

Video Lottery Terminals (VLTs) & Electronic Gaming Devices

by Chad Hills, Focus on the Family



Don Phares, an economist at the University of Missouri (St. Louis), said that, unlike casinos, which create some jobs and foster businesses that cater to the casino-goers, video lottery terminals [VLTs] provide almost no economic benefit to anyone but their owners and the states. In addition, experts on gambling addiction say that video terminals are especially dangerous because they offer gamblers a very fast, highly stimulating, rate of play. Faster play also means that bettors lose more money, because each bet a gambler makes is, on average, a loser, so more bets translate into larger losses.¹

“[L]awmakers need to factor into their analysis something that has received little attention thus far: that video gambling machines are ‘the crack cocaine’ of gambling because they are so addictive.”² — Robert Hunter, clinical psychologist at the Problem Gambling Center in Las Vegas

ADDICTION:

A 2002 Rhode Island Gambling Treatment Program research paper calls video slots “the most addictive form of gambling in history.” Two out of three addicted gamblers said that video machines caused their gambling problems. Research found that people became “hooked” in just over a year.³

Video gaming is the most addictive form of gambling in history. “We found out that the men and women who ‘got hooked’ on video gambling became compulsive gamblers in about one year. Those who got hooked on other kinds of gambling (such as horses, sports betting, blackjack, etc.) became compulsive gamblers after about three and a half years,” said researcher Dr. Bob Breen.⁴

A study, published in 2003, examining Southern Nevada Gamblers Anonymous members found a strong correlation between video gaming machines and addiction: “Without doubt, video poker machines were the game of choice for the G.A. members. Over two-thirds found the machines to constitute ‘serious’ problems for them.”⁵

Many regard lotteries as a relatively benign form of gambling. However, 31 percent of callers to the 1-800-GAMBLER national hotline (operated by the Council on Compulsive Gambling of New Jersey) indicated problems with lottery gambling.⁶

Robert Hunter, a nationally recognized expert on gambling addiction and head of the gambling treatment program at Charter Hospital in Las Vegas, said video poker players comprise more than two-thirds of his clientele.⁷ Hunter was interviewed during the South Carolina video-gambling-addiction maelstrom. Hunter commented on the addictive “power” of video gambling: speed (a good player can go through as many as 12 hands a minute); the built-in ability to keep playing (many video-poker outlets are open 24 hours, and it’s not unusual to hear of someone’s playing 36 hours straight); the perception that skill is involved (largely false, Hunter says); and the game’s hypnotizing effect. “It’s like a trip to the twilight zone,” says Hunter.⁸

European researchers, too, have discovered the addictive properties of video lottery terminals (VLT's): "[W]e hope we have demonstrated that the various structural characteristics of instant scratchcards and VLTs have at the very least had the potential to induce excessive gambling regardless of the gambler themselves ... We also hope that we have demonstrated that scratchcards and VLTs are a potentially 'hard' form of gambling."⁹

STATES OF REGRET:

In 1999...

- o The Louisiana public voted to end a gambling "experiment" and unplug 4,683 video poker machines.¹⁰
- o Oregon and South Dakota were creating initiatives to remove 17,000 video poker machines from the lottery system.¹¹
- o The mayor of Las Vegas was considering removing video poker from neighborhoods [accessibility and convenience was creating addicts].¹²
- o South Carolina's Governor outlawed more than 34,000 video poker machines, after children, adults and families had suffered a statewide plague of gambling addiction.¹³
- o Montana hosts 60 Gamblers Anonymous meetings every week and has one gambling machine per every 48 people.¹⁴ Problem and pathological gambling is estimated to be 3.6 percent, but problem and pathological gamblers account for nearly 37 percent of video gambling machine revenue. Montana relies heavily on gambling machine tax revenues, which account for an average of 14 percent of city funds. Each additional \$1 million in Montana gambling tax revenue accounts for 172 additional crimes.¹⁵

Massachusetts State Rep. Dan Bosley said, "If there's one vote I could take back it would be the vote to legalize keno. We've gone from a once-a-week game when the lottery was first created to a new game every five minutes. It's insidious."¹⁶

In 1994, a "natural experiment" in South Dakota forced all state video lottery terminals to be shut down for three months. The number of gamblers treated per month dropped by 93.5 percent, and the study found that 97.9 percent of gambling addicts — formerly in treatment — were primarily addicted to video lottery, not other types of gambling.¹⁷

Dave Nelson, a South Dakota State attorney says "Video lottery is making criminals out of people who would not otherwise be involved in the criminal justice system."¹⁸

South Dakota has more Gamblers Anonymous meetings per capita than any other state except Montana, which is the only state with more video gambling machines per capita than South Dakota.¹⁹ South Dakota VLT earnings are equivalent to 13 percent of the entire state budget.²⁰

LOTTERY MONOPOLY:

