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1986

PUBLIC HEARING

before

ASSEMBLY INDEPENDENT AND REGIONAL AUTHORITIES COMMITTEE

ASSEMBLY BILL 2753

(Establishes an Office on Compulsive Gambling in the Department of Health and appropriates \$800,000.00)

ASSEMBLY BILL 2767

(Establishes a Division on Compulsive Gambling in the Department of Health and appropriates \$800,000.00)

ASSEMBLY BILL 2947

(Establishes a Division of Compulsive Gambling in the Department of Health to be funded by 20% of money derived from unclaimed parimutuel tickets)

September 29, 1986
Room 334
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman William "Pat" Schuber, Chairman
Assemblyman Guy F. Muziani, Vice Chairman
Assemblywoman Marion Crecco
Assemblyman Jose O. Arango
Assemblyman Paul DiGaetano
Assemblyman Dennis L. Riley
Assemblyman Jimmy Zangari

ALSO PRESENT:

Edward P. Westreich
Office of Legislative Services
Aide, Assembly Independent and
Regional Authorities Committee

* * * * *

Hearing Recorded and Transcribed by
Office of Legislative Services
Public Information Office
Hearing Unit
State House Annex
CN 068
Trenton, New Jersey 08625

ASSEMBLY, No. 2753

STATE OF NEW JERSEY

INTRODUCED JUNE 12, 1986

By Assemblymen SCHUBER, MUZIANI, DiGaetano, Kline, Assemblywoman Crecco, Assemblymen Frelinghuysen, Kosco and Arango

AN ACT establishing an Office on Compulsive Gambling in the Department of Health and making an appropriation therefor.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. The Legislature finds and declares that:

2 a. Compulsive gambling represents a serious social problem and
3 there is evidence that the availability of gaming in all forms in-
4 creases the risk of becoming a compulsive gambler;

5 b. New Jersey, which as a matter of constitutional public policy
6 sanctions various forms of gambling and realizes substantial reve-
7 nues therefrom, has an obligation to initiate and fashion a com-
8 prehensive solution to the compulsive gambling phenomenon;

9 c. The major components of New Jersey's gaming industry,
10 namely, lottery, casinos and horse racing, which profit from the
11 State's policy of legalized gaming and contribute to the rise in the
12 number of persons victimized thereby, must accept a measure of
13 responsibility for helping compulsive gamblers by funding remedial
14 and preventive programs; and

15 d. It shall be the policy of this State to implement a variety of
16 preventive and rehabilitative measures, including programs of
17 clinical treatment, aimed at reducing the incidence of compulsive
18 gambling.

1 2. There is established in the Department of Health the Office
2 on Compulsive Gambling.

3 The Office on Compulsive Gambling shall be administered by a
4 director, who shall be a person qualified by training and experien-

7 b. Solicit and accept grants of funds from the federal govern-
8 ment and from other public and private sources for any of the
9 purposes of this act; and

10 c. Perform other functions which may be prescribed in this act
11 or by any other law.

1 3. The responsibilities of the division shall include, but are not
2 limited to:

3 a. Developing and annually updating a long-range comprehensive
4 plan on compulsive gambling which makes maximum use of existing
5 health and social welfare agencies and resources in the State,
6 addresses the need for treatment facilities, evaluates the need for
7 community education programs, and estimates the number of com-
8 pulsive gamblers by county;

9 b. Encouraging cooperative programs of research among State
10 departments and agencies, universities and private agencies;

11 c. Developing public information campaigns about the causes and
12 treatment of compulsive gambling;

13 d. Contracting with health care providers in each of the 21
14 counties to provide outpatient treatment for compulsive gamblers;

15 e. Contracting with health care providers for inpatient treatment
16 for compulsive gamblers;

17 f. Contracting for public education, public information, treat-
18 ment referral, maintenance of a 24-hour telephone hotline for
19 counselling, training for compulsive gambling counselors, and re-
20 search on compulsive gambling; and

21 g. Making recommendations to the Commissioner of the Depart-
22 ment of Health regarding any needed executive or legislative action.

1 4. There is created in the Division on Compulsive Gambling an
2 Advisory Council on Compulsive Gambling which shall consist of
3 the following 19 members: The Commissioners of the Departments
4 of Health, Human Services, Corrections, Education and the Public
5 Advocate, or their designees, the Attorney General, or his designee,
6 the Chairman of the State Parole Board, or his designee, the Chief
7 Probation Officer, or his designee, the Chairmen of the New Jersey
8 Casino Control Commission, the New Jersey Racing Commission,
9 the State Lottery Commission, and the Atlantic City Casino Asso-
10 ciation, or their designees, and the Director of the Council on Com-
11 pulsive Gambling of New Jersey who shall serve ex officio; and six
12 public members, of whom at least two shall be recovering com-
13 pulsive gamblers.

14 The public members shall be appointed by the Governor, with the
15 advice and consent of the Senate, and as practicably as possible,
16 represent the several geographical areas of the State.

17 The council shall elect a chairman, vice chairman and secretary
 18 from among its membership. Of the public members first appointed,
 19 two shall serve for terms of two years, two for terms of three years
 20 and two for terms of four years. Thereafter, all appointments shall
 21 be made for terms of four years. Members shall serve after the
 22 expiration of their terms until their respective successors are ap-
 23 pointed and shall qualify, and any vacancy occurring in the mem-
 24 bership of the council by expiration of term or otherwise, shall be
 25 filled in the same manner as the original appointment was made for
 26 the unexpired term only.

27 Members of the council shall serve without compensation but
 28 shall be reimbursed for expenses actually incurred in attending
 29 meetings of the council and in the performance of their duties as
 30 members thereof. The council shall meet at least four times each
 31 year, at the call of its chairman, and at other times, at the call of
 32 the Commissioner of Health, as he deems necessary.

1 5. The Advisory Council on Compulsive Gambling may:

2 a. Request from the commissioner and from the director any
 3 information concerning compulsive gambling which it may deem
 4 necessary;

5 b. Consider any matter relating to compulsive gambling;

6 c. From time to time submit to the commissioner any recom-
 7 mendations which it deems necessary for the long-term planning
 8 and treatment of compulsive gambling;

9 d. Study the problem of compulsive gambling and make its recom-
 10 mendations thereon to the commissioner;

11 e. Review, prior to their promulgation, proposed rules and regu-
 12 lations of the department concerning compulsive gambling, and
 13 make its recommendations thereupon.

1 6. The director and the advisory council shall report annually to
 2 the Governor and the Legislature concerning the status of com-
 3 pulsive gambling prevention programs in the State.

1 7. Pursuant to the "Administrative Procedure Act," P. L. 1965,
 2 c. 410 (C. 52:14B-1 et seq.), the Commissioner of Health shall adopt
 3 rules and regulations necessary to carry out the purposes of this
 4 act.

1 8. There is appropriated to the Division on Compulsive Gambling
 2 in the Department of Health \$800,000.00 from the General Fund to
 3 carry out the purposes of this act.

1 9. This act shall take effect immediately.

ASSEMBLY, No. 2753

STATE OF NEW JERSEY

INTRODUCED JUNE 12, 1986

By Assemblymen SCHUBER, MUZIANI, DiGaetano, Kline, Assemblywoman Crecco, Assemblymen Frelinghuysen, Kosco and Arango

AN Act establishing an Office on Compulsive Gambling in the Department of Health and making an appropriation therefor.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. The Legislature finds and declares that:

2 a. Compulsive gambling represents a serious social problem and
3 there is evidence that the availability of gaming in all forms in-
4 creases the risk of becoming a compulsive gambler;

5 b. New Jersey, which as a matter of constitutional public policy
6 sanctions various forms of gambling and realizes substantial reve-
7 nues therefrom, has an obligation to initiate and fashion a com-
8 prehensive solution to the compulsive gambling phenomenon;

9 c. The major components of New Jersey's gaming industry,
10 namely lottery, casinos and horse racing, which profit from the
11 State's policy of legalized gaming and contribute to the rise in the
12 number of persons victimized thereby, must accept a measure of
13 responsibility for helping compulsive gamblers by funding remedial
14 and preventive programs; and

15 d. It shall be the policy of this State to implement a variety of
16 preventive and rehabilitative measures, including programs of
17 clinical treatment, aimed at reducing the incidence of compulsive
18 gambling.

1 2. There is established in the Department of Health the Office
2 on Compulsive Gambling.

3 The Office on Compulsive Gambling shall be administered by a
4 director, who shall be a person qualified by training and experience

5 to direct the work of the office. The Commissioner of Health shall
6 appoint the director who shall serve at the pleasure of the com-
7 missioner and until the director's successor is appointed and has
8 qualified. The director shall receive a salary which shall be pro-
9 vided by law.

10 The director shall administer the work of the office under the
11 direction and supervision of the commissioner, and shall perform
12 other functions of the department as the commissioner may pre-
13 scribe.

14 The director may appoint, retain or employ officers, investigators,
15 experts, consultants or other professionally qualified personnel on
16 a contract basis, or otherwise, which he deems necessary.

1 3. The director shall:

2 a. Administer and organize the work of the office and establish
3 therein any administrative subdivisions he deems necessary. The
4 director may formulate and adopt rules and regulations and pre-
5 scribe duties for the efficient conduct of the office pursuant to De-
6 partment of Health policies and procedures;

7 b. Solicit and accept grants of funds from the federal govern-
8 ment and from other public and private sources for any of the
9 purposes of this act; and

10 c. Perform other functions which may be prescribed in this act
11 or by any other law.

1 4. The responsibilities of the office shall include, but are not
2 limited to:

3 a. Development of a State plan on compulsive gambling which
4 includes provision for inpatient and outpatient services, partial
5 care service, consultation and educational services, aftercare ser-
6 vices and other forms of preventive treatment or rehabilitation
7 services for compulsive gamblers;

8 b. Contracting with public or nonprofit organizations, or non-
9 profit hospitals and local compulsive gambling programs for pro-
10 vision of appropriate services;

11 c. Evaluation and qualification, in accordance with prescribed
12 standards, as well as coordination, of personnel, treatment facili-
13 ties, professional services and community compulsive gambling
14 service programs supported under the State plan;

15 d. Development of training and research programs designed to
16 improve and extend the foregoing services; and

17 e. Making recommendations to the Commissioner of Health re-
18 garding any needed executive or legislative action.

1 5. There is created in the Office on Compulsive Gambling an
2 Advisory Council on Compulsive Gambling which shall consist of

3 the following nine members: the Attorney General, or his designee,
 4 the Chairmen of the Casino Control Commission, and the Atlantic
 5 City Casino Association, or their designees, and the Director of the
 6 Division of Gaming Enforcement in the Department of Law and
 7 Public Safety, or his designee who shall serve ex officio; and five
 8 public members appointed by the Governor, with the advice and
 9 consent of the Senate, who are professionals in the fields of health
 10 and mental health.

11 The council shall elect a chairman, vice chairman and secretary
 12 among its membership. Of the public members first appointed, two
 13 shall serve for terms of two years, two for terms of three years and
 14 one for a term of four years. Thereafter, all appointments shall
 15 be made for terms of four years. Members shall serve after the
 16 expiration of their terms until their respective successors are ap-
 17 pointed and qualify, and any vacancy occurring in the membership
 18 of the council by expiration of term or otherwise, shall be filled in
 19 the same manner as the original appointment was made for the
 20 unexpired term only.

21 Members of the council shall serve without compensation but
 22 shall be reimbursed for expenses actually incurred in attending
 23 meetings of the council and in the performance of their duties as
 24 members thereof. The council shall meet at least four times each
 25 year, at the call of its chairman, and at other times, at the call of
 26 the Commissioner of Health, as he deems necessary.

1 6. The Advisory Council on Compulsive Gambling shall:

2 a. Periodically review and report on the problem of and the
 3 availability and quality of services for compulsive gambling;

4 b. Advise and report annually to the director on the progress of
 5 the compulsive gambling State plan and of actions needed for
 6 further improvements; and

7 c. Make recommendations for appropriate allocation of funds in
 8 accordance with agreed upon priorities and in consideration of
 9 financial resources.

1 7. The director, in consultation with the advisory council, shall
 2 report annually to the Governor and the Legislature concerning
 3 the status of compulsive gambling prevention programs in the State.

1 8. Pursuant to the "Administrative Procedure Act," P. L. 1968,
 2 c. 410 (C. 52:14B-1 et seq.), the Commissioner of Health shall adopt
 3 rules and regulations necessary to carry out the purposes of this act.

1 9. There is appropriated to the Office on Compulsive Gambling
 2 in the Department of Health, \$800,000.00 from the General Fund to
 3 carry out the purposes of this act.

1 10. This act shall take effect immediately.

STATEMENT

This bill establishes an Office on Compulsive Gambling in the Department of Health. The office shall develop a State plan on compulsive gambling which includes provision for inpatient, outpatient, partial care and aftercare services, consultation and educational services and other preventive treatment or rehabilitation services for compulsive gamblers. The office is directed to contract with health care providers and compulsive gambling programs for the provision of these services. In addition, the office shall evaluate, qualify and coordinate programs and services supported under the State plan, develop training and research programs to improve these programs and services, and make recommendations to the Commissioner of Health regarding any needed executive or legislative action.

