

A PUBLIC REPORT  
TO THE  
OXNARD CITY COUNCIL

***GAMBLING:  
THE COST TO OUR COMMUNITY***



by

**MICHAEL D. BRADBURY**  
District Attorney

May 2, 2001

**A PUBLIC REPORT TO THE OXNARD CITY COUNCIL**

**GAMBLING:  
THE COST TO OUR COMMUNITY**

by

**MICHAEL D. BRADBURY**  
District Attorney

May 2, 2001

*We should all remember that once we legalize any form of gambling, it is nearly impossible to go back. And we should always remember that when we subscribe to the fiction that we can get something for nothing, in truth, we nearly always get nothing for something...gambling extracts a great price.*

*What's wrong are the tremendous costs to our society that are unseen to some, but obvious to many of us who work in government, or in the fields of family and marriage counseling, addictive behavior and bankruptcy. The costs are obvious to those of us who service loans, review credit accounts, and compete for restaurant and entertainment business.*

*They are obvious to those of us who serve in law enforcement and who analyze crime statistics that measure convictions for stealing, embezzling at work, writing bad checks, and committing insurance fraud. @*

*Marc Racicot  
Governor of Montana  
January 14, 1998*

## INTRODUCTION

I would like to thank Oxnard Chief of Police Art Lopez, members of the City Council, and City Manager for their cooperation and assistance in our investigation, which resulted in this report. In June 1993, this office issued a Public Report to the Oxnard City Council addressing the proposal for the opening of a large-scale card casino within the city limits of Oxnard. That report, after examining the history of similar gambling operations in California, and the various aspects of the expected impact upon the City of Oxnard, concluded that:

History tells us what those problems will be; increased crime, threats of governmental corruption, and debilitating effects on the image of our community. For the public, the long-term costs of these problems far outweigh any short-term [financial] benefits of card room casinos.

In 1993, the Oxnard City Council, after considering input from this office and the community, voted 5 - 0 against card room casinos. The wisdom of that decision has been repeatedly demonstrated by numerous reports of scandal, public corruption, and negative socioeconomic consequences in cities that have card rooms. Just last month, the Los Angeles District Attorney's Office served search warrants at the city halls of Cudahy and Bell Gardens. Both cities are home to large card rooms. The *Los Angeles Times* reported that the investigators were searching city offices for documents and records as part of a wide-ranging public corruption investigation.

The issue of organized gambling has again surfaced in Ventura County as the Oxnard City Council considers a proposal for the establishment of casino-style gambling on land adjacent to

the Highway 101. Strong views on both sides of this issue permeate the public dialogue. Of course, a decision to establish a gambling casino in Oxnard would impact not only the City of Oxnard but neighboring communities and the entire County of Ventura. The impact would be a lasting one. Clearly, this is one of the most important decisions that has faced local government and Ventura County residents in many years.

Oxnard officials have taken a thoughtful and responsible approach to the issue requesting not only in-depth study but fully supporting and cooperating in this office's investigation. The city is in the process of carefully analyzing the positive and negative impacts of the proposal. Their laudable purpose in reviewing the gaming proposal is to determine if a casino will enhance funding for needed public programs and improve the community's economic well being. Hopefully, this report will assist them in this important task.

Our investigation has included checking the background of the proposal's principals, becoming familiar with the experiences of numerous other communities with casinos, and a comprehensive review of recent literature and reports on the impact of gambling on the community.

The impact of large-scale casino gambling is highly complex and has been studied in depth by numerous governmental bodies and socioeconomic and criminal justice experts. In 1996, Congress authorized the creation of the National Gambling Impact Study Commission. This commission was charged with the responsibility to conduct a comprehensive legal and factual study of the social and economic implications of gambling in the United States. It took extensive testimony and considered a wide range of reports over a two-year period, and on June 18, 1999, issued a wide-ranging and comprehensive report.

Based on our inquiries and a survey of applicable studies, it is our opinion that bringing large-scale gambling to Oxnard would have an extremely detrimental impact on our entire County and ultimately do irreversible damage to the very fabric and security of our community. This damage, to people, families, economy and political institutions, far outweighs the revenue it would produce and the benefits that would flow from this revenue. It would produce significant primary and secondary law enforcement problems. Revenue flowing from casino gambling is simply fools gold." It is an illusory benefit over the long run. I strongly urge the City Council to reject this and any future proposals to bring gambling to Oxnard.

