HIGH STAKES

The Rising Cost of America's Gambling Addiction

SAM SKOLNIK

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Sam Skolnik

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To my parents

and

To all the gamblers out there,

including those in recovery

Contents

Axel: Double it.
Dealer: You want to double on eighteen, sir?
Axel: Yes. Give me the three.

—Axel Freed in *The Gambler*, written by James Toback (1974)

Introduction. A Gambler’s Journey, and a Country’s

I started gambling seriously in 2000, the year I moved to Seattle for a newspaper job. By 2001, I was hooked. I’ve been grappling with a poker addiction ever since.

While I’ve had some happier times at the poker tables recently, during the past decade gambling has often wreaked havoc with my life. I don’t know if I’ve “hit bottom”—a term many in the recovery community rightly detest—because I don’t know what, for me, bottom is.

There are things I’ve never done because of my habit. I’ve never borrowed from a loan shark or bet with a bookie. I’ve never stolen anything to raise gambling funds. I’ve never missed filing my taxes. I’ve never been kicked out of my apartment because I couldn’t pay the rent—though God knows how many times I’ve been days and even weeks late. I’ve never let work slide so badly that it caused me to be fired.

But there are lots of ways in which my gambling affected me for the worse during my six years in Seattle and more recently in Las Vegas:

I’ve left bills unpaid, sometimes for weeks, months, or years. I’ve had credit cards canceled and had creditors harass me with phone calls at all hours, sometimes leaving me screaming at the walls.

I’ve borrowed incessantly, both to raise poker funds and to pay bills. I borrowed at least five times against my old 1991 Miata, in the end, undoubtedly borrowing much more than the car was actually worth. I’ve borrowed simultaneously from five different payday loan stores in Seattle and later from four in Las Vegas—all at usurious rates.

Several times when the losses mounted and funds were especially tight, I’ve survived for days on end on boxes of store-brand mac and cheese, ramen noodles, saltines, and seltzer water.

I’ve never been arrested, but I have been pulled over by police several times in Washington and Nevada because of expired license plate tabs. In Vegas, where the utility companies don’t mess around, I’ve had both my phone service and my power briefly shut off.

There have been instances when I’ve been less productive at work than I needed to be. And I’m not as ambitious—or I should say, I’m not as ambitious with regard to my journalism career—as I used to be or still ought to be. My career dreams have largely shifted from Pulitzer Prizes to World Series of Poker gold bracelets.

Perhaps worst of all, I've been missing out on some basic human connections. I've let some friendships and family relationships wither, and I've surely missed making new friends. And I've dated and pursued serious girlfriends less energetically than I used to. Some of that might be a function of impending middle age, but much of it, without doubt, is due to poker.

I still play, but I don't know what my gambling future holds. It's my hope that I'll be able to find a way to reinvigorate my life through reduced time at the poker tables. Quitting for good is one option and is something I recognize may ultimately be the answer. To do that, Gamblers Anonymous undoubtedly will need to be a big part of the equation. Another option is to do nothing, to continue to play regularly, no matter where I live. After all, it's becoming more and more difficult to find a region of the country not within easy driving distance from a legal poker room. Regardless of where I end up—and I'm thinking staying in Las Vegas is not the answer for me, for many reasons on top of the ubiquitous gambling—I just can't envision this option B being a palatable long-term choice.

I'm currently leaning toward a third option, one espoused by two writers who each released gambling memoirs in the last few years, Martha Frankel and Burt Dragin. Both had developed serious gambling problems—Frankel through Internet poker (something that thankfully has never held much appeal for me) and Dragin through regular trips to casinos. Neither ended up in recovery. Instead, both say their answer has been to limit their gambling to a weekly poker game with friends and reasonable stakes.

"[T]his game is social and relaxing, not compulsive and fearful," wrote Frankel, a celebrity profiler for magazines, in her 2008 book *Hats & Eyeglasses: A Family Love Affair with Gambling.* "It reminds me of the fun that I had when I first started playing, and how much I love poker. And it shows me that I'm no longer out of control, fighting a dragon I could never slay."

Maybe this kind of solution could work for me, with a trip or two to Vegas every year tacked on for good measure. Maybe it's pie-in-the-sky thinking. I don't yet know.

It's not easy to write these things. There's a certain shame attached to confessing a gambling addiction in our culture, even more so than copping to being an alcoholic or a cocaine addict. Many still believe that people gamble excessively because of a lack of willpower or because they're simply immoral. These antiquated beliefs are beginning to fade, as doctors, scientists, and researchers are increasingly concluding that pathological gambling is a behavioral addiction that affects the brain in much the same way as substance dependencies. I share this notion.

