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COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
GAMING OVERSIGHT COMMITTEE
PUBLIC HEARING

IRVIS OFFICE BUILDING
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

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(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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P R O C E E D I N G S

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

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

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

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

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

25 REPRESENTATIVE CLYMER: Well, thank

1 you, Chairman James and I do want to extend my
2 sincere appreciation for allowing this bill to
3 have a public hearing.

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

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

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

19 We're going to call the roll.
20 Rebecca.

21 MS. SAMMON: Representative James.

22 CHAIRMAN JAMES: Present.

23 MS. SAMMON: Representative Waters.
24 Representative Fabrizio.

25 REPRESENTATIVE FABRIZIO: Here.

1 MS. SAMMON: Representative

2 Biancucci.

3 Representative Brennan.

4 Representative Goodman.

5 Representative Keller.

6 Representative Leach.

7 Representative Myers.

8 Representative O'Brien.

9 REPRESENTATIVE O'BRIEN: Here.

10 MS. SAMMON: Representative Pallone.

11 Representative Parker.

12 Representative Pashinski.

13 Representative Readshaw.

14 Representative Sainato.

15 REPRESENTATIVE SAINATO: Here.

16 MS. SAMMON: Representative Wansacz.

17 Chairman Clymer.

18 REPRESENTATIVE CLYMER: Here.

19 MS. SAMMON: Representative

20 Benninghoff.

21 Representative Creighton.

22 Representative Gabig.

23 Representative Harris.

24 Representative Maher.

25 Representative Marshall.

1 REPRESENTATIVE MARSHALL: Here.

2 MS. SAMMON: Representative
3 McIlhattan.

4 REPRESENTATIVE MCILHATTAN: Here.

5 MS. SAMMON: Representative Mustio.
6 Representative Peifer.

7 REPRESENTATIVE PEIFER: Here.

8 MS. SAMMON: Representative Quinn.
9 Representative Schroder.
10 Representative Sonney.

11 CHAIRMAN JAMES: Okay. Thank you.

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

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

25 CHAIRMAN JAMES: Thank you. Okay.

1 We're going to first call Ms. Nanette Horner,
2 director of the Pennsylvania Gaming Control
3 Board, Office of Problem and Compulsive
4 Gambling.

5 How are you this morning?

6 DIRECTOR HORNER: Good morning.

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

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

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

23 We must be mindful of unintended
24 consequences of applying a seemingly rational,
25 and simple, program to eradicate irrational

1 and complex behavior. And I believe that
2 research needs to be directed and funded in
3 order to fully understand the implications of
4 adopting this legislation.

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

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

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

21 Pathological gambling is a very
22 complex disorder, the cause of which is
23 unknown. Research indicates that there are
24 biological differences between the brain
25 functions of compulsive gamblers and

1 nonproblematic gamblers.

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

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

16 The diagnostic criteria for
17 pathological gambling provides that it is:

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

21 Is preoccupied with gambling. For
22 example, preoccupied with reliving past
23 gambling experiences, handicapping, or
24 planning the next venture, or thinking of ways
25 to get money with which to gamble.

1 Needs to gamble with increasing
2 amounts of money in order to achieve the
3 desired excitement.

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

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

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

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

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

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

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

24 Relies on others to provide money to
25 relieve a desperate financial situation caused

1 by gambling.

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

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

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

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

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

21 Other behavior or mood disorders.
22 People who gamble compulsively often have
23 substance abuse problems, a history of
24 overspending, or mood and personality
25 disorders.

1 Age. Research seems to indicate that
2 nonproblem gamblers start gambling at a
3 significant later age than problem gamblers.
4 The earlier a gambler's age of onset of
5 gambling behavior, the more likely it seems
6 that they will experience symptoms correlated
7 with pathological gambling.

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

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

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

22 Medications. Medications called
23 dopamine agonists have a rare side effect that
24 results in compulsive gambling behavior in
25 some people, including compulsive gambling,

1 and I'm sure that you've all heard the warning
2 of Miraplex -- Mirapex for restless leg
3 syndrome and other Parkinson's drugs.

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

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

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

17 However, there is no research of
18 which I am aware that shows a link between the
19 receipt of complimentaries and the development
20 or maintenance of a gambling problem. Perhaps
21 a threshold question that needs to be answered
22 before legislation is adopted is whether the
23 rewards drive the gambling behavior and, more
24 importantly, do the rewards drive pathological
25 gambling behavior.

1 There are research-based guidelines
2 that help prevent recreational gamblers from
3 developing problems. Again, to my knowledge,
4 none of these guidelines focus on
5 complimentaries or win/loss statements.

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

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

22 If the costs of gambling outweigh the
23 benefits of gambling, then an at-risk
24 individual or any individual should refrain
25 from engaging in gambling activities.

1 If the decision is made to engage in
2 gambling, the at-risk individual should make
3 every effort to engage in responsible
4 gambling.

5 For example, gamble for entertainment
6 purposes only.

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

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

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

15 Avoid chasing money that you have
16 lost.

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

19 And become educated about the warning
20 signs of problem gambling.

21 A self-help guide that addresses the
22 costs and benefits of gambling known as your
23 First Step to Change is on the Gaming Control
24 Board's website, and we have other
25 informational brochures about responsible

1 gaming and at-risk individuals on the board's
2 website.

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

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

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

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

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

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

1 loss that month.

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

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

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

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

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

23 Not all gamblers utilize a player
24 card, particularly an individual who is
25 attempting to conceal the extent of his

1 gambling.

2 Not all gamblers play with a player
3 account or use their card every time that they
4 play.

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

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

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

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

22 Most, if not all, player tracking
23 systems at the facilities offer a no mail
24 option so that the player would not receive
25 any mailings.

1 Players can utilize a post office box
2 for the delivery of player account materials
3 so that the mailings would not go to their
4 home.

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

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

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

21 A heated confrontation with a problem
22 gambler can turn into violence just as easily
23 as with someone who has an alcohol or drug
24 dependence. Counselors never encourage family
25 members to directly confront someone who may

1 hurt them or their children.

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

10 Some facilities also offer this
11 information on their websites.

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

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

19 Players may also keep a personal log
20 of the -- of their own play that includes
21 winnings, losses, patterns of play, time spent
22 gambling, type of gambling, and other
23 information, such as the reason that they are
24 gambling. And this type of personal
25 accounting could provide a more holistic view

1 of the gambling behavior and serve as a
2 contemporaneous assessment tool.

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

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

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

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

22 Has a list -- or an entry section, I
23 mean, for the buy-in and the cash-out and then
24 the net win or loss from that gambling
25 episode.

1 And finally a column -- a column for
2 notes. For example, I felt pressured to buy
3 into the office pool, or I was on a weekend
4 trip and it was an enjoyable experience with
5 my spouse, or my in-laws were in town and I
6 really just wanted to escape being in the
7 house.

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

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

21 I urge this committee to consider
22 sponsoring a research project to determine the
23 benefits or the consequences of this program.
24 Regard it as an equivalent to an environmental
25 impact statement. At the very least, if the

1 program becomes mandatory, in the absence of
2 empirical evidence, there should be a pre- and
3 a post-research project to evaluate the
4 efficacy of the program.

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

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

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

17 DIRECTOR HORNER: Absolutely. I
18 would love to.

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

23 DIRECTOR HORNER: Yes. I added in my
24 testimony there were two links to two
25 different websites that have different types

1 of personal gambling logs.

2 CHAIRMAN JAMES: And that's --
3 that's -- that's both those sites right
4 there?

5 DIRECTOR HORNER: Yes.

6 CHAIRMAN JAMES: So we would need a
7 copy of the log if we can get that.

8 DIRECTOR HORNER: I'll get that to
9 you. Actually I have -- I have one copy I can
10 leave with you, and we can e-mail copies as
11 well.

12 CHAIRMAN JAMES: Great. Thank you.
13 I appreciate it.

14 Are you aware of any other
15 jurisdictions that may provide monthly
16 statements in some form, of, you know, dealing
17 with compulsive gambling?