The bill also establishes a nine member Advisory Council on Compulsive Gambling in the office to assist the Director of the Office on Compulsive Gambling in carrying out the responsibilities of the office. Finally, the bill appropriates \$800,000.00 to the Office on Compulsive Gambling from the General Fund.

HEALTH—GENERAL

Establishes an Office on Compulsive Gambling in the Department of Health and appropriates \$800,000.00.

ASSEMBLY, No. 2947

STATE OF NEW JERSEY

INTRODUCED JUNE 30, 1986

By Assemblymen ROCCO, HARDWICK, Shusted, Hendrickson, Carrillo, Moran, Singer, Haytaian, Genova, Franks and Collins

AN ACT establishing a Division of Compulsive Gambling in the State Department of Health, providing for the funding of the division, amending P. L. 1940, c. 17, P. L. 1971, c. 137, and P. L. 1984, c. 236, and supplementing P. L. 1947, c. 177 (C. 26:1A-1 et seq.).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. (New section) As used in sections 1 through 5 of this act:

2 a. "Compulsive gambler" means any person who chronically,
3 habitually or periodically gambles to the extent that: (1) such
4 gambling substantially interferes with the person's social or eco-
5 nomic functioning in the community on a continuing basis, or (2)
6 the person loses the power of self-control with respect to gambling.

7 b. "Department" means the State Department of Health.

8 c. "Director" means the Director of the Division of Compulsive
9 Gambling.

10 d. "Division" means the Division of Compulsive Gambling.

1 2. (New section) a. There is hereby established in the Depart-
2 ment of Health a Division of Compulsive Gambling under the direc-
3 tion of a Director, who shall be appointed by the Governor, with
4 the advice and consent of the Senate, and shall serve at the pleasure
5 of the Governor.

6 b. The director shall be an individual with training and experi-
7 ence in such areas as (1) public administration, (2) public health
8 or rehabilitation, (3) the treatment of behavioral disorders or

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above Bill
is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

9 medical-social problems, or (4) the organization of administration
10 of services for persons suffering from behavioral disorders or
11 medical-social problems.

1 3. (New section) a. The division shall develop a comprehensive
2 plan and program for the treatment, education and reseach of com-
3 pulsive gambling. The division shall take cognizance of all matters
4 affecting compulsive gambling in the State.

5 b. The division shall contract with health or mental health pro-
6 viders for outpatient treatment in each of the 21 counties of
7 the State.

8 c. The division shall prepare, publish and disseminate (1) edu-
9 cational materials dealing with the prevention, nature and effects
10 of compulsive gambling and the benefits of treatment, and (2) a
11 list of all services operating in accordance with this act.

1 4. (New section) There shall be in the division an advisory board
2 on compulsive gambling, consisting of:

3 a. The Attorney General, the Public Advocate, the Commissioner
4 of Corrections, the Commissioner of Human Services, the Chair-
5 man of the State Parole Board, the Chairman of the New Jersey
6 Casino Control Commission, the Chairman of the New Jersey Rac-
7 ing Commission, and the Chairman of the New Jersey Lottery Com-
8 mission, or their designees;

9 b. The President and the Executive Director of the Council on
10 Compulsive Gambling of New Jersey, Inc.:

11 c. Six public members to be appointed by the Governor with the
12 advice and consent of the Senate, at least two of whom shall be
13 recovering compulsive gamblers; and

14 d. Four public members to be appointed by the Governor, two
15 of whom shall be a lottery agent, one of whom shall be an employee
16 of a casino, one of whom shall be an employee of a race track, and
17 one of whom shall be a lottery agent, casino employee, or race track
18 employee.

19 The members of the advisory board shall serve without compen-
20 sation but shall be reimbursed for their expenses actually and
21 necessarily incurred in the discharge of their duties.

22 e. The board shall organize as soon as convenient after the ap-
23 pointment of its members and shall select a chairperson and a vice-
24 chairperson from among its members annually. In the event of a
25 vacancy in the positions of chairperson and vice-chairperson the
26 vacancy shall be filled by election among the members of the board
27 who shall be serving following the occurrence of the vacancy. The
28 board may also designate from time to time a member of its staff
29 or any other person to serve as its secretary.

1 5. (New section) It shall be the duty of the advisory board to:

2 a. Furnish consultation and advice to the director on programs
3 designed to carry out the division's mandate;

4 b. Provide leadership in the study and treatment of compulsive
5 gambling;

6 c. Make recommendations and publish its findings in an annual
7 report to the Governor and Legislature;

8 d. Maintain liaison with other commissions and groups whose
9 activities relate to the field of compulsive gambling.

1 6. Section 44 of P. L. 1940, c. 17 (C. 5:5-64) is amended to read
2 as follows:

3 44. Each holder of a permit shall distribute all sums deposited
4 in any pool where the patron is required to select one horse to
5 the winners thereof, less an amount which in harness races shall
6 not exceed 17% of the total deposits plus the breaks and which in
7 other races shall not exceed 17% of the total deposits plus the
8 breaks. In every pool where the patron is required to select two
9 horses, the holder of each permit for either harness or running
10 track shall distribute all sums deposited in each pool to the winners
11 thereof, less an amount which shall not exceed 19% of the total
12 deposits plus the breaks. In every pool where the patron is re-
13 quired to select three or more horses, every holder of a permit shall
14 distribute all sums deposited in each pool to the winners thereof,
15 less an amount which shall not exceed 25% of the total deposits,
16 plus the breaks. Every permitholder shall distribute to the per-
17 sons holding winning tickets in any of the aforementioned pools,
18 as a minimum, a sum not exceeding \$0.10, calculated on the basis
19 of each dollar deposited in any pool after the deduction of the said
20 17%, 19% or 25%, as the case may be. Should the amount re-
21 maining in the pool be insufficient to pay the winners the minimum,
22 the breakage accruing in that race, or any necessary portion
23 thereof, shall be applied toward making up any such deficiency.
24 The breaks are hereby defined as the odd cents over any multiple
25 of \$0.10, calculated on the basis of \$1.00 otherwise payable to a
26 patron. Every permitholder engaged in the business of conducting
27 running race meetings under this act, except the New Jersey Sports
28 and Exposition Authority established pursuant to P. L. 1971, c. 157
29 (C. 5:10-1 et seq.) and the Garden State Racetrack as provided in
30 section 5 of P. L. 1982, c. 201 (C. 5:5-95), shall distribute as purs-
31 money the breaks as herein defined, except as the same shall
32 have been applied toward making up a deficiency in a pool as
33 herein provided. Every permitholder engaged in the business
34 of conducting harness race meetings under this act, except

35 New Jersey Sports and Exposition Authority and the Garden
 36 State Racetrack as provided in section 5 of P. L. 1982, c. 201 (C.
 37 5:5-98), shall retain for his own uses and purposes 50% of the
 38 breaks as herein defined, except as the same shall have been applied
 39 toward making up a deficiency in the pool as herein provided, and
 40 shall distribute as purse money the remaining 50%. The New Jersey
 41 Sports and Exposition Authority shall retain all breaks commenc-
 42 ing on May 10, 1971 as revenue to the authority, except as the same
 43 shall have been applied toward making up a deficiency in a pool as
 44 herein provided.

45 Every permitholder shall submit to the commission every seventh
 46 day of any and every race meeting a report under oath showing
 47 the daily and total amount of such breaks together with such other
 48 information as the commission may require. All sums held by any
 49 permitholder for payment of outstanding parimutuel tickets not
 50 claimed by the person or persons entitled thereto within six months
 51 from the time such tickets are issued shall be paid upon the expira-
 52 tion of such six-month holding period as follows:

53 a. In the case of running and harness races, ~~50%~~ 30% of those
 54 sums shall be paid to the racing commission and deposited in the
 55 General Fund and 20% of those sums shall be paid to the racing
 56 commission and deposited in a special account to fund the Division
 57 of Compulsive Gambling established in the Department of Health
 58 pursuant to P. L. , c. , (C.) (now pending be-
 59 fore the Legislature as this bill);

60 b. In the case of running races, 50% of those sums shall be paid
 61 to the commission and set aside in the special trust account estab-
 62 lished pursuant to section 46 b. (1) (c) and section 46 l. (2) (c) of
 63 P. L. 1940, c. 17 (C. 5:5-66); and

64 c. In the case of harness races, 25% of those sums shall be re-
 65 tained by the permitholder to supplement purses for sire stakes
 66 races on which there is parimutuel wagering, and 25% shall be re-
 67 tained by the permitholder to supplement overnight purses.

68 Where it is shown to the satisfaction of the commission that the
 69 reason for the parimutuel tickets being outstanding and unclaimed
 70 is the loss, misplacement or theft of said tickets within the confines
 71 and control of the parimutuel department of any permitholder,
 72 and it is further shown to the satisfaction of the commission that
 73 said parimutuel tickets have been cashed by such parimutuel de-
 74 partment, the commission may adjust and credit the permitholder's
 75 account accordingly and the permitholder shall reimburse any
 76 employee who has been held personally accountable and paid for
 77 such lost, stolen or misplaced tickets.

35 New Jersey Sports and Exposition Authority and the Garden
36 State Racetrack as provided in section 5 of P. L. 1982, c. 201 (C.
37 5:5-98), shall retain for his own uses and purposes 50% of the
38 breaks as herein defined, except as the same shall have been applied
39 toward making up a deficiency in the pool as herein provided, and
40 shall distribute as purse money the remaining 50%. The New Jersey
41 Sports and Exposition Authority shall retain all breaks commenc-
42 ing on May 10, 1971 as revenue to the authority, except as the same
43 shall have been applied toward making up a deficiency in a pool as
44 herein provided.

45 Every permitholder shall submit to the commission every seventh
46 day of any and every race meeting a report under oath showing
47 the daily and total amount of such breaks together with such other
48 information as the commission may require. All sums held by any
49 permitholder for payment of outstanding parimutuel tickets not
50 claimed by the person or persons entitled thereto within six months
51 from the time such tickets are issued shall be paid upon the expira-
52 tion of such six-month holding period as follows:

53 a. In the case of running and harness races, **[50%** 30% of those
54 sums shall be paid to the racing commission and deposited in the
55 General Fund and 20% of those sums shall be paid to the racing
56 commission and deposited in a special account to fund the Division
57 of Compulsive Gambling established in the Department of Health
58 pursuant to P. L. , c. , (C.) (now pending be-
59 fore the Legislature as this bill):

60 b. In the case of running races, 50% of those sums shall be paid
61 to the commission and set aside in the special trust account estab-
62 lished pursuant to section 46 b. (1) (c) and section 46 b. (2) (c) of
63 P. L. 1940, c. 17 (C. 5:5-66); and

64 c. In the case of harness races, 25% of those sums shall be re-
65 tained by the permitholder to supplement purses for sire stakes
66 races on which there is parimutuel wagering, and 25% shall be re-
67 tained by the permitholder to supplement overnight purses.

68 Where it is shown to the satisfaction of the commission that the
69 reason for the parimutuel tickets being outstanding and unclaimed
70 is the loss, misplacement or theft of said tickets within the confines
71 and control of the parimutuel department of any permitholder,
72 and it is further shown to the satisfaction of the commission that
73 said parimutuel tickets have been cashed by such parimutuel de-
74 partment, the commission may adjust and credit the permitholder's
75 account accordingly and the permitholder shall reimburse any
76 employee who has been held personally accountable and paid for
77 such lost, stolen or misplaced tickets.

78 All outstanding parimutuel ticket money shall be deposited in
79 an account separate and apart from the track's mutuel or general
80 treasury account. The outstanding parimutuel ticket account shall
81 be subject to the rules and regulations prescribed by the Division
82 of New Jersey Racing Commission.

