that to try to help those folks rather than eliminating the source of revenue, a brand new source of revenue, that is definitely going to be an advantage to the people in Pennsylvania.

I think it's also important to note that I believe Pennsylvania is the only state in the nation where 55 cents out of every dollar comes back to the people of
Pennsylvania in one form or another

DIRECTOR HORNER: Yes. That is --

that is true.

REPRESENTATIVE PASHINSKI: Okay.

Thank you very much. And it's great
testimony.

DIRECTOR HORNER: Thank you.

CHAIRMAN JAMES: All right. Thank

you.

Also Representative Waters.

REPRESENTATIVE WATERS: Thank you,

Mr. Chairman.

I -- I know I got here after the
young lady -- Ms. Horner?

DIRECTOR HORNER: Yes.

REPRESENTATIVE WATERS: Started her
testimony, so she might have touched on some
of these items.

But I just want to say something that
back in 2004 when we passed this -- this
gaming law and made it possible for casinos to
be here, that I know I voted in favor of it,
for it, and I had no intentions of voting for
something that I thought would be a detriment
to the people of this Commonwealth or the
other people who come here to take a chance at these casinos that operate here.

I -- and I don't think that that's what I did when I voted for it. I don't believe that the casinos themselves have made people increase their addiction that they already, in my opinion, have. And I've seen many cases of it.

I just want to say that I totally support and am happy that Chairman James has brought this bill out for us to -- to listen to it and to -- to consider all that we must do to make sure that we protect people who do have an addiction problem.

I have had many people -- not many. I have had many calls I'll say from sometimes the same person about bringing this bill out. And -- and I've always supported bringing it out so that we could protect the very few, percentage-wise, that have an addition to not only this particular form of gambling but does have a problem in their own individual personal make-up.

And I've -- I've noticed that when you showed the brochures that you brought
here -- and I'd like to have some and I hope they can be available to the members who would like to have them, that we could provide them the help they want. At least let them know that we care.

DIRECTOR HORNER: Yes.

REPRESENTATIVE WATERS: The gambling -- the gambling problem that exists and over my years of living in the -- in the state I've seen people gamble with -- as you said, I never saw people gamble on cockroaches getting to the bread first, but I've been to many events where I saw people who just gamble.

Long before the casinos even opened up in Atlantic City, I've seen people that gamble, gamble, gamble. And when the Resorts opened up in Atlantic City, those same people went there. Some people went there just to see and some people went there to gamble. That's fine.

But I went there when it opened up, too, and I don't have a problem with gambling and the -- going back to the complimentary gifts that people receive, is there any
statistics that show that the people who use
those are losers or some of those people are
winners?

DIRECTOR HORNER: I would direct
questions of this to a representative of the
industry.

But, generally, you accumulate points
for play. Just like you would with, you know,
a frequent flier card. The more -- the more
miles you fly the more points you get.

So it's -- it's not that you get more
rewards if you are a loser or you get fewer
rewards, you know, for having a net win. It's
how much is recycled through the game and you
keep accumulating points for that.

REPRESENTATIVE WATERS: So it's not
to say that the casino industry are targeting
people who come there so they can take
advantage of them.

They just want people to come there
to -- and they offer, like you said, it's in a
competitive field so they're just trying to
offer something that they think would attract
people who do partake in this on a regular
basis just to come to their casino rather than
someone else's.

But they could be asking someone to come there that would take more than they are given.

DIRECTOR HORN:ER: The marketing programs are usually marketed to geographic areas, you know, broader. They're not targeting one or two or ten individuals.

There is a very complex -- complex mathematical calculation that goes into determining what these rewards would be on the play.

But, once again, I would say, please, direct specific questions to a representative of the industry.

REPRESENTATIVE WATERS: Okay. Not a problem. I just -- I just wanted to ask that -- that question. I didn't know if you could answer it or not.

But I just wanted to say that, for me, I'm listening to all of the testimony that is taking place and I'm hearing the arguments and I support all the good things that we're trying to do here.

But I just wanted to say, put it on
record, that when I supported this, I love the fact that senior citizens are getting what they're getting. I love the fact that more people will have a chance to also get -- take advantage of the property tax rebate. And people who gamble, they just gamble.

And -- I just want to make it on the record that we did not vote for this for the purpose of taking advantage of any of those who come inside of those casinos.

Thank you.

DIRECTOR HORNER: Thank you.

CHAIRMAN JAMES: Thank you.

Representative Pallone.

REPRESENTATIVE PALLONE: Thank you, Mr. Chairman.

Thank you, Ms. Horner.

Many of my questions in a form -- one form or another, I guess, have been addressed. Being later, or towards the end or last, is always the worst.

But just so I'm clear in my mind, because of some of the questions that have been asked, the whole issue of providing statements, which is what this bill is
incidental to, is not under the auspice of the
gaming board.

You wouldn't issue the statements anyway. Correct?

DIRECTOR HORNER: That's correct.

REPRESENTATIVE PALLONE: And you would be -- I'm sorry.

DIRECTOR HORNER: No. I was going to say, as a matter of fact, in the act itself, in the section that speaks to the central control computer, it says specifically that the central control computer shall not be used to -- to gather personal information on any individual. So we do not have information on individuals.

REPRESENTATIVE PALLONE: And you currently do not compile or have control or ownership over any kind of a database as to names and addresses of players?

DIRECTOR HORNER: Only those who self-exclude.

REPRESENTATIVE PALLONE: And they contact you on their own?

DIRECTOR HORNER: Correct.

REPRESENTATIVE PALLONE: So whether
or not this particular legislation were implemented, the impact on the gaming board would be what?

DIRECTOR HORNER: We would have to oversee it. We would have to make sure that -- well, first of all, find out what information should be on this win/loss statement. Just a name and a net amount per month? We would have to oversee that.

REPRESENTATIVE PALLONE: If I could interrupt you before you -- could you just maybe touch on something that I wasn't clear on?

You're calling it a win/loss statement. Is it a -- is it a balance sheet based on win -- win and loss or is it based on the volume of play?

DIRECTOR HORNER: And that's -- that's a question that needs to be answered. I'm not certain that this proposed amendment does go to the details of exactly what would be on this list, on this sheet.

REPRESENTATIVE PALLONE: Right. And do you know whether or not all players would, in fact, be monitored as to the number of play
they have?

And I -- and the only reason I ask you this question is because I know that -- I'm not a slots player. Okay. I do gamble. I don't think I'm a compulsive gambler. But I do gamble. But I don't play slots. They're not the game that I prefer. I prefer table games.

And many times if I'm in a casino that has table games, I don't necessarily provide them with a player's card. So they don't know -- they're not monitoring my play. So I'm not going to be regulated.

Does every machine in Pennsylvania require a player's card?

DIRECTOR HORNER: No machine requires a player's card.

REPRESENTATIVE PALLONE: Does any machine require a player's card?

DIRECTOR HORNER: I believe that -- and I -- I believe that they're --

REPRESENTATIVE PALLONE: If you don't know, you don't know that. I understand that.

DIRECTOR HORNER: I believe that --
I'm trying to think of exactly where it is. That outside of the U.S., I am fairly certain that there is at least one non-U.S. jurisdiction that does require a player card in order to play.

I can get that research for you. But, no, use -- usage of a player card in a slot machine is absolutely voluntary.

REPRESENTATIVE PALLONE: So it's possible that even if House Bill 783 becomes law in Pennsylvania, and assuming I'm a compulsive gambler, I can continue to be a compulsive gambler and I can continue to game excessively and no one would have a clue that I was doing it unless I'm using a player's card. Correct?

DIRECTOR HORNER: Yeah. Because -- and you know, one of the criteria for pathological gambling, secretive and lying, and you might want to show your spouse that you don't have a problem with gambling and have a duplicate account that you put minimal play on.

REPRESENTATIVE PALLONE: So that you --
DIRECTOR HORNER: So you could even show her that you've only been there a little bit.

REPRESENTATIVE PALLONE: I guess I don't want you to talk to my wife. So -- and I think it is what you had explained to Representative McIlhattan, that there's been no research, one way or the other, to say whether or not bonus points or rewards for play have either encouraged or discouraged play? There's been no research relative to that?

DIRECTOR HORNER: That is correct. Because those in the research field look to the criteria to determine what research projects should exist.

I do not believe that this type of research project has been taken up because the criteria under DSM-IV doesn't seem to indicate anything about rewards from complimentaries.

So if -- if what we know of the signs and symptoms and the criteria doesn't fit this, then the research hasn't been done.

REPRESENTATIVE PALLONE: And to the best of your knowledge -- just so I'm clear --
to the best of your knowledge, there's nothing in House Bill 783 or -- or any regulatory component thereof that would require -- that would monitor play, mandates that as a player I must be monitored. Correct?

DIRECTOR HORNER: I did not read that in the amendment, that is correct. And there is nothing under the existing law or regulations.

REPRESENTATIVE PALLONE: Okay. So whether or not we issue statements or not, in your opinion, and I think you were very clear when you said I could have an account where I play a little bit on and then pull the card, so to speak, and then play a whole lot. Correct?

DIRECTOR HORNER: That is a possibility.

REPRESENTATIVE PALLONE: And nobody would be the wiser for it?

DIRECTOR HORNER: Correct.

REPRESENTATIVE PALLONE: Do you know of -- and if you don't, you don't -- but do you know of any research that's been done relative to rewards in general, whether it be
credit cards, frequent flier, checking accounts, whatever the case may be, because I know banks are doing it, all the financial institutions are doing it, the airlines have been doing it for years. I think, you know, Best Buy has a points program.

Do you know if there's any -- if there's any research relative to retail in general or consumer consumption that indicates that because of reward points or rewards period there is increased or more spending?

I bought a larger or better computer because I got a hundred points instead of 90 points, I wrote more checks in my checking account because I got points with my bank, or I put more on my credit card because I got points there?

Is there any research relative to just consumer spending in general relative to rewards?

And if you don't know, you don't know.

DIRECTOR HORNER: I do not believe that there has been any research. I think that we could probably sit here and say that
if on the threshold somebody might bump it up
a little bit to get a reward, there has been
no research that I know of.

But I do want to point out that
compulsive shopping is -- has about the same
rate as pathological gambling, and I believe
it's two to eight percent of the population
have a compulsive shopping disorder. And
those individuals do receive their credit card
statements every month and unfortunately when
a credit card gets maxed out another account
is opened.

REPRESENTATIVE PALLONE: All right.
Thank you very much.

CHAIRMAN JAMES: All right. Thank
you. I want to thank you for your
intensive --

REPRESENTATIVE FABRIZIO: I have one
question. Just a simple one. I don't mean to
prolong this.

CHAIRMAN JAMES: Well, I know.
Because I just wanted to let her go. She's
been over an hour.

DIRECTOR HORNER: You're getting
tired of hearing me.
CHAIRMAN JAMES: And we didn't expect that long. But go ahead.

REPRESENTATIVE FABRIZIO: Thank you, Ms. Horner.

I suspect that your office is supportive to the various agencies that deal with compulsive -- you have no direct contact with the compulsive or the -- you know, the gambler, do you?

DIRECTOR HORNER: I do receive telephones calls from the family members and the families.

REPRESENTATIVE FABRIZIO: One simple question. And maybe you can answer this or maybe you can't. Do we have any raw number for the people that are being treated in this Commonwealth? Do you have any idea?