18 DIRECTOR HORNER: I do not believe
19 that mandatory monthly win/loss statements are
20 in effect in any commercial gambling
21 jurisdiction in the U.S. and that includes
22 Indian gaming.

23 CHAIRMAN JAMES: And you also pointed
24 out that in Pennsylvania, under the Gaming
25 Control Board, any person that wishes a

1 statement can get it --

2 DIRECTOR HORNER: Yes.

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

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

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

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

21 DIRECTOR HORNER: Thank you.

22 CHAIRMAN JAMES: Okay. Chairman
23 Clymer.

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

1 respond.

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

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

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

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

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

25 And that is, we know that in your

1 testimony, which I appreciate, you mentioned
2 the fact that -- that people have to be
3 concerned about their gambling behavior, that
4 they should not be gambling. They should be
5 very thoughtful and considerate about going
6 and spending money.

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

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

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

24 And also, of course, personal
25 counseling works very, very well. So we do

1 know that treatment helps, and it works.

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

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

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

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

21 DIRECTOR HORNER: That -- well, first
22 of all, unfortunately about ten percent of
23 pathological gamblers actually seek help. But
24 of that, there is a very high success rate. I
25 will get you the exact number.

1 But those who go into treatment have
2 problems initially, but help -- but treatment
3 really does help.

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

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

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

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

1 that you say this is a requirement.

2 But my other question is this.

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

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

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

19 So my -- my question is -- is how --
20 how are some of the clients who are coming in
21 there able to defend themselves from the
22 inducements of the casinos, from the
23 attractions of the casinos, which are so
24 constructed and so designed with their high
25 technology to get that last dime from the

1 pocket of the consumer?

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

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

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

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

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

25 But to bring it back to this proposed

1 legislation, I do not believe that the
2 complimentaries and the rewards drive the
3 gambling behavior. There are many, many
4 factors that drive gambling behavior, as I had
5 gone through in the testimony.

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

10 But the question that needs to be
11 asked, what drives the behavior? Do the
12 rewards, do the complimentaries, and do the
13 points on the player tracking system drive
14 that problem gambling behavior?

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

21 And I just appreciate you saying that
22 because so often in our debates there are
23 those who say that there is no crime or very
24 little crime, and you have just validated the
25 fact that this is a serious problem, and I

1 appreciate you bringing that to our
2 attention.

3 DIRECTOR HORNER: Desperate people do
4 desperate things.

5 REPRESENTATIVE CLYMER: Sure. And
6 also on page -- I think it was Page 2 and Page
7 3, you mention that location, people who live
8 close to gambling opportunities, who work in
9 gambling facilities -- who work in gambling
10 facilities are more likely to develop a
11 gambling problem than those who live further
12 away.

13 DIRECTOR HORNER: Yes.

14 REPRESENTATIVE CLYMER: And that's, I
15 think, a very important comment. Because
16 those of us who have been looking at this
17 issue and saying that -- that neighbors and
18 communities have the right to establish -- to
19 have an input as to where these casinos are to
20 be located, and that is the argument, one of
21 the arguments that they have been making, and
22 I appreciate you again validating the fact
23 that location is so important and that
24 communities and neighbors should have the
25 opportunity, the people who are going to be

1 most impacted should have the opportunity to
2 make their viewpoints known.

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

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

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

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

24 So exposure adaptation to put it into
25 gambling terms, is, hey, if a facility opens

1 nearby, if it's convenient, or if you're
2 getting gas and there's the opportunity to buy
3 a lottery ticket, that you may start playing
4 and then eventually the novelty will wear off,
5 a rational thinking person, someone who is not
6 a pathological gambler will say, wow, you
7 know, I'm losing money here. I think I'm
8 going to stop. And they do start adapting to
9 having it, you know, nearby.

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

13 DIRECTOR HORNER: The adaptation
14 exposure model?

15 REPRESENTATIVE CLYMER: Yes.

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

18 REPRESENTATIVE CLYMER: Yes. And who
19 did the studies?

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

24 REPRESENTATIVE CLYMER: Another
25 interesting comment was that mental health

1 disorders -- I just need to have a further
2 explanation.

3 DIRECTOR HORNER: Uh-huh.

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

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

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

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

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

25 But does that mean that you cannot

1 have a normal life outside of gambling, you
2 know, and -- and love people and do normal
3 things, hold a job?

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

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

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

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

1 legalizing games, table games.

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

5 So thank you very much for your
6 testimony.

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

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

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

23 The benefit has been and has started
24 to the people of the Commonwealth in terms of
25 property relief. And -- and it has been more

1 than we had expected and -- and with the
2 economic boom that has existed in the
3 communities in which some of the facilities
4 are around.

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

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

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

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

25 The guide, we have it electronically

1 on the Gaming Control Board's website, which
2 is www.pgcb.state.pa.us. We have a copy of
3 that.

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

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

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

23 Their goal is to help the problem
24 gambler.

25 CHAIRMAN JAMES: Okay. Well, thank

1 you very much.

2 And we're going to call on
3 Representative McIlhattan.

4 REPRESENTATIVE MCILHATTAN: Thank
5 you, Mr. Chairman.

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

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

17 Is that the case?

18 DIRECTOR HORNER: I --

19 REPRESENTATIVE MCILHATTAN: Is that
20 true?

21 DIRECTOR HORNER: Yes. I'm saying
22 that there is no research out there that says
23 that the rewards drive -- well, I'm sorry --
24 the player club rewards drive the gambling
25 behavior.

1 REPRESENTATIVE MCILHATTAN: Okay.

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

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

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

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

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

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

22 DIRECTOR HORNER: Let me see.
23 Perhaps the threshold question that needs to
24 be answered, before legislation is adopted, is
25 whether the rewards drive the gambling and,

1 more importantly, problem gambling behavior.

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

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

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

10 DIRECTOR HORNER: Right.

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

13 DIRECTOR HORNER: Let's do the
14 research.

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

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

25 I mean let's look at it. Let's see

1 if this really is something. Does this drive
2 the gambling behavior? It does not seem to
3 be, when we look at all of the factors listed
4 by the APA and DSM-IV.

5 REPRESENTATIVE MCILHATTAN: Well, I
6 just went --

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

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

19 Can you talk to me about that a
20 little bit?

21 DIRECTOR HORNER: Well --

22 REPRESENTATIVE MCILHATTAN: You're
23 saying all the reasons why maybe we shouldn't
24 do this. All the reasons why that there
25 should be problems with this, and there may

1 be, and I respect those, but you don't give me
2 any reason to say, well, you know this, this,
3 and this might occur, too, that might be
4 positive, and you just seem to be weighing on
5 the other side and I'm just curious about
6 that.

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

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

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

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

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

25 REPRESENTATIVE MCILHATTAN: Okay.

1 DIRECTOR HORNER: But I would not
2 risk harming anyone.

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

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

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

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

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

25 The second step would be if any

1 indicated, yes, you know, they -- that we were
2 interested in the complimentaries, then
3 perhaps -- and I'm not a researcher, but
4 perhaps take that smaller group of individuals
5 who indicated, you know, that this may drive
6 their behavior and, you know, let's take a
7 small group, a controlled group, and see how
8 the win/loss statements, you know, affect them
9 or their family members.

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

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

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

19 REPRESENTATIVE MCILHATTAN: What are
20 you saying then?

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

24 And then based on the outcome of that
25 research, either move forward with this or

1 tweak it or tailor it to whatever we find the
2 research outcomes are.

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

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

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

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

23 REPRESENTATIVE MCILHATTAN: Okay.
24 And to follow up on that, and my final comment
25 and question to you, is yesterday we

1 considered at a hearing on a bill to put video
2 poker machines in all of the nonprofit
3 corporations -- the -- the Veterans and
4 Legions and all those things around the state,
5 which would be thousands of them.