Though research suggests that about one in two problem gamblers suffer other types of addictions, I don't. Except for maybe a few beers a week, I don't drink. Illegal drugs generally scare the daylights out of me. Pot doesn't, but I haven't taken a toke in more than a decade and have no interest in it. I drink less coffee and Diet Coke than your standard card-carrying reporter, and I've never touched tobacco aside from the rare cigar. Except for an unhealthy fondness for thin-crust pepperoni pizza, I'm not a food addict, nor do I shop, spend, work, or have sex anywhere near too much. For me, it's just about the gambling.

I'm not sharing this highly personal information because this book is about me. It isn't. But my perspective has been shaped by my experiences inside casinos and poker rooms, as well as the recovery meetings I've attended sporadically over the years in church basements and community centers. Readers deserve to know my history on the topic.

Certainly, but for my habit, I never would have pursued writing this book.

Yet if anything, I'm even more interested in the topic as a reporter. Several years ago while living in Seattle, I realized there was an important, untold story about the rise of problem gambling in Washington state. Over the last twenty years, several regional newspapers have chronicled how sudden infusions of gambling have impacted their cities and states. I wrote one of those accounts in 2004, in a three-day, front-page series for the *Seattle Post-Intelligencer*.

Ever since, I've felt that a book urgently needed to be written that investigated the consequences of our gambling boom—how we, as a nation, are in many ways gambling with our collective future. Studies suggest there are likely millions out there like me—people who have gotten caught up in gambling's grip, mostly or entirely as a result of the spread of legalized gambling over the last several decades. These numbers include many who never would have developed gambling problems if casinos and other gambling businesses hadn't been allowed to plant themselves in their communities.

And yet, incredibly to me, no one to date has written this larger national tale, at least not since 1995, when author Robert Goodman published his critically acclaimed treatise called *The Luck Business: The Devastating Consequences and Broken Promises of America's Gambling Explosion.* Since then, legalized gambling throughout America has only grown—exponentially.

America has always been a nation of gamblers, from the colonial era horse race bettors to the nineteenth-century Mississippi riverboat card sharks, all the way to the millions who now annually pay homage to the garish gambling temples of the Las Vegas Strip.

Since the 1970s, however, legalized gambling has grabbed hold of the country's consciousness in a way it never before has. It's rooted itself in scores of cities and small towns in every region, from Albuquerque to Detroit, including many that never before have had to deal directly with the fallout.

Native American tribes have renegotiated compacts in more than two dozen states to allow for new casinos. State governments have joined in, bringing private casinos, card rooms, and video poker and slot machines by the tens of thousands into their jurisdictions.

The national poker craze has proved amazingly durable. Consider the game's exposure on television. During just one week in May 2010, fifty-eight episodes of fourteen different poker tournaments or cash games ran on eight different networks. By contrast, as of the mid-1990s, a single network broadcast just one hour-long poker show per year on TV.

Internet gambling is still on the rise although Congress has deemed it quasi-illegal. Forty-three states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands each sponsor heavily promoted lotteries.

In 2007, Americans lost more than $92 billion gambling[1]—about nine times what they lost in 1982.[2] To put that amount into perspective, it's almost ten times what moviegoers in the United States spent on tickets during the same year.[3]

In 2005, 73 million Americans were estimated to have patronized one of the country's twelve hundred casinos, card rooms, or bingo parlors—twenty million more than just five years earlier.[4]

Thirty-five years ago, casinos were legal in one state, Nevada. As of 2010, various forms of gambling have been legalized everywhere in the United States except Utah and Hawaii. The majority of Americans now live within a three- to four-hour drive of a casino.

The total amount wagered legally in the United States is "undoubtedly well over" a trillion dollars per year, one of the nation's leading gambling experts concluded in 2010.[5] Because of this growth, millions of Americans have for the first time been directly exposed to gambling. As a result, there's been a significant increase in the number of addicted gamblers around the country. There is a fairly obvious proposition at work here: in communities where legalized gambling has been introduced, new problem and pathological gamblers have been forged.

According to experts, gambling becomes a problem when it disrupts or damages personal lives or careers. Problem gamblers often devolve into pathological gamblers when the gambler loses control over her betting; when she gambles more often or for larger amounts; and perhaps most importantly, when she continues to gamble despite adverse consequences.

Those consequences are felt not just by the gamblers. They ripple outward to family and friends, employers and whole communities. They run the gamut from decreased work productivity and increased physical and mental health problems to rises in divorces and various types of crimes, from theft and embezzlement to domestic violence and child abuse. Studies have also shown that pathological gambling has caused an increase in bankruptcy filings and claims for unemployment and welfare benefits, and in the worst cases, suicides.