DIRECTOR HORNER: I do not. I can attempt to obtain that number for you.

REPRESENTATIVE FABRIZIO: No. It was something I thought if you'd had it in hand I would appreciate it. But I can --

DIRECTOR HORNER: People have been treated in the Commonwealth prior to this house bill, yes.
CHAIRMAN JAMES: Okay. Thank you.
Thank you again. And -- and I just want to
remind the members that we have three other
testifiers and we ought to be mindful of that
as we go into the questions.

And we thank you for your cooperation
and you're willingness to participate in
dealing with the research and for following up
on those things that you're going to submit to
the committee. So thank you very much.

DIRECTOR HORNER: Thank you. And
thank you for your time and your caring and
concern.

CHAIRMAN JAMES: Thank you. And we
want to call Mr. Bill Kearney.

MR. KEARNEY: My name is Bill Kearney
and I was born and raised and today live in
the City of Brotherly Love. And in case
you're not aware of it, Philadelphia is the
largest city in the country to host casino
gambling.

Before I go into my testimony, I
want -- I'd like to thank Representative James
for keeping his word and having this hearing.

I'd also like to thank Representative
Clymer for introducing this bill for the second time. The first time was back in 2005 as House Bill 1245, which in 2006 got voted on as an amendment to our reformed gaming bill, Senate Bill 862. It got a split decision and never made it to the Senate -- to Senate Bill 862.

I'd also like to thank the 60 co-sponsors on House Bill 783 who have come from both parties, which shows that this is bipartisan legislation.

I'd also like to thank Senator Robert Wonderling for introducing a Senate Bill in 2005 and a Senate Bill in 2007. These bills have the same language as Representative Clymer's bills 1245 and 783.

These bills have been the only legislation drafted since our gaming bill passed in 2004 that addresses the compulsive casino gambling problem before one becomes addicted.

For over twenty years I've been educating the citizens of our state and others throughout our country on the pitfalls of what the gaming industry and an alarming number of
our government officials call a form of
entertainment, no different than going to the
ball park, theatre, or Disney World.

Before I go into the importance of
why our gaming operators should send their
patrons monthly statements, I want you to know
a little bit about my credentials on this
subject.

I started my addiction, which I refer
to as my casino gambling addiction, back when
casino gambling became legal and available in
Atlantic City. It was in the early '80s and I
was 32 years old.

By 33 I was a compulsive casino
gambling degenerate. This form of
entertainment cost me my home, business, and
everything else I worked hard for. But most
of all, it cost me my family.

Before my casino addiction, and even
though it was legal and available, I never
gambled with the ponies, nor did I gamble
illegally with bookmakers on sporting events.

And before I go on, I want to make it
perfectly clear, I take full responsibility
for my actions. No one held a gun to my head,
at least one I could see.

As far back as the late '80s I've testified on compulsive casino gambling at
hearings held by the New Jersey Casino Control
Board in Trenton, New Jersey. There I brought up my safeguard for -- I brought up safeguards for Atlantic City casinos to adapt to. One of my ideas was for the casinos to send monthly statements.

Back in 2004, Representative Clymer invited me to give testimony at the joint public hearings on gambling held at the Pennsylvania Convention Center in Philadelphia. It was on April 1st, April Fool's Day. Couldn't have picked a better day to discuss casino gambling.

That day, and knowing the deck was stacked, I presented safeguards so that today's gamblers and the next generation of gamblers, our children and grandchildren, who were -- who were born with a joystick in hand and who will now live a short distance from a casino, will be aware -- will be aware of the invisible gun that this gaming industry uses to seduce their prey.
Ever since our gaming bill passed, I've been addressing and proving that there are major flaws in our gaming laws, which is, there are no safeguards or provisions in place that will protect today's casino gambler and future casino gamblers from becoming what I once was. In other words, there is no consumer protection.

Our casinos are operating like amusement parks without cages and safety belts on their rides.

Now, it's true that our gaming bill does address the compulsive gambling problem with things like a 1-800-GAMBLER get help number and a 24-hour-a-day, seven-day-a-week hotline that provides crisis counseling and a self-exclusion list for those who become addicted to the casino product.

A self-exclusion list. Now that in itself should make one wonder how safe could this so-called form of entertainment be? Do you know of any other product or entertainment venue that has such a provision?

But, again, all these provisions address the obsessive gambling problem after
one becomes a casino gambling junkie. So my question to this committee, and to all the others governing this industry, is why are we waiting for the casualties to come home?

Today, we are addressing one of my safeguards that Representative Clymer put forth once more in House Bill 783. This bill will make the casino operators, who are already tracking their patrons' money and time spent gambling with comp cards, to send monthly statements.

This would enable gamblers and their family members to spot a loved one's gambling problem before it gets out of hand.

Now, it's true that our casino operators and way too many of our state legislators oppose sending monthly statements, but their arguments are lame. They say it would infringe on one's privacy.

Infringe on one's privacy? Since the Total Reward cardholder knows by signing up for this program all their gambling information is being gathered in order to determine the value of the comps they will receive. Then where is the invasion on one's
privacy?

Then they say it would trigger compulsive gamblers, after reviewing their statement, to go back to the casinos to win back their losses. I say when you get your credit card bill and you spent two grand, do you get -- do you run out and spend another two grand?

And, remember, when one does the math on their casino monthly statement, there will be no minimum payment option like you get with your credit card company. The money lost will be real money blown. Who knows? Maybe the money is coming from their kids' education or their retirement fund or, worse yet, their household expenses.

gaming proponents ask the question, what proof is there that sending monthly statements will stop one from becoming a compulsive gambler, and if sending statements is such a deterrent, then why doesn't other states with casino gambling -- casino gambling make their gaming operators send them?

And I tell them that there is no guarantee that statements are going to entice
or stop a gambling addict from going back to the casino to win back their losses.

The -- the purpose of the monthly statement is to, again, to enable gamblers and their family members to address a casino problem before one becomes addicted.

And the reason why states with casino gambling don't issue monthly statement is because gaming operators have made state legislators aware that such a provision could affect the casinos bottom line and that would reduce tax revenues going into state coffers.

Today there are seven casinos up and running in our state with no consumer protection; and as we sit here, individuals and families are being destroyed.

This bill for sending monthly statements should have -- should have been in our gaming law from the get-go or, at the least, should have passed before the casinos opened.

And the sad part about this whole state of affairs is that our Gaming Control Board in their regulations can make this legislation happen overnight. They are the
ones who are supposed to be governing this industry and they have done nothing to stop our casino operators from breeding casino degenerates.

I brought up this bill to send monthly statements to Governor Rendell on the PCN TV call-in show, and he has said more than once that if this legis -- first, he said it's a good idea and if this legislation makes it to his desk, he will sign it.

Sending monthly statements is not a cure for compulsive gambling. The purpose, once more, is to enable the family members to address a gambling problem before one has the problem.

And it will also keep our casino operators in line, because, believe me when I tell you, there is not one casino operator or employee that's going to stop someone from destroying themselves and their families.

You get a statement from every industry that tracks your money expenditures, like your credit cards, banks, mortgage companies, and so on. So where is the harm in making this billion dollar industry, which
already has a tracking system in place, to
mail monthly statements.

I could go on and on. You know, I
tell you the truth. I almost feel like Sugar
Ray Leonard when he fought Duran and Duran,
you know, threw up and said no mas, because
basically that's just what happened before.

And if you're sitting there, shaking
your heads, thinking of all the things that
you go and not have this bill done, shame on
you. Shame on you, because I don't know
there's a person in this room that don't know
the dangers of gambling and especially when
you make it legal and you make it available.

Look at us here. Look at the people
sitting here. We have kids and
grandchildren. Who is going to protect them?
Are you going to protect them? Are you going
to protect them because you can do this? You
can go to the casino and not go overboard.

These kids are born with joysticks.
They've been playing games of skill all their
life. They're waiting to be slaughtered.
They're waiting to go into these places and
these people don't care.
You know what I'm going to tell you?
You may not be aware of this. But a lot of
people at the casinos, they've said to me,
Bill, you're nuts. How do you mess with these
people? They're going to do this.

They ain't going to do nothing,
because the people that run the casinos aren't
street-minded people. These are mobsters and
gangsters that invented this product.

This is corporate America. These
people don't use the product and never did.
And most of you sitting up there don't use the
product. And you can say it's a choice. Hey,
I do this. I go bowling. I hit -- I hit golf
balls.

Do you want this with your family?
Do you want this coming home? Because,
believe me, you know a lot of us -- I don't
know how many are exactly my age, but, you
know, when I was 17, the drug thing hit with
the hippie days and we started using drugs for
entertainment, right?

And we're still addressing that
problem today because people are probably
sitting in this room or another room down the
street addressing drugs the same way.

It's your responsibility, and it's the gaming board themself that should get this done.

CHAIRMAN JAMES: Okay. Mr. Kearney. Thank you. I can -- I can see that you're emotionally charged, and I understand.

MR. KEARNEY: It's not hard to be emotionally charged when you -- when it's the truth.

CHAIRMAN JAMES: Right. That's true.

Okay. We're going to go to Chairman Clymer.

REPRESENTATIVE CLYMER: Thank you, Chairman James.

And good morning, Mr. Kearney.

MR. KEARNEY: Thank you.

REPRESENTATIVE CLYMER: Nice to have you with us this morning. There -- we have heard -- and this has been an ongoing issue -- that studies have to be done and we need to know more about what a compulsive gambler is. And that's certainly a mixed sense. But you're a street person.
MR. KEARNEY: Right.

REPRESENTATIVE CLYMER: You've been out there. So you interact with -- with hundreds of people from the time that you were a compulsive gambler and you were doing what you were doing.

MR. KEARNEY: Uh-huh.

REPRESENTATIVE CLYMER: So tell us a little bit about your -- we know about your experience -- but your interaction with your neighbors, with your family.

MR. KEARNEY: Okay.

REPRESENTATIVE CLYMER: Give us some real, live experiences, without going too long.

MR. KEARNEY: Okay. I think I can, because, believe me, I wrote a book about this so I can go on all day. But what happened to me, again, I never gambled. Even though I was around gambling. All right? Nowhere near as much gambling as a person of color is around.

Okay? Because, remember, in the neighborhood I grew up in Philadelphia, it was northeast Philly, and back in the '50s and '60s, that was considered a suburbs to north
Philly, south Philly, southwest Philly. We didn't have people in the corner shooting craps. All right. But we had the racetracks. And there was other gambling.

But we didn't gamble as young people, as people of color in our state and the cities all throughout our country see. And that's what always surprises me when I hear people saying that they don't get it when they lived with this vice all their lives, longer than what I did.

But, anyway, I walked into the casinos in 1984. There were no comp cards. There were no the -- what I call the syringe of the gaming industry. That's how they deliver that drug. They didn't have them. You didn't -- the slot players weren't getting comped. Only table game players were.

Things changed. The corporate America took them over. They brought in new banking rules in 1985 where anything over ten Gs, in or out, was like a banking transaction, got to be reported.

So all the street guys that were coming every day with their money to gamble
stopped going because they were being tracked by the IRS. That's what happened.

And then the expansion went on. At that time there were only two states, Nevada and New Jersey, with commercial gaming. And then it spread because corporate America built them bigger, put in more slot machines to target middle class America and every commercial that you see on the casinos, billboards and pictures, everything, all those beautiful young people jumping around, having a good time.