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

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

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

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

25 REPRESENTATIVE MCILHATTAN: Is that

1 yes or no? You ought to know that.

2 DIRECTOR HORNER: On the proximity
3 issue?

4 REPRESENTATIVE MCILHATTAN: Okay.

5 But there is --

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

8 REPRESENTATIVE MCILHATTAN: There is
9 a correlation?

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

12 REPRESENTATIVE MCILHATTAN: There is
13 a correlation. Correct?

14 DIRECTOR HORNER: There is a
15 correlation with the exposure.

16 REPRESENTATIVE MCILHATTAN: Okay.

17 Thank you, Mr. Chairman.

18 CHAIRMAN JAMES: All right. Thank
19 you.

20 Okay. Representative O'Brien.

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

23 I'd like to come back for a moment to
24 in your testimony you -- you touched on a
25 physiological or biological disposition to

1 gambling.

2 DIRECTOR HORNER: Yes.

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

12 DIRECTOR HORNER: Yes.

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

19 If you could take a second and
20 perhaps flesh that out a little where research
21 is going with that, if there is any statistics
22 dealing with the three percent of the general
23 population who manifest compulsive behavior,
24 where are we with folks that -- just flesh out
25 a little bit, if you could, for me.

1 DIRECTOR HORNER: First, I want to
2 say that pathological gambling behavior is not
3 a character flaw. It is not a moral issue.
4 Okay.

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

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

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

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

25 So there is a great --

1 REPRESENTATIVE O'BRIEN: That's an A
2 plus. Very well done.

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

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

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

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

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

23 REPRESENTATIVE O'BRIEN: Thank you.

24 CHAIRMAN JAMES: All right. Thank
25 you.

1 I'll say Representative Pashinski.

2 REPRESENTATIVE PASHINSKI: Thank you,
3 Mr. Chairman.

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

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

8 DIRECTOR HORNER: Well, it's not
9 easy.

10 REPRESENTATIVE PASHINSKI: It sounded
11 pretty difficult to do.

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

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

20 Now, back to --

21 DIRECTOR HORNER: Yes.

22 REPRESENTATIVE PASHINSKI: -- the
23 gambling. The three percent of the folks that
24 we're concerned with here -- and I think
25 that -- that it's very important for us to

1 note that I think we all care about these
2 folks, just as Representative Clymer does, and
3 I respect Representative Clymer for his charge
4 on this.

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

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

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

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

22 So I think it's very important that
23 we recognize this is a weakness and, although
24 we may try to find cures, and although we may
25 try to help them through strong education

1 opportunities, the fact of the matter is just
2 physiologically these folks do have a weakness
3 and it may be this one particular thing.

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

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

14 REPRESENTATIVE PASHINSKI: Most
15 likely?

16 DIRECTOR HORNER: Most likely drug or
17 alcohol --

18 REPRESENTATIVE PASHINSKI: Okay.

19 DIRECTOR HORNER: -- addiction.
20 There's also high incidence of nicotine
21 addiction.

22 REPRESENTATIVE PASHINSKI: Smoking,
23 right. Okay. And I -- I -- I bring that up
24 only because of the fact that it's just a part
25 of reality and eliminating the casino is going

1 to not eliminating -- is not going to
2 eliminate that compulsion.

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

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

9 DIRECTOR HORNER: Yes.

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

14 DIRECTOR HORNER: Yes.

15 REPRESENTATIVE PASHINSKI: Is that
16 similar?

17 DIRECTOR HORNER: There is a vee
18 chart and if you can imagine a vee that you
19 start at the top end and everything is great
20 and then it starts to descend and you become
21 more desperate and then when you hit the
22 absolute bottom, usually most individuals with
23 addiction need to hit absolute bottom in order
24 to start coming back up through treatment and
25 recovery.

1 REPRESENTATIVE PASHINSKI: Okay. Do
2 you see that additional funds would help? Do
3 you think we should do the research and then
4 the -- the concept of developing more funds to
5 try to help some of these folks out?

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

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

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

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

22 REPRESENTATIVE PASHINSKI: Okay.
23 Okay. What I'm -- what I'm heading towards
24 is, no matter what aspect of life, there's
25 always going to be positives and negatives,

1 and I think we can all agree that the lottery
2 has done an incredible job of helping our
3 senior citizens.

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

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

22 I think it's also important to note
23 that I believe Pennsylvania is the only state
24 in the nation where 55 cents out of every
25 dollar comes back to the people of

1 Pennsylvania in one form or another

2 DIRECTOR HORNER: Yes. That is --
3 that is true.

4 REPRESENTATIVE PASHINSKI: Okay.
5 Thank you very much. And it's great
6 testimony.

7 DIRECTOR HORNER: Thank you.

8 CHAIRMAN JAMES: All right. Thank
9 you.

10 Also Representative Waters.

11 REPRESENTATIVE WATERS: Thank you,
12 Mr. Chairman.

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

15 DIRECTOR HORNER: Yes.

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

19 But I just want to say something that
20 back in 2004 when we passed this -- this
21 gaming law and made it possible for casinos to
22 be here, that I know I voted in favor of it,
23 for it, and I had no intentions of voting for
24 something that I thought would be a detriment
25 to the people of this Commonwealth or the

1 other people who come here to take a chance at
2 these casinos that operate here.

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

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

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

24 And I've -- I've noticed that when
25 you showed the brochures that you brought

1 here -- and I'd like to have some and I hope
2 they can be available to the members who would
3 like to have them, that we could provide them
4 the help they want. At least let them know
5 that we care.

6 DIRECTOR HORNER: Yes.

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

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

22 But I went there when it opened up,
23 too, and I don't have a problem with gambling
24 and the -- going back to the complimentary
25 gifts that people receive, is there any

1 statistics that show that the people who use
2 those are losers or some of those people are
3 winners?

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

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

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

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

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

1 someone else's.

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

5 DIRECTOR HORNER: The marketing
6 programs are usually marketed to geographic
7 areas, you know, broader. They're not
8 targeting one or two or ten individuals.

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

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

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

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

25 But I just wanted to say, put it on

1 record, that when I supported this, I love the
2 fact that senior citizens are getting what
3 they're getting. I love the fact that more
4 people will have a chance to also get -- take
5 advantage of the property tax rebate. And
6 people who gamble, they just gamble.

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

11 Thank you.

12 DIRECTOR HORNER: Thank you.

13 CHAIRMAN JAMES: Thank you.

14 Representative Pallone.

15 REPRESENTATIVE PALLONE: Thank you,
16 Mr. Chairman.

17 Thank you, Ms. Horner.

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

22 But just so I'm clear in my mind,
23 because of some of the questions that have
24 been asked, the whole issue of providing
25 statements, which is what this bill is

1 incidental to, is not under the auspice of the
2 gaming board.

3 You wouldn't issue the statements
4 anyway. Correct?

5 DIRECTOR HORNER: That's correct.

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

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

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

20 DIRECTOR HORNER: Only those who
21 self-exclude.

22 REPRESENTATIVE PALLONE: And they
23 contact you on their own?

24 DIRECTOR HORNER: Correct.

25 REPRESENTATIVE PALLONE: So whether

1 or not this particular legislation were
2 implemented, the impact on the gaming board
3 would be what?

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

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

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

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

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

1 they have?

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

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

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

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

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

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

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

25 DIRECTOR HORNER: I believe that --

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

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

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

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

24 REPRESENTATIVE PALLONE: So that
25 you --

1 DIRECTOR HORNER: So you could even
2 show her that you've only been there a little
3 bit.

4 REPRESENTATIVE PALLONE: I guess I
5 don't want you to talk to my wife.

6 So -- and I think it is what you had
7 explained to Representative McIlhattan, that
8 there's been no research, one way or the
9 other, to say whether or not bonus points or
10 rewards for play have either encouraged or
11 discouraged play? There's been no research
12 relative to that?