The gambling industry[6] argues that in the long run, problem gambling rates in some communities where gambling has been introduced have stayed about the same or have even decreased slightly. In certain cases this may be true, as some who initially develop problems because of the new availability of gambling subsequently undergo what researchers call an "adaptation" effect. Though problem gambling rates almost always spike immediately after the introduction of legalized gambling, sometimes they slowly drop back to where they were—presumably in large part because invigorated public awareness campaigns, telephone help lines, and professional treatment and counseling programs have helped stem the damage. But this misses several important points. In the worst cases, many gamblers "adapt" by going to jail or committing suicide. Regardless, even in communities where adaptation may have occurred, it's always the case that an initial spike in problem gambling rates means a greater number of injured lives, temporary or not. Finally, many researchers discount the adaptation thesis, concluding that legalizing gambling, especially slot machines, results in problem gambling rates that, over time, remain higher than they were and do not wane to a large degree, a topic I address in the upcoming chapter on gambling research and science.

Indeed, the most noteworthy research conducted over the last couple of decades concludes that the unremitting expansion of legalized gambling has helped turn great numbers of Americans into problem and pathological gamblers.

To wit:

A comprehensive "meta-analysis" of one hundred and twenty gambling prevalence research studies, which looked at gambling behavior in the United States and Canada between 1974 and 1997, concluded that there had been a dramatic rise in the adult problem and pathological gambling rates over that time. While the studies conducted from 1977 to 1993 determined that at some point over their lifetimes, 4.38 percent of the two countries' general populations had become problem or pathological gamblers, the 1994 to 1997 studies showed a sharp hike in the percentage of "lifetime" problem or pathological gamblers—more than 2 percent, to nearly 7 percent. That's a jump of more than 4.3 million people—roughly equivalent to the entire populations of states such as Kentucky or Louisiana.

"As gambling has become more socially accepted and accessible during the past two decades," adults in the general population have "started to gamble in increasing numbers," the study concluded. It was led by Howard Shaffer, the Harvard-affiliated and gambling industry–funded researcher who later helped develop the adaptation theory. "Newly exposed to the gambling experience, adults in the general population are having difficulty adjusting and, unlike the other population segments who already evidence gambling problems, are beginning to report increasingly higher rates of gambling disorder."[7]

Other prominent studies back up this notion. The gambling behavior survey carried out for the National Gambling Impact Study Commission[8] determined that those who lived within fifty miles of a casino were more than twice as likely to develop significant problems as those who lived between fifty and two hundred and fifty miles from the establishment. Within the fifty-mile zone, the pathological gambling rate was 2.1 percent; outside it, it was 0.9 percent. This conclusion—that proximity to gambling venues spurs higher problem gambling rates—has since been supported repeatedly by other independent studies.[9]

And look at the rates of both problem and pathological gambling in Nevada—by far the most extensive legalized gambling market in the United States. They far outstrip the rest of the country. The most complete prevalence survey ever taken in Nevada, published in 2002, showed that the incidence of problem and pathological gambling in Nevada was exponentially higher than in the United States as a whole.

The study concluded that 2.9 percent of the state's adult population were problem gamblers, and that another 3.5 percent were "probable" pathological gamblers—for a whopping total of 6.4 percent of the population.[10] Assuming that those rates have remained the same, given Nevada's 2010 population, that amounts to more than one hundred and fifteen thousand adults.

Spend any time in Las Vegas and it's easy to conclude that those numbers, if anything, are an understatement. The number of pawn shops and payday loan stores that mark virtually every neighborhood—places for often-desperate problem gamblers to replenish their gambling bankrolls—is astonishing. As a resident, you can't escape gambling. Not only have "locals casinos" sprouted up in every corner of the Las Vegas Valley, not only are casino promotions plastered on countless billboards throughout the region and on TV and radio advertisements, it's nearly impossible to grab a drink at a neighborhood bar or even shop for groceries or buy gasoline without passing by banks of slots and video poker machines. It's a phenomenon I'll be exploring in an upcoming chapter.

What's more, it's clear that as the number and range of legalized gambling opportunities have grown throughout Las Vegas—and the country—and as a rising number of gamblers have suffered serious consequences, more and more have turned to Gamblers Anonymous, or GA, for help.

Over a recent ten-year period, GA—a twelve-step support program modeled after Alcoholics Anonymous—grew dramatically. From 1996 to 2005, the number of weekly GA meetings nationwide rose by almost 50 percent, from 1,073 to 1,584.

I found even more stark numbers when I wrote my newspaper series in Seattle. In the decade preceding that series, gambling revenues in Washington state had tripled, from $437 million in 1994 to $1.31 billion a decade later. (The most recent annual count for fiscal 2009 showed gambling revenues in the state were more than $2.1 billion.) Meantime, during that same ten-year period, the number of GA chapters in western Washington had grown seven-fold, from four to twenty-eight. The average size of each meeting had also more than doubled.