## INDEX

Gambling and Crime.....	page 2
Economic Impact on our Community.....	page 7
Fraud on the Public.....	page 12
Gambling's Impact on Families-Abuse and Neglect.....	page 13
The Pathological Gambler.....	page 14
Adolescent Gambling.....	page 16
Gambling and the Homeless.....	page 17
Financial and Credit Issues.....	page 18
Tribal Sovereignty.....	page 19
Conclusion.....	page 22

## GAMBLING AND CRIME

Paragon Gaming, LLC, hereafter Paragon, has proposed to introduce large-scale, full-casino gambling into Oxnard and Ventura County.

On March 2, 2000, Paragon Gaming, LLC filed for incorporation, 2034-2000LLC, in the State of Nevada. The corporation officers are listed as Bryan M. Williams - Reg. Agent, Diana Lee Bennett - President and George Scott Menke - Secretary. Diana Bennett is the daughter of Bill Bennett, a self-made billionaire who was a co-founder of Circus Circus Entertainment. Scott Menke is Bill Bennett's nephew.

Bill Bennett is 100% owner of the new Sahara Hotel and Casino in Las Vegas and is believed to have 500 million dollars in cash assets under his control. Bennett is a highly respected man in the gaming industry and has been repeatedly licensed and re-licensed by Nevada Gaming Control. Nevada Gaming Control found no criminal ties for the Paragon Corporation or the individuals listed in Paragon's proposal.

Paragon Gaming, LLC appears to be a legitimate and above-board corporation. Paragon has substantial monetary assets at their disposal and apparent political strength via expert lobbyists.

The Greenville Rancheria Maidu Indians consist of 159 members and are located in Plumas County, California. Greenville is located in a rural area approximately eighty miles east of Oroville and eighty miles west of Reno. The Maidu Indians are a landless tribe under the jurisdiction of Central



California Bureau of Indian Affairs. They have a General Council as their governing body. Lorie Jaimes of Red Bluff, California serves as chairman to the General Council. The Maidu have no known historical or cultural connection to Ventura County.

Our community has, for many years, been the safest county in the West. Wholesale casino gaming will introduce a highly destabilizing element, which has the potential to dramatically impact the safety of our citizens.

The connection between crime and gambling is of particular concern to local law enforcement. We recognize that public safety issues are not the sole basis for all public policy decisions. There are of necessity a multitude of factors government decision makers must consider. However, public safety remains government's first responsibility and the impact of any proposal on a community's well being should be a major factor in that evaluation. This is true regardless of short-term or even possible long-term economic gains.

Paragon's proposal places a casino in the middle of one of our most viable assets, the Highway 101 corridor. A recent *Newsweek Magazine*, quoted in the April 26 *Star*, identified Ventura County's growing technology sector in the list of ten cities that have become important players in the information age. The Ventura Freeway corridor saw venture capital investments jump from \$68 million in 1999 to \$848 million. *Newsweek* defines the corridor as "a chain of towns stretching 40 miles along Highway 101 from Glendale to Ventura."

In January 1998, Governor Marc Racicot of Montana acknowledged the benefits of gambling in Montana. He noted that video gambling machines alone had contributed approximately \$11,000,000 to the state and \$21,500,000 to local governments in 1996. The revenue from the state-run lottery amounted to another \$22,000,000 that year. But he went on to state:

“We should all remember that once we legalize any form of gambling, it is nearly impossible to go back. **And we should always remember that when we subscribe to the fiction that we can get something for nothing, in truth, we nearly always get nothing for something. Despite the (tax) benefits, gambling extracts a great price.** What’s wrong are the tremendous costs to our society, costs that are unseen to some, but obvious to many of us who work in government, or in the fields of family and marriage counseling, addictive behavior and bankruptcy. The costs are obvious to those who service loans, review credit accounts and compete for restaurant and entertainment business. They are obvious to those of us who serve in law enforcement and who analyze crime statistics that measure convictions for stealing, embezzling at work, writing bad checks, and committing insurance fraud.” (Emphasis added)

In too many communities across America, the arrival of casinos has been followed by a burgeoning crime rate. The following facts and crime figures paint a bleak picture:

According to the *Minneapolis Star Tribune* in 1995, in the first six years after casinos opened in Minnesota, the crime rate in counties with casinos increased more than twice as fast as in non-casino counties.

A study published in 1991, reporting the impact of gaming in Atlantic City, notes that the total number of crimes within a thirty-mile radius of Atlantic City increased by 107% in the nine years following the arrival of casinos. This is particularly enlightening when one considers that nationwide crime statistics have been decreasing throughout the 1990s.

In 1997, the Mississippi Coast Crime Commission reported that there was a 43% increase in crime in the four years after casinos arrived. Harrison County, where most of the Gulf Coast casinos are located, witnessed a 58% increase in total crimes between 1993 and 1996.