But when you go to the casino what do you see? And I'm not taking about on Friday and Saturdays. I'm talking about the other days of the week when you see only our seniors in there.

So they didn't have this comp card thing. Okay? But I got in. I got started getting comped and I started just defining my losses. Okay?

I lost a grand. Well, I got dinner and show tickets. I lost two grand. I got a room, show tickets and dinner. I lost five grand. Somebody picked me up in a limo. I
lost ten grand, twenty grand, hundreds of thousands of dollars. I was flown in helicopters. I was limoed wherever I wanted to go. I was Lear jetted to Las Vegas.

Okay. I lived the high roller life, the big shot, and, oh, I'm one of those people that had that disease, that compulsive gambling. I guess I did. I did -- you know, I had a small business and built it into a nice little empire for myself.

What I did isn't important. Okay. What is important is the future of the citizens of Pennsylvania and not even just Pennsylvania, throughout our country.

I mean, you know, just -- and I bring this up because you guys are in the politics. You know, you're politicians. You know, four or five months ago the Democrats had their national debate for their candidate for the president of the United States in the Wynn Hotel and Casino in Las Vegas.

Don't you people see the problem here? Don't you get it? But I know you don't get it. Just like the gaming board don't get it, because you never use the product.
I have more common sense. You knew better.

REPRESENTATIVE CLYMER: And my final question then is that -- and I think you answered that -- and that is that the rewards card does indeed entice people to come in to gamble and it does have a significant impact.

MR. KEARNEY: Right.

REPRESENTATIVE CLYMER: It's not a neutral item within the gaming industry. But it brings in --

MR. KEARNEY: You're talking --

REPRESENTATIVE CLYMER: -- those who have the money to gamble.

MR. KEARNEY: Right. Look, you justify your losses. Are you going to go -- somebody brought up -- and I hear this, well, what if you don't use the card? What happens then?

And you get all these geniuses, all these people who do research. Well, yeah, that's a question.

Well, if you don't use the card, dummy, you ain't getting the comps. You don't get comped unless you got the cards. You got to have those points.
So that's why, if you don't use the card, you know, you're not going to get anything. So the chances of you chasing more are slim to none.

This bill is to make the person beforehand, not the guy who has the problem. The guy who has the problem is going to get a P.O. box. He's going to think of all the ways not to show -- to look at this or let his spouse see it.

But, remember, we're always saying spouse like it's the women is going to find out. 70 percent of all slot players in our state are women. Don't worry about men. It's the -- it's the wife we got to worry about.

All right. So you won't get the points. It's -- it's just common sense. I mean think of it. What if you got your credit card and it didn't show you where you spent your money? How many times do you get your credit card statement and what do you do? You look and you never believe that total. You owe them three thousand. For what? They must have made a mistake.

Then you do the math. Oh, wait a
minute. You know what? I got to cut out lunch on Tuesday with the guys. Or she's got to quit buying three pairs of shoes.

And you talk about the consumer buying stuff in the store? This is not the same thing. If we -- no, you're not getting comped. Okay. You're not getting the comp. You're not getting that free meal.

You know what it's like to win a couple hundred or a thousand and then get a free meal? And got some pimp that works for the casino, a casino host, telling how much -- how good you're doing and what a great guy you are and he's going to get you tickets for the fights and everything else that they're doing there.

I mean come on. Please. I mean I -- you know, I can't be -- I -- sometimes I swear I'm in another planet with this.

REPRESENTATIVE CLYMER: Thank you, Mr. Chairman.

CHAIRMAN JAMES: All right. Thank you.

Mr. Kearney, you said that as you were starting on your habit that you went from
a thousand and two thousand and et cetera, et cetera. What I wasn't clear on, was you getting statements at that time?

MR. KEARNEY: No.

CHAIRMAN JAMES: Oh, you wasn't getting statements?

MR. KEARNEY: Absolutely -- they -- listen, no casino -- listen, come on. The places are built with no windows, no clocks. They keep -- they have everything in these joints to keep you there. Okay.

And believe me. Let me tell you something. This is just the beginning for you guys. Because right now you got the other vendors, the other merchants in our state that now are at war. Okay.

Because I'm sure -- I'm sure you guys know a little bit about these casinos even though -- and just like our gaming board. But do you know they are allowed to be open 24/7? You do understand that? Right?

And you do understand that they are allowed to serve free booze? Do you know that?

Because when I address people, like
the two that, Conti and Stapleton, I think his
name is, from the Liquor Control Board, they
weren't aware of this.

And then when I questioned Mr. --
Steven Kaplan. I think he's Secretary of
Banking and I brought up the fact that you can
go into the casino with your checkbook and you
can cash up to 2500 in a 24-hour period in
every one of our casinos in Pennsylvania.

And guess what? They're not cashing
that check for you. They're using a third
party. A secure check cashing company that is
not allowed to check the balance of those
accounts.

So they're leaving it open for their
patrons to cut bad checks and become
criminals. Did you guys know that? Did
anybody look into that? How much research was
done on that? Any of those things I just
mentioned?

You want research on sending
statements, but you wouldn't -- you didn't do
any research about gaming coming to
Pennsylvania. You only took some polls.

Nobody did any research to see if
they should be open 24/7, should they serve free booze, should they cash checks, should they have A -- the ATM machines on the casino floor. Because, remember, in our bill, you're not allowed to give credit. No credit in Pennsylvania's casinos.

Now, if there -- they got the ATM machines on board and people are going and using their credit card and taking cash advances they didn't credit from that company and the casino is getting a kickback for having the machine on their floor, are they part of a transaction of a loan there?

Did anybody look into that? I mean I would think that would part -- I mean that's something I would want to check out.

CHAIRMAN JAMES: Okay. Well, thank you, Mr. Kearney. We're going to go to Representative McIlhattan.

REPRESENTATIVE MCILHATTAN: Thank you, Mr. Chairman. And I'll be brief. I know we have a lot of things.

I just -- I know, Mr. Kearney, I'm a little confused because in my conversation and discussions with Ms. Horner, she said that
there's no research to prove or justify or
indicate that rewards drive gambling behavior
and you're trying to convince me that, as
someone who has been through it, that it
does.

Am I correct or not correct?

MR. KEARNEY: You're absolutely
correct. One hundred percent.

REPRESENTATIVE MCILHATTAN: And in
your mind you feel that rewards do drive
behavior?

MR. KEARNEY: Obviously. Why -- you
know, why won't you reach into your pocket
when you figure the same expenses it would
cost you to go to a five star restaurant, to
stay at a five star hotel, when they do have
their hotels up, to go to shows and buy
tickets, if you can take that two Gs to the
casino and get comped, you -- basically in
your mind you're gambling for nothing and you
got a shot at winning.

REPRESENTATIVE MCILHATTAN: What
would happen in Pennsylvania, in your mind, if
we passed legislation that outlawed rewards?
What would happen? Would we see --
MR. KEARNEY: Oh, you --

REPRESENTATIVE MCILHATTAN: Would we see a drastic decline in gaming?

MR. KEARNEY: Yes.

REPRESENTATIVE MCILHATTAN: And that would -- that may be good or bad, depends on how you look at that and what the results of the --

MR. KEARNEY: Well, you know, there's something in my testimony I didn't bring up because sometimes I say too much, and people say, yeah, you say too much. You're giving them two things. But you know what? Do you think it's the money, the revenue the casino is worried about losing?

You're probably not aware of this but no one in our country has ever sued a casino for their losses, not the gambler, nor their family member. All right. Now you're talking about having a paper trail.

Now, I'm no lawyer but you could dig up Johnnie Cochran and I would bury him in a lawsuit like this because alls I do is bring in the person's statements for a year, year and a half, when they took a guy or a woman
that was making 30 or 40 Gs a year and comped
them, maybe, you know, starting with the
buffet, took them up to the penthouse suite.

They're giving them all these things
to entice him to keep him there. The guy is
gambling 30, 40, 50 hours a week. When they
do the math and add up all these gambling
revenues, it may be a quarter of million.

And these casinos operators, you
think they -- they have this on their screen.
It's right in front of them. You think
they're going to stop this person? Okay.

But they know when that guy does a
header off the parking lot or blows his brains
out and that spouse gets a lawyer, and the
lawyer says personal responsibility. Nobody
held a gun to his head. And she says, sure,
but look at this.

And you can see on a paper trail how
these people are cultivated into compulsive
gambling degenerates. One lawsuit, the flood
gates open, and these casinos are addressing
the same thing that the tobacco industry and
Catholic church has been addressing.

And that's what they fear.
REPRESENTATIVE MCILHATTAN: Thank you, Mr. Chairman.

CHAIRMAN JAMES: Thank you.

Representative Waters.

REPRESENTATIVE WATERS: Thank you, Mr. Chairman.

I just want to start off by saying that I know, Mr. Kearney, that if anyone in -- in attendance today is happy that 783, Paul Clymer's bill, has been up for a hearing today, it's you.

MR. KEARNEY: Absolutely.

REPRESENTATIVE WATERS: Because I know how --

MR. KEARNEY: Because I know it will save families and individuals. I know if you do the math and you never gamble and you live in Bethlehem or you live up in Erie, live in the areas where casino gambling is not an hour, an hour and a half away, it was four or five hours, and you went to that casino once or twice a year, and now it's 20 minutes away and you're being inundated every day of the week of the magnificent facilities, your neighbors are telling you, your employee --
your employees are telling you, and you will
go into these places and after two, three,
four months you get your statement and you do
the math and you ask your spouse to look at
theirs, and then you add up, you realize
that's three or four Gs going, again no
minimum payment in there, that's real money
blown, that is gone.

REPRESENTATIVE WATERS: Okay. Thank
you. I just want to ask you a couple
questions, and I hope I'm not crossing any
lines.

MR. KEARNEY: You can't cross any
lines. Go ahead.

REPRESENTATIVE WATERS: Good. Thank
you for that. Well, one that I want to start
with, is that I asked Ms. Horner a question
about Philly -- the complimentary gifts that
people receive that are engaged in the gaming
on a regular basis.

Do you know if the people who take
them, are they winners and losers or do you
know the average of winners and losers?

MR. KEARNEY: Mr. Representative,
there are no winners. Please. Where do you
think all this revenue is coming from?

Every dollar you're talking about
taking from this industry is losses. Is
losses, man.

And I know you could say that they're
going to go to Delaware, to Connecticut, West
Virginia, New Jersey, but they're going to go
a lot more now that they're convenient and in
their neighborhoods. It's just human nature.
It's going to happen.

REPRESENTATIVE WATERS: Well, I was
particularly talking about complimentary
tickets. Not people who gamble all the time.
You know, regular gamblers. I'm quite sure a
lot of this money is not from people who get
would complimentary tickets, too, that is the
revenues that you're speaking of.

But there is a statement that I get
once a month and that is a statement from my
bank account. And it lets me know what I have
in there and I watch it very closely because I
want to make sure that it's right according to
my own records.

And if -- if -- and I'm quite sure --
you -- because you have said openly, time and
time again, that you were a millionaire. I
don't know if you still are, but I know you
said you were.

MR. KEARNEY: No.

REPRESENTATIVE WATERS: Well --

MR. KEARNEY: This keeps me broke.

