

**SOCIAL COSTS**

**OF**

**PROPOSED MASON-DIXON  
GETTYSBURG CASINO**

**TO**

**ADAMS COUNTY**

Keith Miller  
May 21, 2010  
Draft

## SUMMARY

Mason-Dixon's proposed Gettysburg casino will add significant social costs to Adams County. Some will be borne by individuals, some by businesses and some by municipal functions. Analysis using benchmarks from casino economics expert Earl Grinols indicates that these costs could range from ten to sixty million dollars annually.

People who live near casinos are more likely to become addicted to gambling, even if they never gambled before. The proposed Mason-Dixon Casino not only would provide a facility within half an hour drive for most residents of the county, but according to its own local impact report, it counts on them to be 59% of its customers.

With an increase in addiction we have an inevitable increase in social costs, including increased health and mental problems, domestic disputes, alcohol and drug related issues, job loss, bankruptcy, and arrest for the increased number of addicted Pathological and Problem Gamblers.

This report reviews some of the literature in this area, and, using the methodologies developed by the National Opinion and Research Center at the University of Chicago in their landmark study for the National Gambling Impact Study Commission, estimates the severity of the Social Costs faced by Adams due to the introduction of a casino. Obviously, not everyone will become a bankrupt, divorced, criminal casino gambling addict, but claims by Mason-Dixon and casino proponents that there are no social costs are simply untrue. Policy makers and the public need to understand the nature and extent of the problem they are facing.

For a better understanding of the economic impact of the proposed Mason-Dixon Casino, readers are referred to the Comparative Analysis of Mason-Dixon's Local Impact Report Second Edition, May 21, 2010, by Keith Miller. For information on heritage tourism loss see Gambling with Gettysburg, Feb 2010 by Violet Clark.

## 1.0 SOCIAL COSTS

The social costs of gambling addiction are significant. Before reviewing the impacts of gambling addictions, it is important to clear away the smoke propagated by the gambling industry and casino investors. Mason-Dixon's predecessor Crossroads repeatedly claimed that "independent studies show gaming does not have a direct impact on crime, bankruptcies, suicides or other social causes."<sup>1</sup>

Mason-Dixon's website makes similar claims:

Pennsylvania's casinos not only have proven to be wonderful economic-development engines and job creators for their communities, but they've proven to be incredibly

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<sup>1</sup> Crossroads Advertisement, *The Gettysburg Times*, January 9, 2006.

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safe. The constant presence of security personnel, the Pennsylvania Gaming Control Board and Pennsylvania State Police has created a safe atmosphere.<sup>2</sup>

These claims are simply untrue and disingenuous. In the last two years Pennsylvania casinos have been caught and fined eight times for allowing underage gambling including minors younger than 18.<sup>3</sup> While it is commendable that police are working to combat underage gambling, what is unknown is how many cases went undetected. While Mason-Dixon may declare this is “incredibly safe,” it is not devoid of problems.

While crime on casino sites may be controlled via heavy security forces including state police, the major problem is crime which occurs outside the casino as people fund their addiction. On Crossroads’ website and in its literature, it quoted information from the American Gaming Association, which tries to show that casinos “are just another form of entertainment” and that there are no problems with gambling.

According to the 2010 AGA State of the States report, only 28% of Americans visited casinos last year. The AGA had a survey done to ask people whether they find gambling acceptable. In an effort to manage the response they did not ask for approval or support, as the answer to this question would almost certainly have been less favorable to the gambling industry:

- 17% of respondents said it was unacceptable for anyone
- 36% said it was unacceptable for them personally, but acceptable for others;
- 45% said it was acceptable for all.

On some level, *53% of Americans find gambling unacceptable*. This is up from 42% five years ago.<sup>4</sup>

With only 28% of Americans going to casinos, most do not understand how casinos operate. About four-fifths of those who go to casinos do so infrequently and in general leave with acceptable losses. The economic reality is that these patrons are of little interest to the gambling industry. **Essential to casino profits are the 20% of patrons, who also represent 5% of the general population, that visit casinos daily and weekly. These frequent visitors provide 80% of the casinos’ revenues.** With targeted marketing, comps (complimentary hotel and other services), and deceptive gaming technology, these patrons are lured back over and over again until some have gambled away their, their family’s, friend’s and sometimes their employer’s last dollars. The losses of these individuals, many of which would be classified as addicted pathological or problem gamblers, are what drive social costs.

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<sup>2</sup> Mason-Dixon Website FAQ, “Won’t there be an increase in crime if a casino locates here?”

<sup>3</sup> “PA Gaming Control Board Fines Casino For Underage Gambling Violations. Additionally, Board fines slot machine manufacturer for late application,” Press Release PGCB Jan. 27, 2010.

<sup>4</sup> 2010 State of the States, The AGA Survey of Casino Entertainment. Pg 29 & 37

## 1.1 CASINO FACTS

Gambling addiction, leads to **F**amily **A**buse, **C**rime, **T**reachery and **S**uicide.

Proponents and opponents to gambling have poured through statistical studies to justify their positions. The gambling industry likes to look at aggregate studies which dilute the impact of gambling addiction. The National Gambling Impact Study Commission completed in 1999 by the National Opinion Research Center at the University of Chicago (NORC) based its work on the impact on gamblers.

Now let's review the **FACTS**.

- **F**amily **A**buse: 53% of Pathological Gamblers have “emotionally harmful” discussions about their gambling with family members. 54% of Gamblers get divorced which is twice the ratio of low risk or non-gamblers.<sup>5</sup> Pathological gamblers are three times more likely to get divorced than the rest of the population.<sup>6</sup>

In Deadwood South Dakota, after two years of casino gambling, child abuse cases increased 42%. Domestic violence and assaults increased 80%.<sup>7</sup>

Pathological gambling leads to child endangerment. Many casinos have security personnel dedicated to searching for children who might be left in the car while a parent gambles.<sup>8</sup> The problem was highlighted and, South Carolina banned slots after a highly publicized case in which a 10-day-old baby, left inside a car, died while her mother gambled in a casino. In the first six months of 2000, Indiana tallied 38 incidents of similar child endangerment involving 73 children.<sup>9</sup> Child abuse does not end in parking lots. Instead, it carried over to the home, as the children of Pathological Gamblers have to do without and must listen to parents lie and argue about gambling losses.

- **C**rime: **Pathological Gamblers are:**
  - **Three times as likely to be arrested and almost six times as likely to be incarcerated as Low Risk Gamblers**
  - **Eight times more likely to be arrested as non-gamblers who are almost never incarcerated.**<sup>10</sup>

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<sup>5</sup> Gambling Impact and Behavior Study, Report to National Gambling Impact Study Commission, prepared by National Opinion Research Center at the University of Chicago NORC

<sup>6</sup> NORC

<sup>7</sup> “The Economic Impacts of Legalized Gambling Activities,” Prof. J.W. Kindt, Drake Law Review, Drake University, Des Moines, IA, Vol. 43, 1994.

<sup>8</sup> “Children under 12 are not to be left unattended in vehicles.” Guidelines for Child Safety”, Foxwoods Resort Casino, Security pamphlet, 2006

<sup>9</sup> [http://www.casinowatch.org/children\\_gambling/children\\_at\\_risk.html](http://www.casinowatch.org/children_gambling/children_at_risk.html) Times-Picayune/4.12.97, The Associated Press/9.4.97 "Casino official says no children allowed", Rhonda E. Sobecki/Nixon Interactive/7.27.00.

<sup>10</sup> NORC.