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

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

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

24 REPRESENTATIVE PALLONE: And to the
25 best of your knowledge -- just so I'm clear --

1 to the best of your knowledge, there's nothing
2 in House Bill 783 or -- or any regulatory
3 component thereof that would require -- that
4 would monitor play, mandates that as a player
5 I must be monitored. Correct?

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

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

17 DIRECTOR HORNER: That is a
18 possibility.

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

21 DIRECTOR HORNER: Correct.

22 REPRESENTATIVE PALLONE: Do you know
23 of -- and if you don't, you don't -- but do
24 you know of any research that's been done
25 relative to rewards in general, whether it be

1 credit cards, frequent flier, checking
2 accounts, whatever the case may be, because I
3 know banks are doing it, all the financial
4 institutions are doing it, the airlines have
5 been doing it for years. I think, you know,
6 Best Buy has a points program.

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

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

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

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

23 DIRECTOR HORNER: I do not believe
24 that there has been any research. I think
25 that we could probably sit here and say that

1 if on the threshold somebody might bump it up
2 a little bit to get a reward, there has been
3 no research that I know of.

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

13 REPRESENTATIVE PALLONE: All right.
14 Thank you very much.

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

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

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

24 DIRECTOR HORNER: You're getting
25 tired of hearing me.

1 CHAIRMAN JAMES: And we didn't expect
2 that long. But go ahead.

3 REPRESENTATIVE FABRIZIO: Thank you,
4 Ms. Horner.

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

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

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

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

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

23 DIRECTOR HORNER: People have been
24 treated in the Commonwealth prior to this
25 house bill, yes.

1 CHAIRMAN JAMES: Okay. Thank you.
2 Thank you again. And -- and I just want to
3 remind the members that we have three other
4 testifiers and we ought to be mindful of that
5 as we go into the questions.

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

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

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

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

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

25 I'd also like to thank Representative

1 Clymer for introducing this bill for the
2 second time. The first time was back in 2005
3 as House Bill 1245, which in 2006 got voted on
4 as an amendment to our reformed gaming bill,
5 Senate Bill 862. It got a split decision and
6 never made it to the Senate -- to Senate Bill
7 862.

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

12 I'd also like to thank Senator Robert
13 Wonderling for introducing a Senate Bill in
14 2005 and a Senate Bill in 2007. These bills
15 have the same language as Representative
16 Clymer's bills 1245 and 783.

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

22 For over twenty years I've been
23 educating the citizens of our state and others
24 throughout our country on the pitfalls of what
25 the gaming industry and an alarming number of

1 our government officials call a form of
2 entertainment, no different than going to the
3 ball park, theatre, or Disney World.

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

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

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

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

23 And before I go on, I want to make it
24 perfectly clear, I take full responsibility
25 for my actions. No one held a gun to my head,

1 at least one I could see.

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

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

17 That day, and knowing the deck was
18 stacked, I presented safeguards so that
19 today's gamblers and the next generation of
20 gamblers, our children and grandchildren, who
21 were -- who were born with a joystick in hand
22 and who will now live a short distance from a
23 casino, will be aware -- will be aware of the
24 invisible gun that this gaming industry uses
25 to seduce their prey.

1 Ever since our gaming bill passed,
2 I've been addressing and proving that there
3 are major flaws in our gaming laws, which is,
4 there are no safeguards or provisions in place
5 that will protect today's casino gambler and
6 future casino gamblers from becoming what I
7 once was. In other words, there is no
8 consumer protection.

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

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

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

24 But, again, all these provisions
25 address the obsessive gambling problem after

1 one becomes a casino gambling junkie. So my
2 question to this committee, and to all the
3 others governing this industry, is why are we
4 waiting for the casualties to come home?

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

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

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

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

1 privacy?

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

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

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

24 And I tell them that there is no
25 guarantee that statements are going to entice

1 or stop a gambling addict from going back to
2 the casino to win back their losses.

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

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

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

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

22 And the sad part about this whole
23 state of affairs is that our Gaming Control
24 Board in their regulations can make this
25 legislation happen overnight. They are the

1 ones who are supposed to be governing this
2 industry and they have done nothing to stop
3 our casino operators from breeding casino
4 degenerates.

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

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

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

21 You get a statement from every
22 industry that tracks your money expenditures,
23 like your credit cards, banks, mortgage
24 companies, and so on. So where is the harm in
25 making this billion dollar industry, which

1 already has a tracking system in place, to
2 mail monthly statements.

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

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

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

21 These kids are born with joysticks.
22 They've been playing games of skill all their
23 life. They're waiting to be slaughtered.
24 They're waiting to go into these places and
25 these people don't care.

1 You know what I'm going to tell you?
2 You may not be aware of this. But a lot of
3 people at the casinos, they've said to me,
4 Bill, you're nuts. How do you mess with these
5 people? They're going to do this.

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

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

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

23 And we're still addressing that
24 problem today because people are probably
25 sitting in this room or another room down the

1 street addressing drugs the same way.

2 It's your responsibility, and it's
3 the gaming board themselves that should get this
4 done.

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

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

11 CHAIRMAN JAMES: Right. That's
12 true.

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

15 REPRESENTATIVE CLYMER: Thank you,
16 Chairman James.

17 And good morning, Mr. Kearney.

18 MR. KEARNEY: Thank you.

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

1 MR. KEARNEY: Right.

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

7 MR. KEARNEY: Uh-huh.

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

12 MR. KEARNEY: Okay.

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

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

22 Okay? Because, remember, in the
23 neighborhood I grew up in Philadelphia, it was
24 northeast Philly, and back in the '50s and
25 '60s, that was considered a suburbs to north

1 Philly, south Philly, southwest Philly. We
2 didn't have people in the corner shooting
3 craps. All right. But we had the
4 racetracks. And there was other gambling.

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

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

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

24 So all the street guys that were
25 coming every day with their money to gamble

1 stopped going because they were being tracked
2 by the IRS. That's what happened.

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

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

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

22 I lost a grand. Well, I got dinner
23 and show tickets. I lost two grand. I got a
24 room, show tickets and dinner. I lost five
25 grand. Somebody picked me up in a limo. I

1 lost ten grand, twenty grand, hundreds of
2 thousands of dollars. I was flown in
3 helicopters. I was limoed wherever I wanted
4 to go. I was Lear jetted to Las Vegas.

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

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

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

22 Don't you people see the problem
23 here? Don't you get it? But I know you don't
24 get it. Just like the gaming board don't get
25 it, because you never use the product. You

1 have more common sense. You knew better.

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

7 MR. KEARNEY: Right.

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

11 MR. KEARNEY: You're talking --

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

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

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

22 Well, if you don't use the card,
23 dummy, you ain't getting the comps. You don't
24 get comped unless you got the cards. You got
25 to have those points.

1 So that's why, if you don't use the
2 card, you know, you're not going to get
3 anything. So the chances of you chasing more
4 are slim to none.

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

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

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

25 Then you do the math. Oh, wait a

1 minute. You know what? I got to cut out
2 lunch on Tuesday with the guys. Or she's got
3 to quit buying three pairs of shoes.

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

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

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

20 REPRESENTATIVE CLYMER: Thank you,
21 Mr. Chairman.

22 CHAIRMAN JAMES: All right. Thank
23 you.

24 Mr. Kearney, you said that as you
25 were starting on your habit that you went from

1 a thousand and two thousand and et cetera, et
2 cetera. What I wasn't clear on, was you
3 getting statements at that time?

4 MR. KEARNEY: No.

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

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

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

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

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

25 Because when I address people, like

1 the two that, Conti and Stapleton, I think his
2 name is, from the Liquor Control Board, they
3 weren't aware of this.

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

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

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

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

25 Nobody did any research to see if

1 they should be open 24/7, should they serve
2 free booze, should they cash checks, should
3 they have A -- the ATM machines on the casino
4 floor. Because, remember, in our bill, you're
5 not allowed to give credit. No credit in
6 Pennsylvania's casinos.