This is my new addiction. But go ahead. It's
what -- there's no -- there's no -- you know,
there's no money in this. You know, I'm the
lobbyist without a lobby. You know what I
mean? I do this on my own. Even coming here
comes out of my pocket. I don't get paid.

And I know this seems like a
part-time job, like some of our gaming members
-- board members have, making a hundred and
forty-five Gs a year that absolutely know
nothing about this industry.

REPRESENTATIVE WATERS: Maybe you'll
sell more books if you keep doing this.

MR. KEARNEY: Well, maybe one day.

But I can tell you one thing. God forbid. I
just played the lottery on the way up. So I'm
still, you know -- I never -- like I said, the
other stuff.

I picked up a lottery ticket for five
dollars and when I hit that, the next time you see me, I'll be dressed up like Patton. And you'll see billboards. When they put up a billboard, I'll put up two billboards --

REPRESENTATIVE WATERS: I'm sure the --

MR. KEARNEY: -- and then there will be a war.

REPRESENTATIVE WATERS: I'm sure the senior citizens appreciate your five dollar contribution to the --

MR. KEARNEY: Yeah. Well, I know, hey, that does --

REPRESENTATIVE WATERS: You know, you might be a winner.

MR. KEARNEY: That's -- that's -- that's all right. There's no daily comp when you buy your lottery ticket.

REPRESENTATIVE WATERS: Well, did you pay attention to your bank statements? Because I thought that that should be pretty real.

MR. KEARNEY: Well, I'm going to be pretty honest with you, you know, I could -- it became really I could care less. Okay.
Back when I was in business, okay, there was a lot of cash on the street. All right. We were in with the retail business. All right. And when you're in the retail business -- and I don't know how many sitting here may have done this, and, you know, this really isn't the place to talk about it -- but in those days when somebody offered to pay you cash because they didn't want to pay the tax, it's a street thing, well, sure, and maybe even some of you might have did that. Or you worked under the table for a job and you probably said, oh, my God, the guy has burnt himself. It works.

And a lot of money was cash. Okay. But it didn't matter whether it was cash, on the books, off the books, paying the government, not. Okay.

It's -- the whole thing again was that this industry, when it opened up in New Jersey, all right, it wasn't the drug money and the mob money that came into those casinos when -- in 1984 when they brought the casinos in at Atlantic City and when they brought in the federal banking laws, I told this when I
testified in New Jersey, I said, listen, the
feds brought in the banking laws to stop the
laundering of drug money and mob money. That
money was coming in from merchants. We were
coming in with our registers every day of the
week from New York, Philadelphia, Baltimore.
And today go to the casino. You're still
seeing that. Okay.

So, you know, the idea of the
statement, again, forget the past. Forget the
person who has a disease. There's only one
way. There's only one cure I know of for that
disease, and that is when you exhaust every
means of getting funding to keep it going,
that's when you'll stop. Okay. That's -- any
money -- here, there's people from GA here,
I'm sure, who will tell you the same thing.
When you go broke, that's the only way you're
fessing up.

But, again, remember, in the '50s and
'60s in this country we addressed alcohol.
People in the '70s weren't ashamed even to say
that they had a relative, a family member
who's an alcoholic. '70s and '80s, drugs,
man, you know, my kid's on drugs, my uncle's a
drug addict. You know, we talk about it. In the '90s the gays came out of the closet.

At a -- especially a casino gambler, because most casino gamblers are straight people today that get in trouble. They will never come out of the closet no matter how much research you do, no matter how many GA places you open up, because a gambler has too much luggage.

REPRESENTATIVE WATERS: Thank you, Mr. Kearney. I appreciate your testimony. I just in closing want to ask you because I see you talk about credit cards and a lot of other things that show usually negative balances. And -- and -- and it appears that your conversation is speaking about gaming on the negative side --

MR. KEARNEY: Right.

REPRESENTATIVE WATERS: -- of the coin. Would you be here today -- I know this -- you can't know the answer to this definitely, but I just --

MR. KEARNEY: I want to hear the question.

REPRESENTATIVE WATERS: Would you be
here today --

MR. KEARNEY: If I was still winning?

REPRESENTATIVE WATERS: If you was a winner rather than a loser? Thank you so much.

MR. KEARNEY: Okay.

CHAIRMAN JAMES: Okay. Thank you.

Representative Pallone.

REPRESENTATIVE PALLONE: Thank you, Mr. Chairman.

Thank you, Mr. Kearney. On this particular issue, this is of importance to me. And I'm very open-minded as to determining whether or not this is a -- something that we want to mandate on the private sector to be able to do with their -- with their visitors to their gaming facilities.

And I'm very much interested in obtaining the information on both sides of the story. I'm certainly not a dummy. I'm -- I'm considered a formally educated man. I have a college degree and a law degree. I'm licensed to practice law in Pennsylvania as well as the
federal courts.

So I have a little bit of an understanding and appreciation. And I am a gambler. I like to gamble. But I control it. You're right.

So with that being said, what I'm trying to do is -- is to ascertain information. That's what lawyers do. We collect the information and we weigh it on both sides. And we heard from the gaming board about some information relative to this, and you have some opinions relative to this.

The one that you focused on very specifically was in the mid '80s, I think you said 1984, was the introduction of the comp cards or the complimentary program.

And I'm not sure if you -- if I understood you correctly. Are you saying that that's the first time that the gaming community or the gaming industry provided complimentary rewards to gamblers or is that the earliest that you know that they actually began to document it with the cards?

MR. KEARNEY: Okay. What I was -- said, if you were listening --
REPRESENTATIVE PALLONE: I was listening.

MR. KEARNEY: -- because you're a lawyer. Okay. Then you didn't hear what I said. Because what I said is that slot players -- I didn't have a comp card. Okay. You had a casino host. They tracked everything you did. They fed it into the computer back then in the day when, you know, the computers weren't as fast as they are today.

But everything we did they kept track of. Your average bet per hand -- or per hour. I'm sorry. The amount of money you gamble. Because, remember, somebody mentioned about time. Time is one of the most important things for a casino operator.

All right. I used to walk into certain casinos that I didn't play at, go in with 5, 10, 15 Gs, sit down and play a half a shoe, and win 5, 8 Gs real quick, get up and walk out. And before I left, I'd walk out and when I left I'd ask for a comp and they'd say no, we're sorry, sir, you didn't play long enough.
They want you in there. They want you -- time is their most important thing. Because the more time you're there, the more money they're going to take from you.

They didn't issue out these cards till the early '80s, when it became real popular. And, again, it's -- it was a slow process.

Once the laws, the federal banking laws in 1985 were implemented in this industry, they had to go to the comp card because now -- I don't know if you're a movie buff but if you saw The Casino, the movie, at the end where De Niro said, look what's coming now. This is what it is. Blue hair people, seniors, polyester suits coming into casinos. That's when they started targeting.

And when that happened, the street guys that ran these joints sold out to corporate America. Corporate America has sold it to our government. People like Gary Loveman, a Harvard professor, that runs Harrah's, one of the largest gaming operators in the world.

You know, they sold it to you
people. You guys bought this product. And, again, if I would see youse raise your hands, I'm sure -- I would like to ask, for instance, Eddie, when's the last time -- your office is maybe an hour from the casino. How many times have you been in the casino since it's been open?

REPRESENTATIVE PALLONE: Mr. Kearney, if I can interrupt. I have some questions.

MR. KEARNEY: Okay. I'm sorry. Go ahead.

REPRESENTATIVE PALLONE: As to whether or not the casinos provided complimentary --

MR. KEARNEY: They started comping back in the Vegas days. They used to have what are called junkets. Okay. They used to have junkets back in the day before Atlantic City opened up.

Okay. Once AC opened up, then they realized what -- you know, this is Vegas compared to Atlantic City, well, surely today you can say this, it's like comparing Bloomingdales with Forman Mills or KMart.

Okay. Atlantic City is 90 percent gambling.
The revenues that go into Atlantic City are much greater than — in gambling revenues than they are in Las Vegas.

REPRESENTATIVE PALLONE: Can I just turn from all the gobbledygook that —

MR. KEARNEY: Well, it's not gobbledygook. It's history, Mr. Lawyer. I think you might want to look into that being that you're supporting this —

REPRESENTATIVE PALLONE: Mr. Kearney, all I'm asking is —

MR. KEARNEY: — you know, industry. You're honoring this industry, I should say.

CHAIRMAN JAMES: We -- we -- we need to just —

MR. KEARNEY: Okay. Good. What was -- what was —

CHAIRMAN JAMES: -- answer the question.

REPRESENTATIVE PALLONE: All I want to make sure is the answer to the question was —

MR. KEARNEY: Go ahead.

REPRESENTATIVE PALLONE: -- that casinos, to the best of your knowledge,
provided complimentary services, even prior to
1984, when cards became the industry
standard.

MR. KEARNEY: Bugsy Siegel gave out
combs.

REPRESENTATIVE PALLONE: Okay.

MR. KEARNEY: You remember Bugsy
Siegel?

REPRESENTATIVE PALLONE: Yeah. I've
read the books.

MR. KEARNEY: Go ahead

REPRESENTATIVE PALLONE: Okay. Well,
I'm trying to just -- in my mind I'm trying to
educate myself and I have very specific
questions.

MR. KEARNEY: Go ahead.

REPRESENTATIVE PALLONE: And that was
one of them. Whether or not there was -- was
monitoring or not.

MR. KEARNEY: Uh-huh.

REPRESENTATIVE PALLONE: Apparently
there was -- wasn't as strict as there is
today, based on what you're telling me,
because it was more informal than formal.
Correct?
MR. KEARNEY: Well, they only targeted table players, not slot players. And I'm going really by Atlantic City.

REPRESENTATIVE PALLONE: Yeah. Based on your knowledge.

Mr. KEARNEY: Yeah. Yeah. Uh-huh.

REPRESENTATIVE PALLONE: Your limited knowledge. I understand that.

MR. KEARNEY: Not limited. Okay. Believe me. If you ever -- if you had a debate on it, I'm sure you'd see how easy it would be to bury anyone in this room when it comes to this product.

CHAIRMAN JAMES: Okay. You answered it.

REPRESENTATIVE PALLONE: Okay. Thank you.

All I'm trying to find out though is relative to these statements --

MR. KEARNEY: Uh-huh.

REPRESENTATIVE PALLONE: -- and whether or not it's a good mechanism, if you want to call it that, to control gaming. And I think we've heard, and I think you have acknowledged, that there hasn't been any
studies that say that.

However, you -- you seem to draw a parallel between the statement that would come from a casino as to -- and this may be a point that you can clarify for me when I'm concluded here -- is it a winning and loss statement or is it a volume of play statement? And my credit card statement and/or my bank statement, which I think are uniquely different --

MR. KEARNEY: Believe me.

REPRESENTATIVE PALLONE: --

because -- because I'm -- with my credit card I went and I bought the new pair of shoes, I brought the shoes home, and I may have forgot that on the first of the month I bought the shoes and when my statement came and there was an $80 purchase it refreshed my recollection because I've worn the shoes now and they're worn out and with the quality of some products today, they might have even been in the garbage by the end of that month.

But that being said, that's not the same as a gaming statement. Because I may not -- as -- and I'll use my own gambling
situation at all. I may not go to Atlantic
City for months. I may not go to the local
casino, which is 30 or 40 miles from my home,
for months.