A 1996 report in *U. S. News and World Report* found that crime rates in casino communities are 84% higher than the national average. Furthermore, while crime rates dropped by 2% in 1994, the thirty-one localities that introduced casinos in 1993 saw an increase in crime of 7.7% the following year.

Researchers at the University of Nevada-Las Vegas reported in November 1996, that in the State of Wisconsin, where Indian-based casinos have now been opened, there has been an average of 5,300 additional major crimes a year due to the presence of casinos in that state. They also attributed an additional 17,100 arrests for less serious crimes each year due to the existence of casino gambling.

In November 1997, the Eighth Circuit Court of South Dakota reported that the annual number of felony cases in Lawrence County, South Dakota had increased by 69% since the introduction of casinos to Deadwood.

A Maryland Attorney General Report in 1995 stated that the number of police calls in Black Hawk, Colorado had increased from 25 the year before casinos to between 15,000 and 20,000 annually after their introduction. In neighboring Central City, the number of arrests increased by 275% the year after casinos arrived.

In Cripple Creek, Colorado, serious crime increased by 287% in the first three years after casinos were introduced.

In both 1995 and 1996, the State of Nevada ranked the highest in their statewide crime rates in the entire nation, based on an analysis of FBI Uniform Crime Statistics. Furthermore, the violent crime rate in Nevada increased by close to 40% from 1991 to 1996, a period in which the national violent crime rate dropped by approximately 10%.

A 1995 report by the Attorney General's Office in the State of Maryland stated:

"Casinos would bring a substantial increase in crime to our state. There would be more violent crime, more juvenile crime, more drug and alcohol-related crime, more domestic violence and child abuse, and more organized crime. Casinos would bring us exactly what we do not need, a lot more of all kinds of crime."

Despite all the anecdotal evidence, the National Gambling Impact Study Commission was unable to make a conclusive link between gambling and crime. Their report stated that “the Commission attempted to investigate the relationship between crime and legalized gambling through two studies: the NRC and the NORC reports. The results from these two studies suggest that a relationship may exist between gambling activity and the commission of crime, but concluded that insufficient data exists to quantify or define that relationship.” However, a definitive study addressing this issue was published in September 2000 by the University of Illinois. Authored by economists at the University of Illinois at Urbana-Champaign and the University of Georgia, the paper studied the connection between casinos and crime using county-level data for every U.S. county between 1977 and 1996.

The University of Illinois publication noted:

“General Accounting Office (GAO) and National Gambling Impact Study Commission (NGISC) concluded that no definitive conclusions can yet be made about the casino-crime link because of the absence of quality research. Our paper addresses this void by rectifying the research limitations. First, we conducted the most exhaustive investigation to date, utilizing comprehensive county-level crime data that includes every U.S. county, thereby eliminating sampling concerns. Second, we analyzed crime effects over time by exploring the time-series nature of our data, which cover 1977 through 1996. Third, we do not focus on one or two crimes, but examine all seven FBI Index One Offenses (aggravated assault, rape, murder, robbery, larceny, burglary, and auto theft). **We conclude the casinos increase crime in their host counties and the crime spills over into neighboring counties to increase crime in border areas.**”

In the summary of their research, they made the following findings:

“Our analysis of the relationship between casinos and crime is the most exhaustive ever taken in terms of the number of regions examined, the years covered and the control variables used...We concluded that casinos increased all crimes except murder, the crime with the least obvious connection to casinos. Most offenses showed that the impact of casinos on crime increased over time and began about three years after casino introduction. This pattern is consistent with the theories that problem and pathological gamblers commit crime as they deplete their resources, that non-residents who visit casinos may both commit and be victims of crime, and the casinos lower information costs of crime and increase the potential benefits of illegal activity. These effects outweigh the potentially positive effects on crime that casinos may have through offering improved labor market opportunities...**Between 3% and 30% of the different crimes in casino counties can be attributed to casinos. This translates into social crime costs associated with casinos of \$65 per adult in 1995 and \$63 per adult in 1996.** These figures do not include other social costs related to casinos such as crime in neighboring counties, direct regulatory costs, costs related to employment and lost productivity, social service and welfare costs. Overall 8% of property crime and 10% of violent crime in counties with casinos was due to the presence of the casino...Counties that neighbor casino counties generally experience crime increases whose pattern matched the pattern in casino counties but smaller. This indicates that crime spilled over from many casino counties into neighbor counties, rather than shifting crime from one area to another.” (Emphasis added)

According to the most recent Census Bureau statistics, there are 539,140 adults in Ventura County.