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

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

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

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

23 I just -- I know, Mr. Kearney, I'm a
24 little confused because in my conversation and
25 discussions with Ms. Horner, she said that

1 there's no research to prove or justify or
2 indicate that rewards drive gambling behavior
3 and you're trying to convince me that, as
4 someone who has been through it, that it
5 does.

6 Am I correct or not correct?

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

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

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

22 REPRESENTATIVE MCILHATTAN: What
23 would happen in Pennsylvania, in your mind, if
24 we passed legislation that outlawed rewards?
25 What would happen? Would we see --

1 MR. KEARNEY: Oh, you --

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

4 MR. KEARNEY: Yes.

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

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

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

21 Now, I'm no lawyer but you could dig
22 up Johnnie Cochran and I would bury him in a
23 lawsuit like this because alls I do is bring
24 in the person's statements for a year, year
25 and a half, when they took a guy or a woman

1 that was making 30 or 40 Gs a year and comped
2 them, maybe, you know, starting with the
3 buffet, took them up to the penthouse suite.

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

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

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

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

25 And that's what they fear.

1 REPRESENTATIVE MCILHATTAN: Thank
2 you, Mr. Chairman.

3 CHAIRMAN JAMES: Thank you.
4 Representative Waters.

5 REPRESENTATIVE WATERS: Thank you,
6 Mr. Chairman.

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

12 MR. KEARNEY: Absolutely.

13 REPRESENTATIVE WATERS: Because I
14 know how --

15 MR. KEARNEY: Because I know it will
16 save families and individuals. I know if you
17 do the math and you never gamble and you live
18 in Bethlehem or you live up in Erie, live in
19 the areas where casino gambling is not an
20 hour, an hour and a half away, it was four or
21 five hours, and you went to that casino once
22 or twice a year, and now it's 20 minutes away
23 and you're being inundated every day of the
24 week of the magnificent facilities, your
25 neighbors are telling you, your employee --

1 your employees are telling you, and you will
2 go into these places and after two, three,
3 four months you get your statement and you do
4 the math and you ask your spouse to look at
5 theirs, and then you add up, you realize
6 that's three or four Gs going, again no
7 minimum payment in there, that's real money
8 blown, that is gone.

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

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

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

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

24 MR. KEARNEY: Mr. Representative,
25 there are no winners. Please. Where do you

1 think all this revenue is coming from?

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

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

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

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

24 And if -- if -- and I'm quite sure --
25 you -- because you have said openly, time and

1 time again, that you were a millionaire. I
2 don't know if you still are, but I know you
3 said you were.

4 MR. KEARNEY: No.

5 REPRESENTATIVE WATERS: Well --

6 MR. KEARNEY: This keeps me broke.
7 This is my new addiction. But go ahead. It's
8 what -- there's no -- there's no -- you know,
9 there's no money in this. You know, I'm the
10 lobbyist without a lobby. You know what I
11 mean? I do this on my own. Even coming here
12 comes out of my pocket. I don't get paid.

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

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

20 MR. KEARNEY: Well, maybe one day.
21 But I can tell you one thing. God forbid. I
22 just played the lottery on the way up. So I'm
23 still, you know -- I never -- like I said, the
24 other stuff.

25 I picked up a lottery ticket for five

1 dollars and when I hit that, the next time you
2 see me, I'll be dressed up like Patton. And
3 you'll see billboards. When they put up a
4 billboard, I'll put up two billboards --

5 REPRESENTATIVE WATERS: I'm sure
6 the --

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

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

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

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

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

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

23 MR. KEARNEY: Well, I'm going to be
24 pretty honest with you, you know, I could --
25 it became really I could care less. Okay.

1 Back when I was in business, okay,
2 there was a lot of cash on the street. All
3 right. We were in with the retail business.
4 All right. And when you're in the retail
5 business -- and I don't know how many sitting
6 here may have done this, and, you know, this
7 really isn't the place to talk about it -- but
8 in those days when somebody offered to pay you
9 cash because they didn't want to pay the tax,
10 it's a street thing, well, sure, and maybe
11 even some of you might have did that. Or you
12 worked under the table for a job and you
13 probably said, oh, my God, the guy has burnt
14 himself. It works.

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

19 It's -- the whole thing again was
20 that this industry, when it opened up in New
21 Jersey, all right, it wasn't the drug money
22 and the mob money that came into those casinos
23 when -- in 1984 when they brought the casinos
24 in at Atlantic City and when they brought in
25 the federal banking laws, I told this when I

1 testified in New Jersey, I said, listen, the
2 feds brought in the banking laws to stop the
3 laundering of drug money and mob money. That
4 money was coming in from merchants. We were
5 coming in with our registers every day of the
6 week from New York, Philadelphia, Baltimore.
7 And today go to the casino. You're still
8 seeing that. Okay.

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

20 But, again, remember, in the '50s and
21 '60s in this country we addressed alcohol.
22 People in the '70s weren't ashamed even to say
23 that they had a relative, a family member
24 who's an alcoholic. '70s and '80s, drugs,
25 man, you know, my kid's on drugs, my uncle's a

1 drug addict. You know, we talk about it. In
2 the '90s the gays came out of the closet.

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

10 REPRESENTATIVE WATERS: Thank you,
11 Mr. Kearney. I appreciate your testimony.

12 I just in closing want to ask you
13 because I see you talk about credit cards and
14 a lot of other things that show usually
15 negative balances. And -- and -- and it
16 appears that your conversation is speaking
17 about gaming on the negative side --

18 MR. KEARNEY: Right.

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

23 MR. KEARNEY: I want to hear the
24 question.

25 REPRESENTATIVE WATERS: Would you be

1 here today --

2 MR. KEARNEY: If I was still
3 winning?

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

7 MR. KEARNEY: Okay.

8 CHAIRMAN JAMES: Okay. Thank you.
9 Representative Pallone.

10 REPRESENTATIVE PALLONE: Thank you,
11 Mr. Chairman.

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

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

1 federal courts.

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

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

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

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

24 MR. KEARNEY: Okay. What I was --
25 said, if you were listening --

1 REPRESENTATIVE PALLONE: I was
2 listening.

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

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

18 All right. I used to walk into
19 certain casinos that I didn't play at, go in
20 with 5, 10, 15 Gs, sit down and play a half a
21 shoe, and win 5, 8 Gs real quick, get up and
22 walk out. And before I left, I'd walk out and
23 when I left I'd ask for a comp and they'd say
24 no, we're sorry, sir, you didn't play long
25 enough.

1 They want you in there. They want
2 you -- time is their most important thing.
3 Because the more time you're there, the more
4 money they're going to take from you.

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

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

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

25 You know, they sold it to you

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

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

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

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

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

20 Okay. Once AC opened up, then they
21 realized what -- you know, this is Vegas
22 compared to Atlantic City, well, surely today
23 you can say this, it's like comparing
24 Bloomingdales with Forman Mills or KMart.
25 Okay. Atlantic City is 90 percent gambling.

1 The revenues that go into Atlantic City are
2 much greater than -- in gambling revenues than
3 they are in Las Vegas.

4 REPRESENTATIVE PALLONE: Can I just
5 turn from all the gobbledygook that --

6 MR. KEARNEY: Well, it's not
7 gobbledygook. It's history, Mr. Lawyer. I
8 think you might want to look into that beings
9 that you're supporting this --

10 REPRESENTATIVE PALLONE: Mr. Kearney,
11 all I'm asking is --

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

14 CHAIRMAN JAMES: We -- we --we need
15 to just --

16 MR. KEARNEY: Okay. Good. What
17 was -- what was --

18 CHAIRMAN JAMES: -- answer the
19 question.

20 REPRESENTATIVE PALLONE: All I want
21 to make sure is the answer to the question
22 was --

23 MR. KEARNEY: Go ahead.

24 REPRESENTATIVE PALLONE: -- that
25 casinos, to the best of your knowledge,

1 provided complimentary services, even prior to
2 1984, when cards became the industry
3 standard.