So my statement, that comes monthly,
if that's the frequency, would it be a
cumulative statement? Would it be a monthly
statement? Would it reflect my last time I
was there? Is it my -- the number of hours
that I was in the casino? Is it the amount of
dollars that I put in the slot machine?

That's what I'm confused on. Because
I don't know that it would regulate my play
because I knew that when I was there I spent a
hundred dollars or a thousand dollars, given
the fact that -- that I'm not necessarily a
compulsive gambler, and I think the -- the
compulsive behavior studies, whether it's
gambling, drinking, alcohol, shopping, or
whatever the vice might be, suggests that the
monitoring doesn't prevent it.

There are other issues that prevent.
Education, intervention, et cetera, et
cetera.

MR. KEARNEY: But it will --
REPRESENTATIVE PALLONE: That's what I'm trying to find out.

MR. KEARNEY: All right.

REPRESENTATIVE PALLONE: Because I am concerned, particularly in my district, it's a -- it's a moderate district relative to income in Pennsylvania, and the last thing that we certainly want to do in Pennsylvania or in my legislative district is -- is have average people become poor people.

And I don't want to conclude with that. But that's what I'm trying to find out.

And I know you have a lot of history and you have a lot of personal experience with the issue, but, specifically, I'm trying to discern how the statement prevents me from gambling, and that's what I can't -- that's what I'm trying to figure out.

MR. KEARNEY: You can't grasp that? You can't even grasp that.

REPRESENTATIVE PALLONE: And I can't grasp that, no.

MR. KEARNEY: But you could grasp when you bought those shoes and then you got
the statement a month later. Okay. And, remember, with those shoes you have the option of taking them back.

REPRESENTATIVE PALLONE: Maybe. You don't?

MR. KEARNEY: No, you have a little bit of an option of that. You have no option to get back your losses.

REPRESENTATIVE PALLONE: Right.

MR. KEARNEY: And so the statement is an awareness. Think about it.

REPRESENTATIVE PALLONE: Okay.

MR. KEARNEY: What can you give me, any industry in our country that is tracking you, your money expenditures, that's not sending you a statement? That's tracking you.

It doesn't send you or make you aware of what you did, where you spent that money.

REPRESENTATIVE PALLONE: My local supermarket doesn't send me a statement.

MR. KEARNEY: Do they track you?

REPRESENTATIVE PALLONE: Actually they do. I have a -- a -- I know here in Harrisburg they have the Giant card.
MR. KEARNEY: Okay.

REPRESENTATIVE PALLONE: And where I live in New Kensington we have the Giant Eagle card.

MR. KEARNEY: Okay. So all right.

REPRESENTATIVE PALLONE: They're tracking us. And I believe they're tracking how much we spend in their store --

MR. KEARNEY: All right.

REPRESENTATIVE PALLONE: -- what products we purchase, the frequency that we purchase the product, and a number of marketing tools that they use.

MR. KEARNEY: Right.

REPRESENTATIVE PALLONE: In fact, they have gas perks. That's a complimentary. They're encouraging me to buy --

MR. KEARNEY: Well, now are you paying -- are you using cash in that market or are you using your credit card?

REPRESENTATIVE PALLONE: I can use cash or --

MR. KEARNEY: Well, what do you use?

REPRESENTATIVE PALLONE: -- debit cards or --
MR. KEARNEY: Just for an answer, like what would you use?

REPRESENTATIVE PALLONE: Depending on the day if I have the cash --

MR. KEARNEY: If you use a credit card, you're going to get a statement for it.

REPRESENTATIVE PALLONE: For the purchase, yes.

MR. KEARNEY: So, you know, there's a million things -- you know, not a million, but there's a lot of ways you can come up and say where's the input. The importance is common sense.

Please. I mean come on. You know, you're telling me how educated you are. Have some common sense. Have some decency. Have some decency and let the citizens of this state see what they're doing in these joints.

CHAIRMAN JAMES: Mr. Kearney, I would refrain from any personal attacks. Okay?

MR. KEARNEY: Well, you know, it becomes personal --

CHAIRMAN JAMES: Mr. Kearney --

MR. KEARNEY: -- in here, because you look at -- I can tell you who is on the left
side and who is on the right side and the
whole left side can come up with all these
scenarios.

CHAIRMAN JAMES: Okay.

MR. KEARNEY: I mean, my God, what's
wrong with you people.

CHAIRMAN JAMES: We're having a
hearing.

MR. KEARNEY: This ain't stopping the
casinos from being open. Come on.

REPRESENTATIVE PALLONE: Again, thank
you, Mr. Kearney, for your -- for your
comments. I appreciate your responses. And
I'm going to continue to digest the
information relative to the benefits,
advantages, and disadvantages of statements
and we'll continue again.

Thank you for appearing today, and I
would certainly respect your opinion. Whether
I agree or disagree is irrelevant. I
certainly appreciate your stance.

Thank you again for coming.

Thank you, Mr. Chairman.

CHAIRMAN JAMES: All right. Thank
you, Representative Pallone.
So we're going to call Mr. Tom borner -- Bonner. I'm sorry. Vice president and general counsel for Philadelphia Park Casino.

MR. BONNER: Good morning, Mr. Chairman and committee members. Thank you for the opportunity to appear today.

As the chairman indicated, my name is Tom Bonner. I'm vice president and general counsel of Greenwood Gaming, which is a company that owns and operates the Philadelphia Park Casino.

Thanks to Chairman James and to Minority Chairman Clymer for the opportunity to appear and present some comments today.

Since we opened our doors in December of 2006, Philadelphia Park Casino has received and enjoyed tremendous customer acceptance. We opened with about 2,000 machines and through several applications to the gaming board, we now offer 2,912 machines to the gaming public.

We're well into the construction of a new casino facility which is scheduled to open in December of 2009, which will provide over
4,000 slot machines for our customers.

To say that Philly Park has been simply a success would be a gross understatement. It has been and continues to be the embodiment of the positive attributes that the Legislature envisioned would flow from casino gaming in Pennsylvania.

Philadelphia Park generates the highest gross terminal gaming revenue in the state and, consequently, we pay the highest gaming taxes of any Pennsylvania casino in operation.

Since opening, we have generated over $265 million in gaming revenues for the state, and we expect to produce for this year alone over 180 million in gaming taxes for the state.

I'm happy to be in a position to report to the committee that none of the feared negative consequences have accompanied this robust revenue resource.

Traffic in the vicinity of our complex has not been a problem at all. One of the benefits of our property is that it's nestled among major transportation corridors
with excellent local and state street systems
to move traffic smoothly to, from, and past
our property.

The feared spike in criminal
activity, whatever the category, simply has
not occurred. Has there been an increase in
overall events at Philadelphia Park compared
with numbers before casino gaming started?
Certainly there has been.

But this is directly related to the
fact that we are now bringing tens of
thousands more people to our property each
week than had visited our property prior to
December 2006. But there is absolutely no
crime problem relating with the operation of
the casino at Philadelphia Park.

We have no interest at all in
providing an outlet in our casino for the
compulsive behaviors of any members of the
public who are troubled with such tendencies.

Our property is a entertainment
facility where customers can opt to spend a
portion of their entertainment wagering -- of
their entertainment dollars.

I'm sorry. We do not want a single
penny wagered at our facility by persons who
are unable to make those wagering decisions
freely and deliberately.

We recently submitted a comprehensive
revision to our Compulsive and Problem
Gambling Plan to the gaming board for
approval. Working in concert with the PGCB
Director, Nanette Horner, from whom you heard
this morning, we have delivered an improved
plan that places significant emphasis on
employee training in the areas of problem
behaviors, problem gambling, gambling by
underage persons, intoxicated patrons,
violation of self-exclusion status and similar
behaviors.

The plan requires initial training
and annual retraining and certification for
all employees in front-line, customer contact
positions. We've retained experts in problem
gambling matters to work with us to develop
and implement the training that's contemplated
by our newly approved plan.

In addition, we've partnered with the
Bensalem School District to develop with them,
at our expense, a curriculum for the school's
existing life sciences program that addresses
the dangers and consequences of underage
gambling in particular.

The school district is now reviewing
our proposal, and we expect the school
leadership will vote to adopt the program for
implementation during the coming school year.

Turning to the bill in question, we
oppose its adoption for many reasons. The
most significant objection is the absence of
any correlation between the costs that
compliance will heap on already tax-burdened
licensees and any social or regulatory
benefit.

The effective tax rate on gaming
revenue -- taking into account direct tax
payments to the Department of Revenue, plus
the costs of regulation by the gaming board
and State Police -- is close to 60 percent.

The proposed amendment would require
a substantial expenditure in order to put into
place and maintain systems to capture and make
available the win/loss activity on a monthly
basis, with no attendant regulatory or social
benefit.
Compliance with the proposed requirements would necessitate the hiring of additional staff and the procurement of additional information systems.

The committee should be aware also that many customers have player club cards but never use them. As written, the bill would require the issuance of many hundreds of thousands of statements each year to customers with very little or no gaming activity.

It's important to measure these additional costs against the benefits to be obtained. Please note that we make annual win/loss information available to our customers in several ways.

The easiest way for them to get this information is to go to the Philadelphia Park Casino website, which they can do without the need to interact with any casino employees.

In addition, requests are honored by way of phone and mail for the same information. Most often these requests are made by customers who are seeking the information in connection with their annual tax return preparation.
The underlying assumption of the bill, we believe, is that problem gamblers may receive regular statements and that receipt of these statements will prompt them to alter their compulsive behavior.

We submit respectfully that this will not be the result. Persons evidencing compulsive behaviors require more than a mailed statement to assist them in finding ways to address their illness and compulsion.

Philadelphia Park Casino already supports those efforts through its gaming tax revenues and additional measures outlined in my comments.

We will continue to support those efforts and to identify quickly all persons in our facility who evidence problem gambling or drinking traits in order to exclude them from our property, refer them to appropriate resources and referral agencies.

Where does the legislature draw the line on bills like the present proposal? Should the topaco -- should tobacco store operators be required to send monthly statements tallying the number of cigarettes
purchased in their shops?

Should bar and tavern owners be required to report monthly to their patrons the numbers of drinks consumed in the prior month?

Given the current concerns about the prevalence of obesity in our society, should the local fast food outlet be required to notify its customers each month of the caloric content of the items purchased in the prior month?

And should statements similar to those proposed in the bill be required of pari-mutuel operators?

If the purpose of the bill is to save persons of legal age from their own perceived harmful legal conduct -- conduct and behaviors, why stop at casino gaming statements?

The bill proposed also raises substantial privacy and confidentiality questions. It requires that monthly statements be issued to patrons.

If issuance is by way of mail to the home address listed in the licensee's
database, that may violate a customer's privacy by making details of gaming activity available to persons residing in the home. Maybe the customer would like that information to remain confidential, even from his or her spouse.

We should not lose sight of the fact, which was mentioned earlier this morning, that to our knowledge no other gaming jurisdiction requires the issuance of monthly win/loss and gaming activity statements.

Those jurisdictions, as Pennsylvania presently does, take the view that making statements available annually or at other interfuel -- intervals on special requests adequately addresses the need for availability of this information.

In summary, we oppose the proposed amendment. Its adoption will impose substantial additional financial burdens on an already heavily taxed industry with no attendant regulatory or social benefit.