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On February 18, 2005, Terry Unger, club treasurer of the Adams County Fish and Game, was arraigned for embezzlement and was charged with four counts of theft by unlawful taking, forgery, and theft by failing to make required deposits. “According to police, Unger fraudulently told members of the Fish and Game that there was \$85,000 in the club treasury, when he had, in fact, lost it gambling. Unger also told investigators that he had forged the club president’s name on documents used to acquire a \$35,000 bank loan, before losing that as well.”<sup>11</sup>

At 5:35 p.m. on Friday February 12, 2010, 60 year- old Richard Carroll allegedly walked up to tellers at the TD Bank North, at the Village Shoppes Plaza in Canton claimed to have a gun and forced them to fill a brown paper bag with money. Carroll was easily apprehended six hours later at Mohegan Sun where he was feeding his addiction with the stolen funds.<sup>12</sup>

On April 26, 2010, Sharon L. Mummert of Mummasburg pleaded guilty to theft by unlawful taking of \$19,477 from Adams County National Bank where she worked. The thefts began on June 17, 2009 and ran through November of that year. Mummert was a teller and several times her drawer was found short and money from the vault was used to make up the drawer balance. According to court documents, “when state police interviewed Mummert on November 19, she admitted taking the money from her drawer, and said she did so because she had a gambling problem.”<sup>13</sup>

### Charges Filed by Agents of Missouri Gaming Commission.

| TYPE OF CHARGE                          | NUMBER | TYPE OF CHARGE                  | NUMBER  |
|---|--------|---------------------------------|---------|
| Assault                                 | 23     | Obstruction of Judicial Process | 535     |
| Burglary                                | 2      | Obstructing Police              | 20      |
| Violation of Dept. of Conservation Laws | 2      | Peace Disturbance               | 5       |
| Damaged Property                        | 38     | Robbery                         | 5       |
| Dangerous Drugs                         | 55     | Sex Offenses                    | 1       |
| Family Offense                          | 6      | Sexual Assault                  | 2       |
| Flight/Escapes                          | 8      | Stealing                        | 102     |
| Forgery                                 | 70     | Stolen Property                 | 21      |
| Fraud                                   | 76     | Tax Revenue                     | 2       |
| Violation of Gambling Laws              | 211    | Weapons                         | 1       |
| Kidnapping                              | 2      |                                 |         |
| Misc. Fed. Charges                      | 4      |                                 |         |
| Motor Vehicle                           | 53     | Total Charges                   | * 1,244 |

\*These totals reflect the number of charges filed by agents of the Commission. The number of individuals arrested will be lower as some individuals may have multiple charges filed as a result of an individual incident. These totals also include arrests made attendant to outstanding warrants for criminal activity that did not occur on property of excursion gambling boats.

In fiscal year 2004, there were 1,244 arrests at Missouri casinos.<sup>14</sup> These are simply on premise arrests. They occurred in a highly controlled environment with heavy

<sup>11</sup>“Top 10 Stories of 2005,” *The Gettysburg Times*, Saturday, Dec. 31, 2005.

<sup>12</sup> Candice Hall, “Police arrest suspect at casino after Canton bank robbery,” *Canton Journal*, February 15, 2010.

<sup>13</sup> “Teller Pleads Guilty to Stealing \$19k,” Steve Marroni, *The Hanover Evening Sun*, 4/27/2010

<sup>14</sup> Missouri Gaming Commission Annual Report to the General Assembly Fiscal Year 2004, page 16

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security. This excludes any crimes which occurred outside the casinos including DUI's, embezzlement, etc., or when patrons went home.<sup>15</sup>

In 2000, after a two-year experiment with slots, South Carolina, sickened by the social impact, banned the machines. After the machines were banned, South Carolina's York County Sheriff Bruce Bryant reported that crime dropped 40%. "All that went down significantly since video poker left," Bryant said. "It has been a real blessing to the York County Sheriff's Office to be rid of video poker." 16th Circuit solicitor, Tommy Pope, reported a reduction in cases from "collateral crimes" of video poker. In addition to robberies and petty thefts, Pope said that also includes people writing bad checks.<sup>16</sup>

Many people have tried to analyze the impact of casinos on overall crime rates. Most of these studies have fallen short of defining a statistical linkage due to inadequate designs. By comparing all counties in the United States, Earl Grinols, David Mustard, and Cynthia Hunt Dilley showed that the introduction of casinos during the 1980's and 90's caused an increase in crime in those communities beginning about three years after the casino opened.

The introduction of casinos could lower crime rates by adding jobs and wages to otherwise blighted communities. Conversely, it could also increase crime rates by diverting dollars and destroying local businesses, providing an increased payoff for theft (casinos use and produce large concentrations of cash). Local Pathological and Problem Gamblers are three times more likely to be arrested. However, it can take up to three years for them to drain their own resources, at which point some will turn to crime. Casinos have large attendance, and some of these may also be addicted gamblers who will bring their problems to the host community. In addition, many communities prepare for casinos by establishing increased police organizations when the casinos open. Such organizations will act as an initial crime deterrent. Unfortunately, they often do not keep pace with the increased crime problems that grow as casinos expand at the expense of addicted gamblers. Additionally, the deterrence effectiveness erodes over time.

Grinols' work showed that counties with casinos suffered increased violent and property crimes beginning about three years after the opening of a casino. This deferral happens because, in the first few years, the benefits of economic development balance any negative impacts of gambling visitors. In one to two years, violent crimes increase most likely because of increased visitors. After about three years, property crime rates rise as the local job benefits are overwhelmed by the exhaustion of local pathological gamblers who have turned to crime after depleting their personal and family resources. In the last year of this analysis, about 10% of violent crimes and 8% of property crimes were credited to the introduction of a casino. An interesting anomaly was increased auto theft during the casino construction phase. It is important to note that this is the net effect of more crimes

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<sup>15</sup> Uniform Crime Statistics Adams County, <http://www.fedstats.gov/mapstats/arrests/county/42001.html>

<sup>16</sup> The Herald from Rock Hill S.C. 2005.

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with problem gamblers and less crimes from people with jobs. The negative impact of gamblers was worse.

|                               | <u>Addition to Crime</u><br>Rate per 100,000 | <u>When Crime Rate</u><br>Changes |
|-------------------------------|--|-----------------------------------|
| <b><u>Violent Crimes</u></b>  |  |                                   |
| Robbery                       | 60-70  | 1 years after opening             |
| Rape                          | 8-12   | 3 years after opening             |
| Aggravated Assault            | 90-110                                       | 3 years after opening             |
| <b><u>Property Crimes</u></b> |  |                                   |
| Auto Theft                    | 100 rising to 350                            | 2 years before opening            |
| Larceny                       | 300 rising to 1100                           | 4 years after opening             |
| Burglary                      | 200-350                                      | 5 years after opening             |

Some have suggested that crime statistics should be evaluated based on diluted numbers. That is, crime rates should be examined versus the local population plus visitors and not just against the local population. Grinols' analyzed crime compared to just the local population, which in any event has to pay for the costs of crime. To address this question, he examined crime rates in counties which neighbor casinos. These communities suffered crime increases with about half those of the casino counties, indicating that the crime was not simply on site but problems taken home by addicted gamblers.<sup>17</sup>

A July 2004 study for the U.S. Department of justice confirms that Pathological and Problem Gamblers in Las Vegas, Nevada and Des Moines, Iowa are 3-5 times more likely to be arrested than non gamblers and low risk gamblers. "More than 30 percent of pathological gamblers who had been arrested in both cities reported having committed a robbery within the past year, nearly double the percentage for low-risk gamblers. Nearly one-third admitted that they had committed the robbery to pay for gambling or to pay gambling debts. In addition, about 13 percent said they had assaulted someone to get money; one in four assaults reported by pathological gamblers was directly or indirectly related to gambling. By comparison, low-risk, at-risk, or problem gamblers reported committing gambling-related robberies infrequently.<sup>18</sup>

Despite the overwhelming evidence that casinos are linked to crime, Chance Enterprises has suggested that there is no linkage. In a pamphlet prepared by Chance they try to explain away the linkage between casinos and crime citing a study prepared for the American Gaming Association by Jay Albanese, "Casino Gambling and White-Collar Crime: An Examination of the Empirical Evidence"

This study concludes that, although there are lots of examples of addicted gamblers that turned to Forgery, Fraud and Embezzlement to cover their losses, these examples

<sup>17</sup> Earl Grinols, David Mustard and Cynthia Hunt Dilley, *Casinos Crime and Community Costs*, June 2000

<sup>18</sup> Gambling and Crime Among Arrestees: Exploring the Link; National Institute for Justice; July 2004.

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could be ignored because "Gambling does not cause white-collar crimes. Instead, it is the way in which a person defines a problem as non-shareable or as threatening to family stability that leads to embezzlement."

In other words, the problem is not the gambling, but the gambler's embarrassment over the losses and his subsequent attempt to cover up these losses by theft that is the problem. If gambling was accepted by all, according to this study, as simply another form of legitimate entertainment, then gambling losses would be normal and nothing to feel bad about. In this case, people would not turn to white collar crimes to cover their losses. The paper suggests that the problem is not the casino that addicts, or the gambler that is addicted, the problem is a society that disapproves of this "just fun, entertainment."