1 7. Section 1 of P. L. 1984, c. 236 C. 5:5-64.1 is amended to read
2 as follows:

3 1. Notwithstanding the provisions of section 44 of P. L. 1940,
4 c. 17 (C. 5:5-64) or any other law to the contrary, a holder of a
5 permit to conduct harness race meetings who operates a racetrack
6 at which harness race meetings were conducted during calendar
7 year 1984, but which were suspended for 30 days or more during
8 that calendar year because of fire, and a holder of a permit to con-
9 duct harness race meetings who conducted harness race meetings at
10 the aforementioned racetrack during 1984 and who continues to
11 conduct harness race meetings at that racetrack, shall distribute
12 all sums deposited in any pool where the patron is required to select
13 one horse to the winners thereof, less an amount which shall not
14 exceed 17% of the total deposits plus the breaks. In every pool
15 where the patron is required to select two horses, the holder of the
16 permit shall distribute all sums deposited in each pool to the
17 winners thereof, less an amount which shall not exceed 19% of the
18 total deposits plus the breaks. In every pool where the patron is re-
19 quired to select three or more horses, the holder of the permit shall
19A distribute all sums deposited in each pool to the winners thereof,
20 less an amount which shall not exceed 25% of the total deposits, plus
21 the breaks. The permitholder shall distribute to the persons holding
22 winning tickets in any of the aforementioned pools, as a minimum,
23 a sum not exceeding \$0.10, calculated on the basis of each dollar
24 deposited in any pool after the deduction of the 17%, 19% or 25%,
25 as the case may be. Should the amount remaining in the pool be in-
26 sufficient to pay the winners the minimum, the breakage accruing
27 in that race, or any necessary portion thereof, shall be applied
28 toward making up any such deficiency. The breaks are hereby
29 defined as the odd cents over any multiple of \$0.10, calculated on
30 the basis of \$1.00 otherwise payable to a patron. The permitholder
31 shall retain for his own uses and purposes 50% of the breaks as
32 herein defined, except as the same shall have been applied toward
33 making up a deficiency in a pool as herein provided, and shall
34 distribute as purse money the remaining 50%. The permitholder
35 shall submit to the commission every seventh day of any and every
36 race meeting a report under oath showing the daily and total
37 amount of the breaks, together with such other information as the

38 commission may require. All sums held by the permitholder for
 39 payment of outstanding parimutuel tickets not claimed by the
 40 persons entitled thereto within six months from the time such
 41 tickets are issued shall be paid upon the expiration of such six-
 42 month holding period as follows: a. ~~50%~~ 30% shall be paid to
 43 the racing commission *and deposited in the General Fund and 20%*
 44 *shall be paid to the racing commission and deposited in a special*
 45 *account to fund the Division of Compulsive Gambling established*
 46 *in the Department of Health pursuant to P. L. , c. (C.*
 47 *) (now pending before the Legislature as this bill);*
 48 b. 25% shall be retained by the permitholder to supplement
 49 purses for sire stakes races on which there is parimutuel wagering,
 50 and c. 25% shall be retained by the permitholder to supplement
 51 overnight purses.

52 Where it is shown to the satisfaction of the commission that the
 53 reason for the parimutuel tickets being outstanding and unclaimed
 54 is the loss, misplacement or theft of the tickets within the confines
 55 and control of the parimutuel department of the permitholder, and
 56 it is further shown to the satisfaction of the commission that the
 57 parimutuel tickets have been cashed by the parimutuel department,
 58 the commission may adjust and credit the permitholder's account
 59 accordingly and the permitholder shall reimburse any employee who
 60 has been held personally accountable and paid for such lost, stolen
 61 or misplaced tickets.

62 All outstanding parimutuel ticket money shall be deposited in an
 63 account separate and apart from the track's mutuel or general
 64 treasury account. The outstanding parimutuel ticket account shall
 65 be subject to the rules and regulations prescribed by the Board
 66 of New Jersey Racing Commission.

1 8. Section 7 of P. L. 1971, c. 137 (C. 5:10-7) is amended to read
 2 as follows:

3 7. a. The authority is hereby authorized, licensed and empowered
 4 to apply to the Racing Commission for a permit or permits to
 5 hold and conduct, at any of the projects set forth in paragraphs
 6 (1) and (5) of subsection a. of section 6 of P. L. 1971, c. 137
 7 (C. 5:10-6), horse race meetings for stake, purse or reward, and
 8 to provide a place or places on the race meeting grounds or en-
 9 closure for wagering by patrons on the results of such horse races
 10 by the parimutuel system, and to receive charges and collect all
 11 revenues, receipts and other sums from the ownership and opera-
 12 tion thereof provided that only the authority through its em-
 13 ployees shall conduct such horse race meetings and wagering and
 14 the authority is expressly prohibited from placing in a position of

15 any other person, firm or corporation the conduct of such horse
16 race meetings, or wagering.

17 b. Except as otherwise provided in this section, such horse race
18 meetings and parimutuel wagering shall be conducted by the
19 authority in the manner and subject to compliance with the
20 standards set forth in P. L. 1940, c. 17 (C. 5:5-22 et seq.) and
21 the rules, regulations and conditions prescribed by the Racing
22 Commission thereunder for the conduct of horse race meetings
23 and for parimutuel betting at such meetings.

24 c. Application for said permit or permits shall be on such forms
25 and shall include such accompanying data as the Racing Com-
26 mission shall prescribe for other applicants. The Racing Com-
27 mission shall proceed to review and act on any such application
28 within 30 days after its filing and the Racing Commission is
29 authorized in its sole discretion to determine whether a permit
30 shall be granted to the authority. If, after such review, the Racing
31 Commission acts favorably on such application, a permit shall
32 be granted to the authority without any further approval and
33 shall remain in force and effect so long as any bonds or notes of
34 the authority remain outstanding, the provisions of any other law
35 to the contrary notwithstanding. In granting a permit to the au-
36 thority to conduct a horse race meeting, the Racing Commission
37 shall not be subject to any limitation as to the number of tracks
38 authorized for the conduct of horse race meetings pursuant to any
39 provision of P. L. 1940, c. 17 (C. 5:5-22 et seq.). Said permit shall
40 set forth the dates to be allotted to the authority for its initial horse
41 race meetings. Thereafter application for dates for horse race
42 meetings by the authority and the allotment thereof by the Racing
43 Commission, including the renewal of the same dates theretofore
44 allotted, shall be governed by the applicable provisions of P. L.
45 1940, c. 17 (C. 5:5-22 et seq.). Notwithstanding the provisions of
46 any other law to the contrary, the Racing Commission shall allot an-
47 nually to the authority (1) for the meadowlands complex, in the
48 the case of harness racing, not less than 100 racing days, and in
49 the case of running racing, not less than 50 racing days, if and to
50 the extent that application is made therefor, and (2) for any other
51 project which has been approved by the Racing Commission in ac-
52 cording to section 6 of P. L. 1971, c. 137 (C. 5:10-6), and which was previously
53 operated by a permittee of the authority, racing days
54 shall be limited, in type of racing and amount of days, to those
55 allotted by the Racing Commission to the prior permittee for
56 the year 1971 as of December 15, 1970; except that the authority
57 may apply to the Racing Commission for an extension of the allo-

58 ber and type of racing days pursuant to section 2 of P. L. 1984,
59 c. 247 (C. 5:5-43.1).

60 d. No hearing referendum or other election or proceeding, and
61 no payment, surety or cash bond or other deposit, shall be required
62 for the authority to hold or conduct the horse race meetings with
63 parimutuel wagering herein authorized.

64 e. The authority shall determine the amount of the admission
65 fee for the races and all matters relating to the collection thereof.

66 f. Distribution of sums deposited in parimutuel pools to winners
67 thereof shall be in accordance with the provisions of section 44 of
68 P. L. 1940, c. 17 (C. 5:5-64) pertaining thereto. The authority
69 shall make disposition of the deposits remaining undistributed as
70 follows:

71 (1) In the case of harness races:

72 (a) Hold and set aside in an account designated as a special
73 trust account 1% of such total contributions in all pools, to be
74 used and distributed as hereinafter provided and as provided in
75 section 5 of P. L. 1967, c. 40, for the following purposes and no
76 other:

77 (i) 42 $\frac{1}{2}$ % thereof to increase purses and grant awards for
78 starting horses, as provided or as may be provided by rules
79 of the New Jersey Racing Commission, with payment to be
80 made in the same manner as payment of other purses and
81 awards;

82 (ii) 49% thereof for the establishment of a Sire Stakes Pro-
83 gram for standardbred horses, with payment to be made to
84 the Department of Agriculture for administration as here-
85 inbefore provided:

86 (iii) 51 $\frac{1}{2}$ % thereof for contributions and awards designed
87 to improve and promote the standardbred breeding industry
88 in New Jersey through payment of awards to owners and
89 breeders of New Jersey bred horses which are registered
90 with the Standardbred Breeders' and Owners' Association of
91 New Jersey and which earn portions of purses in open events
92 on New Jersey tracks, and to owners of stallions posted on
93 the official stallion roster of the Standardbred Breeders' and
94 Owners' Association of New Jersey which sire such registered
95 New Jersey bred money earners:

96 (iv) 3% thereof for other New Jersey horse breeding and
97 promotion conducted by the New Jersey Department of Agri-
98 culture.

99 Payment of the sums held and set aside pursuant to subpara-
100 graphs (ii) and (iv) shall be made to the commission every

101 seventh day of any and every race meeting in the amount then
102 due, as determined in the manner provided above, and shall be
103 accompanied by a report under oath showing the total of all such
104 contributions, together with such other information as the com-
105 mission may require.

106 (b) Distribute as purse money and for programs designed to
107 aid the horsemen and the Standardbred Breeders' and Owners'
108 Association of New Jersey 5% of such total contributions.
109 Expenditures for programs designed to aid the horsemen and
110 the Standardbred Breeders' and Owners' Association of New
111 Jersey shall not exceed 3.5% of the sum available for distri-
112 bution as purse money. The formula for distribution of the
113 purse money as either overnight purses or special stakes shall
114 be determined by an agreement between the Standardbred
115 Breeders' and Owners' Association of New Jersey and the author-
116 ity. Notwithstanding the foregoing, for pools where the patron
117 is required to select two or more horses, the authority shall dis-
118 tribute as purse money 5.5% of the total contributions and for
119 pools where the patron is required to select three or more horses,
120 the authority shall distribute as purse money 7% of the total
121 contributions. Notwithstanding the foregoing, for pools where
122 a patron is required to select three or more horses, the authority
123 shall retain out of the 7% to be distributed as purse money
124 a sum deemed necessary by the racing commission, for use by
125 the commission to finance a prerace blood testing program, and
126 such other testing programs which the commission shall deem
127 proper and necessary and which shall be subject to the regulation
128 and control of said commission.

129 (2) In the case of running races:

130 (a) Hold and set aside in an account designated as a special
131 trust account 5% of 1% of such total contributions, to be used and
132 distributed for State horse breeding and development programs,
133 research, fairs, horse shows, youth activities, promotion and ad-
134 ministration, as provided in section 5 of P. L. 1967, c. 49 (C. 5:5-88).

135 (b) Distribute as purse money and for programs designed to
136 aid the horsemen and the New Jersey Horsemen's Benevolent and
137 Protective Association 4.24% of such total contributions. The
138 expenditures for programs designed to aid the horsemen and the
139 New Jersey Horsemen's Benevolent and Protective Association
140 shall not exceed 2.9% of the sum available for distribution as
141 purse money. The formula for distribution of the purse money
142 as either overnight purses or special stakes shall be determined
143 by an agreement between the New Jersey Horsemen's Benevolent

144 and Protective Association and the authority. Notwithstanding
 145 the foregoing, for pools where the patron is required to select
 146 three or more horses, the authority shall distribute as purse money
 147 7.24% of the total contributions.

148 (c) 10% of 1% of all pools shall be deducted and set aside in
 149 the special trust account established pursuant to section 46 b. (1)
 150 (e) and 46 b. (2) (e) of P. L. 1940, c. 17 (C. 5:5-66).

151 For pools where a patron is required to select three or more
 152 horses, 50% of 1% of the total contributions shall be held and
 153 set aside in that special trust account.

154 Payment of the sums held and set aside pursuant to subpara-
 155 graphs (a) and (c) of this subsection shall be made to the commis-
 156 sion every seventh day of any and every race meeting in the
 157 amount then due, as determined in the manner provided above,
 158 and shall be accompanied by a report under oath showing the
 159 total of all such contributions, together with such other informa-
 160 tion as the commission may require.

161 In addition, as an initial payment to the State, an amount equal
 162 to $\frac{1}{2}$ of 1% of all parimutuel pools shall be deposited annually in
 163 the General State Fund. All amounts remaining in parimutuel
 164 pools, including the breaks, after such distribution and payments
 165 shall constitute revenues of the authority. Except as otherwise
 166 expressly provided in this section 7, the authority shall not be
 167 required to make any payments to the Racing Commission or
 168 others in connection with contributions to parimutuel pools.

169 In the event that a written agreement between the authority and
 170 the respective horsemen's associations shall require the distribu-
 171 tion of additional sums of money to increase purses or contribut-
 172 ions to the special trust accounts hereinabove provided, or both,
 173 any such distribution to be made in the year 1981 shall be made
 174 by the authority only from, and to the extent of, available moneys
 175 from the preceding year set aside for such purpose, after applica-
 176 tion of the authority's revenues, moneys or other funds as pro-
 177 vided in subsection c. (1), (2), (3), (4), (5), (6) and (7) of section
 178 6 of P. L. 1971, c. 137 (C. 5:10-6).

179 g. All sums held by the authority for payment of outstanding
 180 parimutuel tickets not claimed by the person or persons entitled
 181 thereto within the time provided by law shall be paid upon the
 182 expiration of such time, without further obligation to such ticket
 183 holder as follows:

184 (1) In the case of running and harness races, [50%] 50%
 185 of these sums shall be paid to the racing commission and the re-
 186 maining 50% shall be deposited in the General Fund and 20% of these sums shall be

187 *paid to the racing commission and deposited in a special ac-*
 188 *count to fund the Division of Compulsive Gambling estab-*
 189 *lished in the Department of Health pursuant to P. L. , c.*
 190 *(C.) (now pending before the Legislature as this bill);*

191 (2) In the case of running races, 50% of those sums shall be
 192 paid to the commission and set aside in the special trust account
 193 established pursuant to section 46 b. (1) (e) and section 46 b.
 194 (2) (e) of P. L. 1940, c. 17 (C. 5:5-66); and

195 (3) In the case of harness races, 25% of those sums shall be
 196 retained by the permitholder to supplement purses for sire
 197 stakes races on which there is parimutuel wagering, and 25%
 198 shall be retained by the permitholder to supplement overnight
 199 purses.