Yet the newly addicted gamblers and all those they impact aren't the only victims. States and other municipalities have also increasingly been suffering some pretty severe gambling hangovers. Governors, state legislators, and mayors all around the country have become hooked on gambling revenue, coveting the easy ways the steady stream of government gambling winnings have shored up budget deficits, paid for education programs, and reduced property and income taxes.

Gambling revenues have become critical income streams for more than a few state governments. According to a 2005 report released by researchers at the University of Nevada, Las Vegas, in four states—Louisiana, Nevada, Oregon, and South Dakota—taxes from casinos, slot machines, video poker terminals, racetracks, and states lotteries made up more than 10 percent of overall revenues. In six other states, gambling brought in more than 6 percent of overall revenues, and the numbers are growing rapidly.

State leaders don't relinquish these income streams easily. And in many states, officials are clamoring for more gambling. In 2009 and 2010, officials in thirty-seven states—three out of four

—pushed for new or expanded gambling. The evidence is clear that the gambling industry and their politician partners are gearing up for more battles than ever, recession or not. As the recession took root, in fact, leaders of many states with some forms of legalized gambling urged voters to approve more. This has been a bright spot for gambling operators hit like other businesses by the economic downturn.

Look at Pennsylvania. In 2004, at the urging of Governor Ed Rendell, legislators allowed for sixty-one thousand slot machines, more than in any other state east of Nevada, to operate in horse tracks, resorts, and slot parlors across the state. They've been a hit. In April 2010, the nine slot machine facilities operating in Pennsylvania collectively generated $195 million in gross revenues—an increase of 30 percent over the $150 million generated in April 2009, when two fewer slot casinos were in operation.

In December 2009, slot machine revenues in Pennsylvania for the first time surpassed those in Atlantic City, traditionally the East Coast's preeminent gambling stronghold.[11]

The following month, Rendell signed a bill legalizing table games such as blackjack, roulette, and poker. State leaders promised that the action would bring in $250 million in new gambling tax revenue for the state, create jobs, and allow them to avert layoffs of state workers. But Rendell and his allies still weren't finished. Three months later, in April 2010, a state legislator announced he was drafting legislation to legalize video lottery machines that would feature video poker—games that some critics have suggested are the "crack cocaine of gambling"—which could be placed in bars and restaurants.

"There is not a desire to raise gas taxes. There is not a desire to raise any other taxes or to raise (vehicle) registration fees," the sponsor, Representative Paul Costa, told the *Patriot-News* of Harrisburg. "So this is a way to raise revenue without raising taxes."[12]

Other legislators bristled at the idea, arguing that placing the machines in taverns and restaurants would lead to more gambling addiction and change the character of neighborhoods. "Video poker is probably the worst public policy idea that's been advanced in Pennsylvania in a generation," said Senate Majority Leader Dominic Pileggi.[13]

Such debates are being hashed out all over the country, as I detail later in the book. Yet as more states are seeking to expand gambling, legislators at the same time are taking less responsibility for the problem and pathological gamblers they've helped create. According to a March 2010 Associated Press story: "In many states, the funds for helping problem gamblers have been cut sharply because of the budget problems."[14]

Few politicians are demanding that existing casinos be dismantled or state lotteries disbanded. But increasing numbers in both parties are starting to recognize—as the congressionally mandated National Gambling Impact Study Commission urged in 1999—that perhaps it's time again to consider a "pause" in plans for further gambling expansion.[15]

"Without a pause and reflection the future does indeed look worrisome," the commission concluded. "Were one to use the experience of the last quarter century to predict the evolution of gambling over the next, a likely scenario would be for gambling to continue to become more and more common, ultimately omnipresent in our lives and those of our children, with consequences no one can profess to know."

This is a book about the rise of legalized gambling and the culture it is creating in big cities and small towns across the nation. That Pennsylvania pol has it right: gambling changes the character of communities in ways other businesses do not—and has many types of impacts, from the economic and political to the scientific, medical, sociological, and cultural.

The book will be told through the stories of politicians and activists, medical and mental health professionals, and gambling industry officials—and, of course, through the problem gamblers in our midst, recovering or not, and the people they've affected.

These gamblers include poker players like me. Many players, including so-called "professionals," resent being lumped in with other gamblers. Poker is primarily a game of skill, they argue, and not a game played against the house like blackjack, craps, or roulette, which cannot be beaten over the long haul.