In examining the data, Albanese concludes "An examination of arrest trends for embezzlement, forgery and fraud in nine of the largest casino markets shows no consistent pattern, although more jurisdictions report decreases than increases in arrests." Although Albanese tries to argue that there is no link, he did not show this. His conclusion is that you cannot show conclusively one way or the other.<sup>19</sup>

Albanese's analysis is weakened in that he looked at data from 1988-1996. Other than casinos in Las Vegas and Atlantic City, the other seven towns considered had opened casinos for only two years. Addiction to slots takes about a year. Exhaustion of resources can take two to three years, so Pathological Gambling crimes should not occur for two to four years, as was shown by Grinols' study on crime.

If one looks at the results for the communities that Albanese examined eight years later, one finds that, for the seven cities examined (other than Las Vegas and Atlantic City), Fraud, Forgery, and Embezzlement increased 29%, 32% and 750% (7.5 times increase) since the casinos were opened.

Finally, Albanese examined USA Today articles that reported embezzlement over 10 years, and found that only 12% were linked to Gambling, 20% were linked to other causes, and 68% gave no cause. Pathological Gamblers comprise 1-2% of the Nation's population. The fact that only 12% of these articles were linked to gambling is not surprising: it was 12% out of 32% with identified causes, which is 38% of the articles with identified causes.

The real problem of white collar crimes linked to gambling is that there are no warning signs. By and large, the gambling addict is not wielding a gun, slurring his speech, or breaking and entering. Furthermore, because the money stolen is covering gambling losses, you will not see the thief driving up in a new car he/she cannot afford or buying a big house. The embezzled funds simply disappear. Business owners like the Adams County National Bank will have no idea which one of their

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<sup>19</sup> Jay Albanese, Professor of the Virginia Commonwealth University, in 1999 "Casino Gambling and White-Collar Crime: An Examination of the Empirical Evidence" August 1999.  
[http://www.americangaming.org/assets/files/studies/White\\_Collar\\_Crime.pdf](http://www.americangaming.org/assets/files/studies/White_Collar_Crime.pdf)

employees is likely to steal. The casinos put in armies of security because they cannot trust anyone either. Employers in communities will have to double and redouble their protections. Addicted Gamblers are not evil, bad people. They go to church, they run the police and fire departments, they preach virtues, and own football teams. Unsuspecting employers will have no way to identify employees who pose gambling risks, which is what makes dealing with the problem so complicated.

- **T**reachery: A two-question test for Pathological Gamblers is:

- (1) Have you ever felt the need to bet more and more money?
- (2) Have you ever had to lie to people important to you about how much you gambled?<sup>20</sup>

A “yes” to either question implies you have a problem. **The treachery of lying to family, friends and employers is one of the greatest and most expensive parts of this crime. Abused Funds** are monies which a family planned to use for purposes like food, rent, education, retirement, etc, that the Pathological and Problem gambler appropriates to satisfy his need to gamble more, often lying about where the money went. Pathological gamblers’ losses go beyond an occasional fling or entertainment to the bankruptcy of their families. **Pathological Gamblers are five-times more likely to declare bankruptcy than non gamblers.**<sup>21</sup> In the process of bankrupting themselves, people of supposedly strong moral standing can be laid low by this disease.

68-year-old Dan Sofelleto, the business manager for the Buffalo Grove Roman Catholic Parish, was arrested after stealing \$600,000 from his church to help pay \$1.8 million in slots losses.<sup>22</sup> A study for the banking industry of 1996 bankruptcy filings found that “The bankruptcy rate was 18 % higher in counties with at least one gambling facility.”<sup>23</sup>

- **S**uicide: When the lies no longer work, some Pathological Gamblers commit suicide. 15-24% of Pathological gamblers in Gambler Anonymous groups report that they have contemplated suicide, and the rate of suicide amongst Pathological gamblers is ten times the 0.012% in the general population. **Lifetime suicide rates for members of Gamblers Anonymous over the years, and in various countries, have ranged from 8 percent to 21 percent.**<sup>24</sup>

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<sup>20</sup> *Beyond the Odds* a Quarterly News Letter about Problem Gambling. June 2000. Screening for Pathological Gambling <http://www.miph.org/gambling/bto/jun00/screen.html>.

<sup>21</sup> NORC.

<sup>22</sup> “Parish business manager faces charge he stole over \$600,000 Police say he took collections, other funds to bet on slots”, by Richard Wronski, *The Buffalo Tribune*, December 15, 2005.

<sup>23</sup> “The Personal Bankruptcy Crisis, 1997” study prepared for the banking industry by SMR Research Corp, Hackettstown, NJ, 1997, pp. 119-120.

<sup>24</sup> “Problem Gamblers assume unexpected risk—Suicide” Joan Arehart-Treichel, *Psychiatric News*, 11/21/03 vol 38, No. 22, American Psychiatric Association.

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A 1998 study by McLeary and Chew prepared for the American Gaming Association was unable to show a statistically meaningful relationship between gambling and suicide. Although the rate of suicide in Harrison County, Mississippi and Atlantic City, NJ increased by 18% and 8% after the introduction of casinos, their analysis was unable to show this was a statistically significant increase. This study did not conclude that casino gamblers did not commit suicide; it concluded that they could not statistically measure it.<sup>25</sup>

Suicide takes about 10 people out of 100,000. If Pathological Gamblers commit suicide at a rate of 1 per thousand and Adams has an additional 1,323-1,911 Pathological Gamblers then it could expect to see two more suicides. These will not all happen at once, or immediately after the casino opens. It will take a year to become addicted with an additional two to four years to exhaust financial resources. Sometime after three or four years, these depressed gamblers will take their lives. Most likely their deaths would fit into the noise described in a McLeary and Chew study.

As with the discussion of crime, casinos can bring jobs to blighted areas with unskilled workforces. Suicide is also linked to unemployment. A study in Japan showed that half of those who committed suicide in 1999 were unemployed.<sup>26</sup> A New Zealand study where unemployment peaked in the 1990's showed that, after taking account of age, sex, and other socio-economic factors, unemployment increased the probability of suicide by two to three fold.<sup>27</sup> These studies show that McCleary and Chew's work is deficient in terms of taking account of demographic and economic factors. The fact that McCleary and Chew could not find a statistically meaningful relationship between the opening of a casino and suicide may be due to counteracting influences of reductions in unemployment-related suicides offsetting Pathological Gambler suicides. It is again critical to note that anything that would bring jobs to such areas would have the same beneficial impact, while casinos are a prime driver of suicide. It is also important to keep in mind, that the proposed Mason-Dixon Casino will destroy more jobs than it creates so there would be no improvement due to putting more people to work.

“A small-business owner had just returned from a trip to the Las Vegas Strip's MGM Grand ... when he allegedly killed his pregnant wife and three children (under 7 years of age) before turning the gun on himself. In his Michigan, home, police found a suicide note blaming gambling addiction, and \$225,000 in shredded casino markers. His business was \$500,000 in debt because he withdrew the money to cover his gambling.”<sup>28</sup> Bob Breen of the Rhode Island Gambling Treatment Program Department of Psychiatry at Rhode Island Hospital, who has treated over a thousand

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<sup>25</sup> Richard McCleary and Kenneth Chew, *Suicides and Gambling: An Analysis of Suicide Rates in U.S. Counties and Metropolitan Areas*, September 1998.

<sup>26</sup> Ciaran Mullholland, Depression and Suicide, Netdoctor.co.uk

<sup>27</sup> T A Blakely, S C D Collings, and J Atkinson, “Unemployment and suicide. Evidence for a causal association? *Journal of Epidemiology and Community Health* 2003;**57**:594-600

<sup>28</sup> *Las Vegas Sun*, 11/22/00; *Las Vegas Review-Journal* 11/23/00.