200 h. No admission or amusement tax, excise tax, license or horse
 201 racing fee of any kind shall be assessed or collected from the
 202 authority by the State of New Jersey, or by any county or munici-
 203 pality, or by any other body having power to assess or collect
 204 license fees or taxes.

205 i. Any horse race meeting and the parimutuel system of wager-
 206 ing upon the results of horse races held at such race meeting shall
 207 not under any circumstances, if conducted as provided in the act and
 208 in conformity thereto, be held or construed to be unlawful, other
 209 statutes of the State to the contrary notwithstanding.

210 j. Each employee of the authority engaged in the conducting of
 211 horse race meetings shall obtain the appropriate license from the
 212 Racing Commission, subject to the same terms and conditions as
 213 is required of similar employees of other permitholders. The Rac-
 214 ing Commission may suspend any member of the authority upon
 215 approval of the Governor and the license of any employee of the
 216 authority in connection with the conducting of horse race meetings,
 217 pending a hearing by the Racing Commission, for any violation of
 218 the New Jersey laws regulating horse racing or any rule or regula-
 219 tion of the commission. Such hearing shall be held and conducted
 220 in the manner provided in said laws.

1 9. This act shall take effect immediately.

STATEMENT

This bill establishes a Division of Compulsive Gambling in the Department of Health. The division shall have an advisory board composed of 20 members.

The bill authorizes the division to develop a comprehensive plan and program for the treatment, education and research of com-

pulsive gambling. The bill also authorizes the division to contract with health or mental health providers for outpatient treatment in each of the 21 counties of the State. The division is also authorized to prepare, publish and disseminate educational materials dealing with the prevention, nature and effects of compulsive gambling.

This bill provides for funding of the division by setting aside 20% of the funds from unclaimed parimutuel tickets at racetracks, 50% of which under present law goes into the General Fund.

GAMBLING — LOTTERY, RACING, OTHER

Establishes Division of Compulsive Gambling in the Department of Health to be funded by 20% of money derived from unclaimed parimutuel tickets.

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ASSEMBLYMAN WILLIAM "PAT" SCHUBER (Chairman): We are going to take up three bills here today in a continuing hearing. One is A-2753, the Schuber/Muziani bill, which would establish an Office on Compulsive Gambling in the Department of Health, and would appropriate \$800,000; A-2767, the Kavanaugh/Penn bill, which would establish a Division on Compulsive Gambling in the Department of Health, and would appropriate \$800,000; and A-2947, the Rocco/Hardwick bill, which would establish a Division on Compulsive Gambling to be funded by certain moneys from unclaimed parimutuel tickets.

By way of introduction, since this is one of the major issues we are going to be taking up this year, just some notes, if I might. Today we are going to open a series of hearings on the subject of compulsive gambling. This is one of the series of hearings that will take place from now through the beginning of 1987, which will address various and sundry offshoot issues that have affected our State as a result of the impact of gambling in New Jersey. Compulsive gambling will be the first. We will be looking at the original Casino Control Act at the end of the year. We will be taking up casino credit and casino junkets in the new year.

Gambling, as we know, has been with us for centuries. I think people throughout this nation, and throughout other nations, have always had a curious attraction to it. I think we are pulled to it for many, many reasons: One, the adventure of it; and two, the excitement of it. I guess in the end, probably because we think we can make money with very little effort -- with just luck, I suppose. Of course, there is no question that gambling does also play on people's weaknesses. It can probably be exciting entertainment for some, but for others, I assume it can be a very, very compulsive piece of behavior which can lead to one's self-destruction -- from articles I've seen and stories I have heard -- and the destruction of one's family.

However, we in New Jersey have developed gradually -- growing, I guess, like Topsy in the story -- a public policy which relies on gambling for public revenue for public purposes. We finance numerous State activities through gambling activities, whether it be lotteries, racing, or the casinos. History tells us that the first English colony in Jamestown was founded on a lottery. So, the history of gambling as a reliance by public institutions for public policy goes back to the very foundations of this country.

The question we are going to explore today, though, is, has that reliance caused a problem in our State? Is there, in fact, a compulsive gambling problem here in the State that is attributable to those activities? Is this the dark side of the public sector on this issue that we have embraced otherwise? If there is a problem, to what extent is there a problem here? If there is that problem, and it has been a problem to a certain extent, what is the State's responsibility for meeting this problem? Then, what is the responsibility of the gambling institutions themselves to help to meet the problem?

Hopefully, these hearings will answer some of these questions, and will help us to develop a legislative solution to address the problem. Accordingly, we begin the hearings today as such, with that issue in the forefront, and with those three bills to be the touchstone for the hearings. At the end of the hearings, there will be a bill reported out to the Legislature, which we hope will garner full support in both houses, as well as with the Governor. I think this is a substantial problem in our State, and one which we do not address adequately at the present time. Hopefully, this series of hearings will help us to move toward that goal.

Accordingly, our first speaker, I think, is Mr. Arnie Wexler, from the Gambling Council. Arnie, would you please introduce yourself to everybody, and then proceed?

A R N O L D W E X L E R: I am Arnie Wexler. I am the newly appointed Executive Director of the New Jersey Council on Compulsive Gambling.

First, I would like to start off by saying it is a milestone that -- as Assemblyman Schuber said -- the bill is going to move out of Committee. Everybody in the State should realize that a bill has never moved out of committee dealing with compulsive gambling in this State. If we move a bill out of Committee, it will be a first, and it will be a milestone, and I thank you for it.

I thank you for asking me to speak in front of this Committee today. The compulsive gambler is a sick person, an addict. He has to gamble just like the drug addict needs to put the needle in his arm, and the alcoholic needs to take a drink. The compulsive gambler is driven by an overwhelming, uncontrollable impulse to gamble. The compulsive gambler will keep gambling until he strips himself of everything he owns; until the gambling causes untold suffering for himself and all those around him; until he gets into debt, borrows money from anyone and everyone, resorts to cheating and stealing, and lies about everything. If the compulsive gambler doesn't lie, he can't continue his efforts in his compulsive gambling.

He often brings himself to the brink of suicide. If he is really lucky, he won't commit suicide. I know six people who in the last 18 months have committed suicide. According to Dr. Robert L. Custer (phonetic spelling), who works with the Veterans' Administration, the attempted suicide rate of compulsive gamblers is 200 times higher than the national average. But, the real tragedy to this is that the spouse's attempted suicide rate runs 150 times higher than the national average.

Who knows how much time is really lost in industry because of the compulsive gambler on the job -- or really, not on the job? Most of the time, the compulsive gambler does show up for work, but he is busy with his compulsive gambling

efforts calling the bookmaker, involved with reading the horse sheet, and stealing money from the job. Dr. Custer also found out that 85% of the compulsive gamblers admit they have lost time from work.

I am a recovering compulsive gambler who hasn't gambled in over 18 years and I'll tell you, I went to work every day, but my boss, if he got an hour or two out of me during the day, was really lucky. You know, I was playing cards with the people; I was shooting crap on the job; I was bookmaking and Shylocking on the job; and I was also calling my stockbroker, by the way. But I spent most of my day involved in either studying or trying to come up with money to continue my gambling.

Only God really knows how much money is embezzled by the compulsive gambler. The compulsive gambler looks like anybody else on the outside. Unlike the alcoholic or the drug addict, which you can see or smell, the compulsive gambler has an invisible disease. I guarantee you, if I lined up five compulsive gamblers and five other people in here, you wouldn't be able to spot the compulsive gamblers.

Today we see more compulsive gamblers coming for help from every walk of life. It is of epidemic proportion in the State of New Jersey today, and nationwide. But, we are seeing more professionals than ever before -- lawyers, teachers, doctors, judges, and even legislators. Twenty percent of the people seeking help today are women; 20% are people under the age of 21, which is very disturbing to me. Ninety-six percent of all compulsive gamblers start gambling before age 14. The average compulsive gambler, by the time he seeks help, owes over \$43,000. The compulsive gambler's whole life starts to exist only for gambling. Nothing else really matters. He eats, drinks, and sleeps gambling, and his whole life is consumed by the gambling.

A survey produced by Henry LeSeur (phonetic spelling), who is a professor of sociology in New York, stated that 49% of all compulsive gamblers said they filed false claims against insurance companies. They were either false, faked, inflated, or staged, as far as accidents or insurance claims. The average value per claim was \$65,000, so the insurance companies are being ripped off by compulsive gamblers. I wonder if the compulsive gambler really has something to do with the insurance crisis we have today in New Jersey.

We also found that the compulsive gambler engages in heavy illegal activities and civil fraud. Eighty-five percent had engaged in loan fraud; 40% in check forgery; 40% embezzled or committed employee theft; and, 83% did some form of illegal activity to support their gambling habit. Fifty-three percent of female and male prisoners in Yardville and Clinton Prisons who had admitted to being compulsive gamblers, said they sold drugs to support their gambling habit. Thirty-five percent of all compulsive gamblers are doubly addicted, most of them to alcohol and drugs. We are finding that many of the compulsive gamblers who are doubly addicted today are addicted to cocaine. If you know anything about addiction, the rush and the high from cocaine is almost like the rush and the high from compulsive gambling. It is pretty close.

You can be sure that most times when you hear about a white-collar crime or embezzlement it has something to do with compulsive gambling. The fact is, all of these articles here are articles that I picked up from New Jersey newspapers over the last few years that have something to do with compulsive gambling. Here is one in particular where a man committed suicide as the judge was sentencing him in Atlantic County. The concern in the newspaper article was basically, "Hey, what if this guy had the gun in the courtroom and shot the judge?" No one was concerned that he was a compulsive gambler, and that his wife was in the courtroom with four of his seven kids when he pulled the gun and killed himself.

The Council on Compulsive Gambling believes that there are 400,000 active compulsive gamblers in New Jersey. I would like to quote an article from Jerry Izenberg, written in The Newark Star-Ledger July 30, 1981: "The State of New Jersey is hardly a bystander when it comes to the business of gambling. There is simply no getting away from the fact that New Jersey is part of the gambling business. It takes a cut from all the legalized gambling in the State; it hires people to supervise casino licensing; and, in short, is a major partner in all kinds of games of chance. There is nothing wrong in that. The State needs the money, and the revenue is legitimate. But, no matter how you read it, it is ludicrous for a State which benefits from the existence of gambling not to take any responsibility for the problems that it creates, which are part of the package."

Well, that was in 1981. Today, New Jersey allocates \$275,000 for compulsive gambling. We have really come a long way, or did we? I am not really sure. But, not far enough. A state like Iowa, which gives \$500,000 to study and get involved with the problem of compulsive gambling-- I found out last night that Iowa takes in, from legalized gambling, \$50 million. They take \$50 million in, and they give \$500,000 out. In New Jersey, we give \$275,000 out, and we take in over \$700 million. There is something a little wrong with these figures. They are out of kilter.

I believe the State that leads the nation in legal gambling -- New Jersey -- should also become partners with the gaming industries, and also lead the nation in help for compulsive gamblers.

I thank you very much for listening to me.

ASSEMBLYMAN SCHUBER: Thank you, Arnie. Why don't you outline for the Committee where the money is coming from right now -- the \$275,000 -- and where it is going?

MR. WEXLER: A few years ago when Governor Kean became the Governor-- Chuck Hardwick had proposed two appropriations when Governor Byrne was in office, and they were to deal with compulsive gambling. He was supposed to put in \$40,000. Governor Byrne vetoed both measures, and I believe he vetoed them because he thought in his head, "Hey, I brought gambling in here. How could I turn around and be at fault for this problem?" I think that is why they got vetoed -- my own personal opinion. Governor Kean got \$60,000 in the original budget, and we opened the New Jersey Council on Compulsive Gambling. The figure went up to \$200,000 up until last year. There was never really a bill involved. It was always money from the appropriation budget -- a line item.

We were short money to run the office and, truthfully, can't even run the office with the \$185,000 we are going to get this year. The fact is, we put in a supplemental for another \$75,000, and it was approved and signed by the Governor. So, \$185,000 goes to the Council on Compulsive Gambling of New Jersey, and \$75,000, I believe, goes to the John F. Kennedy Treatment Center in Edison, to do some work with compulsive gamblers as far as the treatment end is concerned.

ASSEMBLYMAN SCHUBER: What do they do? Can you speak for the John F. Kennedy Treatment Center?

MR. WEXLER: Yeah, I was their paid counselor until this week.

ASSEMBLYMAN SCHUBER: What do they do, and how many people are they treating?

MR. WEXLER: They have seen -- if my figures are right -- over 250 people in the last year. People come in who are in desperate straits. The fact is, most people who walk in can't afford to pay for treatment. Basically, John F. Kennedy supplies treatment for them at no cost, or at a very minimum cost, because there is really no treatment around and compulsive gamblers don't have too much money by the time they have destroyed themselves.