Indeed, there are winning poker players—meaning those who are able not only to beat the game regularly, but who also have the discipline to manage their money well and who aren't addicted to other casino games, unaffordable lifestyles, or drugs. But they are truly uncommon, a much rarer phenomenon than overhyped poker magazines, TV shows, and advertisements would lead most to believe. And poker players are every bit as susceptible to becoming addicted as other gamblers. I'll be discussing the poker boom and the related rise of Internet gambling in more depth in two upcoming chapters.

The evolution of how problem gamblers have been recognized in American society has been driven in large part by how the condition is viewed among scientists and doctors. Long classified as an "impulse control disorder"—closer to kleptomania or pyromania than to alcoholism—leading psychiatrists and addiction researchers are set soon to change their definition. In its 2013 *Diagnostic and Statistical Manual of Mental Disorders*, called the *DSM-V*, the American Psychiatric Association is ready to reclassify pathological gambling as a "behavioral addiction" more akin neurologically to alcohol and drug addictions. This is further evidence that it is being accepted as a valid medical condition as opposed to a moral failing. (The *DSM-V* also will begin replacing the term "pathological gambling" with "disordered gambling." This book, however—following the lead of the vast majority of independent studies conducted from the mid-1990s through 2010—will stick with the terms "problem" and "pathological gambling.")

The chapter on gambling science also will look at problem gambling research—and the way the gambling industry has cornered much of the research market through the National Center for Responsible Gaming (NCRG), the nonprofit research arm of the American Gaming Association (AGA), the powerful trade group for the commercial casino industry. The NCRG funds the majority of the problem gambling research conducted in the United States and is or has been affiliated with several top medical schools, including those at Harvard and Yale. This has prompted concerns among critics who assert that the industry is in effect attempting to buy research legitimacy and conclusions that suit its purposes—that gambling is less addictive than many believe; that pathological gamblers frequently have addictive personalities and substance abuse issues, implying that the industry should in no way be held to blame for their gambling addiction; that living close to a gambling facility doesn't lead to higher gambling addiction rates; that problem gamblers don't provide the industry with the high percentage of overall revenues that numerous independent studies have suggested.

Of course it's in the industry's interest to present a narrative that allows for continued legalization and growth. But critics contend that involves regularly distorting the truth. "The industry's ability to downplay the social costs has been a continual frustration," Henry Lesieur, a psychologist with the Rhode Island Hospital's gambling treatment program, told Salon.com in 2008. "As if one suicide isn't too many, or as if divorces mean very little."[16]

Some independent observers have long suggested that one way to combat the dominant stream of industry-funded research would be for the federal government to step in and provide research funding through the National Institutes of Health. In fact, as of October 2010, Congress was considering the Comprehensive Problem Gambling Act, which would fund $20 million in federally funded research grants and another $50 million for problem gambling treatment and prevention over a five-year period. When asked to support a similar bill in 2007, the NCRG declined. In May 2010, a spokeswoman for the group said the NCRG does not take positions on legislation or public policy. But in a written statement provided by AGA communications director Holly Thomsen, the casino trade group made it clear it won't be supporting the 2010 bill. It's "not the most effective approach" to address the issue, according to the statement. "Without a thorough needs assessment, the bill has the potential to add an additional layer of bureaucracy and additional expense to current efforts that have been effective at limiting pathological gambling to approximately 1 percent of the adult population."

Problem gambling researchers have long noticed that specific demographic groups—including the young and the elderly—are especially at risk for developing gambling problems. But there's another group in American society that deserves a closer inspection, especially as the gambling industry has been targeting them as customers: Asian-Americans, the fastest-growing racial or ethnic group in the country for the last decade. Asian-Americans, especially those of Chinese, Vietnamese, and Korean descent, gamble at higher rates than Americans from other ethnic backgrounds. They suffer as problem gamblers at higher rates, too. Repeated studies have yielded some shocking results. The gambling industry knows this—and appears to be doing everything it can to exploit it, from buses that stream daily into Chinatowns all over the country to take Asian gamblers to play, to targeted advertisements sent to Asian customers, to specially designed casino floors, restaurants, and entertainment options with Asian themes.

"This marketing goes beyond targeting and into predatory practices," said Helen Gym, a

Philadelphia-based Asian community activist, in my chapter on Asian gambling. “We consider it to be a devastating thing.”

I don’t mean to propose that legalized gambling is responsible for every social ill befalling America. Far from it. Gambling businesses provide jobs—something that can’t be scoffed at, especially in the bottomed-out economy we’re suffering through as I write this book. And in many states, gambling revenues provide tax relief and funding for public education that is of clear benefit to communities, especially poorer ones.

Not to mention, a significant majority of those who visit their nearby racetrack or Indian casino or video poker bar with friends once or twice a month, or who buy the occasional lottery ticket with dreams of striking it rich, do so without developing negative side effects. They don’t gamble because they’re addicted. They simply get a kick out of it, and they’re glad the state has provided them with the entertainment option.