4 MR. KEARNEY: Bugsy Siegel gave out
5 comps.

6 REPRESENTATIVE PALLONE: Okay.

7 MR. KEARNEY: You remember Bugsy
8 Siegel?

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

11 MR. KEARNEY: Go ahead

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

16 MR. KEARNEY: Go ahead.

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

20 MR. KEARNEY: Uh-huh.

21 REPRESENTATIVE PALLONE: Apparently
22 there was -- wasn't as strict as there is
23 today, based on what you're telling me,
24 because it was more informal than formal.
25 Correct?

1 MR. KEARNEY: Well, they only
2 targeted table players, not slot players. And
3 I'm going really by Atlantic City.

4 REPRESENTATIVE PALLONE: Yeah. Based
5 on your knowledge.

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

7 REPRESENTATIVE PALLONE: Your limited
8 knowledge. I understand that.

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

14 CHAIRMAN JAMES: Okay. You answered
15 it.

16 REPRESENTATIVE PALLONE: Okay. Thank
17 you.

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

20 MR. KEARNEY: Uh-huh.

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

1 studies that say that.

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

11 MR. KEARNEY: Believe me.

12 REPRESENTATIVE PALLONE: --
13 because -- because I'm -- with my credit card
14 I went and I bought the new pair of shoes, I
15 brought the shoes home, and I may have forgot
16 that on the first of the month I bought the
17 shoes and when my statement came and there was
18 an \$80 purchase it refreshed my recollection
19 because I've worn the shoes now and they're
20 worn out and with the quality of some products
21 today, they might have even been in the
22 garbage by the end of that month.

23 But that being said, that's not the
24 same as a gaming statement. Because I may
25 not -- as -- and I'll use my own gambling

1 situation at all. I may not go to Atlantic
2 City for months. I may not go to the local
3 casino, which is 30 or 40 miles from my home,
4 for months.

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

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

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

25 MR. KEARNEY: But it will --

1 REPRESENTATIVE PALLONE: That's what
2 I'm trying to find out.

3 MR. KEARNEY: All right.

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

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

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

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

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

24 MR. KEARNEY: But you could grasp
25 when you bought those shoes and then you got

1 the statement a month later. Okay. And,
2 remember, with those shoes you have the option
3 of taking them back.

4 REPRESENTATIVE PALLONE: Maybe. You
5 don't?

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

9 REPRESENTATIVE PALLONE: Right.

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

12 REPRESENTATIVE PALLONE: Okay.

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

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

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

22 MR. KEARNEY: Do they track you?

23 REPRESENTATIVE PALLONE: Actually
24 they do. I have a -- a -- I know here in
25 Harrisburg they have the Giant card.

1 MR. KEARNEY: Okay.

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

5 MR. KEARNEY: Okay. So all right.

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

9 MR. KEARNEY: All right.

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

14 MR. KEARNEY: Right.

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

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

21 REPRESENTATIVE PALLONE: I can use
22 cash or --

23 MR. KEARNEY: Well, what do you use?

24 REPRESENTATIVE PALLONE: -- debit
25 cards or --

1 MR. KEARNEY: Just for an answer,
2 like what would you use?

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

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

7 REPRESENTATIVE PALLONE: For the
8 purchase, yes.

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

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

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

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

23 CHAIRMAN JAMES: Mr. Kearney --

24 MR. KEARNEY: -- in here, because you
25 look at -- I can tell you who is on the left

1 side and who is on the right side and the
2 whole left side can come up with all these
3 scenarios.

4 CHAIRMAN JAMES: Okay.

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

7 CHAIRMAN JAMES: We're having a
8 hearing.

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

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

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

22 Thank you again for coming.

23 Thank you, Mr. Chairman.

24 CHAIRMAN JAMES: All right. Thank
25 you, Representative Pallone.

1 So we're going to call Mr. Tom
2 borner -- Bonner. I'm sorry. Vice president
3 and general counsel for Philadelphia Park
4 Casino.

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

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

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

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

23 We're well into the construction of a
24 new casino facility which is scheduled to open
25 in December of 2009, which will provide over

1 4,000 slot machines for our customers.

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

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

13 Since opening, we have generated over
14 \$265 million in gaming revenues for the state,
15 and we expect to produce for this year alone
16 over 180 million in gaming taxes for the
17 state.

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

22 Traffic in the vicinity of our
23 complex has not been a problem at all. One of
24 the benefits of our property is that it's
25 nestled among major transportation corridors

1 with excellent local and state street systems
2 to move traffic smoothly to, from, and past
3 our property.

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

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

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

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

25 I'm sorry. We do not want a single

1 penny wagered at our facility by persons who
2 are unable to make those wagering decisions
3 freely and deliberately.

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

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

23 In addition, we've partnered with the
24 Bensalem School District to develop with them,
25 at our expense, a curriculum for the school's

1 existing life sciences program that addresses
2 the dangers and consequences of underage
3 gambling in particular.

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

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

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

20 The proposed amendment would require
21 a substantial expenditure in order to put into
22 place and maintain systems to capture and make
23 available the win/loss activity on a monthly
24 basis, with no attendant regulatory or social
25 benefit.

1 Compliance with the proposed
2 requirements would necessitate the hiring of
3 additional staff and the procurement of
4 additional information systems.

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

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

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

20 In addition, requests are honored by
21 way of phone and mail for the same
22 information. Most often these requests are
23 made by customers who are seeking the
24 information in connection with their annual
25 tax return preparation.

1 The underlying assumption of the
2 bill, we believe, is that problem gamblers may
3 receive regular statements and that receipt of
4 these statements will prompt them to alter
5 their compulsive behavior.

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

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

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

21 Where does the legislature draw the
22 line on bills like the present proposal?
23 Should the topaco -- should tobacco store
24 operators be required to send monthly
25 statements tallying the number of cigarettes

1 purchased in their shops?

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

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

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

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

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

24 If issuance is by way of mail to the
25 home address listed in the licensee's

1 database, that may violate a customer's
2 privacy by making details of gaming activity
3 available to persons residing in the home.
4 Maybe the customer would like that information
5 to remain confidential, even from his or her
6 spouse.

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

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

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

23 I thank you, again, representatives,
24 for allowing us the opportunity to comment on
25 the proposed amendment.

1 CHAIRMAN JAMES: Thank you for your
2 testimony. Appreciate it, you taking the time
3 and doing it now and I'm going to -- Chairman
4 Clymer.

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

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

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

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

22 We would have to either add or amend
23 our computer information systems to be able to
24 prepare the information in a format that we
25 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

1 go through Herculean effort to collect the
2 information. The system collects it. But
3 presently there's no requirement and we do not
4 prepare on a monthly basis 400,000 statements
5 as an amount.

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

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

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

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

20 MR. BONNER: Certainly, yes.

21 REPRESENTATIVE CLYMER: There may not
22 be -- so it doesn't necessarily have to occur
23 in the casino. A person who is forging
24 checks, a person who is stealing from their
25 employer, of course, is not going to be in the

1 casino. They're going to be back at their
2 place of employment, wherever that might be.

3 So you do acknowledge that there is
4 serious problems taking place within -- with
5 crime?

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

7 REPRESENTATIVE CLYMER: Such as the
8 people --

9 MR. BONNER: That was not --

10 REPRESENTATIVE CLYMER: The people --

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

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

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

22 REPRESENTATIVE CLYMER: And I just
23 wanted to -- just to make sure the members
24 here understood that there were problems with
25 the crime.

1 Moving on to another issue, there was
2 a comment being made that tobacco and -- and
3 tavern and bars that sell alcohol do not have
4 to report their -- their taxes? Is that what
5 I was hearing? That you were making a
6 comparison to -- with the casinos with --
7 with -- with the other companies, with those
8 who -- I -- your pages aren't marked
9 unfortunately, so I'm having a --

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

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

22 I simply pose the question to the
23 legislature.

24 REPRESENTATIVE CLYMER: Yeah. Okay.
25 That clarifies what we're -- we're trying to

1 pick up there.