[http://www.casinowatch.org/children\\_gambling/children\\_at\\_risk.html](http://www.casinowatch.org/children_gambling/children_at_risk.html)

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Pathological Gamblers, estimates that half have considered suicide and that 5-10% end up in treatment to protect them from themselves.<sup>29</sup>

For those who assume that it is only the morally weak or those on the margins of society who suffer with these problems, their assumptions are far from correct. Take for instance the stories like that of 56-year-old Fire Chief Phillips of Hillsdale, Illinois. He killed himself after siphoning more than \$150,000 from the department's bank account to cover gambling losses. Police Chief Thomas Moffatt of Central Falls, Rhode Island after borrowing \$60,000 from other police officers to cover gambling losses, killed himself. Commenting on Chief Moffatt's death, Colonel Edmond Culhane, State Police Superintendent said, "The message from the whole thing is the dangers of gambling, quite frankly. Tom Moffatt was a truly honorable guy. He had a superb career as a state trooper. He was a great family man and a terrific policeman. This was his one weakness and it took him down."<sup>30</sup>

These are the **FACTS** the gambling industry likes to ignore. They try to dilute and obfuscate with other data, but this is the reality. When the gambling industry admits that, at times, one of their patrons does wrong, it often defends itself behind either the concept of personal responsibility or co-morbidity.

- Pathological Gambling is a condition defined by the American Psychiatric Association. It is not simply an excuse for a failure of personal will.<sup>31</sup> Tests have shown that gambling triggers chemical responses in the brains that encourage people to gamble beyond a reasonable point.<sup>32</sup> Slots machines and casinos are designed to maximize casino revenues by triggering this response and by causing gamblers to lose control, become addicted, and lose more than they can afford.
- Co-Morbidity is another gambling industry excuse to avoid blame for Pathological Gamblers. If industry officials cannot convince people that the failure is one of personal choice, they pass the blame to other addictions. Studies have shown that 13% of heavy drinkers are susceptible to gambling addiction. According to NORC's study, Lifetime, Non-Gamblers, Low Risk Gamblers, and Pathological Gamblers exhibited the below characteristics. As can be seen, Pathological Gamblers have a greater likelihood of additional issues, but only minorities of gamblers suffer co-morbidity and the causal relationship may be that gambling causes the second problem.

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<sup>29</sup> Author's Conversation with Bob Breen, January 5, 2006.

<sup>30</sup> Grinols, Gambling in America, Associated Press 11/24/99, Providence Journal, 5/2/99.

<sup>31</sup> "The Worst of All Bets, New Thinking Provides Hope for Gambling Addicts" by Marianne Szegedy-Mazak, 5/23/05, *US News and World Report*.

<sup>32</sup> Jon Grant, "The Neurobiology of Pathological Gambling," *Journal of Gambling Issues*, Proceedings of the Nineteenth Annual Conference, June 23-25, 2005, Issue 15 December 2005

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|                         | <u>Non Gamblers</u> | <u>Low Risk Gamblers</u> | <u>Pathological Gamblers</u> |    |
|-------------------------|---------------------|--------------------------|------------------------------|----|
| % of Population         | 14%                 | 75%                      | 1.2%                         |    |
| Depressive episode ever | 0%                  | 0%                       | 20%                          |    |
| Mental Health Treatment | 5%                  | 1%                       | 13%                          |    |
| Alcohol Abuse           | 1%                  | 4%                       | 10%                          |    |
| Drug Use last 5 days    | 2%                  | 7%                       | 8%                           | 33 |

- The industry tries to pass off the **FACTS** as due to alcohol abuse and depression. First, the claims of the co-morbidity of alcoholism and depression are not 100% correlated. Only 13% of heavy drinkers vs. 5% of non drinkers are susceptible to gambling addictions. <sup>34</sup> Second, not all depressed people are Pathological Gamblers; it just seems like the majority of Pathological Gamblers are depressed. The numbers suggest that gambling addiction is the cause of and exacerbates depression; depression does not cause gambling. If casinos and the gambling industry see a connection between alcohol abuse and gambling, it is interesting that they make alcohol readily available in casinos. Short term, alcohol consumption may reduce the inhibitions against gambling. Long term, gambling losses can lead to depression and alcohol abuse.

Bob Breen, M.D., who has treated over a thousand gambling addicts, says co-morbidity is not true. He has treated over a thousand patients with gambling addiction problems. Many are middle-aged men, who, after years of successful careers and marriages, decided to try the casinos once for some “entertainment” and, in a single session, were hooked. After they lost everything – their savings and often their families – they would turn to Dr. Breen for help. These individuals had no prior history of drug, alcohol or psychiatric problems. One pull of the arm and they were done.<sup>35</sup>

The problems of Pathological and Problem Gamblers become the problems of the people close to and around them. Gamblers will lie to those around them in hopes of winning back what they have lost. In the process, they will lose what little they might have left.

## 1.2 ADDICTION RATES

Pathological Gamblers and Problem Gamblers are categories used by the American Psychiatric Association to define people who develop an addiction to gambling. Pathological Gamblers are like drug addicts—addicted to gambling itself. Being in close

<sup>33</sup> NORC page 30

<sup>34</sup> “Pathological Gambling,” *American Family Physician*, February 1, 2000, Brian K. Unwin, Major U.S. Marines, Mark K. Davis Lt. Col. Marines, Jason B. De Leeuw, Captain, U.S. Marines.

<sup>35</sup> Author’s discussion with Dr. Bob Breen, M.D., Rhode Island, Hospital, Department of Psychiatry January 5, 2006.

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proximity to a casino increases the likelihood of residents developing serious gambling problems.

Although some might argue that only the “morally weak” or those suffering from other problems become gambling addicts, data from several sources shows the link between proximity and addiction. An analysis of this information is important because it answers the question as to cause and effect, and it allows one to estimate the impact of putting a casino near a community.

The American Gaming Association, the lobbying and public relations organization of the gambling industry claims: “The rate of pathological gambling is close to 1 percent of the U.S. adult population.” This claim is based on the following supporting evidence. As noted, the AGA selectively and misleadingly quotes these sources.

| <b><u>AGA Claim</u></b>  | <b><u>The Truth</u></b>   |
|--|---|
| A 1999 survey conducted for the National Gambling Impact Study Commission (NGISC) by the University of Chicago's <u>National Opinion Research Center</u> (NORC) concluded that 0.1 percent of the U.S. adult population are current pathological gamblers. | NORC performed two surveys. One was a random phone survey and one was a survey of gambling patrons. The random survey identified 0.1% and 0.8% of the population as current year and lifetime Pathological Gamblers. The survey of gambling patrons identified 5.7% and 7.9% as current year and lifetime Pathological Gamblers. Recognizing the inability of random phone calls to elicit honest responses and the fact that Casino gamblers are about 25% of the population, NORC concluded that 0.6% and 1.2% of the population were current year and lifetime Pathological Gamblers. <sup>36</sup> The AGA misleads by taking the lowest number from the work, and misleadingly reporting it. |
| Another NGISC-commissioned study, conducted by the <u>National Research Council</u> of the National Academy of Sciences, estimated the pathological gambling prevalence rate at 0.9 percent.   | The National Research Center concluded that 0.9% and 1.5% were current year and lifetime Pathological Gamblers. <sup>37</sup> This result is based upon a review of the below 1997 meta-analysis as well as the NORC study but not new research.  |
| A 1997 meta-analysis by <u>Harvard Medical School's Division on Addictions</u> estimated 1.29 percent of the population could be classified as having serious pathological gambling problems.  | Shaffer's Meta Analysis looked at 120 gambling addiction studies: half performed before 1992 and half after, and concluded that 1.14% and 1.6% of the population were current and lifetime level 3 gamblers. Level 3 gamblers are equivalent to pathological gamblers. <sup>38</sup> One issue with this study is that much of the data predates the 1990 introduction of casinos.  |

<sup>36</sup> NORC page 25

<sup>37</sup> National Research Council, Pathological Gambling a Critical Review, National Academy Press, Washington DC, 1999.

<sup>38</sup> Howard J. Shaffer, Harvard Medical School Division of Addictions, *Estimating the Prevalence of Disordered Gambling Behavior in the United States and Canada: A Meta-Analysis*. December 15, 1997 <http://www.divisiononaddictions.org/html/publications/meta.pdf> page iii.