They also tell the people to go to Gamblers Anonymous. They have a Gamblers Anonymous and Gamanon meeting on their premises every Saturday, and they are doing some good work helping compulsive gamblers. The fact is, John F. Kennedy is a wonderful place, but it is in Edison, New Jersey. There is a tremendous need, in my opinion, for some place up in North Jersey for a treatment center, and some place down in South Jersey for a treatment center -- maybe five or six different treatment centers in the State.

ASSEMBLYMAN SCHUBER: What is the Compulsive Gambling Council? What is its role?

MR. WEXLER: We do education, information, and training. Basically, what we are doing here today is trying to alert the public about the problem of compulsive gambling. That is basically what we do. We don't do any treatment.

ASSEMBLYMAN SCHUBER: Do you have any statistics on how many compulsive gamblers there might be in the State at the present time?

MR. WEXLER: Well, you know, we believe there are 400,000 compulsive gamblers. From Iowa there was a report that said 6%. I have seen reports anywhere from 2% to 6%. The fact is, we really don't know how many compulsive gamblers we have in the State. I think if we had some money to do a good incidence and prevalence study, we might find out. We really don't know how many compulsive gamblers there are. I have heard people say there are a million across the country, and I have heard people say there are 12 million. Nobody really knows for sure.

ASSEMBLYMAN SCHUBER: From your experience, your studies, your interviews with various and sundry patients during the course of the years, is there any one form of gambling which affects these individuals over another, or is it across-the-board?

MR. WEXLER: Compulsive gamblers will gamble on anything. It could even be a cockroach race. You know, when I was gambling, I would gamble how much snow would fall by a certain hour. So, you know, we are not a prohibition group, and we are not saying, "Hey, close the casinos," or "Close the Lottery." That is not going to stop compulsive gamblers, just like prohibition didn't stop the alcoholics. But, the fact is, compulsive gamblers like quick, fast action. At the top of the scale would probably be casinos, and at the bottom of the scale would probably be lotteries and bingos.

ASSEMBLYMAN SCHUBER: Do you have any thoughts on the different bills which are here before you? One would set up an Office on Compulsive Gambling in the Department of Health and two would set up a division and, of course, there are different methods of funding which we are going to have to work out. But, do you have any thoughts or enlightenment on them?

MR. WEXLER: Assemblyman, I really don't care where the money comes from. I think there should be a partnership between the gaming industries and the State, because both take a part in this effort. Both make money from it, and I think both should be responsible enough to pay their share of the costs. But, the fact is, I think it is important to have either a division or an office. I think that will finally give the compulsive gambling problem credence in this State, just like the Division of Alcoholism put the problem of alcoholism on the map. I think it is very important to do that. Truthfully, I don't care what passes, as long as we get some money in that vein to do this kind of work.

ASSEMBLYMAN SCHUBER: My own thought, as I indicated when we were holding hearings earlier on in the year, was that I was shocked, and that is why we are ending up with the hearings here. The statistics, especially on Iowa, that is a state which I do not usually associate with maniacal gambling-- I was shocked that Iowa would spent far more on

this activity than we would, as a State which relies on it pretty much across-the-board.

ASSEMBLYMAN RILEY: What else do they have to do in Iowa? (laughter)

MR. WEXLER: I was out there a couple of weeks ago. They are doing some fine work out there. They have gotten some treatment centers rolling. My wife and I were invited out there to speak at some workshops they were doing. They are really doing some good work out there. I can guarantee you that we've got a few more compulsive gamblers in New Jersey than they have in the State of Iowa.

ASSEMBLYMAN SCHUBER: Would any members of the Committee like to ask Mr. Wexler any questions? Mr. Zangari?

ASSEMBLYMAN ZANGARI: You stated that six people almost committed suicide.

MR. WEXLER: Not almost; did commit suicide.

ASSEMBLYMAN ZANGARI: Six out of 750 million people in the State of New Jersey. We have more severe problems than that, you know, with this crack that is going on. I'm glad that this was brought up today. Speaker Hardwick was in Newark the other day, touring the City of Newark to get a firsthand view of what transpires in the City of Newark with crack.

ASSEMBLYMAN RILEY: What was--

ASSEMBLYMAN ZANGARI: Well, you know, it is a very serious problem.

MR. WEXLER: I agree.

ASSEMBLYMAN ZANGARI: We're talking about innocent people getting mugged and maimed and killed and badly beaten, because, you know, they are under the influence of something they cannot control.

You made a statement that you were a bookmaker. Were you affiliated with any organization?

MR. WEXLER: I wasn't actually a bookmaker. I was steering people to a bookmaker, and getting a piece of the

action back. I needed to do that to support my gambling habit. I would do anything, Assemblyman, to get money to continue my gambling habit, just like-- I had to gamble just like the drug addict needs to put the needle in his arm. The compulsive gambler is in the same kind of addiction as a crack-addicted person, because he needs to get money to gamble just like the crack person has to get money to support his crack habit.

ASSEMBLYMAN ZANGARI: I just don't buy it. I'm 58 years old. I grew up, you know, with the biggest bookmakers in the State. I discussed this coming down this morning. I don't gamble.

MR. WEXLER: That is why you don't understand the problem.

ASSEMBLYMAN ZANGARI: I gambled maybe more than you did as a kid, okay? I've seen families that were very upset, dismantled, disturbed, you know, with what an individual did. But, that is the field that you chose, not me. That is why we have an educational process when we're small. I think if a person has the right type of upbringing, he is going to realize that gambling, when he doesn't have the money to feed his family, is not the right thing to do. I just don't go along with funding anything that has to do with gambling. I think the State, right now, is enticing people to gamble.

I turned on television last night, and there was this guy, John Patrick. They give you a number--

MR. WEXLER: The casinos do it.

ASSEMBLYMAN ZANGARI: --201-636-5333 -- and this guy paints a picture that it is the easiest thing in the world, you know, for you to go down to Atlantic City and win. I took a trip with the Chairman down to a casino. The figures they give you-- The percentages that are against you when you walk into the casino-- The casino doesn't give money to people -- doesn't entice 2000 senior citizens to go down there, so they

can go down there and take their money. They bring you down there because you are going to leave your money. No business entity invests \$300 million to build a casino because they think they are going to lose. Everybody is a winner when you go down there.

Now, if you go down there for a day, and you feel that you are going to come home a winner, maybe that particular day-- But if you frequent that casino tomorrow, you're a loser. Everybody going down there is going to come back a loser. So, you know, for me to feel sorry for someone who doesn't have the mentality to know that he is going to come home a loser is crazy. I wouldn't vote for this bill if hell froze over.

MR. WEXLER: Well, Assemblyman, let me explain something to you the way I see it. You made the statement that you don't choose to gamble. You just stopped.

ASSEMBLYMAN ZANGARI: Yeah.

MR. WEXLER: I wish it were that easy. Every night I went to bed crying and saying to myself, "I am never going to gamble again," and the next morning I had to gamble. There is a difference between choosing and having an addiction. This was a 100% addiction. I couldn't control it; I couldn't stop it; and I couldn't do anything about it.

I know people who are alcoholics, and I remember somebody in my family who was an alcoholic and a drug addict. I said to them, "Just don't do it any more," and you know what, I didn't understand addiction well enough. Even though I was a recovering gambler for 11 years at that time, I couldn't see the forest for the trees. The fact is, if you are not a compulsive gambler or you haven't lived with a compulsive gambler, you really can't understand this disease.

ASSEMBLYMAN ZANGARI: You had to get the money. You can't go to Atlantic City with a marker. You can get a line of credit, but you have to pay it back. Okay?

MR. WEXLER: Yes.

ASSEMBLYMAN ZANGARI: And, if you are one of those people who go down to Atlantic City and you get a line of credit-- Well, I don't think they are going to give you a line of credit unless you have the potential to pay that money back.

MR. WEXLER: Whew!

ASSEMBLYMAN ZANGARI: Well, I don't know.

MR. WEXLER: I know people who have made \$11,000 and \$14,000 a year and had over \$100,000 worth of credit in Atlantic City.

ASSEMBLYMAN ZANGARI: Well, that system has to be changed. I think this is where the root of the evil has to be taken out.

MR. WEXLER: Well, it's easy--

ASSEMBLYMAN ZANGARI: You know, if a guy is making \$11,000 and can go down there and get a line of credit for \$100,000, I think that has to stop. I think that the people in Atlantic City have the wherewithal and the intelligence to know that they can't give you that line of credit if you can't pay it back.

ASSEMBLYMAN SCHUBER: Well, I think there is one fallacy here, and I was hoping to avoid it. I think the testimony either from Mr. Wexler or from some of the other witnesses will show that this particular problem is a compulsive one, an impulsive one, and it crosses the line. It just doesn't aggregate around casinos. This is not a casino-fashioned hearing.

MR. WEXLER: Absolutely.

ASSEMBLYMAN SCHUBER: We find that this is a problem that is prevalent not only to casinos -- maybe not even to casinos to as great an extent as it is to horse racing, and lotteries maybe.

MR. WEXLER: Assemblyman, when I stopped gambling I was 30 years old. I never made more than \$175 a week. I had

lost over \$300,000. So, you know, it would have been easy for me to say, "Hey, why don't I stop?" because I was getting more and more in the hole. I couldn't stop. I wanted to stop; I wanted to kill myself because I wanted to stop, and I just couldn't. At the end, I was wishing and hoping my wife would die so I wouldn't have to tell her what kind of shape I was in.

ASSEMBLYMAN ZANGARI: Well, of course, if you have the potential to make \$175 a week, and you're dealing with thousands of dollars, how could you go back to live in a style like that? You have now built the reputation that you are a somebody. Okay? John Doe was able to go out and borrow money. You know every crooked guy in the darned State, maybe you've get a reputation throughout the world, and you've got a line of credit that we don't have. Honest, hard-working guys can't go out and get the kind of money that you can get.

MR. WEXLER: If you are a compulsive gambler, you'll find a way to get the money.

ASSEMBLYMAN ZANGARI: Of course.

MR. WEXLER: And I'll tell you, when I stopped gambling, I owed twice my annual salary. I was told I needed a second job. I had three jobs for three and a half years, seven days a week, to pay off my gambling debts.

ASSEMBLYMAN ZANGARI: Well, even if you got three full-time jobs, that's \$525-- If you times that by 52 weeks, you could work for the next 30 years and you couldn't pay back \$375,000.

ASSEMBLYMAN SCHUBER: Well, but that, Jim--

MR. WEXLER: A lot of it was stolen money, by the way.

ASSEMBLYMAN SCHUBER: Assemblyman Riley?

ASSEMBLYMAN RILEY: Thank you, Mr. Chairman. Through you, Mr. Chairman, Arnie, to sort of put things in perspective, as the Chairman indicated, hopefully this isn't a "beat up on Atlantic City convention." Your losing the money you lost -- to put things in perspective -- was it before the casinos were ever opened?

MR. WEXLER: I never gambled in a casino. Thank God.

ASSEMBLYMAN RILEY: In fact, your gambling was all illegal gambling.

MR. WEXLER: No, it wasn't all illegal gambling. I gambled on the horses. I gambled on anything.

ASSEMBLYMAN RILEY: Okay.

MR. WEXLER: Assemblyman, thank God the casinos weren't in existence in New Jersey when I gambled, and thank God I didn't work in a bank, because I would be in jail today.

ASSEMBLYMAN RILEY: But the problem of compulsive gambling is not necessarily related to casinos.

MR. WEXLER: No, it is related to any form of gambling.

ASSEMBLYMAN RILEY: It is the gambling itself.

MR. WEXLER: Absolutely.

ASSEMBLYMAN RILEY: I mean, Iowa -- which you mentioned -- the last time I looked-- I don't think, unless you are going to bet on whether the corn is going to grow on the third Tuesday of July--

MR. WEXLER: They only have a lottery there.

ASSEMBLYMAN RILEY: The thing is, it is a compulsive disease. It is a psychosomatic type of syndrome, I imagine.

MR. WEXLER: If we didn't have casinos in New Jersey, we would still have compulsive gamblers. We had them before the casinos opened. You know, this is not a beat up on casinos thing. Exactly.

ASSEMBLYMAN RILEY: Thank you. I just wanted to make sure--

MR. WEXLER: Or beat up on the horse racing industry or the lottery industry. We're saying there is a problem here. The State makes money. Let's try to do something to help these people.

ASSEMBLYMAN SCHUBER: We are here to identify the problem.

ASSEMBLYMAN ZANGARI: But, when you gamble without a casino-- Did a bookmaker ever come out to get you and say that you had to bet a horse? You went there voluntarily.

MR. WEXLER: Assemblyman, no bookmaker ever begged me to make a bet with him. I begged the bookmaker to make the bet with him.

ASSEMBLYMAN SCHUBER: Obviously, this hearing is serving a number of purposes; hopefully both to highlight the issue and to educate all of us to the problem, and to provide some solution to it at the end, I think.

Does anyone have any questions for Mr. Wexler?