The University of Illinois study would thus put the social crime costs for casino gambling at \$33,965,442.

#### ECONOMIC IMPACT ON OUR COMMUNITY

The introduction of a casino into Ventura County, whether in Oxnard or elsewhere, would have a direct and immediate impact on the safety and security of our citizens. Some proponents of gambling have long contended that communities should take this risk due to the potential economic

benefits. As was noted by the National Gambling Impact Study Commission (NGISC):

“Many communities, often those suffering economic hardship and social problems, consider gambling as panacea to those ills. Indeed, a number of communities plagued by high unemployment have found a form of economic renewal through gambling, particularly through the development of destination resorts. In addition, state, local, and tribal governments have received substantial revenues from taxes on gambling enterprises and lottery receipts. However, there are costs associated with these decisions and gambling cannot be considered a panacea for all economic problems in a community.”

The Commission went on to state:

“It is evident to this Commission that there are significant benefits and significant costs to the places, namely those communities which embrace gambling and that many of the impacts, both positive and negative, of gambling spill over into the surrounding communities, which often have no say in the matter. In addition, those with compulsive gambling problems take significant costs with them to communities throughout the nation. In an ideal environment, citizens and policy makers consider all of the relevant data and information as part of their decision making process. Unfortunately, the lack of quality research, and the controversy surrounding this industry rarely enables citizens and policy makers to truly determine the net impact of gambling in their communities, or, in some cases their backyards.”

The Commission funded various reports attempting to quantify the economic impact on communities of increased gambling activities. The Commission cited the conclusion of one such report that Awhile gambling appears to have net economic benefits for economically depressed communities, the available data are insufficient to determine with accuracy the overall costs and benefits of legal gambling. The NRC study stated that pervasive methodological problems in almost all existing studies prevent firm conclusions about the social and economic effects of gambling on individuals, families, businesses, and communities, generally. The Commission noted that almost all studies have been conducted by interested parties. These typically have gone no further than to estimate local jobs and income from the gambling industry. But since the economic effect of an activity is its

value added above what the same resources would be adding to value if employed elsewhere, these studies are deficient and may mislead readers to conclude that the introduction of gambling activities in an area will result in significant benefits without attending costs, which may in fact overwhelm the benefits.

Having said that, it is important to look at various studies, particularly those which have quantified the impact on the surrounding population of newly introduced casino operations. A study by Professor John Kindt, at the University of Illinois Business Department, in an article published in the *Northern Illinois University Law Review*, characterized casino gambling as follows:

“Looking much like a black hole, a casino sucks money from the surrounding population, ultimately sending the local economy into a downward spiral. Once the original market becomes saturated by casino gambling, it almost always suffers an economic downturn. If that community is situated in a closed market, one without access to significant tourist revenues, saturation can occur as soon as one year after a single casino opens. Unlike other entertainment activities, casino gambling could create...a negative multiplier effect on the local economy, siphoning dollars from other businesses and into gambling operations...Contrary to the popular notion the casinos make significant revenues from tourists, casinos in closed markets feed almost exclusively on local economies...casinos in open markets, those with access to major tourism dollars from a non-gambling economy, fare better, but only at the expense of their neighbors. The Nevada economy appears to constitute a classic example of a legalized gambling economy parasitically draining another economy, primarily Southern California. Gambling by Californians pumps nearly 3.8 billion dollars into Nevada each year. The larger an economy, the longer it can be drained without being noticed by the public...Locating in or near a sizeable metropolitan area is all the more important for the casino because once an economy becomes saturated by gambling and begins to slide, casinos find it increasingly difficult to maintain profits.”

A December 14, 1998, *Los Angeles Times* article, Gardena's Changing Fortunes, Living by Casinos,

Losing by Casinos, details what can happen:

“...But Gardena stands as an example of what can happen over the long haul, a warning to other municipalities now debating whether to bet their fiscal futures on gambling. In Gardena, there are no major shopping centers, no fine restaurants. Storefronts are closed. Civic pride lives mostly in memories...The clubs exerted their political influence in ways that profoundly affected the city's futures. Most important, they discouraged development, fearing that new business leaders might usurp control and outlaw poker. **The price: Gardena lost a more diverse economy that would have better helped the city endure the demise of the clubs.**” (Emphasis added)

The NGISC Report noted that “one theme running through the testimony received before the Commission was that the economic benefits were generally most pronounced within the immediate vicinity of the gambling facilities, while the social costs tended to be diffused throughout a broader geographic region.”