And yet.

The gambling boom has had myriad consequences—costs that have grown right alongside the industry’s growth. I’m writing this book to raise awareness of these costs. In the end, voters in more and more states are being asked to weigh whether to grant gambling a place in their communities and possibly their lives. They need to know the real price of gambling’s bright neon lights.

Chapter 1. The Other Gambling Addicts: The States

JoDean Joy, a housewife and mother of five who grew up on a farm outside Miller, South Dakota, became the state's leading citizen-activist against gambling for an understandable reason: it had caused anguish to those close to her. Her son-in-law, an Iowa accountant named Bob Phillips, had embezzled millions of dollars from clients to support his gambling addiction. Phillips's crimes had a devastating impact on her daughter's family. The incident also began to steel Joy to the notion that she needed to fight legalized gambling, a growing force in her home state.

Joy's metamorphosis into what one friend would call "the pit bull of Miller"[1] took two years. It was completed as she lay in a hospital bed in 1991, recuperating from surgery and listening to a TV news report of a poll that found 83 percent of South Dakotans wanted to get rid of video lottery terminals, the slotlike machines that had flooded the state's bars, restaurants, and convenience stores two years before. The report also quoted former governor Bill Janklow calling the vote to approve the machines "the dumbest damn thing" the state had ever done. As she listened, she became more and more riled. She knew how gambling could wound a family. She had to act.

Joy had noticed lots of changes after gambling exploded in South Dakota in 1989, the year she'd learned of Phillips's crimes. None were improvements. There were the stories she heard from teachers about students no longer having money for new clothes or even meals because their parents had gambled away their paychecks. There was a friend of hers, a banker who had skimmed money off of her clients' accounts in order to rush back to the video lottery terminals. There were business owners injured by decreased sales and unpaid debts. And these were just her hometown examples. "In a very small town, it's impossible to get away from them," she said, referring to the lottery machines. "It ruins the fabric of society."

Over the next two decades, Joy has traveled her state and worked with antigambling activists from around the country, trying to fight the push for ever more state-sponsored gambling. One of her first battles was the highest profile gambling fight South Dakota had ever seen—and the result was a shocker. Joy and her modest group of supporters took on a movie star and won. In 1993, the state legislature voted to increase the number of gaming devices in Deadwood, the Black Hills town that had legalized casinos a few years before. The measure also raised the betting limits from $5 to $100. Joy got a referendum on the ballot to repeal the law and won with 55 percent of the vote, despite being outspent by an eight to one margin.[2] One of the main lobbyists against the referendum was the actor Kevin Costner. Though Costner owns another Deadwood casino called the Midnight Star, he and his brother Dan Costner wanted to open a $100-million casino resort called the Dunbar, named after his character in his Oscar-winning *Dances with Wolves*, which was set in the state. The Dunbar would have dwarfed the other casinos in the town. But after the referendum passed, the brothers halted work on the project.

Joy, seventy-five when we spoke, and her allies have lost more battles than they've won since then—including their inability to reverse the legislature's repeat action in 2000 to increase the Deadwood casinos' betting limits. Joy said she's trying to look forward and occasionally still writes letters to local newspapers about gambling's dangers. She has straightforward advice to voters and officials in other states weighing whether to expand gambling. "I tell them, if you care anything for the well-being of the citizens of your state, you have to fight against it."

Before 1989, South Dakota was a different kind of place. Deadwood, infamous in its early days for prostitution, opium smoking, and general lawlessness spurred by the 1875 Gold Rush, epitomized by Wild Bill Hickok, Calamity Jane, and the like, had by then mellowed into a sleepy tourist town of two thousand. Indian casinos hadn't yet begun sprouting up in most corners of the sparse Great Plains landscape, drawing gamblers from every region of the state. And there were no video lottery terminals.

Two decades since these gambling businesses all were legalized, South Dakota and many of its citizens have become hooked on gambling. Deadwood now boasts more than two dozen casinos. The establishments collectively managed to earn total gross revenues of just over $100 million in fiscal year 2009—three times the revenues earned in 1991.[3] The profits produced by South Dakota's nine Indian casinos are not publicly known. They follow the lead of the National Indian Gaming Commission, which says it "does not make tribal-specific or state-specific confidential financial information available to the public." But according to a 2004 report sponsored by the South Dakota Commission on Gaming, the state's Indian casinos generated about $75 million in profits in the previous year.[4] (As of late 2010, a tenth Indian casino in the state, to be located in the Sioux Falls area, was in the planning stages. It was proposed to compete with a $120 million commercial casino being built just over the Iowa border.)