ASSEMBLYMAN MUZIANI: I would just like to make a comment. The fact is, the State is starting to go out of its way to promote gambling in the State as a way of generating revenue for the State. Jimmy, they are doing that. They are taking advantage of every opportunity to generate the millions of dollars of revenue that will generate money for the State's coffers. But, they are creating problems. Among these problems is compulsive gambling. I think the State has a definite obligation to address that problem, to understand it, and to try to do something about it, because it is very serious -- very serious.

MR. WEXLER: Thank you. It is a major epidemic in this State. We have an 800 gambler hot line that we run out of the New Jersey Council. You should hear some of those calls. I had a guy call me last Friday. I don't want to say anything about the casinos, but I am going to tell you, Assemblyman Riley, here is a man who called me on the telephone; his friend dropped him off in Atlantic City; he is a compulsive gambler who has been in Gamblers Anonymous for seven years, and still can't stop gambling. His friend drove him from Brooklyn to Atlantic City -- he had \$400 with him -- and his friend went home.

I said, "Why did you let your friend go home?" He said, "I knew I was going to win and take a limo home." This man didn't have a quarter to make a telephone call to someone in his family. He called the 800 gambler number because that was the only way he could make a call. He had no money. It was Friday night a week ago. He had no money; he had no food; and he didn't know where he was going to sleep or what he was going to eat. He happened to be in one of the casinos in Atlantic City. I would rather not name the casino.

I told him to go up and try to see one of the executives of the casino, to try to get money to go home. He said he did that, and they refused to give it to him.

ASSEMBLYMAN RILEY: Well, Arnie, you and I have discussed this for years.

MR. WEXLER: Oh, yeah.

ASSEMBLYMAN RILEY: As you know, I am sympathetic to the problem.

MR. WEXLER: Absolutely.

ASSEMBLYMAN RILEY: But, again, by your little analogy, the same guy could have done the same thing in Brooklyn.

MR. WEXLER: Well--

ASSEMBLYMAN RILEY: In reality, what was it? Was it compulsive gambling? I think you have described it.

MR. WEXLER: Absolutely.

ASSEMBLYMAN RILEY: It is a sickness, but a lot of times, in desperation, people try to go after the rainbow.

MR. WEXLER: Well, let me--

ASSEMBLYMAN RILEY: Maybe Atlantic City now is the personification of the rainbow to people who are desperate. Obviously, that same person could have done exactly the same thing right in Brooklyn.

MR. WEXLER: Absolutely, no question. In fact, let's go to the other end of the spectrum. I appeared in court in

Newark a week ago Tuesday with a gentleman who is a Vietnam War veteran. He was a hero in Vietnam. He worked in a post office for 17 years. He took \$12,000 from the post office, and lost it strictly on the State Lottery. He claims he lost \$100,000 in the last eight years on the State Lottery. I could tell you stories like that in the gaming industry. I could tell you about people who bet on sports. I could tell you about people who did everything. You know, if there were chariot races in New Jersey, you would have compulsive gamblers going to the chariot races.

ASSEMBLYMAN RILEY: Or dog races.

MR. WEXLER: Or dog races, or anything else.

ASSEMBLYMAN RILEY: Or cock fights.

MR. WEXLER: Absolutely.

ASSEMBLYMAN SCHUBER: Mr. DiGaetano?

ASSEMBLYMAN DiGAETANO: Mr. Chairman, if I may-- I think the key word in this whole issue is compulsive. I think, in general, we agree that compulsive gambling is a sickness, a disease, an addiction, if you will. If we agree on that, in fact, we have to admit -- we have to realize that those involved -- those suffering from it, cannot help themselves. So, I feel that the only issue here is how to effect it and how to fund it, not whether or not we should have it. I think that is the general consensus.

I think what I am looking for -- and maybe the Committee is looking for -- is your feelings on how to effect it, whether it be an office or a division, and then how to fund it.

MR. WEXLER: I think we need some kind of State regulatory agency. Whether it will be a division or an office, is up to you gentlemen and ladies. Where the money is going to come from, that is up to you gentlemen and ladies. You know, I can't tell you that. But, it is desperately needed. As far as it being a sickness or a disease, the American Psychiatric

Association, in their "Diagnostic Manual 3," in 1980, stated: "Compulsive gambling is a disease." You can be sure that those have to be the toughest people in America to convince that it is a disease. If they are saying it, you've got to believe that it is a disease. I know I surely couldn't stop my whole life.

ASSEMBLYMAN DiGAETANO: Do you have any comparative figures as to the amount of moneys expended per client, if you will, or per person, who is treated in other areas?

MR. WEXLER: Do you mean the cost of treatment?

ASSEMBLYMAN DiGAETANO: Yeah, just an idea.

MR. WEXLER: Well, there is no inpatient treatment in this State. The only inpatient treatment is the VA hospitals in this State, which cover some people. You have to be a veteran.

ASSEMBLYMAN DiGAETANO: Let's take Iowa, for instance. They expend \$500,000 -- I think you said. Do you have any idea how many patients they have treated?

MR. WEXLER: It's pretty new in Iowa. Last year or this year it started. You know, I am not a treatment person. I think you are going to have to get those kinds of answers from a treatment person, as far as costs are concerned. But, I guarantee you, the cost to treat a compulsive gambler, and hopefully arrest the problem, has to be less than what the compulsive gambler spends every year for his gambling. There is no question about that.

ASSEMBLYMAN DiGAETANO: Thank you.

ASSEMBLYMAN MUZIANI: May I ask one question?

ASSEMBLYMAN SCHUBER: Mr. Muziani?

ASSEMBLYMAN MUZIANI: Is there medical treatment for compulsive gambling -- some kind of medical treatment?

MR. WEXLER: I believe -- from what I've heard from Dr. Custer and other medical authorities, and we have a good one in this State, if you guys want to call her -- a Dr. Rena

Nora, who runs the Veterans Hospital in Lyons. She is a psychiatrist, and she runs the only inpatient facility for compulsive gamblers in the State. She can probably give you more information on that. But, I have heard from doctors that the compulsive gambler, like the alcoholic, in 35% of the cases -- 20% to 35% of the cases -- suffers from stammering, stuttering, stomach pains, and aches. It is just like the detox of an alcoholic. I have only seen a few of those, but I know they are around.

ASSEMBLYMAN SCHUBER: Let me thank you for coming down and keying these hearings. Certainly, if any individual could, you have educated me to the particular problem, and alerted me to the inadequacy of our State's responsibility to that. I appreciate your coming down and helping. You will follow us along on this. Thank you very much.

MR. WEXLER: Thank you very much.

ASSEMBLYMAN SCHUBER: I would like to take now, if I might, Debbie Bozarth from the Casino Control Commission. I think Debbie has a brief statement she would like to make. Good morning.

D E B O R A H B O Z A R T H: Good morning, Mr. Chairman, Committee members. My name is Deborah Bozarth. I am Staff Representative for the Casino Control Commission. On behalf of the members of the Commission, I am delighted to be here this morning, and delighted to be able to tell you that the Commission is very excited about the recognition that this hearing process provides to the important problem of compulsive gambling. We think that this opportunity to discuss the issue provides a very constructive mechanism to deal with a problem that has long been a source of concern to the members of the Casino Control Commission.

As you know, the Casino Control Commission has identified the problem of compulsive gambling as one of the social consequences of legalized gambling in the State of New

Jersey. The bills before the Committee today present a good first step toward the State accepting responsibility for this.

I must emphasize, again on behalf of the members of the Commission, that on many occasions the Commission has said, and will continue to say, that all responsible parties must be in line and responsible for the funding mechanism which will create some source of relief and some source of constructive efforts to deal with the problem of compulsive gambling. That is very specifically to say that we do not believe the casino industry should bear the burden alone. If the State accepts the responsibility, the casino industry, the Lottery, the race track industry should all find some acceptable way of coming together to address this and to fund the problem.

We defer to the mental health experts to tell you specifically what kind of funding and treatment programs there should be. But, in terms of creating the mechanism, again, we would suggest that there be a broad base of mix for those funds to come forward to aid the compulsive gambling problem.

Are there any questions?

ASSEMBLYMAN SCHUBER: Are there any questions for Ms. Bozarth?

ASSEMBLYMAN RILEY: Just one, through you, Mr. Chairman. Debbie, you said -- and I wrote it down -- "We recognize the connection between the casinos and compulsive gambling." Arnie just said he didn't think there was.

MS. BOZARTH: Oh, no. Well, I think there is some connection, but what we are trying to say is, we -- from the Casino Control Commission's point of view -- don't mean to suggest to this Committee that the casinos are the main problem.

ASSEMBLYMAN RILEY: Well, they are part of it.

MS. BOZARTH: Exactly.

ASSEMBLYMAN RILEY: You're just facilitating it.

MS. BOZARTH: Well, we're not. The State of New Jersey is by legalizing the forms of gambling as they have done. Again, it is not--

ASSEMBLYMAN RILEY: Okay. I just wanted to make--

MS. BOZARTH: --the place of the Commission to say that it is a burden which exclusively rests on the shoulders of the casino industry.

ASSEMBLYMAN SCHUBER: Thank you, Ms. Bozarth. Thank you very much. I appreciate it. Now, let's hear from the Lottery Commission. I think Joan Zielinski is with us -- the Executive Director.

D R. J O A N Z I E L I N S K I: Good morning.

ASSEMBLYMAN SCHUBER: Good morning.

DR. ZIELINSKI: I don't have a formal statement, but I do have a few remarks I would like to make. I think I can also, if I may, back up to some of the other questions you asked Arnie Wexler, and fill you in on some of the details there from the Lottery's point of view, and from things that I have read.

First of all, Mr. Wexler stated that statistics on how many compulsive gamblers are in New Jersey are unavailable. I would like to back up his opinion there. There has never been a good, comprehensive study able to estimate the extent of the problem, in New Jersey or anywhere else. You asked, Assemblyman Schuber, "What kind of gambling is more prevalent?" Dr. Robert Custer, who is based in Washington, D.C., has done studies where he has asked compulsive gamblers to identify the one form of gambling that most contributed to their disease. The breakdown on that was: 20% casinos; 20% horse racing; 20% sports betting; 20% stocks, commodities, gold futures, silver futures, and the like; and 20% miscellaneous. That miscellaneous is bingo, carnival gambling, etc., and the Lottery. The Lottery contributed about 2% to that total.

Assemblyman Zangari, you also made the point that if you have -- I think you said, "the right kind of upbringing" -- then you will have a good sense of how much you can afford to gamble, and you won't do it. I guess I would like to address

that, starting with the research that has been done on alcoholics.

Alcoholism is more and more believed to have some sort of a biological basis. For example, a recent study looked at the EEG brain wave patterns of alcoholic men, reformed or recovering alcoholic men, and the sons of these men. What they found was that recovering alcoholics have the same brain wave patterns as young sons of alcoholic fathers. That, in effect, is telling us that the way these children think or behave is inherently different from the way that sons of nonalcoholics think or behave. The biological predispositions are very different.

So, what seems to be the issue here, is that these children grow up and they become alcoholics, and it is completely out of their control. I think that is the point Mr. Wexler was trying to make as well, that it is not something that you can control. It is not a matter of a good upbringing or a bad upbringing, but there is something inside the compulsive gambler, as there is inside the alcoholic, that forces him or her to behave in this way. It is not something, I think, that is readily controlled.

On that basis, I would like to say that the New Jersey Lottery, in principle, supports the kinds of studies we are talking about, and the setting up of the kinds of departments that these bills are addressing.

You also asked a number of questions on the amount of money that Iowa allocates to the treatment of compulsive gamblers. In the first year of the Iowa lottery's operation, \$500,000 was allocated to the problem. They spent \$100,000 on compulsive gambling services, and \$400,000 of that was returned to farmers, I believe, because they didn't have vehicles to use up the rest of the money. They did establish a hot line in Iowa. In the first year of operation, only three of the telephone calls on that hot line dealt with the lottery. One of them was to ask where to buy lottery tickets, actually.

But, I think two points here: First of all, again as Dr. Custer's study indicates, the lottery is not one of the major contributing forms to the gambling problem. Secondly, the presence of State-sanctioned gambling does not cause compulsive gambling. In Iowa, that hot line was, indeed, utilized. So, if someone is a compulsive gambler, they are going to find a way. Whether or not it is there in the state, they will go wherever it is they have to go, or they will bet illegally, or they will bet via telephone, or whatever way they can find. Iowa, incidentally, also has no inpatient treatment that I am aware of.

This also relates to what Debbie Bozarth was talking about, the connection between casinos and compulsive gambling. I believe Assemblyman Riley asked her to explain what she meant by that connection. I think the confusion here lies between looking at some sort of a connection between State-sponsored gambling and compulsive gambling versus a cost-effect relationship. There have been no studies, again, that show that the presence of gambling availabilities or services increases compulsive gambling.

That is pretty much what I have to say, except I have two specific comments I would like to make on two of the bills that are under consideration. The first one is on A-2753, and it's lines 9 through 14: "The major components of New Jersey's gaming industry, namely lottery, casinos and horse racing--" I would like to request that the following phrase be deleted: "which profit from the State's policy of legalized gaming and contribute to the rise in the number of persons victimized thereby--" Two reasons here: First of all, "which profit from the State's policy--" The Lottery itself, technically, doesn't profit. We are totally a State agency, and we don't receive the profits from our sales, in any way, shape, or form.