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

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

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

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

25 And then we could, at least as

1 members of the committee, have an idea, yes,
2 reward cards are very financially beneficial
3 to the casinos because -- because they -- in
4 the past, they had drawn in millions of
5 dollars by bringing people in through
6 limousines and other financial -- financial --
7 through perks, such as weekends and concerts
8 and things of that sort.

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

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

14 MR. BONNER: To suspend --

15 REPRESENTATIVE CLYMER: Rewards.

16 MR. BONNER: -- issuance of any
17 complimentaries?

18 REPRESENTATIVE CLYMER: Yes. Rewards
19 specifically.

20 MR. BONNER: I would --

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

23 MR. BONNER: I would imagine if given
24 the opportunity we would take it and appear
25 and present comments on it.

1 I'm not sure that I understand --
2 would understand the logic of it at this
3 point, but if there's a debate whether
4 issuance of rewards and complimentary services
5 likely drives business, I'm not sure I
6 understand the debate.

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

11 REPRESENTATIVE CLYMER: Well, the
12 point I'm trying to make is that the issue
13 is -- that we've been looking at here this
14 morning, has been my legislation, House Bill
15 780 -- 783, and we're saying that the monthly
16 statement is very important because it will
17 help those who get rewards and who are
18 spending and losing their money, this will
19 enable them to see at the end of the month
20 their winnings and their earnings.

21 And the debate has been that re --
22 that rewards are not -- are not bene --
23 rewards are -- are kind of meaningless, that
24 they don't drive addiction, they don't
25 drive -- the casinos, that the problems that

1 we foresee in the casinos.

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

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

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

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

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

25 REPRESENTATIVE CLYMER: Okay. Well,

1 I tried my best to explain it as to what I
2 would do if I offer an amendment to --

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

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

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

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

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

25 Because the idea to bring the people

1 back into the casino is to have them to spend
2 money, to keep spending money, and whether or
3 not they can afford to spent that last
4 thousand dollars is not relative to the
5 casinos. There's no product that they get
6 that they can give back to the family. If a
7 store, a clothing store that offers an
8 incentive to, say, shop, we'll give you 50
9 percent off on this suit, or whatever you
10 purchase, you have a product. It's something
11 you can take back to the family and say, look,
12 I was able to save money because I bought this
13 at 50 percent off.

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

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

24 So -- so there is a difference
25 between the incentives made by -- by others in

1 the public sector and those that are made
2 by -- in the private sector and those that are
3 made by -- by the -- by the casinos.

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

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

12 REPRESENTATIVE CLYMER: Thank you,
13 Mr. Chairman.

14 CHAIRMAN JAMES: All right. Thank
15 you.

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

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

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

24 MR. BONNER: It's close to 60 -- 60
25 percent for us, Mr. Chairman, when -- when you

1 add in the regulatory costs for the gaming
2 board and State Police.

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

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

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

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

22 We also receive numerous phone calls
23 and letters requesting copies of annual
24 information. Usually at tax time is when we
25 get it.

1 CHAIRMAN JAMES: Okay.

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

9 CHAIRMAN JAMES: Okay. All right.
10 Thanks.

11 Representative Pallone.

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

14 Thank you, Mr. Bonner.

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

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

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

23 MR. BONNER: I --

24 REPRESENTATIVE PALLONE: --
25 annually?

1 MR. BONNER: I -- I don't have those
2 numbers. I could give you some anecdotes and
3 maybe we could do the math.

4 REPRESENTATIVE PALLONE: Good guess?

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

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

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

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

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

1 think our --

2 REPRESENTATIVE PALLONE: Sure.

3 MR. BONNER: -- customer base is.

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

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

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

16 MR. BONNER: I know that we do.

17 REPRESENTATIVE PALLONE: And the
18 reason I ask is I've been to the Philadelphia
19 Park facility one time with the Tourism
20 Committee. Probably better than a year ago.

21 I signed up for a card. I think I
22 put 10 or \$20 in a slot machine, because I
23 don't play slot machines, and I did just
24 because I was there. And haven't been back.

25 And I would assume that I'm still in

1 your database and maybe I've been purged.

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

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

8 MR. BONNER: Yes.

9 REPRESENTATIVE PALLONE: Thank you.

10 MR. BONNER: Yes.

11 REPRESENTATIVE PALLONE: I'm saving a
12 26 cents in a bulk letter or something. But
13 that -- that was my question, was do you
14 purge?

15 MR. BONNER: We do.

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

19 MR. BONNER: We do.

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

24 The other question I had about the
25 rewards. For example, like -- like I do

1 business locally with a national office supply
2 company and every month I get my bill in the
3 mail and I pay it and so forth.

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

8 But oftentimes I also get a check in
9 the mail, and it's a store check that I can
10 only spend at that store. But it's for \$4 or
11 \$10 or \$26 or whatever, or whatever -- however
12 the formula works based on the volume of my
13 purchases.

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

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

23 In the old days in Atlantic City,
24 because we didn't have the computer systems,
25 you'd get a coupon for \$10 in free play. You

1 would present it to the cage, get your
2 quarters, and go play.

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

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

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

16 MR. BONNER: Right.

17 REPRESENTATIVE PALLONE: -- or
18 whatever.

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

21 REPRESENTATIVE PALLONE: It's all
22 done electronically?

23 MR. BONNER: Yes, sir.

24 REPRESENTATIVE PALLONE: Okay. Thank
25 you.

1 And then -- and then the last
2 question or series of questions which we put
3 together is do you know what the threshold is
4 for gaming winnings that I must report on my
5 income tax statement?

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

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

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

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

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

23 REPRESENTATIVE PALLONE: And -- and
24 if I am a regular gamer and I -- I have the
25 ability to offset my losses against winnings,

1 I would certainly be searching out that annual
2 statement.

3 MR. BONNER: Yes.

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

6 MR. BONNER: Yes.

7 REPRESENTATIVE PALLONE: -- who
8 chooses to get one?

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

12 REPRESENTATIVE PALLONE: All right.
13 Thank you, Mr. Bonner.

14 MR. BONNER: You're welcome.

15 REPRESENTATIVE PALLONE: Thank you,
16 Mr. Chairman.

17 CHAIRMAN JAMES: Okay. Thank you.
18 Representative Waters.

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

22 MR. BONNER: Bonner.

23 REPRESENTATIVE WATERS: Bonner? I'm
24 sorry.

25 MR. BONNER: Yes, sir.

1 REPRESENTATIVE WATERS: Bonner. And
2 that is, the -- you spoke -- you spoke about
3 something else that is important to all of us
4 and that is the criminal element that has
5 been -- people have claimed that would be
6 associated with the gaming industry. And
7 you -- you said that there has been some
8 increase, I don't know if it's incidental, as
9 a -- as a correlation between the amount of
10 new people visiting and has -- how has the
11 arrests per -- percentage per crime been to
12 your knowledge?

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

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

22 Without question the highest -- the
23 incident that occurs the most in the casino
24 operation is a customer grabs a -- a voucher
25 out of the machine that was inun -- uninten --

1 unintentionally left in the machine by another
2 player.

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

6 And that's the incident that occurs
7 the most. Most often, those matters are
8 resolved by the two customers. We get the
9 gaming board involved. We go over to the
10 customer, that was mine. We give -- give the
11 \$2.50 voucher back. So that's the incident
12 that occurs the most.

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

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

22 And you used the term, Representative
23 Waters, incidental. I think that's a fair
24 characterization. The -- the increase in
25 events has been incidental to the fact that

1 we're bringing more people onto the property.

2 REPRESENTATIVE WATERS: Yes,
3 Mr. Bonner. And I had a chance to go and,
4 like all the other casinos, get a chance to
5 look at it.

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

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

19 MR. BONNER: What --

20 REPRESENTATIVE WATERS: -- accurate
21 my statement is.

22 But I know I asked the question when
23 I took some of those -- some of those tours
24 because -- is the information shared amongst
25 the other casinos when there is a problem with

1 an individual at Philadelphia Park with the
2 other casinos in the Commonwealth?