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|   |   |
|---|---|
| <p>Gambling expansion during the past 25 years has not contributed to a comparable rise in the prevalence of pathological gambling. According to the 1976 report of the Commission on the Review of the National Policy Toward Gambling, an estimated 0.77 percent of Americans were found to be 'probable compulsive gamblers,' comparable to the numbers found in the 1999 NORC survey.</p> | <p>The AGA’s conclusion is not supported by their quoted research. The NORC report specifically states: “the NORC DSM–IV Screen for Gambling Problems, ... has no close counterpart in the 1975 survey. Further analysis of the items used in the 1975 survey to assess “probable compulsive gambling” and “possible compulsive gambling” might permit us to use some of these items as stand-in for some of the diagnostic criteria in DSM–IV and thus permit closer comparisons of diagnostic categories in the two national surveys. However, this exploration must be deferred to future research.”<sup>39</sup></p>  |
|   | <p>In discussing the 1976 study, the above referenced National Research Council Report said “the volume and scope of studies are not sufficient to provide solid estimates for the national and regional prevalence of pathological and problem gamblers, or to provide estimates of changes in prevalence associated with expanded gambling opportunities and other recent secular trends.”<sup>40</sup></p> <p>Shaffer’s Meta Study cited by the AGA states: “there is correlational evidence supporting the notion that rates of pathological gambling have increased during the two decades between 1977 and 1997. This evidence reveals that past-year level 3 gambling, lifetime level 2 gambling, and combined lifetime level 2+3 gambling is increasing over time. When we control for the influence of differing study types, the evidence becomes stronger that the rates of past-year pathological gambling among adults in the general population are increasing over time.”<sup>41</sup></p> |
| <p>The NORC survey did not find pathological gambling prevalence levels in places closest to casinos any higher than in places further from casinos. As the NORC report stated, “The availability of casinos within driving distance does not appear to affect prevalence rates.”</p>   | <p>The NORC report states: “The availability of a casino within 50 miles (versus 50–250 miles) is associated with a higher prevalence (about double) of problem and pathological gambling in the combined survey results”<sup>42</sup><br/>The AGA claim is inconsistent with the document.</p>   |

<sup>39</sup> NORC page 5 & 6.

<sup>40</sup> National Research Council, *Pathological Gambling a Critical Review*, National Academy Press, Washington DC, 1999. page 65

<sup>41</sup> Howard J. Shaffer, Harvard Medical School Division of Addictions, *Estimating the Prevalence of Disordered Gambling Behavior in the United States and Canada: A Meta-Analysis*. December 15, 1997 <http://www.divisiononaddictions.org/html/publications/meta.pdf> page, 41-43 & 56

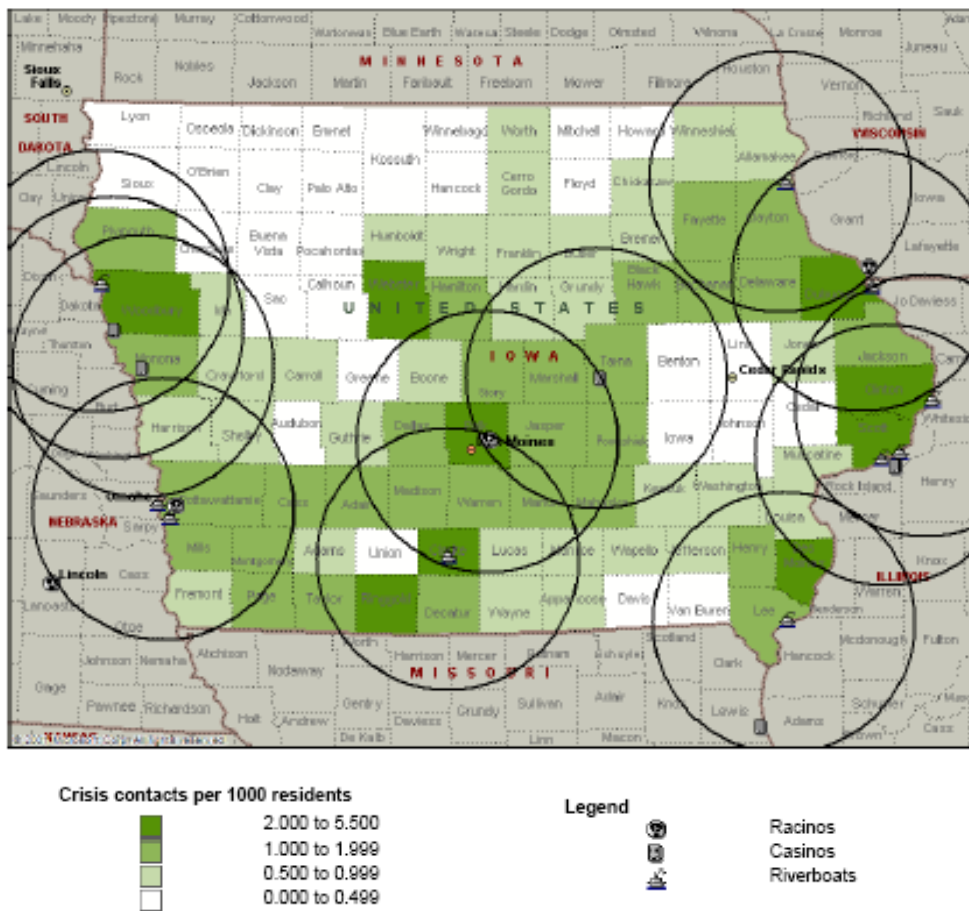
<sup>42</sup> NORC page ix and 29.

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|  |   |
|--|---|
| <p>The 1997 Harvard meta-analysis found no regional differences in the prevalence of gambling disorders.</p> | <p>This statement is true. However, the sample of studies to a large extent predates the introduction of casinos except for Nevada and New Jersey and includes only four studies from those locations.<sup>43</sup> Further, as noted above, the Meta Study found that the rate of what it called disordered gambling had been increasing since 1976 as more gambling was being introduced.</p> |
|--|---|

Studies from around the United States and across the world show that **gambling addictions multiply in proximity to casinos.**

Figure 5 Crisis Contacts and Gambling Venues Mapped



- 2004 Data from *The Iowa Department of Public Health Gambling Treatment Services: Four Years of Evidence* shows a comparable concentration of gamblers’

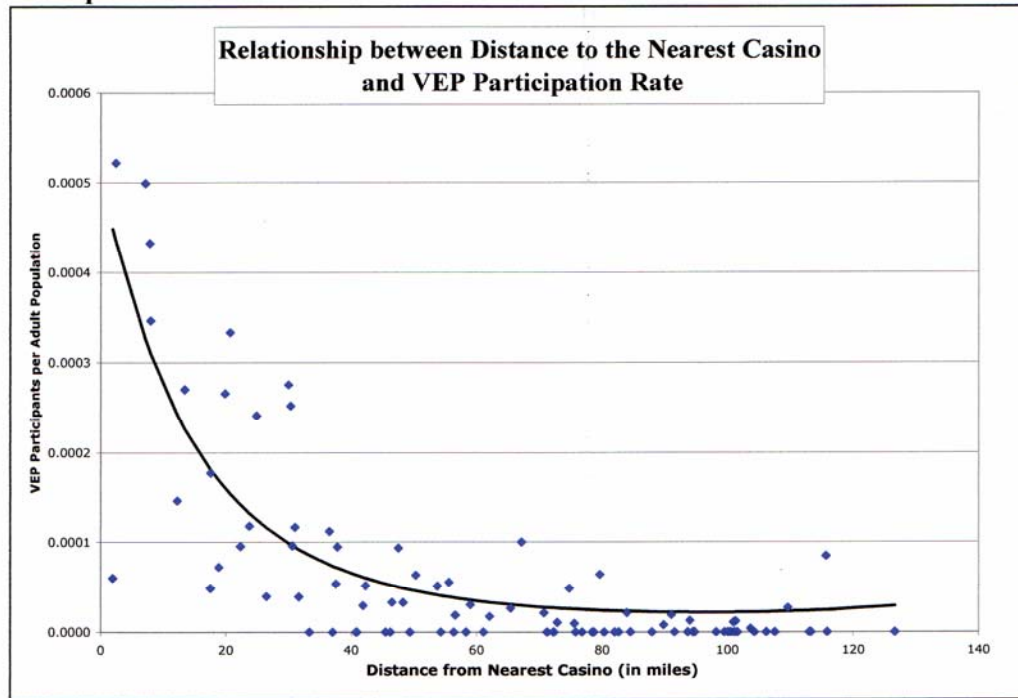
<sup>43</sup> Howard J. Shaffer, Harvard Medical School Division of Addictions, *Estimating the Prevalence of Disordered Gambling Behavior in the United States and Canada: A Meta-Analysis*. December 15, 1997 <http://www.divisiononaddictions.org/html/publications/meta.pdf> page 46.