The biggest gambling industry earner is the state lottery, predominantly through its 9,018 video lottery terminals spread throughout 1,388 bars, restaurants, and special rooms with liquor licenses that are tacked onto convenience stores. In 2009, the machines, which like Vegas-style slots offer video poker, blackjack, keno, and bingo, netted $219 million.[5] By law, half of that video lottery revenue goes to the state. The percentage forwarded to the state used to be much less; legislators have boosted their share five times since 1989.

In fact, South Dakota is more dependent on its gambling revenue than every state but one. In the mid-2000s, two different researchers pegged gambling revenues as making up between 13 and 18 percent of the state's overall budget—second in its reliance on gambling profits only to Nevada.[6] The state's video lottery proceeds go almost entirely toward property tax reduction. Millions in additional winnings from scratch and lotto tickets go toward the state's general fund, half of which is used to support public education, from elementary schools to state universities.

The benefits of legalized gambling in the state have outweighed the drawbacks, said Bob Hartford, executive director of the Music and Vending Association of South Dakota, which represents the vendors who maintain and lease the video gambling machines. And not just because of the reduced taxes and the entertainment option they provide to nonaddicted gamblers. The video lottery has resulted in four thousand jobs, and Deadwood casinos have provided another twenty-five hundred, he said. "I think South Dakota has become more prosperous," he said. The notion that the machines have had a detrimental effect on the culture is ridiculous, he added. Reporters may be quick to tell stories of gamblers who've ruined their lives after becoming hooked on the machines, but a pair of reports conducted in the 1990s backs the notion that problem gambling rates and resulting social costs haven't risen, he said.

Yet a range of data points to a different conclusion. Within two years of legalized gambling's spread throughout the state, gambling addiction had suddenly become one of the leading causes of personal and business bankruptcy filings, a newspaper report found.[7] Before 1989, bankruptcies in the state were almost never caused by gambling. Another indicator of a sustained problem is the number of Gamblers Anonymous chapters in South Dakota—thirty. This number is almost twice as high as the sixteen GA meetings held weekly in North Dakota—a state with a fraction of South Dakota's legalized gambling but 80 percent of its population.

Jeff Bloomberg was the state's attorney for Lawrence County, which includes Deadwood, from 1986 to 1995. A year before he left office, he testified before a congressional committee that statistics from his office showed there had been an increase in reported child abuse and neglect cases since the Deadwood casinos opened. He went on to list a number of tragic criminal cases stemming from the newly available gambling—from the manager of a pizza restaurant who embezzled $45,000, to a U.S. Air Force sergeant who got hooked on slot machines and murdered a casino operator in an attempt to recover a few bad checks he had passed. Both men previously had spotless criminal records.[8]

Bloomberg currently serves as commissioner of the Bureau of Administration, which handles purchasing for South Dakota state offices. He said the state has become thoroughly dependent on gambling revenues. "To be honest with you, if we didn't have that money, we'd be hurting. We wouldn't be able to make it," he said. "The general attitude is, plug your nose and live with it."

Gambling opponents maintain the video lottery machines are the most pernicious and addictive form of gambling in the state. Their ubiquity turns the machines into a form of "convenience gambling" and not "destination gambling," meaning they rely on locally based gamblers instead of tourists. Joy and other opponents have tried to get rid of the machines through three statewide voter referendums from 1992 to 2006. (Plus, voters got their say a fourth time in 1994 after the State Supreme Court scrapped the video lottery on constitutional grounds, prompting legislators to sponsor a referendum to reinstitute it.) Each time there were more votes to keep the machines than to get rid of them, though twice machine supporters won by thin margins. Video lottery opponents note that voters knew taxes would be raised as a result of video lottery going away, and yet still twice almost decided voluntarily to do so.

Republican State Senate majority leader Dave Knudson and his wife De Knudson, a former member of the Sioux Falls City Council, have long been opponents of the video lottery. “There are just so many negatives to it,” Dave Knudson said in an interview. They include the addiction spurred by the machines, he said; the aesthetic degradation of countless streets now littered with neon “casino” signs anywhere there are a few machines; and the exploitative “add-on” industries that have arrived with the gambling, including payday loan stores and pawnshops. But he doubts there will be another effort to ban the machines or to reduce gambling of any kind in the state, any time soon. “Nobody dreamed that it would be as big a business as it’s turned into,” he said. “It’s a shame. It just junks up your cities.”