A study published in April 1994 by University of Illinois economist Earl L. Grinols concluded that “riverboat gambling did not create the jobs that were promised and had very little effect on reducing unemployment. Economically speaking, it appears that riverboat casinos shift jobs as opposed to creating jobs. For example, the number of independent restaurants drops when a casino opens up.” The Mississippi Gulf Coast suffered the same fate as the economies of the states in the upper Mississippi Valley who turned to riverboat gambling. On the Gulf Coast, retail sales of everything from cars to clothes is down, as well as personal savings in banks. However, not all businesses are hurt when casinos come in. Pawn shops usually prosper when gambling comes into an area. The Mobile County License Commissioner noted that the number of licensed pawn shops in the Mobile area, 50 minutes away from Mississippi Coast casinos, increased from 15 to 55 within a year.



This is also true in the big-time casino areas. Atlantic City now has thousands of slot machines, but no car washes, no movie theaters, and only one supermarket. A report by the State of New Jersey concluded that “it is clear that retail business and retail employment in Atlantic City has continued to decline despite the presence of gambling, and that rampant speculation has rendered the development of vast parts of Atlantic City difficult if not impossible.” When casinos first came to Atlantic City, there were 2,100 thriving small businesses. Today the number is near 1,100, and unemployment is at 14.9%.

In summary, while casinos may bring short run economic benefits, in the long run they weaken a community’s economy and wreak havoc on small businesses. Professor John Kent of the University of Illinois noted in a report to the Commission that for every dollar a state receives from gambling revenues, taxpayers must put up three dollars to cover the social costs and consequences of gambling. “Legalized gambling is inherently parasitic on any economy...It always hurts the economy, it always creates large socioeconomic problems...and that intensifies the needs for tax dollars to address the new problems that they are creating by legalizing gambling.”

The NGISC report also cited a 1998 study published in the *Wharton Real Estate Review*, which concluded that “The greatest effect of the introduction of gambling is on commercial property values, with residential property values not raised at all, perhaps even lowered by casino gambling.”

## FRAUD ON THE PUBLIC

Casino interests have long made it a practice to tell the public whatever it takes to sell the product. For example, a \$12,000,000 campaign convinced Missouri voters in November 1994 to permit steam-driven paddle boats cruising the Mississippi and Missouri Rivers to begin offering casino gambling. Once approved, the casinos successfully petitioned the Missouri General Assembly to drop the cruising requirements, contending the river was "too dangerous." Large casino interests then began to build their boats on man-made lagoons well off the river. When the State Supreme Court found these boats in violation of the State Constitution, the industry immediately took action, not to correct the illegality, but to begin gathering signatures in an effort to change the law at the ballot box.

With the passage of Propositions 5 and 1A, in 1998 and 2000 respectively, we have seen a similar development in California. Voters approved an expansion of legalized gambling on Indian reservations. This approval was no doubt motivated by a well-funded campaign designed to convince the public that changes in the law would merely give Indian tribes the opportunity for economic advancement.

The proposed Oxnard casino has nothing to do with "Indian Gaming." The Maidu Indian tribe, selected by the Las Vegas interests, has no historical claim to Ventura County land. They are a Northern California tribe with no known history in Ventura County. It is doubtful that the voters of Oxnard, Ventura County, (or California) contemplated that their vote for Indian Gaming would allow Las Vegas interests to create "Indian lands" in Ventura County. This is especially true when

one realizes that during its first five years of operation the majority of the Oxnard casino profits would go to the Nevada corporation. Thereafter, the profits would go to Plumas County, home of the Maidu Indians.

Perhaps *Ventura County Star* columnist Colleen Cason said it best in her article of April 22, 2001:

“But that is the very definition of addiction. You repeat a behavior despite its negative consequences. Oh, we meant well. But you and I know good intentions pave the road to damnation. Back in March of last year you wanted to use your ballot to right the ungodly wrong done to American Indians. That’s what Proposition 1A promised. Remember that likeable young Mark Macarro on the television endorsing the initiative? There he stood in oaken glen promising that gambling on Indian lands would bring self-reliance to American Indians. You envisioned a small casino down a country lane on a reservation. Laughing American-Indian children passing it up on the way to a new schoolhouse. What you did not imagine is a casino on Highway 101 in Oxnard.”

#### GAMBLING’S IMPACT ON FAMILIES - ABUSE AND NEGLECT

The National Gambling Impact Study Commission also received considerable testimony regarding the impact of gambling on the fabric of the American family. They ultimately concluded that “family strife created by gambling problems also appears in the form of abuse, domestic violence or neglect.”