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crisis contacts relative to distance from casinos. Communities with casinos had crisis contacts five times greater than communities located over fifty miles from a casino.<sup>44</sup>

- Counties within 20 miles of Indiana's casinos had call rates to Gamblers Anonymous hotlines which were five times higher than call rates in counties further from casinos. In 2004, 0.33 calls per 1000 people were received from counties within 20 miles of casinos, while those beyond experienced call rates of 0.07. In 2005, 0.35 calls per 1,000 were received from counties within 20 miles, while those beyond experienced call rates of 0.06. The average for the state in both years was 0.11.<sup>45</sup> People who self elect to attend Gamblers-Anonymous or call a hotline are typically only a fraction of addicted gamblers – those who would be called either Pathological or Problem Gamblers.
- Indiana updated this work in 2006 and found as is shown in Figure 6 participation rates in Indiana's Voluntary Exclusion Program decline 50% with each doubling in distance from the casino. Those within ten miles are four times more likely to have a problem than those 40 miles away. Those within ten miles are 8-10 times more likely to have a problem than those 80 miles away.<sup>46</sup>

**Figure 6: Relationship between Distance to the Nearest Casino and VEP Participation Rate**



<sup>44</sup> Shaffer, Howard J. Harvard Medical School Division of Addictions, *The Iowa Department of Public Health Gambling Treatment Services: Four Years of Evidence*, October 25, 2002. page 25 & 106-109

<sup>45</sup> <http://www.indianaproblemgambling.org/countydata/countydata1.htm>

<sup>46</sup> A Benefit-Cost Analysis of Indiana's Riverboat Casinos for FY 2005 by Policy Analytics, LLC Jan. 17, 2006 page 39

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- The experience of South Carolina call centers corroborates that of Iowa and Indiana. In 2000 South Carolina had 32 active Gamblers-Anonymous groups with a typical meeting size of almost 40. The Gamblers' Hotline in Myrtle Beach S.C. handled 200 calls a month. The only gambling in South Carolina was slot machines. Six months after slots were banned in South Carolina, two thirds of the Gamblers-Anonymous groups closed down, and those remaining saw attendance fall to a person or two each. The calls to Myrtle Beach's Hotline dropped to zero.<sup>47</sup>
- The importance of frequency for casino revenue was further confirmed by the Mississippi study which showed that 80% of casino revenue comes from the 16% of patrons who attend weekly.<sup>48</sup>
- The correlation of addiction and frequency of visits with distance was confirmed in the NORC study as well. "The availability of a casino within 50 miles (versus 50-250 miles) is associated with a higher prevalence (about double) of problem and pathological gambling in the combined results."<sup>49</sup> This conclusion is understated, and, if the data is considered in proportion to the populations within 50 and 250 miles, one finds that the probability of visitation and becoming a pathological gambler is 5-10 times higher for those who live close to a casino as opposed to those who live far away.
- A 2003 survey of 2,631 respondents by a team from the Research Institute on Addictions Buffalo, New York, showed that 7.5% of populations living within 10 miles of a casino became Pathological and Problem gamblers –this was more than twice the rate of 3% found for people who lived further than 10 miles from a casino.<sup>50</sup>
- The 1998 Montana Gambling Study found that 12% and 9% of Flathead Indians were "lifetime" and "last year" Pathological and Problem Gamblers. The study also found, that, according to self reported losses, Montana's Pathological and Problem Gamblers, (which had grown from 2.2% of the population to 3.6% between 1992 and 1998), provided 36% of video gambling revenue. Because of the significant losses of these gamblers who go weekly, this estimate was believed to be very low.<sup>51</sup>
- **Canada, with about 87,000 electronic gaming machines (EGM's) spread across the country, is facing an epidemic of pathological and problem gamblers.** When surveyed, Canadians estimated that they spend half a percent of their income on

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<sup>47</sup> Earl Grinols, *Gambling in America*, Cambridge University Press, 2004, p. 149.

<sup>48</sup> *Gambling and Problem Gambling in Mississippi*, Rachel Volberg, Social Science Research Center, 1997.

<sup>49</sup> NORC, pp. 28-29.

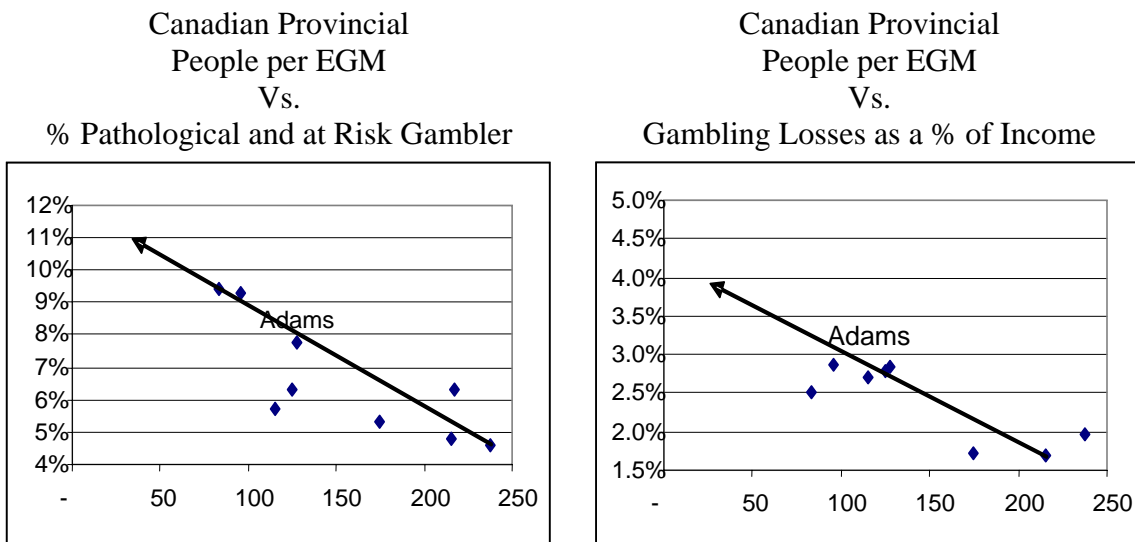
<sup>50</sup> John W. Welte, William F. Wieczorek, Grace M. Barnes, Marie-Cecile Tidwell, Joseph H. Hoffman The Relationship of Ecological and Geographic Factors to Gambling Behavior and Pathology, September 19, 2003, Page 25

<sup>51</sup> Shannon Taylor, 1998 Montana Gambling Study, Montana Legislative Services Division page 21 & 25

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gambling when in reality they are spending 2.5%. In 2004, Canadians spent about \$575 per adult<sup>52</sup> while the US spends about \$365.<sup>53</sup>

- Gambling addiction rates rise when gambling machines are more readily available. An estimated 6.3% of Canadians are reported to be Pathological or At Risk Pathological Gamblers.** But this varies across the country with the availability of EGM's that average one machine for every 217 adults. In Manitoba and Saskatchewan, where there is one machine for about every 90 people, an estimated 9.3% of the adult population is pathological or at risk pathological gamblers.<sup>54</sup> When fully deployed, Pennsylvania will have one machine for every 160 Adults. **If Mason-Dixon is licensed Adams County will have one machine for every 122 adults in the county.**



- A recent study from Australia indicates, “Poker (called Pokie) machines have damaged Victoria's health and its hospitality industry.” The study compares Victoria and its 523 pokie venues with Western Australia (WA) and its single casino. “Victorian doctors were four times more likely than counterparts in WA to see patients in ill-health because of problem gambling. ... The number of new clients

<sup>52</sup> Jason Azmier, *Gambling in Canada 2005 Statistics and Context*, Canada West Foundation June 2005. [All Canadian dollars have been converted to US currency.]

<sup>53</sup> AGA 2005; 2004 *United States Gaming Bulletin*, Ernst and Young; National Indian Gaming Commission Tribal Gaming Revenues [http://www.nigc.gov/nigc/tribes/Tribal\\_Gaming\\_Rev63004.jsp](http://www.nigc.gov/nigc/tribes/Tribal_Gaming_Rev63004.jsp) E&Y gives aggregate spending in 2002 of \$68.7 billion on all gambling, including commercial and tribal and racetrack casinos, lotteries, sports betting, cards, and charitable gambling. In 2002, commercial casinos took in \$26.5 billion, tribal casinos \$14.7 billion and racinos \$2.0 billion for a total of \$44.2 billion or 64% of the total. During 2003-2004 commercial casinos and racinos GGR grew 11.5%, while from 2003-2002, tribal casino income grew 13.6%. Total estimated gambling in 2004 is \$76 billion with \$50 billion coming from commercial and tribal casinos and racinos, or \$365 per person of which \$240 derives from commercial and tribal casinos and racinos.