I thank you, again, representatives, for allowing us the opportunity to comment on the proposed amendment.
CHAIRMAN JAMES: Thank you for your testimony. Appreciate it, you taking the time and doing it now and I'm going to -- Chairman Clymer.

REPRESENTATIVE CLYMER: Thank you, Mr. Chairman. And I do have a few questions for the testifier.

In summary, I'm reading from your last page, whatever that number is, you say that we oppose -- we oppose the proposed amendment. Its adoption will impose substantial additional financial burdens on an already heavily taxed industry.

Can you tell us what that additional financial burden will be that you're talking about?

MR. BONNER: Certainly. I don't have exact numbers, Representative, but we would have to hire additional staff to prepare the statements and submit the statements. Staff that we don't presently employ.

We would have to either add or amend our computer information systems to be able to prepare the information in a format that we assume would be required, although the bill
1 doesn't provide any specifics.
2 So we would have expenses in terms of
3 both additional employee staff and additional
4 computer information systems.
5 REPRESENTATIVE CLYMER: So even
6 though you have -- from the rewards card, you
7 already have all the information on that
8 consumer who is now -- who is using the
9 casino, even with all that information, you're
10 going to have to get additional information in
11 order to send that -- that client a monthly
12 statement? Somehow you have to -- tell me
13 what you have to do.
14 MR. BONNER: We probably have the
15 information in the system from the -- from the
16 database.
17 But we would require employees to
18 marshal that information, prepare the
19 statements, and submit the statements. I'm
20 assuming they would be mailed to our
21 customers.
22 We have a database of close to
23 400,000 customers, and it is growing monthly.
24 So it's a lot of information to transmit.
25 Again, I'm not saying that we have to
go through Herculean effort to collect the
information. The system collects it. But
presently there's no requirement and we do not
prepare on a monthly basis 400,000 statements
as an amount.

REPRESENTATIVE CLYMER: You also say
there's no attendant regulatory or social
benefit. Have you done research on --

MR. BONNER: We have not. That's --
that's our opinion, as we indicated. This is
an opinion. We have no research to back it.

REPRESENTATIVE CLYMER: There was --
again, I don't have a page number. But you
had indicated in your testimony that you
feared -- that the feared spike in criminal
activity, whatever the category, simply has
not occurred.

But you do acknowledge that there has
been criminal activity as such?

MR. BONNER: Certainly, yes.

REPRESENTATIVE CLYMER: There may not
be -- so it doesn't necessarily have to occur
in the casino. A person who is forging
checks, a person who is stealing from their
employer, of course, is not going to be in the
casino. They're going to be back at their place of employment, wherever that might be. So you do acknowledge that there is serious problems taking place within -- with crime?

MR. BONNER: That was -- that was --

REPRESENTATIVE CLYMER: Such as the people --

MR. BONNER: That was not --

REPRESENTATIVE CLYMER: The people --

MR. BONNER: This was not my testimony, Representative. There has been an increase in criminal activity.

I was speaking specifically about Philadelphia Park property where we bring more than a hundred thousand people to our property each week who weren't coming there before.

With the arrival of those people at one place, there has been an increase in criminal activity. All of it of a minor nature.

REPRESENTATIVE CLYMER: And I just wanted to -- just to make sure the members here understood that there were problems with the crime.
Moving on to another issue, there was a comment being made that tobacco and -- and tavern and bars that sell alcohol do not have to report their -- their taxes? Is that what I was hearing? That you were making a comparison to -- with the casinos with -- with -- with the other companies, with those who -- I -- your pages aren't marked unfortunately, so I'm having a --

MR. BONNER: I apologize for that, but I recall the testimony, Representative.

My -- my comments were directed to a comparison if the -- if the legislature decides that statements related to casino gaming should be submitted because there's a perception that it's a harmful activity and that statements might curb a harmful activity, then might it be appropriate for the legislature to consider similar statements with respect to alcohol, tobacco consumption, high caloric content food consumption?

I simply pose the question to the legislature.

REPRESENTATIVE CLYMER: Yeah. Okay. That clarifies what we're -- we're trying to
pick up there.

The final -- the final question I have is that we want to go back to this whole issue of -- of rewards. That seems to be, of course, the centerpiece of my piece of legislation.

We don't know whether rewards induces people to come in and spend more money. I mean that's -- that's the opinion of some. I personally feel that the reason for this legislation is that it does. It does create (sic) people to come in and spend more money and that. We have heard testimony previously that indicated that.

What would happen if I would introduce a bill and say let's suspend rewards, that casinos cannot have -- you know, put out these reward cards for three months?

Then we would have an indication as to whether or not that was -- reward cards were really drawing money in. You would know from the amount of money you're getting in each month whether or not reward cards really had an impact.

And then we could, at least as
members of the committee, have an idea, yes, reward cards are very financially beneficial to the casinos because -- because they -- in the past, they had drawn in millions of dollars by bringing people in through limousines and other financial -- financial -- through perks, such as weekends and concerts and things of that sort.

And I think that would make a defining point, is that indeed rewards do play a role in -- in casinos.

So would you not think that -- how would you react to that kind of a proposal?

MR. BONNER: To suspend --

REPRESENTATIVE CLYMER: Rewards.

MR. BONNER: -- issuance of any compliments?

REPRESENTATIVE CLYMER: Yes. Rewards specifically.

MR. BONNER: I would --

REPRESENTATIVE CLYMER: For three months just as a pilot program.

MR. BONNER: I would imagine if given the opportunity we would take it and appear and present comments on it.
I'm not sure that I understand -- would understand the logic of it at this point, but if there's a debate whether issuance of rewards and complimentary services likely drives business, I'm not sure I understand the debate.

We -- we think there is a benefit to business from issuing compliments and offers to our customers, the same way other businesses do the same thing.

REPRESENTATIVE CLYMER: Well, the point I'm trying to make is that the issue is -- that we've been looking at here this morning, has been my legislation, House Bill 780 -- 783, and we're saying that the monthly statement is very important because it will help those who get rewards and who are spending and losing their money, this will enable them to see at the end of the month their winnings and their earnings.

And the debate has been that re -- that rewards are not -- are not bene -- rewards are -- are kind of meaningless, that they don't drive addiction, they don't drive -- the casinos, that the problems that
we foresee in the casinos.

And we're saying that the way that we help families, the way we help those who are pathological gamblers, is to have that statement mailed to them.

So if you remove the rewards option from the casinos, then you would have an opportunity to see whether or not the -- the problems are going to be fundamental as we just talked about with the -- with the -- with the --with those who are addicted to gambling. We are helping those people who -- who need the help through the -- through the monthly statement.

I guess I see it in a much different light than you are looking at it, and I guess we have disagreement there.

MR. BONNER: We certainly have a disagreement with respect to the amendment that you've offered.

However, I -- I don't know if I haven't answered the specific question that you had just posed, I'd be happy to give it a shot.

REPRESENTATIVE CLYMER: Okay. Well,
I tried my best to explain it as to what I would do if I offer an amendment to --

MR. BONNER: We would -- we would -- we would oppose that primarily for the reason that we would view it as an unduly burdensome intrusion of the regulatory process into the way that we would operate our business.

If we -- if we think it's prudent to offer complimentary services to a customer and if there's a risk/reward cost benefit equation there that makes sense, then we would like to have the flexibility to do that. Just from a business operation perspective.

REPRESENTATIVE CLYMER: Well, I think you agree that the reward cards is an incentive to bring people into the casino, to keep them returning time and time again.

MR. BONNER: Yes. I certainly agree with that. It is an incentive to prompt business. As other businesses offer similar incentives. Yes.

REPRESENTATIVE CLYMER: Well, I think we're looking at it -- from my perspective, we're looking at two different issues.

Because the idea to bring the people
back into the casino is to have them to spend
money, to keep spending money, and whether or
not they can afford to spent that last
thousand dollars is not relative to the
casinos. There's no product that they get
that they can five back to the family. If a
store, a clothing store that offers an
incentive to, say, shop, we'll give you 50
percent off on this suit, or whatever you
purchase, you have a product. It's something
you can take back to the family and say, look,
I was able to save money because I bought this
at 50 percent off.

And in the world of the casinos
you're losing money, and that money could be
from any source. The money could be from
fraud, money taken from an employer. It could
be a check that you have written that is --
that was -- that your account is over
balance.

And that is the point that I'm trying
to make, is that you're losing household
money, money that you can ill afford to lose.

So -- so there is a difference
between the incentives made by -- by others in
the public sector and those that are made
by -- in the private sector and those that are
made by -- by the -- by the casinos.

It's a sharp distinction between the
kind of incentives that are -- that are
created and for the purposes they are being
created for.

MR. BONNER: I would simply say,
Representative, respectfully, I disagree with
your analysis in that regard, but I certainly
understand it. But I disagree with it.

REPRESENTATIVE CLYMER: Thank you,
Mr. Chairman.

CHAIRMAN JAMES: All right. Thank
you.

You know, also in your testimony you
stated that your tax rate is 55 percent.
That's correct?

MR. BONNER: That is -- the tax rate
is 55 percent.

CHAIRMAN JAMES: Right. Then you say
that -- plus the cost of regulation and State
Police, it goes up to about 60?

MR. BONNER: It's close to 60 -- 60
percent for us, Mr. Chairman, when -- when you
add in the regulatory costs for the gaming board and State Police.

And then, keep in mind, we have a minimum $10 million obligation to Bensalem Township and until our gross revenue hits 500 million, four percent -- I'm sorry. Let me do the math. Is that right?

Yes. We're paying a disproportionate higher percentage to reach that 10 million. So when you lay the 10 million back over our annual -- annual revenues, it bumps that interest rate -- it bumps that tax rate up from 55 percent closer to 57 or 57-and-a-half percent, plus the gaming board costs.

CHAIRMAN JAMES: Do -- you know, on your rewards, you say you get annual statements automatically now to customers?

MR. BONNER: We -- we make them available on our website so that folks can just hit the website and download the information.

We also receive numerous phone calls and letters requesting copies of annual information. Usually at tax time is when we get it.
CHAIRMAN JAMES: Okay.

MR. BONNER: And then on occasion, Mr. Chairman, just to complete the record, at -- individual events in people's lives, divorce, death, house sale, whatever, IRS audit, they may request information on an interim basis and we're able to go back in and extract that and make it available.

CHAIRMAN JAMES: Okay. All right. Thanks.

Representative Pallone.

REPRESENTATIVE PALLONE: Again, thank you, Mr. Chairman.

Thank you, Mr. Bonner.

Again, my information collection. How many visitors do you get -- Philadelphia Park has been open for a year or more now?

MR. BONNER: We've been open over a -- about -- over a year and a half.

REPRESENTATIVE PALLONE: So in a calendar year now, January to December, how many visitors would come to your facility --

MR. BONNER: I --

REPRESENTATIVE PALLONE: -- annually?
MR. BONNER: I -- I don't have those numbers. I could give you some anecdotes and maybe we could do the math.

REPRESENTATIVE PALLONE: Good guess?

MR. BONNER: On a -- on a -- on a busy -- on a busy weekend day we probably have about 20,000 people coming to the property. We had about 15,000 on Monday. It was an unusually busy day.

I -- I don't know what the average would be. But it's -- it's -- it's a lot of people walking through the property.