The Commission Report summarized testimony from the Rhode Island Attorney General that a “significant increase” in domestic assaults had occurred in the community of Westerly, Rhode Island after the opening of the Foxwoods Casino twenty minutes away. The Commission also quoted a report of the Maryland Attorney General in 1995 that a linkage had been identified between

expanded gambling and increases in domestic violence in numerous locales in the State of Maryland. The Commission received additional testimony regarding the impact of riverboat gambling in the State of Mississippi. A domestic violence counselor in Harrison County testified that a shelter in that county reported a 300% increase in the number of requests for domestic abuse intervention after arrival of the casinos. The same county has averaged 500 more divorces per year since casinos arrived. A national study conducted for the Commission cited two independent studies showing that between 25% to 50% of spouses of compulsive gamblers have been abused.

The Commission also concluded that “children of compulsive gamblers are often prone to suffer abuse, as well as neglect, as a result of parental problems or pathological gambling.”

#### THE PATHOLOGICAL GAMBLER

The National Gambling Impact Study Commission entered into contracts with the National Opinion Research Center (NORC) at the University of Chicago, and the National Research Council (NRC) of the National Academy of Sciences to obtain current and reliable data regarding the problem of pathological gamblers. Based on those studies, as well as other previously published reports, the Commission reached a number of conclusions regarding the impact of pathological gambling on our society.

The NRC Study noted “the existence of a number of costly financial problems related to problem or pathological gambling, including crime, loss of employment, and bankruptcy.” According to the

NRC, "as access to money becomes more limited, gamblers often resort to crime in order to pay debts, appease bookies, maintain appearances, and gather more money to gamble. Another cost to pathological gamblers is loss of employment. Roughly one-fourth to one-third of gamblers in treatment in Gamblers Anonymous report the loss of their jobs due to gambling." The NRC Report states that "problem and pathological gamblers often engage in a variety of crimes, such as embezzlement, or simply default on their financial obligations." In addition, the NRC study also noted the impact of such behavior on children. The report stated that "children of compulsive gamblers are more likely to engage in delinquent behaviors such as smoking, drinking, and using drugs, and have an increased risk of developing problem or pathological gambling themselves."

In a 1997 study by the Harvard Medical School Division on Addictions, it was estimated that of the 125,000,000 American adults who gamble, approximately 7,500,000 should be considered problem or pathological gamblers. The American Psychiatric Association describes pathological gambling as "an impulse control disorder and describes ten criteria to guide diagnoses, ranging from repeated unsuccessful efforts to control, cutback, or stop gambling to committing illegal acts such as forgery, fraud, theft, or embezzlement to finance gambling." As noted by the Commission, all (in the field) "seem to agree that pathological gamblers engage in destructive behaviors: they commit crimes, they run up large debts, they damage relationships with family and friends, and they kill themselves."

The Commission also found that "in addition to the costs of problem and pathological gambling born by the individual and his or her family, there are broader costs to society." Citing research by the National Opinion Research Council, the Commission found:

"...that the annual average costs of job loss, unemployment benefits, welfare benefits, poor physical and mental health, and problem or pathological gambling treatment is approximately

\$1,200 per pathological gambler per year and approximately \$715 per problem gambler per year. NORC further estimated that lifetime costs (bankruptcy, arrests, imprisonment, legal fees for divorce, and so forth) at \$10,550 per pathological gambler, and \$5,130 per problem gambler. With these figures, NORC calculated that the aggregate annual costs of problem and pathological gambling caused by the factors cited above were approximately \$5 billion dollars per year, in addition to \$40 billion in estimated lifetime costs.”

It is indisputable that the problem of pathological gambling is extraordinarily serious in our society.

There is no doubt that we will see an increase in such behavior here in Ventura County with the introduction of casino gambling.

The Commission also found that environmental factors play a significant role in producing pathological gamblers. Whatever the ultimate cause of problem or pathological gambling, it is reasonable to assume that its manifestation depends, to some undetermined degree, on ease of access to gambling, legal, or otherwise. Referring to the NORC study, the Commission Report states:

“NORC examined the nearby presence of gambling facilities as a contributing factor in the incidence of problem and pathological gambling in the general population. In examining combined data from its telephone and patron surveys, NORC found that the presence of a gambling facility within 50 miles roughly doubles the prevalence of problem and pathological gamblers.” In addition, “seven of the nine communities that NORC investigated reported that the number of problem and pathological gamblers increased after the introduction of nearby casino gambling.”

The NRC report, cited by the Commission, reached the same conclusion:

“NRC’s review of multiple prevalence surveys over time concluded that some of the greatest increases in the number of problem and pathological gamblers shown in these repeated surveys came over periods of expanded gambling opportunities in states studied.”