My other problem is: "and contribute to the rise in the number of persons victimized thereby--" Again, that, I

think, relates to the argument of cause and effect, and that hasn't been demonstrated conclusively. I would suggest, as an alternative, that perhaps the language could be changed to: "which makes State-sanctioned gambling readily available to compulsive gamblers."

Assemblyman Schubert, you said initially that part of the responsibility of this Committee was to examine compulsive gambling, and the question, has the reliance in the State on compulsive gambling caused a serious problem in this State? I think if that is the question, the bill certainly has a lot of strength and objectivity built into it. I think that that particular phrase detracts from the strength and objectivity.

My other comment is on A-2947, where the members of the commission are being delineated. It's page two, line 14: "Four members to be appointed by the Governor, one of whom shall be a lottery agent, one of whom shall be an employee of a casino, one of whom shall be an employee of a race track--" I would respectfully request that rather than a Lottery agent, a Lottery employee be substituted. Lottery agents are not our employees. Being a Lottery agent isn't their full-time occupation. They have other jobs; 96%, 97% of our agents are mom and pop businesses. I don't know if they could leave their businesses to serve on this kind of a panel where they would not be compensated. I think the consistency, if we had a Lottery employee, would be maintained.

ASSEMBLYMAN SCHUBERT: Why don't we ask-- In our continuing hunt for new revenue, Assemblyman DiGaetano and I were wondering, how much of the Lottery moneys go unclaimed in any one year?

DR. ZIELINSKI: Not too much. The main bulk of our unclaimed prizes are from instant tickets, and it would be less than 1-2% of instant sales.

ASSEMBLYMAN SCHUBERT: What does that translate into in dollars?

ASSEMBLYMAN DiGAETANO: Annually.

DR. ZIELINSKI: Oh, I would really be ball parking here.

ASSEMBLYMAN SCHUBER: We would be very much interested.

DR. ZIELINSKI: I will get back to you on that. I will find out specifically over the last three years and give you the history.

ASSEMBLYMAN SCHUBER: As I understand it -- let me see if I have this correct -- if there are moneys that go unclaimed in the Lottery, they go to the State Treasury. Is that correct?

DR. ZIELINSKI: Correct; correct.

ASSEMBLYMAN SCHUBER: Okay. We would be very interested in the exact dollar figure on that.

DR. ZIELINSKI: Sure. I will get back to you on that this afternoon. Oh, incidentally, the Lottery does -- Mr. Wexler didn't mention this -- fund a researcher at the New Jersey School of Dentistry and Medicine. It is \$75,000 a year to do research on compulsive gambling.

ASSEMBLYMAN SCHUBER: We would be very much interested in that figure, if we could have it, please.

DR. ZIELINSKI: Sure. I will get that to you this afternoon.

ASSEMBLYMAN SCHUBER: Thank you, Dr. Zielinski. I appreciate it. Mr. Hodes, representing the casino industry.

H A R O L D H O D E S: I want to thank you for this opportunity to come before you today. Just to clear the record, the Casino Association applauds and supports the legislation that is before your Committee today. I think it is a positive step, realizing that there is a problem in New Jersey. I don't want to get into whether it is the casinos versus the Lottery versus the horse racing. I think that is immaterial. I think we all recognize the problem. I think we ought to be in the forefront of dealing with it, as we are in other types of legislation.

We stand by, ready to sit with any type of committee, with our expertise. Our studies, through Dr. Custer and everybody else, could be made available to you. We would like to help you address the problem, and produce a piece of legislation that could come out of both houses and eventually be signed by the Governor. The Casino Association stands ready to work with you and, hopefully, by the end of the year we will have a comprehensive program, whether it be the office or the division, or whatever you decide to do through your legislative prerogative.

That is basically what I wanted to cover today.

ASSEMBLYMAN SCHUBER: Thank you, Mr. Hodes. I appreciate it.

ASSEMBLYMAN ZANGARI: You mentioned studies. Were there any studies done to say, you know, how many compulsive gamblers there were before the casinos came in? If so, how much have they increased since the casinos came into being?

MR. HODES: I don't know of anything offhand, but I would be willing to look at it. At the same time, I think it is wrong to get into whether it is a casino problem, a horse racing problem, or a Lottery problem. There is a problem in the State of New Jersey. New Jersey receives a substantial amount of funding -- whether it goes into the State Treasury or whether it is earmarked for different programs. I think we should all sit down and try to work out the problem, and develop a program that is going to deal with the problem.

ASSEMBLYMAN SCHUBER: Thank you, Mr. Hodes. I appreciate it very much.

S T A N L E Y P A N C O: My name is Stanley Panco. I am President of the New Jersey Thoroughbred Breeders Association. The thoroughbred breeding industry in New Jersey has realized that there has been a compulsive gambling problem for many years. In fact, we have been donating for the last two years to the Council on Compulsive Gambling.

ASSEMBLYMAN SCHUBER: How much do you donate?

MR. PANCO: I think we give about \$1500 a year.

ASSEMBLYMAN SCHUBER: How much?

MR. PANCO: Around \$1500 a year. All of the other groups do, but--

ASSEMBLYMAN SCHUBER: Mr. Wexler thinks it is more. Either Mr. Wexler thinks it is more or thinks it should be more. I'm not sure which.

MR. WEXLER: The racing industry gives us somewhere between \$5000 and \$10,000.

MR. PANCO: Okay, but the thoroughbred breeders themselves--

MR. WEXLER: Oh, I'm sorry.

MR. PANCO: We take this just from our dues and contribute it. I'm sure there were compulsive gamblers when just racing was here, and I'm sure that if we stopped racing in New Jersey tomorrow, there would still be compulsive gambling. I am sure that we all contribute to it, as well as illegal gambling contributes to it.

My problem is that Senate Bill 2947--

ASSEMBLYMAN SCHUBER: Assembly Bill 2947 -- Assemblyman Rocco's bill.

MR. PANCO: Yes. It would take the uncashed tickets and use the money for funding this program. We feel it shouldn't just come from horse racing revenue; it should come from the entire gambling industry. Furthermore, we have a real problem, because a year and a half ago, the Legislature passed a bill, signed by the Governor, allowing the Sports Authority to buy Monmouth Park Race Track. When they did that, we lost a lot of revenue that went to our Breeder Incentive Program. Last year, we came before the Legislature, and we received half of the uncashed tickets to help support that Breeder Program. We were promised that if we came back this year, we would probably be able to get the other half.

ASSEMBLYMAN SCHUBER: I don't know about that.

MR. PANCO: Well, this was the argument we got.

ASSEMBLYMAN SCHUBER: Let me ask you this: Do you know how much goes unclaimed in parimutuel tickets per year?

MR. PANCO: In the thoroughbred breeding industry, about \$700,000.

ASSEMBLYMAN SCHUBER: Seven hundred thousand dollars?

MR. PANCO: Yes. We got half of that last year, about \$350,000.

ASSEMBLYMAN SCHUBER: And you're hoping to get the other \$350,000?

MR. PANCO: Yes, because we lost a million dollars in revenue when the Sports Authority took over -- the Meadowlands.

ASSEMBLYMAN RILEY: That went to build a baseball field.

MR. PANCO: I know. We never even had an opportunity to peruse the bill.

ASSEMBLYMAN SCHUBER: So, it was \$700,000, of which you are getting \$350,000 back right now?

MR. PANCO: Yes.

ASSEMBLYMAN SCHUBER: There is another \$350,000 there, right?

MR. PANCO: Yes.

ASSEMBLYMAN SCHUBER: That is on an annual basis, correct?

MR. PANCO: Yes, it is.

ASSEMBLYMAN SCHUBER: Okay.

MR. PANCO: But that is the money that is used to support a breeding program in New Jersey, which has been competitive with Pennsylvania, Maryland, and New York. We have maintained hundreds of thousands of acres of open space, and we employ thousands of people in the thoroughbreeding industry. We feel it is a very important contribution to the economy of New Jersey.

ASSEMBLYMAN SCHUBER: Okay, we appreciate that. Thank you, sir.

Riley Regan, I'm sorry. You have come to these hearings on so many occasions, and sat there quietly, and sometimes I have missed your testimony. Why don't you come on up here? Riley Regan, representing the Department of Health, is Director of the Division of Alcoholism.

R I L E Y R E G A N: Thank you, Assemblyman Schuber. As long as this Committee has digressed a little bit, just allow me one statement. My Division does represent the number one public health problem in the State. The problem of alcoholism contributes more to child abuse, more to crime, more to health care costs, more to human suffering than any other problem in the country, far more than the crack addiction. We somehow end up pitting one addiction against the other.

I took over the Division of Alcoholism about 10 years ago, in October, after New Jersey had decriminalized public drunkenness. It finally approached this issue by saying, "We will have a State response to this major problem area." The Division was not funded. We had \$164,000 of State funds. People will look at New Jersey now and believe that we are over-bedded in treatment facilities; that we get too much money from a dedicated tax. But, we have all of the drunk driving issues under the Division, and it has become a very meaningful organization within itself.

Six years ago, it was pointed out to me that there was no response on the issue of compulsive gambling. This Committee, in testimony I have heard before, would almost come to believe that we don't do anything in compulsive gambling areas in New Jersey. At times, I get a little bit on the defensive. To hear Arnie talk, you would think that we don't do very much, but, frankly, we would not have done anything had it not been for Arnie and the formation of the Council on Compulsive Gambling.

I got in this, frankly, as a ward of the Department of Health, almost to keep the constituency off of somebody's back. The constituency was beginning to raise the question. New Jersey receives-- Right now, if you calculate the amount of sales tax that comes from legalized gambling, the employee income tax, and if you begin to look at the side benefits of fostering a legalized gambling program in the State, we probably get about a billion dollars a year from legalized gambling activities, in a budget of \$9.3 billion. So, that is about one out of nine dollars. It is high time that the State began to recognize not whether this is a Lottery problem or a horse racing problem or a casino problem, but that there really has to be a clear State response in this area.

I want to say that it has been an education over the last six years. We have operated community education programs, and have developed some outpatient treatment programs, both at J. F. K. that Arnie mentioned and at Cooper. We have developed, with the Council, the 800 hot line. Certainly, this has become a major constituency issue. I want to point out, with some defensiveness, that we have talked about New York State putting \$750,000 into this, and Iowa putting money into it, and the State of Maryland put money into this almost eight years ago. They immediately went for treatment centers. I think that is the most inappropriate thing you can do. We don't need to put treatment centers into this. We need to develop some community awareness. We need to make this a household word. We need to get the Department of Health involved in a good epidemiological review of what this problem is about.

I can tell you very clearly that, regardless of the discrepancies, with people talking about whether we have 12 million compulsive gamblers, or 1,600,000 in New Jersey versus 120,000, whatever the figures are, it is one hell of a problem that we need to begin to address. We don't need to continue to

address it on the whims of a line item, which can be vetoed. This entire compulsive gambling program, that includes community education, a treatment program, an 800 hot line, and a constituency group that has been formed, can be completely vetoed with the sweep of a pen for one special line item. And that is all we have.

I have been running a quasi-compulsive gambling division for the last six years, with no authority to do anything. I think that is why we get some confusion when you begin asking a very aggressive constituency member, "How many gamblers are there? What kind of treatment programs? What is the State response?" There is really no State spokesperson on this subject.

These bills-- Assemblyman Kavanaugh was very much responsible for the alcohol beverage tax legislation -- in putting some of that together. I think this Committee reflects -- Assemblyman Muziani's and your bill, Pat-- Assemblyman Rocco first got involved with this as a result of some of the visibility coming out of this Committee. I'm sure that Commissioner Coye would support a program on compulsive gambling in the Department of Health. That was a problem when I first started. Human Services, at that time, didn't want it. The Health Department didn't want it. We took it anyway, and we maintained it. It should be in the Department of Health. It is a public health responsibility. Commissioner Coye said that we have some major public health consequences as a result of this gambling.

I would refute some of the remarks that have been made here based on the prevalence of alcohol. I have a lot of my colleagues who seem to want to go back almost to prohibition, limiting advertising, limiting the availability of the substance. You can't have the increase in gambling revenues that New Jersey has enjoyed over the last five years -- over the last decade -- without having increased gambling. You

can't have casinos in Atlantic City without having increased gambling, and if you have increased gambling, you are going to have increased compulsive gambling, because there is a certain percentage of those folks -- like there is a certain percentage-- We are not prohibitionists, but one out of 10 drinkers become alcoholic. It is significant that one out of 10 drinks half of the alcohol.

I would -- and I am not going to say I would wager -- I would be willing to say that the percentage of gamblers who consume much of the gambling dollars -- and they are the ones we are very much concerned with-- We need to get involved in some counter-advertising in this State, which would begin to draw attention to the fact that this is a major problem. We need to use existing resources. We don't need to set up a specialized treatment center. We need to change the Blue Cross structure to allow the payment of this treatment mechanism within the existing structures.