GTECH is the leading supplier of instant ticket management systems in the US (94 percent) and the world (71 percent).²¹ Online lotteries are, by far, the most popular, accounting for nearly 75 percent of worldwide lottery revenue. Video lotteries are also demonstrating their popularity, particularly among younger players who are drawn to this technology and style of play.²²

With more than 200 different games GTECH online system handles approximately 280 million transactions daily from one average size U.S. state alone.²³

GTECH Corp. has been hounded for years by allegations of corruption and improper practices, to the extent that the former chairman subsequently resigned.²⁴ A four-month investigation by Fortune magazine in late 1996 concluded: "Rare is the company that has faced as many allegations of baldly sleazy conduct as GTECH."²⁵ According to GTECH's annual report numerous legal actions against GTECH continue.²⁶

In spring of 2003, Mark Zamarripa, Colorado Lottery Director and President of the North American Association of State and Provincial Lotteries, gathered with about 30 lottery executives. They held a series of closed-door meetings in Ohio to discuss how to boost lottery sales in the United States and Canada. The discussions included selling lottery tickets over the Internet, among other topics. No states currently sell lottery tickets over the Internet [yet] because of legal uncertainties.²⁷ There is speculation that video gaming machines have served as a bridge from paper lottery tickets and casinos to virtual lottery tickets and casinos on the Internet.

LIVES DESTROYED:

Excerpts from an Op Ed by Dr. Dobson on Video Poker in South Carolina: "...A number of South Carolinians have contacted our organization, Focus on the Family, to share the heartache induced in their families by video poker. A mother packs her two small children in the car and drives 200 miles each weekend to visit her husband, who is serving 10 years in prison for armed robberies he committed to continue playing video poker. Another woman wrote to tell us how she is now a single mother of two after her husband drove their family to financial destitution, even cashing in the children's savings bonds, to feed his video poker addiction. A father of four wrote from his jail cell. Though he never gambled on anything else, the allure and availability of video poker ensnared him, leading him to commit a number of financial crimes.

"...South Carolina's children are double losers in the state's video poker scam. First, there are the thousands of young people victimized by a parental gambling addiction. Some go hungry because the grocery budget is squandered on video poker. Others experience the trauma of divorce. Still others have a mom or dad who is unemployed or in prison thanks to the ubiquitous gambling devices. Child abuse and neglect are common families with an addict."²⁸

A 10-day-old baby girl in South Carolina dies after being left for nearly seven hours in a hot car while her mother plays video poker.²⁹

A suburban Chicago woman is so desperate for a bankroll to gamble that she allegedly suffocates her 7-week-old daughter 11 days after obtaining a \$200,000 life-insurance policy on the baby.³⁰

"There's no way we can explain it to you if you're not living in our personal hell, because we don't understand it [gambling addiction] either," said Steve, who like others at a meeting of Gamblers Anonymous here gave only his first name. "It has nothing to do with the money," he adds. "It's about the rush, baby."³¹

"My daughter had diamond earrings. I took them [to pawn for gambling money]," one member of Gamblers Anonymous said.³²

An upstanding mother and wife loses her family because of her gambling (read this story in Christianity Today).³³

THE COSTS:

The economic impact of video gambling machines, in particular, is considerable. A leading study from Australia in 2000 concluded that for every 80 video gambling machines \$2 million was drained from the local economy each year. Additionally, for every three video gambling machines, two jobs were lost.³⁴

The social recovery cost of a single pathological gambler to our nation is estimated to be upwards of \$13,500 per year.³⁵ At this rate or more, it's easy to see the astronomical state and national social costs of gambling addiction.

On a national level, the recovery of social costs from the gambling industry's 'harmful externalities' is estimated at \$37 billion, making gambling one of the most costly social problems.³⁶

STATE GOVERNMENTS AND THE LOTTERY:

"Lottery revenues... seem to depend on massive advertising budgets. It's sponsored gambling. Many of us think that's an inappropriate message to be coming from government," Bill Lockyer, the Senate President in California, commented.³⁷ "States ought not to be in the business of lotteries," said Howard J. Shaffer, director of the division on addictions at Harvard Medical School and a leading researcher on gambling. "It's a conflict of interest. States are here to protect and serve."³⁸

The 1999 U.S. Gambling Commission unanimously called for a moratorium on the expansion of U.S. gambling and called for the recriminalization of all "convenience gambling" in stores, particularly by "video gambling machines" which were identified as the "crack cocaine" of creating new pathological (addicted) gamblers. States should refuse to allow the introduction of casino-style gambling (slots, VLT's, etc.) into pari-mutuel facilities to financially "save" the facility. The Commission also recommended that states curtail the growth of new lottery games and limit locations (Rec. 3-2, 3-6, 3-12, 3-22).³⁹

"The way to make money in a lottery is to be the one running it."

— James Walsh, author of *True Odds*, Merrit Publishing, 1996

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