### ADOLESCENT GAMBLING

We also know that adolescent gamblers are more likely than adults to become problem or

pathological gamblers. The Commission found that:

“Several studies have shown that pathological gambling is associated with alcohol and drug use, truancy, low grades, problematic gambling in parents, and illegal activities to finance gambling. How does one place a dollar value cost on that conduct? How do we, as a nation, quantify the value of lost opportunities to these young individuals?”

The various studies examined by the NGISC determined that, as a group, children are gambling even before they leave high school (However, a report prepared for the NGISC indicated that adolescents were notably absent from casino play, with barely 1% reporting any casino wagers).

Under the current proposal for the Oxnard casino, individuals age 18 and above will be permitted into the casino unlike Las Vegas, which requires that patrons be 21 years of age. The Commission report cited a Harvard University analysis which noted that:

“...compared to adults, youth have had more exposure to gambling during an age when vulnerability is high and risk-taking behavior is a norm; consequently these young people have higher rates of disordered gambling than their more mature and less vulnerable counterparts.”

The Commission went on to state that “it may be important to note the impact of proximity to legalized gambling on adolescents. One study found that college students in New York, New Jersey, and Nevada had higher rates of gambling than did students in Texas and Oklahoma.”

#### GAMBLING AND THE HOMELESS

The problems of homelessness in Ventura County are relatively minor when compared to Los Angeles and Santa Barbara Counties. Introduction of casino gambling in Oxnard could change this. In March 1998, a survey conducted by the International Union of Gospel Missions (IUGM) reported

that nearly one in five homeless men and women cite gambling as a cause of their situation. That survey was conducted at 42 shelters nationwide and was based on interviews of 1,100 clients at dozens of rescue missions across the United States. **Commenting on that report, then Senator John Ashcroft of Missouri, now the Attorney General of the United States, called the findings “a fireball in the night warning America against the terrible effects of gambling.” It “should be required reading for the national commission, for public officials who are lobbied by gambling interests...and for citizens who are asked to vote propositions to legalize gambling.”**

After citing that report, the commission also noted that interviews with 7,000 homeless individuals in Las Vegas revealed that 20% reported a gambling problem. The Atlantic City Rescue Mission reported to the commission that 22% of its clients are homeless due to a gambling problem. A survey of homeless service providers in Chicago found that 33% considered gambling a contributing factor in the homelessness of people in their program.

#### FINANCIAL AND CREDIT ISSUES

There is a wide-spread perception among community leaders that indebtedness tends to increase with legalized gambling, as does youth crime, forgery and credit card theft, domestic violence, child neglect, problem gambling, and alcohol and drug offenses.

The NGIS reported testimony from the Director for Consumer Credit Counseling Services in Des Moines, Iowa that “in the late 1980s, 2% to 3% of the people seeking counseling services attributed their credit problems to gambling. Today, approximately 15% of counseling goes to individuals with



gambling attributed to the core of their credit concerns.”

The Commission Report further noted that:

“Nineteen percent of Chapter 13 bankruptcies in the State of Iowa involve gambling-related debt. Bankruptcies in Iowa increased at rates significantly above the national average in the years following the introduction of casinos. Nine of the twelve Iowa counties with the highest bankruptcy rates in the state had gambling facilities in or directly adjacent to them.”

The same situation appears to be true in Illinois another riverboat gambling state. A sampling of Illinois bankruptcy attorneys indicated a solid 10% to 15% of their clients identified gambling as a major contributor to the bankruptcy.

#### TRIBAL SOVEREIGNTY

A casino in Oxnard would essentially involve the creation of an Indian territory, raising many issues regarding the applicability of state laws, and local regulations, for both Indians and non-Indians while on the reservation (the casino). In this area there are more questions than answers. But there are some basic legal principles applicable to the Indian lands that impact our analysis of this proposal.

The Commerce Clause recognizes Native American tribes as separate nations. Chief Justice Marshall once wrote that the Indian tribes are “distinct political communities, having territorial boundaries, within which their authority is exclusive...” (*Worcester v. Georgia* (1832) 31 U.S. 515, 557.) As a result, state law often does not apply on Native American lands.

The United States Supreme Court explained in *Santa Clara Pueblo v. Martinez* (1978) 436 U.S. 49, 58, “Indian tribes have long been recognized as possessing the common-law immunity from suit traditionally enjoyed by sovereign powers.” This immunity extends to tribal officials acting “in their official capacity and within their scope of authority.” (*Turner v. Martire* (2000) 82 Cal.App.4th 1042, 1046.) Thus, the California Court of Appeal has ruled that immunity protects an Indian casino from a lawsuit by a bystander injured in a fight in the casino’s parking lot. (*Trudgeon v. Fantasy Springs Casino* (1999) 71 Cal.App.4th 632.) Similarly, tribal official cannot be sued in state court for fraud involving the casino. (*Great Western Casinos, Inc. v. Morongo Band of Mission Indians* (1999) 74 Cal.App.4th 1407.) Even where a citizen alleges that games at Indian casinos are “rigged” with marked cards, no lawsuit may be brought in a California court. (*Kelly v. First Astri Corp.* (1999) 72 Cal.App.4th 462.)