REPRESENTATIVE PALLONE: Well, without knowing a fixed number, do you know the percentage of visitors that come to your facility, how many of them actually hold player cards?

MR. BONNER: About -- about 55 percent of our customers hold cards. We're -- we're trying to get that up to 60 percent. The more we know about our customers the more efficiently we can interact with them.

So if you want to work backwards, we have a database of close to 400,000 customers. If that's 60 percent of what we
think our --

REPRESENTATIVE PALLONE: Sure.

MR. BONNER: -- customer base is.

REPRESENTATIVE PALLONE: You might have 7 or 800,000?

MR. BONNER: We might. And, again, they're -- they're very rough numbers. But we -- I certainly can tell you that we have that many people in our database. Whether I can tell you how many more people are coming who aren't in the database, that's sort of a rough estimate.

REPRESENTATIVE PALLONE: Do you know whether or not you purge names from your player card list?

MR. BONNER: I know that we do.

REPRESENTATIVE PALLONE: And the reason I ask is I've been to the Philadelphia Park facility one time with the Tourism Committee. Probably better than a year ago. I signed up for a card. I think I put 10 or $20 in a slot machine, because I don't play slot machines, and I did just because I was there. And haven't been back.

And I would assume that I'm still in
your database and maybe I've been purged.

MR. BONNER: Well, if you have not
been receiving any communications from us,
then respectfully, Representative, you've been
purged.

REPRESENTATIVE PALLONE: Okay. Then
I've been purged.

MR. BONNER: Yes.

REPRESENTATIVE PALLONE: Thank you.

MR. BONNER: Yes.

REPRESENTATIVE PALLONE: I'm saving a
26 cents in a bulk letter or something. But
that -- that was my question, was do you
purge?

MR. BONNER: We do.

REPRESENTATIVE PALLONE: And
obviously you do because I do not
receive any --

MR. BONNER: We do.

REPRESENTATIVE PALLONE: --
correspondence from you at my home. I
probably do receive stuff here I'm sure. But
that's different.

The other question I had about the
rewards. For example, like -- like I do
business locally with a national office supply company and every month I get my bill in the mail and I pay it and so forth.

But I also get rewards from them, and it's sometimes a ten percent off on photocopies or 20 percent off on printer cartridges or whatever.

But oftentimes I also get a check in the mail, and it's a store check that I can only spend at that store. But it's for $4 or $10 or $26 or whatever, or whatever -- however the formula works based on the volume of my purchases.

Are you giving player card holders gambling credits back? Are you giving them cash? Or is it in the form of a complimentary meal, I don't know, baseball cap, a tee shirt? I don't know

MR. BONNER: Well, we -- we do all of the above. But one of the -- one of the incentives that we provide or one of the rewards that we provide is -- is free play.

In the old days in Atlantic City, because we didn't have the computer systems, you'd get a coupon for $10 in free play. You
would present it to the cage, get your quarters, and go play.

But we can do all of this -- all of this electronically now. So we do provide offers whereby, if a customer comes in and swipes their card, we'll put $10 into their account and they can draw the $10 down and -- and use that in the slot machines.

So that -- that's like cash, except it's done electronically.

REPRESENTATIVE PALLONE: Because I do remember taking the -- the weekend bus trip to Atlantic City, for example, and when we got there we got a voucher for two rolls of quarters --

MR. BONNER: Right.

REPRESENTATIVE PALLONE: -- or whatever.

MR. BONNER: We do the same thing electronically, Representative.

REPRESENTATIVE PALLONE: It's all done electronically?

MR. BONNER: Yes, sir.

REPRESENTATIVE PALLONE: Okay. Thank you.
And then -- and then the last question or series of questions which we put together is do you know what the threshold is for gaming winnings that I must report on my income tax statement?

MR. BONNER: Well, let me try to answer that this way. I know that any jackpot that is won by a player in our casino with a value over $1,200 requires that a WTG -- W-2G form be completed.

So we're required to capture that information, name, address, Social Security number, so that we can report that to the IRS.

I don't know what the number is on the individual's tax return.

REPRESENTATIVE PALLONE: So you already have a mechanism in place that, as far as you know, is compliant with whatever the tax reporting laws are?

MR. BONNER: Absolutely. We have a fully compliant system.

REPRESENTATIVE PALLONE: And -- and if I am a regular gamer and I -- I have the ability to offset my losses against winnings,
I would certainly be searching out that annual statement.

MR. BONNER: Yes.

REPRESENTATIVE PALLONE: And you make that available to anybody --

MR. BONNER: Yes.

REPRESENTATIVE PALLONE: -- who chooses to get one?

MR. BONNER: That's why we see a high degree of activity in the first quarter of each calendar year for exactly that reason.

REPRESENTATIVE PALLONE: All right.

Thank you, Mr. Bonner.

MR. BONNER: You're welcome.

REPRESENTATIVE PALLONE: Thank you, Mr. Chairman.

CHAIRMAN JAMES: Okay. Thank you.

Representative Waters.

REPRESENTATIVE WATERS: Thank you, Mr. Chairman. I just have two brief questions I wanted to ask. And is it Brennan?

MR. BONNER: Bonner.

REPRESENTATIVE WATERS: Bonner? I'm sorry.

MR. BONNER: Yes, sir.
REPRESENTATIVE WATERS: Bonner. And that is, the -- you spoke -- you spoke about something else that is important to all of us and that is the criminal element that has been -- people have claimed that would be associated with the gaming industry. And you -- you said that there has been some increase, I don't know if it's incidental, as a -- as a correlation between the amount of new people visiting and has -- how has the arrests per -- percentage per crime been to your knowledge?

MR. BONNER: Well, I'm speaking out of school a little bit, Representative, because this would be Bensalem Township Police information, but I do speak with the public safety director on a regular basis.

And my -- one of my questions always is how are we doing? And his answer has always been there's really no crime problem as -- as some people had -- had perceived.

Without question the highest -- the incident that occurs the most in the casino operation is a customer grabs a -- a voucher out of the machine that was inun -- uninten --
unintentionally left in the machine by another player.

Those vouchers are tickets that are redeemable for cash. We call that a voucher theft.

And that's the incident that occurs the most. Most often, those matters are resolved by the two customers. We get the gaming board involved. We go over to the customer, that was mine. We give -- give the $2.50 voucher back. So that's the incident that occurs the most.

With the thousands and thousands of people coming to the property, we have had break-ins in cars in the parking lot with some personal property taken from the cars.

They're the incidents that have occurred most. We've had no serious crime. No violent crime. Thankfully. And the incidents that have occurred have been relatively minor.

And you used the term, Representative Waters, incidental. I think that's a fair characterization. The -- the increase in events has been incidental to the fact that
we're bringing more people onto the property.

REPRESENTATIVE WATERS: Yes,

Mr. Bonner. And I had a chance to go and,
like all the other casinos, get a chance to
look at it.

And I know there's a lot of security
cameras and there's a lot of -- of your
employees that are monitoring the behavior of
people inside of the casinos in terms of
criminal activity and/or people who have a
gambling problem. Or who are demonstrating,
at least, according to your standards, a
gambling problem.

And I think that information is sent
out to all the casinos if one person has been
identified in, let's say, Philadelphia Park,
maybe to Mohegan Sun or -- or -- is -- I don't
know how --

MR. BONNER: What --

REPRESENTATIVE WATERS: -- accurate
my statement is.

But I know I asked the question when
I took some of those -- some of those tours
because -- is the information shared amongst
the other casinos when there is a problem with
an individual at Philadelphia Park with the
other casinos in the Commonwealth?

MR. BONNER: The information that is
shared, Representative, is the self-exclusion
information. If an individual communicates
with the gaming board and seeks to be put on
the self-exclusion list, that information is
circulated to all the gaming operations by the
gaming board.

There -- I'm sure there is an
informal exchange of information amongst
surveillance directors and security directors
about certain customers who might be
problems.

But there is no formal system for
exchange of information outside of this
self-exclusion program that -- that -- that is
run by the gaming board.

REPRESENTATIVE WATERS: Would you
have a problem if we had that kind of
information sharing amongst those casinos?

MR. BONNER: I think as long as it's
coupled with an insulation from any potential
liability, we probably wouldn't have a problem
with that.
I know in Atlantic City there's a -- there's a ready exchange of information about credit customers and -- and customers who have gone bad on credit obligations. We don't have that situation in Pennsylvania because we don't have credit, but information like that is shared in other jurisdictions.

REPRESENTATIVE WATERS: Thank you, Mr. Bonner.

And thank you, Mr. Chairman.

CHAIRMAN JAMES: All right. Thank you, Representative Waters.

Representative Pashinski.

REPRESENTATIVE PASHINSKI: Thank you, Mr. Chairman.

Thank you, Mr. Bonner, for your testimony.

Two questions. Trying to get a handle on the cost if this law or amendment were to be passed. You indicated that there would be some equipment modifications and personnel.

Do you have any idea about how many personnel?

MR. BONNER: The best indication I
could get in preparation for the meeting was
maybe one full-time equivalent, maybe
one-and-a-half full-time equivalents would be
required, and that would be an expense that
would probably be less than a hundred thousand
dollars in direct payroll expense.

As far as the information technology
changes that may be required, I don't know
what that expense would be. I wouldn't expect
that to be substantial.

But my point is that there -- there
will be additional expenses. And I think, on
the other side, the -- not included in the
direct personnel and equipment expenses is the
actual monthly expense of transmitting the
statements to the customers, over -- over half
of which, I think, we show very little
activity because half of our database has very
little activity. They're -- they're folks
like Representative Pallone who has been,
respectfully, purged from the system.

So we have those main categories of
expenses that we would incur.

But I don't want to mislead the
committee. We don't have to hire five people
to do this. We do have to hire additional
people who are not presently required.

REPRESENTATIVE PASHINSKI: I
understand that. The fact that the -- can you
give me an estimate of how many cardholders
your particular facility has?

MR. BONNER: We -- we have just short
of 400,000 cardholders.

REPRESENTATIVE PASHINSKI: 400,000?

MR. BONNER: 400,000. And I can tell
you that one of our -- one of the -- one of
the most important goals and objectives of
folks in our marketing -- marketing department
is to continue to increase that number.

So we're hoping that that will be a
half million people by the end of the year,
and we want that number to grow each year.

REPRESENTATIVE PASHINSKI: But the
point is if you had to mail out a half million
reports on a monthly basis, now you're -- now
you're generating millions of dollars of
expense over the year.

MR. BONNER: No question. And that's
an important point. And -- and if I didn't
highlight that, I'll take that opportunity.
It's 400,000, 500,000 statements 12 times a year.

So it's postage. It's the cost of the stock --

REPRESENTATIVE PASHINSKI:
Absolutely.

MR. BONNER: -- on which they're done and producing, the time to produce it. It's a -- it's a considerable expense.

REPRESENTATIVE PASHINSKI: And you multiply that over all the different casinos and you're talking about huge amounts of dollars.

MR. BONNER: Absolutely.

REPRESENTATIVE PASHINSKI: Okay.

Thank you.

The second thing was, I was impressed with, you know, the collaboration with PGC Director Nanette Horner, and you indicated that there was a lot of employee training in trying to recognize folks who may have a problem with either drinking or gambling.

MR. BONNER: Yes, sir.