<sup>54</sup> Jason Azmier, *Gambling in Canada 2005, Statistics and Context*, Canada West Foundation, June, 2005. [All Canadian dollars have been converted to US currency.]

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attending gambling counseling was 13 times higher in Victoria than in WA.” Victorians spent an average of \$831 in 2002-03 on gambling, compared with just \$338 in WA. “Almost 60 per cent of Victorians, compared with 28 per cent of West Australians, knew someone with a gambling problem,” and “More than two-thirds of Victorians said gambling was too accessible, and 75 per cent believed pokies did more harm than good.”<sup>55</sup>

**Adams County Current Gambling Propensity**

|                           | Charlestown |            |            | Grantville |            |            |      |     |
|---------------------------|-------------|------------|------------|------------|------------|------------|------|-----|
|                           | People      | Visits per | Tot Visits | People     | Visits per | Tot Visits |      |     |
| One Time                  | 48%         | 60         | 1          | 60         | 45%        | 44         | 1    | 44  |
| Two Times                 | 22%         | 27         | 2          | 55         | 19%        | 18         | 2    | 37  |
| Three Times               | 9%          | 11         | 3          | 33         | 10%        | 10         | 3    | 29  |
| Four Times                | 5%          | 6          | 4          | 25         | 5%         | 5          | 4    | 19  |
| Five Times                | 2%          | 2          | 5          | 12         | 11%        | 11         | 5    | 53  |
| Six of More Times         | 14%         | 17         | 10         | 175        | 10%        | 10         | 7    | 65  |
| Total and Average         |             | 124        | 2.9        | 360        |            | 97         | 2.6  | 247 |
| Visits Per Year Per Adult |             |            | 0.60       |            |            |            | 0.41 |     |
| Total Visits              |             |            |            | 607        |            |            |      |     |
| Sample Size               |             |            |            | 604        |            |            |      |     |
| Visits per Adult          |             |            |            | 1.01       |            |            |      |     |

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As demonstrated by the arrest of Ms. Mummert, Adams County already has gambling related problems. The question is what is the base line?

According to the March 15, 2010 survey conducted by Terry Maddonna and Bernwood Yost at the behest of Mason-Dixon, Adams County residents currently make about 1 trip to a casino a year. 60% of these trips are to Charlestown and 40% are made to Grantville. 17 to 27 respondents out of 604 respondents indicated that they make six or more trips to Grantville and or Charlestown. The range is needed because the same respondent who went to Grantville six times may have gone to Charlestown six times for a total of twelve casino visits during the year. Mr. Madonna did not publish the results in such a manner that such dual visits could be measured. Based on this 2.8% to 4.4% of Adams residents are making six or more visits a year to a casino currently.<sup>57</sup> This represents an upper limit on the percentage of existing Problem and Pathological Gambling. The number of addicted gamblers is far lower because going every other month does not constitute “constantly thinking about gambling.”

For this study it was assumed that, Adams Life-Time addiction rate is consistent with that found by NORC for those living over fifty miles from a casino: 1.2% are Pathological

<sup>55</sup> “Poker Machine Curse,” Ellen Whinnett and Danny Buttler, *Herald Sun* (Australia) 29 Dec., 2005. [http://www.heraldsun.news.com.au/common/story\\_page/0,5478,17680795%255E661,00.html](http://www.heraldsun.news.com.au/common/story_page/0,5478,17680795%255E661,00.html); Community Impacts of Electronic Gaming Machine Gambling (Part A) Final Report, The SA Centre for Economic Studies, December 2005, Office of Gaming and Racing Victorian Government Department of Justice.

<sup>56</sup> Terry Madonna and Bernwood Yost, Adams County Gaming Survey 3/15/2010

<sup>57</sup> Terry Madonna and Bernwood Yost, Adams County Gaming Survey 3/15/2010

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Gamblers and 1.5% are Problem Gamblers for a total 2.7% Problem and Pathological Gamblers.<sup>58</sup>

Although NORC provided that addiction rates for those living within fifty miles of a casino were twice the above, more recent studies have shown that within a tighter range addiction rates are far greater ranging up to 9%. For the balance of this report we looked at a range of Pathological and Problem Gamblers of 3.0-3.8% Pathological Gamblers and 4.0-5.2% Pathological Gamblers for a total of 7-9% Pathological and Problem Gamblers.

As shown in the tables below, applying these percentages to Adams County estimated adult population of 73,516 results in an increase in the number of Problem Gamblers by 1,838-2,720 and Pathological Gamblers by 1,323-1,911. The Low Risk Gambling Population declines by 3,161-4,632.

### Change in Gambling Population. 4% Problem 3% Pathological

|                      | Non      |          |         |         |              |
|----------------------|----------|----------|---------|---------|--------------|
|                      | Gamblers | Low Risk | At Risk | Problem | Pathological |
| No Casino Gettysburg | 14.4%    | 75.1%    | 7.7%    | 1.5%    | 1.2%         |
| Casino Gettysburg    | 14.4%    | 70.8%    | 7.7%    | 4.0%    | 3.0%         |
| Change Adults        | -        | (3,161)  | -       | 1,838   | 1,323        |
| Change %             | 0%       | -6%      | 0%      | 167%    | 150%         |

### Change in Gambling Population. 5.2% Problem 3.8% Pathological

|                      | Non      |          |         |         |              |
|----------------------|----------|----------|---------|---------|--------------|
|                      | Gamblers | Low Risk | At Risk | Problem | Pathological |
| No Casino Gettysburg | 14.4%    | 75.1%    | 7.7%    | 1.5%    | 1.2%         |
| Casino Gettysburg    | 14.4%    | 68.8%    | 7.7%    | 5.2%    | 3.8%         |
| Change Adults        | -        | (4,632)  | -       | 2,720   | 1,911        |
| Change %             | 0%       | -8%      | 0%      | 247%    | 217%         |

## 1.3 SOCIAL COSTS

In *Gambling in America*, Earl Grinols provided a review of social costs estimates by prior studies. He listed eight studies since 1994 which had examined the cost of Pathological Gamblers and three which had looked at Problem Gamblers. The results of these studies are a wide distribution of costs from \$1,576 to \$27,762 for Pathological Gamblers and \$823 to 3,228 for Problem Gamblers. **Applying these costs to the estimated increase in Problem Gamblers and Pathological Gamblers suggests that the Social Costs of the Problem and Pathological Gamblers due to the proposed Mason-Dixon Casino provides increased an estimate of increased social costs for Adams could range between eleven and fifty-seven million dollars. Some of these costs are borne by the individual and some by the municipality, county or state.**<sup>59</sup>

Another way of analyzing the Social Costs is to use the methodology presented by NORC in their report to the National Gambling Commission Impact Study. As is shown below

<sup>58</sup> NORC page 25

<sup>59</sup> Grinols, *Gambling in America* page 172-174.