In the area of criminal law, the United States Supreme Court has held that states have only limited jurisdiction for crimes committed on Indian land. (*California v. Cabazon Band of Mission Indians* (1987) 480 U.S. 202.) The courts have held that “state” authorities (e.g., the Oxnard Police Department, Ventura County District Attorney, and California state courts) would have authority regarding only “prohibitory” offenses such as murder, but would have no jurisdiction whatsoever over “regulatory” laws. The courts have interpreted the distinction between prohibitory and regulatory laws to conclude that the Workers Compensation Appeals Board has no jurisdiction to assist an employee who is injured at the casino (*Middletown Rancheria of Pomo Indians v. W.C.A.B.* (1998) 60 Cal.App.4th 1340). The problems inherent in determining which criminal laws may be enforced are discussed in an article in the UCLA Law Review. (Comment, *Divisiveness and Delusion: Public Law 280 and the Evasive Criminal/Regulatory Distinction* (1999) 46 UCLA L. Rev. 1333.)

The Commission Report also noted that:

“Local regulations such as zoning, building, and environmental codes do not apply on Indian lands. Tribal governments do, however, sometimes adopt local building and other health and safety codes as tribal laws.”

On July 29, 1998, San Diego Supervisor Dianne Jacob, while testifying on the impact of Indian gambling on San Diego County, stated that while her county government has had some success in establishing a government-to-government relationship with the members of the tribes in (her supervisorial) district, local governments incur the costs of law enforcement for gaming-related crimes whether they are property crimes that occur at a casino or more serious crimes related to

individuals who have been at a casino. For example, the San Diego County Sheriff, who is responsible for law enforcement adjacent to all three of the reservations (in San Diego County) on which there is gambling, responded to almost 1,000 calls for service in 1996 alone. The Commission Report also cited further testimony from Supervisor Jacob about two tribal land acquisitions proposed but not yet approved in her district. It was noted that “in both of these situations, the impact on residents of adjacent communities in terms of traffic, crime, and property devaluation would have been devastating. It is one thing to respect the sovereignty of existing tribal lands, but another to annex lands simply for the purpose of circumventing local land use and zoning regulations.”

The Commission also noted that:

“Tribal labor laws apply and state labor laws do not apply to tribal gambling employers under the federal law. State laws that would be inapplicable include workers compensation; state unemployment insurance; state minimum wage; daily or weekly overtime; state disability insurance programs; protection against discrimination for race, sex, age, religion, disability, etc.; protection of minors; no authorized deductions from paychecks; no kickbacks or wage rebates; mandatory day of rest; payment of wages at least semi-monthly; no payment in script, coupons, or IOUs; no required purchases at company stores; and payment in full to terminated workers.”

In respect to the taxing issues, the Commission Report also went on to state that:

“As governmental entities, tribal governments are not subject to federal income taxes. Instead, the Internal Revenue Service classifies tribal governments as non-taxable entities. As Indian casinos are owned and often operated by the tribes, the net revenue from these facilities go directly into the coffers of the tribal governments.”

## CONCLUSION

Throughout this country, and in California, the history of legalized gambling has been one of

scandal, corruption, and adverse impact on the community. As I stated in my 1993 report regarding a proposed Oxnard card club, "...although providing revenues for city governments, the costs in terms of crime, the diminution of quality of life, the attraction to an undesirable element in society, and the loss of integrity in government is unacceptably high." The saga of prominent political officials being indicted and convicted for their involvement in gambling corruption seems endless, including most recently the former governor of Louisiana and the former owner of the San Francisco 49ers football team.

Even more importantly, the evidence is clear that the arrival of full blown gambling in Ventura County, under the guise of "Indian Gaming," would have a substantial negative impact upon the quality of life throughout our County. For a portion of the profits, which are in fact monies captured by the gambling interests from the families of Ventura, Los Angeles, and Santa Barbara Counties, we would be selling the soul of this county. Like the ownership of the proposed card clubs, the ownership of the gambling interests proposing this casino, as well as the Indian tribe, have no connection to our community. Their profits will be at the expense of all Ventura County residents.

Fool's Gold.