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

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

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

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

22 MR. BONNER: I think as long as it's
23 coupled with an insulation from any potential
24 liability, we probably wouldn't have a problem
25 with that.

1 I know in Atlantic City there's a --
2 there's a ready exchange of information about
3 credit customers and -- and customers who have
4 gone bad on credit obligations. We don't have
5 that situation in Pennsylvania because we
6 don't have credit, but information like that
7 is shared in other jurisdictions.

8 REPRESENTATIVE WATERS: Thank you,
9 Mr. Bonner.

10 And thank you, Mr. Chairman.

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

13 Representative Pashinski.

14 REPRESENTATIVE PASHINSKI: Thank you,
15 Mr. Chairman.

16 Thank you, Mr. Bonner, for your
17 testimony.

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

23 Do you have any idea about how many
24 personnel?

25 MR. BONNER: The best indication I

1 could get in preparation for the meeting was
2 maybe one full-time equivalent, maybe
3 one-and-a-half full-time equivalents would be
4 required, and that would be an expense that
5 would probably be less than a hundred thousand
6 dollars in direct payroll expense.

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

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

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

24 But I don't want to mislead the
25 committee. We don't have to hire five people

1 to do this. We do have to hire additional
2 people who are not presently required.

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

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

9 REPRESENTATIVE PASHINSKI: 400,000?

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

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

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

23 MR. BONNER: No question. And that's
24 an important point. And -- and if I didn't
25 highlight that, I'll take that opportunity.

1 It's 400,000, 500,000 statements 12 times a
2 year.

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

5 REPRESENTATIVE PASHINSKI:
6 Absolutely.

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

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

14 MR. BONNER: Absolutely.

15 REPRESENTATIVE PASHINSKI: Okay.
16 Thank you.

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

23 MR. BONNER: Yes, sir.

24 REPRESENTATIVE PASHINSKI: Could you
25 briefly take us through the process? How --

1 what would they do? What would one of our
2 employees do if they found someone they
3 thought was gambling to extreme?

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

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

16 But to keep it very simple, the line
17 employees are directed, whenever they see what
18 they believe to be evidence of a compulsive
19 behavior, be it a problem gambler, someone
20 who's had too much to drink, someone who is
21 recognized to be on the self-exclusion list,
22 they go to their immediate supervisor or
23 manager. The manager then contacts the
24 security manager. The security manager
25 approaches the customer.

1 So it's -- it's very simple. The
2 line employee calls his or her manager. That
3 manager contacts the security shift manager
4 and then security takes it from there.

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

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

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

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

21 REPRESENTATIVE PASHINSKI: Sure.

22 MR. BONNER: -- or notoriety brought
23 to the individual. And after appropriate
24 counseling -- I mean generally we will refer
25 this individual to public health resources

1 where experts are available to assist because
2 we're not equipped to treat. We simply try to
3 identify and get these folks pointed in the
4 right direction.

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

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

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

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

25 REPRESENTATIVE PASHINSKI: Do you

1 keep stats as to how many of those incidents
2 may occur throughout the year?

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

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

12 REPRESENTATIVE PASHINSKI: Okay.
13 Very good. Thank you very much.

14 MR. BONNER: You're welcome,
15 Representative.

16 CHAIRMAN JAMES: All right. Thank
17 you, Representative.

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

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

25 CHAIRMAN JAMES: Okay. And we have

1 Mr. Thomas -- Shanahan? Shannon.

2 MR. SHAHEEN: Shaheen.

3 CHAIRMAN JAMES: Shaheen. Okay.

4 From the Family -- Pennsylvania Family

5 Institute.

6 Okay. I want to remind members of

7 the time. Okay.

8 Thank you. You can proceed. First,

9 state your name for the record.

10 MR. SHAHEEN: Thank you, Chairman

11 James and Chairman Clymer. And I'll keep my

12 remarks brief.

13 Tom Shaheen, vice president,

14 Pennsylvania Family Institute.

15 We are a statewide non-profit

16 research and education organization, based in

17 Harrisburg, that focuses on policies and

18 cultural trends that impact the family.

19 I'm here today to speak on behalf of

20 our more than 40,000 supporters statewide, and

21 really we're speaking in support of passage of

22 House Bill 783.

23 We analyze policies and social trends

24 that affect the most basic building block of

25 our society, the family, and we ask our

1 elected leaders to apply what we sometimes
2 call a family impact statement, much like an
3 environmental statement, that considers the
4 effect on families in Pennsylvania.

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

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

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

20 There is no question that gambling
21 can negatively impact families. That's the
22 primary reason our organization was part of a
23 broad-based coalition that opposed
24 legalization of slot machines and remains
25 opposed to the expansion of gambling in our

1 Commonwealth.

2 Horror stories abound of gamblers who
3 sought entertainment through gambling, ended
4 up amassing large amounts of debt in a short
5 period of time, only to be discovered when
6 their employer's auditors raised red flags.
7 Or when debt collectors came to repossess the
8 family car -- car or repossess -- repossess
9 the family car or foreclose on the family
10 home. Or when the gambler ends up taking his
11 own life.

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

23 One such story involved Dale L.,
24 then a prominent bankruptcy attorney in
25 Lancaster, Pennsylvania. His widow, Vicki,

1 gave us permission to share this story.

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

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

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

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

24 We believe House Bill 783 is a
25 necessary, reasonable, commonsense measure

1 intended to protect both the gambler and his
2 or her loved ones before they get in deep
3 trouble.

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

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

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

20 And if I may add, just last night I
21 learned from a friend that his wife's credit
22 card account was flagged because of an unusual
23 purchase, and she actually received a -- she
24 received an immediate phone call from the
25 credit card company because of the amount that

1 was spent and the location of where -- where
2 that money was spent.

3 So the credit card is tracking that.
4 And even if they didn't make that call, she
5 would notice that when the monthly statement
6 came.

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

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

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

1 trouble.

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

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

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

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

21 We urge the House to pass House Bill
22 783 as a commonsense measure to mitigate the
23 impact that casino gambling can have on
24 families in the Commonwealth.

25 I thank you.

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

3 Chairman Clymer.

4 REPRESENTATIVE CLYMER: Thank you,
5 Chairman James.

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

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

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

24 So thank you for your time and for
25 your response today.

1 CHAIRMAN JAMES: Okay. Again, we
2 want to thank you, again, for your testimony
3 and there's no questions, other questions from
4 the committee. Thank you, again.

5 MR. SHAHEEN: Thank you.

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

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

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

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

25 I want to thank everybody for -- take

1 this opportunity to thank all those who
2 testified today before this committee. It is
3 always interesting, and certainly educational,
4 when those with opinions as diverse as those
5 that came here today come together to talk
6 about matters about which they are
7 passionate. It is when that occurs that we
8 find sometimes the best answers.

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

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

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

24 (The following written testimony was
25 submitted by the League of Women Voters of

1 Pennsylvania:)

2 The League of Women Voters of
3 Pennsylvania is pleased to have this
4 opportunity to comment in support of House
5 Bill 783 PN 902 that would require casinos
6 offering patrons Total Rewards cards to send
7 those patrons monthly statements listing their
8 gambling winnings and losses. Casinos can
9 easily do this because they already track the
10 money these customers spend gambling in order
11 to determine what free services or comps to
12 give them.

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

20 We believe that by providing frequent
21 gamblers with timely financial feedback this
22 legislation would be another tool to help
23 prevent problem gambling. Act 71 requires
24 casinos to conspicuously post toll-free
25 numbers people can call for assistance with

1 compulsive or problem gambling. This number
2 should also be included in the monthly
3 statements casinos send to their frequent
4 customers as well as how to apply for
5 self-exclusion from gambling facilities as
6 provided by the law.

7 (The proceedings were concluded at
8 12:38 p.m.)

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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.

Brenda S. Hamilton, RPR
Reporter - Notary Public