REPRESENTATIVE PASHINSKI: Could you briefly take us through the process? How --
what would they do? What would one of our
employees do if they found someone they
thought was gambling to extreme?

MR. BONNER: We tried to make it as
simple as possible for our operational staff,
because they're called upon to do many things
on their given shifts.

It does start with initial training.
When new people are hired, we get them trained
within 60 or 90 days of when they start. And
we -- we do the refresher training once a
year. In fact, we have our entire front-line
workforce running through training under the
recently approved plan the first two weeks of
August.

But to keep it very simple, the line
employees are directed, whenever they see what
they believe to be evidence of a compulsive
behavior, be it a problem gambler, someone
who's had too much to drink, someone who is
recognized to be on the self-exclusion list,
they go to their immediate supervisor or
manager. The manager then contacts the
security manager. The security manager
approaches the customer.
So it's -- it's very simple. The line employee calls his or her manager. That manager contacts the security shift manager and then security takes it from there.

And it's in every category no matter what the incident may be. That's the way the system works.

REPRESENTATIVE PASHINSKI: Okay. So if it was a compulsive gambler and you approached this individual, does this mean that you -- you eliminate the play at that point?

MR. BONNER: Well, the -- the -- the -- Nanette Horner is here and she'll -- she'll know if I misstate what the plan says, so I'm at great risk right now.

But the general plan is to approach the individual and remove the individual to a quiet setting so that there's no embarrassment --

REPRESENTATIVE PASHINSKI: Sure.

MR. BONNER: -- or notoriety brought to the individual. And after appropriate counseling -- I mean generally we will refer this individual to public health resources...
where experts are available to assist because we're not equipped to treat. We simply try to identify and get these folks pointed in the right direction.

That person might ultimately decide that admission to the self-exclusion list is the right course to go.

But that's not something that -- that we as the operator would advocate or promote. Our job is to remove the person from the gaming environment, make the person aware of the various referral sources, and then have him or her take it from there.

REPRESENTATIVE PASHINSKI: Okay. The point is that you are aware of certain inhibitions, and -- and you're -- and you are taking the steps to try to help that particular individual and direct them into a course that may be more beneficial to them.

MR. BONNER: We are aware and we -- we -- we believe that we have made that a -- a priority among our workforce, and that we indicate that by our regular training and retraining that we do.

REPRESENTATIVE PASHINSKI: Do you
keep stats as to how many of those incidents
may occur throughout the year?

MR. BONNER: We -- we do. Not
necessarily for this sole or unique purpose of
proof.

But if -- if an individual were
identified and approached, that would lead to
the generation of a security incident report
and within that database of incident reports
we can then search and we would have a record
of that information.

REPRESENTATIVE PASHINSKI: Okay.

Very good. Thank you very much.

MR. BONNER: You're welcome,
Representative.

CHAIRMAN JAMES: All right. Thank
you, Representative.

Okay. Yes. We -- we still have one
more. I want to thank you so much for your
testimony and presenting the information to
us.

MR. BONNER: You're welcome,
Chairman, and I thank you for the opportunity
to be here.

CHAIRMAN JAMES: Okay. And we have
Mr. Thomas -- Shanahan? Shannon.

MR. SHAHEEN: Shaheen.

CHAIRMAN JAMES: Shaheen. Okay.

From the Family -- Pennsylvania Family Institute.

Okay. I want to remind members of the time. Okay.

Thank you. You can proceed. First, state your name for the record.

MR. SHAHEEN: Thank you, Chairman James and Chairman Clymer. And I'll keep my remarks brief.

Tom Shaheen, vice president, Pennsylvania Family Institute.

We are a statewide non-profit research and education organization, based in Harrisburg, that focuses on policies and cultural trends that impact the family.

I'm here today to speak on behalf of our more than 40,000 supporters statewide, and really we're speaking in support of passage of House Bill 783.

We analyze policies and social trends that affect the most basic building block of our society, the family, and we ask our
elected leaders to apply what we sometimes
call a family impact statement, much like an
environmental statement, that considers the
effect on families in Pennsylvania.

We support passage of House Bill 783,
a bipartisan bill that requires casinos and
slot machine facilities to issue monthly
financial statements to customers that have
Total Reward cards.

Casinos already track -- as the
testimony proceeded me here mentioned, casinos
already track reward cardholders' transactions
and they analyze the gambling habits so that
they can customize their marketing and
determine player incentives, perks, to
maximize their profits.

The Commonwealth should ensure that
with those profits from the gamblers' losses
comes responsibility.

There is no question that gambling
can negatively impact families. That's the
primary reason our organization was part of a
broad-based coalition that opposed
legalization of slot machines and remains
opposed to the expansion of gambling in our
Horror stories abound of gamblers who sought entertainment through gambling, ended up amassing large amounts of debt in a short period of time, only to be discovered when their employer's auditors raised red flags. Or when debt collectors came to repossess the family car or repossess -- repossess -- repossess the family car or foreclose on the family home. Or when the gambler ends up taking his own life.

This measure is needed precisely because, unlike alcohol or drug addiction, gambling addiction often remains hidden until it's too late. A husband doesn't come stumbling home drunk or get pulled over for DUI. Families usually do not know until the addiction reaches a crisis point, which I think was described as a vee by Ms. Horner, reaching the bottom point of that vee, until they know they need help or, you know, until they're at that crisis point.

One such story involved Dale L., then a prominent bankruptcy attorney in Lancaster, Pennsylvania. His widow, Vicki,
gave us permission to share this story.

On January 30th, 2003 Dale took his own life, unable to cope with the gambling addiction and a mountain of debt -- in excess of one million dollars.

Despite attempts to get treatment, the pull of the gambling addiction was too great, fueled by the casino hosts who constantly called Dale to entice him to gamble, even sending limousines to bring him to their front door.

It left Vicki in bankruptcy, deeply in debt to creditors, including the IRS. She lost her husband, and young children lost their grandfather. Clients lost an excellent attorney. The church and neighborhood lost a friend and colleague.

As with other addictions, such as substance abuse, any compulsive gambling counselor will tell you that it always affects the lives of dozens of others. Their spouse, children, employer, employees, friends, neighbors, churches.

We believe House Bill 783 is a necessary, reasonable, commonsense measure
intended to protect both the gambler and his or her loved ones before they get in deep trouble.

When customers make any financial transactions at a bank or credit union, including using ATMs, they get a receipt followed by monthly statements summarizing the transactions.

When customers use a credit card to charge purchases at a department store, they get a monthly statement mailed to their home. That statement would typically list all their financial transactions, including purchases, any returns or refunds, and any interest charges.

It's a common practice and one that customers expect. They know that it is private, it's secure, and it's a necessary part of doing business.

And if I may add, just last night I learned from a friend that his wife's credit card account was flagged because of an unusual purchase, and she actually received an immediate phone call from the credit card company because of the amount that
was spent and the location of where -- where that money was spent.

So the credit card is tracking that.

And even if they didn't make that call, she would notice that when the monthly statement came.

Coincidentally, her husband, a friend of mine, got a call from his credit card company on the same day, the same family, tracking what they saw was an unusual purchase at a local mini market. It was less than $10. I believe it was $7.

And he asked why would you call me about a $7 charge? And they said, well, we notice in your history that you've not used that mini market before.

So I think, you know, in the financial services industry, it's not unusual to track purchases. It's not unusual to let the customer know, and it's a flag, to flag the purchase so that the customer knows before they get into trouble that either their card was stolen, misused, or that there's something wrong, or even that they may be reaching their limit and amount of debt before they get into
trouble.

Even the IRS -- and I think it was mentioned earlier -- requires receipts, proof, if a taxpayer wants to claim gambling losses against any winnings.

According to a recent publication from the IRS -- and I have the reference in my testimony -- if your luck isn't always so good, you may deduct gambling losses. Losses may be deducted only if you itemize deductions and only if you also have gambling winnings. Claim your gambling losses as a miscellaneous deduction on Form 1040, Schedule A.

But remember, the losses you deduct may not be more than the gambling income you report on your return.

To deduct losses you must be able to provide receipts, tickets, statements, or other records that show both your winnings and losses.

We urge the House to pass House Bill 783 as a commonsense measure to mitigate the impact that casino gambling can have on families in the Commonwealth.

I thank you.
CHAIRMAN JAMES: Okay. We want to thank you for your testimony.

Chairman Clymer.

REPRESENTATIVE CLYMER: Thank you, Chairman James.

I just want to thank Mr. Shaheen for coming here today, this afternoon, now, and for sharing your testimony from the Pennsylvania Family Institute.

I really don't have any questions. I think you summarized very well the concerns that many of us have about gambling and its impact on families and, as you have so forthrightly presented in your testimony, the families are the building blocks upon which our society exists. We can't move forward. We can't have quality of life in education, in our communities, unless we have strong families.

And that's the point of this -- this -- as you just pointed out, that's the purpose of the -- of this legislation, is to protect the families.

So thank you for your time and for your response today.
CHAIRMAN JAMES: Okay. Again, we want to thank you, again, for your testimony and there's no questions, other questions from the committee. Thank you, again.

MR. SHAHEEN: Thank you.

CHAIRMAN JAMES: I just wanted to, for the record, just say that legal counsel has brought to my attention that a correction of the record is necessary, because Mr. Kearney had testified that there's not been a case in which an individual sued a casino because of losses suffered.

However, we've been given a record of -- I think it's Taveras versus Resorts Hotel and Casino, and it is currently in the U.S. District Court for the District of New Jersey.

The plaintiff in that action is seeking to recover gambling losses and other damages from several New Jersey casinos.

Also, for the record, we want to state that any personal attacks will be stricken from the record to any individual members or to any individuals.

I want to thank everybody for -- take
this opportunity to thank all those who testified today before this committee. It is always interesting, and certainly educational, when those with opinions as diverse as those that came here today come together to talk about matters about which they are passionate. It is when that occurs that we find sometimes the best answers.

I would like to, once again, thank all of those who traveled here to attend the hearing and all the committee members for being here and staff and for taking part in this important dialogue.

So, therefore, we would like to thank the stenographer for being patient and being able to go through all this exchange, and thank all of the staff for all their participation, and thanks PCN for airing this so that the consumers and the constituents of Pennsylvania will know what's going on and what's happening.

So, therefore, I will adjourn the hearing at this time. Thank you.

(The following written testimony was submitted by the League of Women Voters of
The League of Women Voters of Pennsylvania is pleased to have this opportunity to comment in support of House Bill 783 PN 902 that would require casinos offering patrons Total Rewards cards to send those patrons monthly statements listing their gambling winnings and losses. Casinos can easily do this because they already track the money these customers spend gambling in order to determine what free services or comps to give them.

Act 71 of 2004 which legalized slot machine gambling promised to look after the public interest of our state's citizens and to pay attention to the social effects of gambling. Money has been set aside for compulsive gambling prevention and treatment programs.

We believe that by providing frequent gamblers with timely financial feedback this legislation would be another tool to help prevent problem gambling. Act 71 requires casinos to conspicuously post toll-free numbers people can call for assistance with
compulsive or problem gambling. This number should also be included in the monthly statements casinos send to their frequent customers as well as how to apply for self-exclusion from gambling facilities as provided by the law.

(The proceedings were concluded at 12:38 p.m.)
I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me on the within proceedings and that this is a correct transcript of the same.

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Brenda S. Hamilton, RPR
Reporter - Notary Public