You can treat a compulsive gambler for around \$120 a day with a major treatment program that includes -- like we do with airline pilots, like we do with other significant people-- In alcoholism treatment programs, the major treatment component is A.A. The major treatment component for compulsive gamblers is G.A. We support increased research, increased epidemiology, increased community awareness with this kind of a problem.

I want to say that I have been through a personal heroin addiction. I have been through a 13-year history of alcoholism. I ended up doing a term for armed robbery. This is nothing new. Dennis and I have talked about this, on television even. I just want to point out that I have been overwhelmed because I really believe that there is no greater stigma on any addiction than there is on compulsive gambling. I don't know why that is. I think it has to do with money. It has to do with the individual who operates alone, who operates

in secret. I have been shocked at the inability of some of the systems to respond to this very major problem.

I want to salute the Council on Compulsive Gambling, which we expect to see become a greater volunteer arm and have less funding eventually from the State, as they do their own fund raising. But, for the State to continue without an office on compulsive gambling-- That is the only problem we would have with the Kavanaugh bill. I would doubt that the Commissioner of Health would support another division within the Department. However, that would be something that we would look at.

The most important part is that the Commissioner is very willing to accept this as a major public health problem, and wants to move ahead. We have also used some alcohol money in this as a means of coordinating some of this. It is about time that our Division got out of the compulsive gambling area, and recognized this as an equal major public health problem.

ASSEMBLYMAN SCHUBER: Well, I think I agree with you. I think this is an issue of public health, and it rightfully belongs with the Department of Health, as much as any of the other compulsions that are dealt with from the Department of Health from a health point of view. It is not our purpose here at all to play some grizzly game of having the different compulsions bid against each other for the funding of their divisions. These are each separate problems, sometimes crossing. Some individuals may have both problems, but the fact of the matter is, they are individual health problems that the State, I think, has a positive responsibility to take care of. That is what the purpose of these hearings is going to be.

I guess the two issues here then that come to us are, how bureaucratically -- if you want to put it that way -- are we going to set this up--

MR. REGAN: That is what I am here for.

ASSEMBLYMAN SCHUBER: Okay. And, secondly, having done that, how we are going to fund this particular activity. This is basically what we are coming down to.

MR. REGAN: The funding, if you really begin to look at a billion dollars coming to the State out of this activity, if you look at the Governor's State of the State Message about three years ago, if you look at the activities that are being generated right now-- Our initial recommendation was that this come out of general funds like anything else.

ASSEMBLYMAN SCHUBER: Right.

MR. REGAN: It becomes a very difficult issue. We would support any funding package you come up with, and would work with you in any way. That is what we get paid for here. Whatever the Legislature wants to do in this area, I would support. The most important part, even if you don't fund this thing -- and, Arnie, don't come up here now -- is that I can predict that once you have a State responsibility and an organization, a council, and we are required to develop a statewide plan, and county planning, and working with all of the other different agencies, with authority, is that eventually it will be funded. Any funding package you come up with would be spent appropriately, I can guarantee that.

ASSEMBLYMAN SCHUBER: Well, I have no doubt about that, Riley. From my point of view, I think that we are not foreclosing any method of funding. Well, I am foreclosing holding a lottery for this, quite frankly; I mean, I think it would be counterproductive. But, the fact is, we-- I think the State has a positive responsibility here, quite frankly, and I think the partnership with some of the activities might be interesting, too. That is why we are asking each of these organizations what moneys they have available at the end of the year from not claiming all of their -- whatever the case may be.

MR. REGAN: I think those are excellent ideas.

ASSEMBLYMAN SCHUBER: The question is to come up with a method of doing this, the end result of which we hope will be acceptable, not only to the Legislature, but to the Governor's office also. Mr. Riley?

ASSEMBLYMAN RILEY: Yeah, thanks. Through you, Mr. Chairman, Riley, as usual, you have gone-- My basic feeling has been-- I have been leery of the whole thing. The last thing I want in the world are more damned bureaucrats running around this town. All of us who have been dealing with this issue for a while know that you and Arnie know what you are talking about. You give a damn. Quite frankly, I don't want to see us, as a collective body, handing out \$800,000, or a billion dollars, or two dollars, to create some bureaucratic nonsense, with a bunch of bureaucrats running around to find out if people gamble in this State. We all know they do. You know they do; I know they do. We knew they did 20 years ago, and they will 20 years from now whether we have casinos or not.

You said one thing that made more sense than anything else -- causation. In fact, at one point I think you even said epidemiological, or something like that. Fine. What do we need to find the causation factor, to do some good? We don't need any more nitwit committees, or asinine conferences, or anything else. What do we need, Riley -- recommendations from Arnie and from you and from Dr. Custer -- to work toward causation, to get a cure to the problem?

My father is an alcoholic. I am one of those you were talking about -- the son of an alcoholic. I understand what you are saying. What we need is to go after a causation situation to cure it. Can you come up with-- I don't care what bill it is, or whose bill it is, what can you all come up with -- a recommendation of dollars -- to go after causation and a cure? The rest of this is nonsense. The rest of it is nothing but ego blowing. Let's go after something once and for all. I'm sure you are not the only one who is tired. I'm sure

Arnie is tired, and Pat is tired, and all of us are tired of hearing this 72 times a year over the last eight years. Let's go after the problem and do something about it.

Can you all work on a proposal to submit to the Chairman? Obviously Pat is more than anxious to work on it; he has been doing it for years. Give us something so we can work on causation. Then, Pat, I am sure we can find funding. But, tell us what it will take to go after it and to find a cure, not a bureaucratic cure, but a cure for a problem and a disease.

MR. REGAN: I think that while you are doing that, Assemblyman Riley, you have to look at all three of these bills -- the Schuber bill, the Kavanaugh bill, and the Rocco bill. Within the context of those bills, as you develop a State response, you are going to begin to get into the issues of what really causes this. Everybody said very clearly it is not caused specifically by the fact that we are doing gambling activities legally, that it was here before that.

My concern with the secondary prevention issues is, we have a bunch of people in the mental health systems, we have a bunch of people in employee assistance programs that are being identified in industry, we have a number of people who are coming through the courts, and we have a number of family counseling agencies that are seeing compulsive gamblers and are not treating them for compulsive gambling. It is as simple as that. What they are doing is treating them for underlying psychiatric disorders. They are actually looking for other causes that are so multiple and so complex that nobody is going to find them at this time, when what we ought to be doing is kicking those people into G.A. You say, "Well, you can't get a guy to volunteer." You would be amazed at what can happen. You say, "Mr. Smith, you are a good employee. We want you to go to G.A." He says, "What are the alternatives?" And you say, "We are going to fire you if you don't go to G.A." And he says, "I would like to go to G.A." Those are the kinds of

things that we need to be fitting into the existing system. That doesn't cost the State a dime, to get that community awareness out there. That is why I began to worry when the alcoholism program got into the big time and started getting money. Now, you know, everybody wants us to do something sophisticated, whereas before all we were doing was using everybody else's money.

I would commit to you that the Department of Health would utilize any of these resources in any way to ensure the expansion of existing resources, to ensure community awareness. When you make compulsive gambling a household word in New Jersey, then we are going to have some people going after the causes. You know, the Lottery, when Hazel Gluck and then Joan continued the funding for looking at cause-- You know, that is a very small expenditure, but one that is in that same direction.

What we have to do is begin to pick up the people who have already got some problems as well. Then the community awareness increases significantly.

ASSEMBLYMAN SCHUBER: I find it interesting on this particular subject the fact that-- I have seen proposals in the paper -- and you alluded to them just briefly, I think, and I think Assemblyman Zangari might have alluded to them before -- on the advertising of these different aspects of gaming. The State is in a "Catch-22" situation, for the simple reason, in my opinion, that-- As we said in the beginning, we all know, and obviously we rely on what, one out of every nine tax dollars from gambling revenues, right? I think studies have shown, from what I have read-- University studies have shown that if you don't advertise-- There is only a finite number of entertainment dollars out there. If you consider gambling an entertainment, it competes with all the dollars that go for movies and everything else. It is a different type of entertainment, agreed, but there is a finite amount of dollars out there that can be spent on this.

If the gambling industries -- whether they be State-run or whatever -- don't advertise, I think the studies show that their revenues fall off.

MR. REGAN: Absolutely.

ASSEMBLYMAN SCHUBER: The Lottery, I think, is a classic example. Out of states that don't do the sophisticated public relations job that our State does -- I think ours is probably one of the most successful in the country -- their dollars fall off, and as a result of that the state's revenues decline. So, we are faced with the fact that they have to advertise to keep up, or, obviously, to make a dollar for themselves, but also for the State to make its revenue. So in the end what you are faced with is the fact that you have to counter-advertise, which is what I think you were indicating, which is public education.

MR. REGAN: I think that to phrase it that way-- Our Lottery's advertising has been far more moral -- if you want to use that code -- than has New York's. If we don't advertise, then you get the advertising across both rivers, and then you have the gamblers doing the New York Lottery. Also, you get the largest-- I'm sure the largest percentage of the Lottery revenues comes from social gamblers, people who are involved in healthy activities. Then those folks are reaching across the river to continue the activities that they enjoy, and our revenues fall off significantly.

A lot of people think that alcohol advertising will only reenforce you to change your brand. I have some personal gut-level problem with that, because I can sit there and watch four ball games in a row and begin to get very thirsty, and I am sure that other alcoholics can look at it that way.

This is an area that none of us -- and I mean absolutely none of us -- have any definitive answers on, where we can tell you yes or no. But I can tell you, if somebody says, "Do you guys have any response in New Jersey to

compulsive gambling?" "Well, we have a line item that is in the budget which allows the Division of Alcoholism to purchase a lot of services--" Frankly, we didn't set up one bureaucrat with that \$275,000. We spent it all on the community. We even spent some of our own money. But, I would welcome the day when we could say, "In New Jersey, we have an Office on Compulsive Gambling, charged with doing something about this." Then we can talk about counter-advertising and public awareness.

ASSEMBLYMAN SCHUBER: You were talking about watching a ball game today. Thursday I usually watch them and get upset. It depends on who you are watching, I guess.

MR. REGAN: According to what part of--

ASSEMBLYMAN RILEY: You ought to be down in our area.

ASSEMBLYMAN ZANGARI: That was my point. You know, we do so much here to promote it. If you pick up The Ledger, they have a big half-page ad in there, you know, "Free admission to the track," or they are going to give you a tote bag, or they are going to do this or that. They have the finest restaurants in order to lure you into these types of things. We have simulcasting in Atlantic City, Freehold, Monmouth, you know, to bet at another track. We are the people who did it. We tell these people, "Do these things, and we are going to help you after you become a compulsive gambler. If you don't have it, if you don't advertise it, the people are not going to be there. You're tricking them -- that is what you are doing -- into doing these things.

ASSEMBLYMAN SCHUBER: Jimmy, I don't deny what you are saying. What I am saying is, that is the "Catch-22" of the State's policy.

ASSEMBLYMAN RILEY: By simulcasting alone.

ASSEMBLYMAN ZANGARI: But, you know, if we are going to rule people's lives and people's families, then I think we should get out of that business. We can't go back and say, "We know we have ruined your life, and now we are going to do

something. We are going to give you a pill, or we are going to give you--"

ASSEMBLYMAN RILEY: When he stops smoking sitting next to me, I will listen to him.

ASSEMBLYMAN ZANGARI: I did; I stopped smoking.

ASSEMBLYMAN SCHUBER: Well, philosophically, now you are getting to the very gut issue of whether we should have gambling or not. But that is really not the subject matter, because we have it.

ASSEMBLYMAN ZANGARI: If you want to gamble, you gamble. You know what you have to do. I know what I have to do.

MR. REGAN: We have an alternative. We can continue--

ASSEMBLYMAN ZANGARI: I'm not saying don't gamble. Gambling is good if you can afford it.

MR. REGAN: --to do nothing about the casualties. We can continue to duck our heads about the issue. We can continue to build State revenues on a very shaky kind of issue. I worry about some of these things myself, but to get to the public health aspect of it, we can either do something, or we can deny it. We have denied it in the past. I just really want to thank this Committee for coming up with another set of bills on compulsive gambling, and tell you how much we appreciate it.

ASSEMBLYMAN SCHUBER: I appreciate that, Riley. Thank you for coming. I was pleased to get you on and have you testify.

MR. REGAN: Thank you.

ASSEMBLYMAN SCHUBER: I am going to conclude-- I think Joan has some information. She has a number for us.

DR. ZIELINSKI: I do have a number for you. The average for the last three years of unclaimed prizes is about \$8.5 million.

ASSEMBLYMAN SCHUBER: Okay.

ASSEMBLYMAN ZANGARI: That takes care of the \$800,000.

DR. ZIELINSKI: If I may say one more thing with regard to your comments on our advertising. New Jersey has the lowest percentage of its gross spent on advertising of any lottery state.

ASSEMBLYMAN SCHUBER: Oh, I appreciate that. (Several people speaking at once here; impossible to transcribe.)

Thank you everyone. We will continue this hearing on October 6.

(HEARING CONCLUDED)