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Based on their surveys NORC estimated the Probability of a Costly Consequence or Problem with and without gambling for Problem and Pathological Gamblers. As shown Pathological Gamblers are more than twice as likely to lose their jobs if able to gamble as if they were unable to gamble.<sup>60</sup>

| Type of Costly Consequence/Problem | Rate of Consequence per Problem | Predicted Rate without Gambling |
|------------------------------------|---------------------------------|---------------------------------|
| <b>Pathological Gamblers</b>       |                                 |                                 |
| Job Loss past year                 | 13.8%                           | 5.8%                            |
| Unemployment Insurance             | 15.0%                           | 5.9%                            |
| Welfare Benefits                   | 4.6%                            | 2.4%                            |
| Bankruptcy                         | 19.2%                           | 10.8%                           |
| Divorced Ever                      | 53.5%                           | 33.5%                           |
| Health Poor or Fair                | 31.1%                           | 15.7%                           |
| Mental Health Utilization          | 13.3%                           | 6.7%                            |
| Arrested Ever                      | 32.3%                           | 19.3%                           |
| Incarcerated Ever                  | 21.4%                           | 6.3%                            |
| <b>Problem Gamblers</b>            |                                 |                                 |
| Job Loss past year                 | 10.8%                           | 5.5%                            |
| Unemployment Insurance             | 10.9%                           | 5.3%                            |
| Welfare Benefits                   | 7.3%                            | 2.3%                            |
| Bankruptcy                         | 10.3%                           | 6.3%                            |
| Divorced Ever                      | 39.5%                           | 32.1%                           |
| Health Poor or Fair                | 16.4%                           | n.s.                            |
| Mental Health Utilization          | 12.8%                           | 5.6%                            |
| Arrested Ever                      | 36.3%                           | 15.3%                           |
| Incarcerated Ever                  | 10.5%                           | 6.2%                            |

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Applying these probabilities to the increased proportion of Adams residents which become Problem and Pathological gamblers due to the introduction of the Mason-Dixon casino provides a range for the increased number of social problems that Adams residents would face.

| <b>Increase Incidence of Social Problems due to Mason-Dixon Casino</b> |                   |                                      |                                      |
|--|-------------------|--------------------------------------|--------------------------------------|
| <u>Type of Costly Consequence/Problem</u>                              | <u>Population</u> | <u>7% Problem &amp; Pathological</u> | <u>9% Problem &amp; Pathological</u> |
| Job Loss past year   | 55,163            | 153                                  | 223                                  |
| Unemployment Insurance   | 55,163            | 168                                  | 245                                  |
| Welfare Benefits   | 73,516            | 121                                  | 178                                  |
| Bankruptcy   | 73,516            | 185                                  | 269                                  |
| Divorced Ever  | 50,529            | 275                                  | 401                                  |
| Health Poor or Fair  | 73,516            | 204                                  | 294                                  |
| Mental Health Utilization  | 73,516            | 220                                  | 322                                  |
| Arrested Ever  | 73,516            | 558                                  | 820                                  |
| Incarcerated Ever  | 73,516            | 279                                  | 406                                  |

<sup>60</sup> NORC page 41-54

<sup>61</sup> NORC page 58

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- **Unemployment:** Pathological Gamblers are three times more likely to be fired for gambling related causes. In addition, Pathological and Problem gamblers incur more paid absences than non-gamblers, costing the producer lost productivity. NORC estimated the cost of Unemployment Benefits at \$1000 per person and the cost of hiring and training replacements for employers at \$4000. Thus the cost of unemployment insurance is \$168,000-\$245,000 and employers would incur costs of \$610,000-\$890,000. Needless to say these costs will act as a barrier to attracting other employers to Adams.<sup>62</sup>
- **Welfare Benefits Pathological and Problem Gamblers are more likely to lose their job, become bankrupt, divorced and be arrested.** All of this results in increased probability that they will require welfare benefits including AFDC/TANF, general assistance and foster care payments. NORC estimated that Pathological and Problem Gamblers receiving Welfare assistance received \$2700 and \$1800 respectively. Adams County would see an increase in welfare cases of 121 to 178 per year costing, \$240,000 to \$360,000 a year.<sup>63</sup>
- **Bankruptcy:** Pathological Gamblers are four times more likely to file for bankruptcy and Problem Gamblers are twice as likely to file for bankruptcy as non-gamblers. Pathological and Problem gamblers take on more debt than low risk or non-gamblers and have a greater probability of defaulting on the debt. Bankruptcy losses hit both the debtor as well as the creditor as well as the tax collector. At an estimated \$39,000 loss<sup>64</sup> per filing, the total cost of an additional 185-269 bankruptcies is \$7.2-10.5 million. This has been annualized to a cost of \$0.9-1.3 million a year.
- **Divorce.** Pathological Gamblers are three times more likely to get divorced and Problem Gamblers are twice as likely to get divorced than Non Gamblers. **The advent of a casino would add 275-401 broken families to Adams County.** Note the divorce numbers simply count one half of the marriage, two people plus any children are impacted by divorce. . NORC estimated the legal costs of divorce at \$20,000. More significant is that single mothers trying to make ends meet suffer a decline in the standard of living of about \$26,000. Many are forced to find daycare and no longer able to provide the same level of care for their families. It is estimated that the annual cost of each divorce is about \$20,000 a year, as mothers are forced into the workforce and can no longer meet the demands of the household. Divorce could cost Adams almost \$5.5-8.0 million. Some of these costs are carried by the family some in greater social services.<sup>65</sup>
- **Mental and Physical Health:** Pathological Gamblers report twice as many health and mental health problems than non-gamblers. NORC estimated the cost of increased physical and mental health issues at \$4500 and \$5000 for those reporting

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<sup>62</sup> NORC page 45-47, 52

<sup>63</sup> NORC page 52 & 55

<sup>64</sup> NORC page 45-46

<sup>65</sup> NORC page 48-50

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the problem. The Mason-Dixon casino would add 204-294 people complaining of poor health and 220-322 complaining of mental health issues. Some of the cost of this would be carried by the individuals some by public health agencies. The total cost would be \$2.0-2.9 million.<sup>66</sup>

- **Crime:** Pathological and Problem gamblers are eight times more likely to wind up in the criminal justice system for a host of causes ranging from fraud, theft, disorderly conduct, spouse abuse, to alcohol and drug abuse etc. The cost of arresting an additional 558-820 Adams County residents and incarcerating 279-406 is estimated at \$6.9-10.0 million or \$860,000-1,260,000 annually.<sup>67</sup>

When Crossroads proposed its casino, Straban estimated that it would require a minimum one million dollars for a police force to deal with the casino.<sup>68</sup>

The Philadelphia Gaming Commission Task Force credits strong enforcement for maintaining law and order in and around casinos. In planning for casinos, the Philadelphia Police Department is tentatively planned to copy the Detroit Police Department and establish a unit of dedicated officers for policing the casino and the casino areas. (Detroit spends about \$13 million per year policing around its three casinos.) The police would be responsible for crime patrol around the casino and the adjoining neighborhoods, traffic control and the initial investigation of casino related crime. The creation of the unit will provide a liaison with surrounding patrol districts, community groups and the enforcement and investigatory arm of the Gaming Control Board. In doing so, it will provide a level of traffic control and a perception of public safety necessary for casino success. Philadelphia estimates that the annual costs for the two casinos planned for Philadelphia would be \$11-16 million per year.<sup>69</sup> A comparable number for Adams might be \$2-3 million given fewer casinos and a more easily policed rural environment.

- **Treatment:** Canada, with about 87,000 electronic gaming machines (EGMs) spread across the country, is facing an epidemic of Pathological and Problem gamblers. Canada spends \$54 per Pathological or At Risk Pathological Gambler annually for education and hotlines. If Adams County were to do the same, they would have to spend over \$170,000-250,000 a year. Despite this spending on education, each year Canadians spend more on gambling and suffer more dire consequences from this epidemic.<sup>70</sup> The Pa. Gaming Act 71 set aside **only \$1.5 million** for all Pennsylvania to treat this problem, which is a spend rate less than one tenth of Canada's. This problem will erupt in communities wholly unprepared and unfunded to treat it.

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<sup>66</sup> NORC page 50-51

<sup>67</sup> NORC.

<sup>68</sup> Straban Township Solicitor Walton Davis, Testimony on H.B. 517 before the House Tourism and Recreational Development Committee, 9/12/05.

<sup>69</sup> The Philadelphia Gaming Advisory Task Force, Interim Report of Findings, August 16, 2005 page 275-276, Final Report The Philadelphia Gaming Advisory Task Force 10/27/2005 page 288

<sup>70</sup> Jason Azmier, Gambling in Canada, 2005 Statistics and Context, Canada West Foundation June 2005. [All Canadian dollars have been converted to US currency.]

## Social Costs of Proposed Mason-Dixon Casino to Adams County

Clearly the introduction of a casino will impact many. The cost of these events as enumerated above is \$11-16 million. For many individuals and families the burden will be incalculable. The cost on the tax payer of arrests, bankruptcy, welfare, etc. should be calculated by the respective Adams County and municipal authorities.

### About the Author:

Keith Miller has an MBA from Wharton and decades of experience as a business executive, consultant, and venture capitalist engaged in evaluating new business opportunities. He is also a Civil War historian, speaker, author, enthusiast, and frequent Gettysburg heritage tourist. He produced this report as a volunteer for No Casino Gettysburg.