Over the last two decades, states around the country have been turning toward the South Dakota model of legalized gambling—inundation—in increasing numbers. The main reason for the push is clear: gambling revenues shore up budget deficits, allow for reduced taxes, and pay for important programs from public works to public education. Collectively, these budget shortfalls are mammoth. By the end of fiscal year 2010, state governments around the nation were looking at an expected $127 billion fiscal hole.[9] Despite adverse consequences in the form of higher addiction rates and increased social costs, gambling repeatedly has been deemed by state-level politicians to be in the public interest. The recession of the late 2000s only aided their efforts. Desperate officials are turning to gambling as an economic cure-all. They see no other form of revenue generation as tempting or as politically feasible. And though voters are still generally wary of gambling—the closer the proposed casino is to their home, the more wary of it they are—the relentless efforts of gambling supporters are beginning to wear them down.

Proponents know they have time and money on their side. When gambling expansion proposals get shot down—as voters have been doing slightly more than half the time over the last several years—advocates simply have to reintroduce the idea sometime before the next election. Much better funded than their opponents, they can afford to lose several battles in a row if necessary. They need to win just once. Because when they win, it’s for the long haul. Expansion supporters know that when gambling becomes legalized, it’s virtually impossible to get rid of, in significant part because of voters’ fears of increased taxes or reduced government services. The taste of the proceeds they believe are “painless” only spurs more efforts to expand.

This cycle is aided by states’ sense of competition with one another. It’s a phenomenon that has reached epidemic proportions in the Northeast, as even the possibility of increased gambling in some states has caused acute envy among their neighbors anxious to regain what they consider rightly to be theirs: the gambling losses of their own residents. New Jersey has casinos but wants legalized sports betting, too. Pennsylvania, Delaware, and Maryland throw themselves into the mix with slots parlors or "racinos"—racetracks flush with slot machines—which Pennsylvania and Delaware have now turned into something closer to full-fledged casinos with table games. Meanwhile, Connecticut's two mammoth and hugely profitable Indian casinos, Foxwoods Resort Casino and Mohegan Sun, have benefited from gamblers who live in neighboring states. This has spurred officials in New York, Rhode Island, Massachusetts, New Hampshire, and Maine to fast-track their own casino proposals. The list goes on, and the Northeast is just the most glaring example of these regional one-upmanship contests.

This trend has been in existence since the early 1990s, but it picked up significant steam when the economic downturn took hold in 2008. The most candid pro-gambling politicians haven't been reluctant to explain their reasoning. In 1993, then-Philadelphia Mayor Ed Rendell lobbied for casino riverboats. He said he believed that by 2000, most urban areas would have some form of gambling. Whatever harm Philadelphia's riverboat gamblers might face is harm they'd be facing if the boats didn't exist, he suggested. "If people are going to gamble away their paychecks, better they do it here than in Atlantic City," he said.[10]

Yet repeated studies have shown that newly legalized gambling opportunities create new gamblers. It doesn't simply siphon off those who gamble at other legal venues or who gamble illegally. People who didn't gamble before begin to do so. A small subset of those folks gets hooked. What's more, the overall gambling market—including legal and illegal wagering—increases. The U.S. Justice Department among others has found that as legalized gambling grows, the amount of illegal gambling grows right along with it. Criminals, including in some cases organized crime syndicates, take advantage of new gambling markets by offering gamblers different types of competition, as well as credit and loans at usurious rates.

None of this is to mention what is arguably the main downside to legalizing gambling: the increased social costs the whole community pays for, including everything from escalated gambling-related crime to unemployment, bankruptcies, divorces, illnesses, and ultimately, suicides. Numerous studies have been conducted determining the average social costs borne by problem and pathological gamblers. One of the most comprehensive is by Baylor University economist Earl Grinols in his 2004 book *Gambling in America: Costs and Benefits*. Grinols found that addicted gamblers cost the United States between $32.4 billion and $53.8 billion per year, or, on average, $274 per adult. That's about 40 percent of what drug abusers cost the country. (The National Council on Problem Gambling estimates that total social costs reach a more modest $6.7 billion per year. Regardless of the actual number, the council believes that state and nonprofit services to prevent and treat problem gamblers save at least $2 for every dollar spent.)

At the same time, the growing dependence on gambling revenue is distorting how states are governed. According to one study a few years ago, seventeen states generated more than 5 percent of their revenues from commercial casinos, racinos, and lotteries.[11] "Absolutely, we're addicted to gambling dollars," Iowa state representative Kraig Paulsen, an expansion opponent, said in early 2010. He noted that his state currently receives about $300 million a year from the industry. "The current budget couldn't be close to being balanced without that money."[12]

Expansion proponents are often quick to note their concern about gamblers who develop problems because of the new casinos, lotteries, or racinos they're promoting. That's why these officials usually agree to set aside a small portion of the profits for problem gambling prevention, public awareness, and treatment programs. It shouldn't take a skeptic to conclude this is what they're actually saying: "We know we are willfully creating a new subclass of addicts in our community. But we promise we'll at least try to fix them and mitigate the damage."

Gambling, since before America's declared independence, has for long stretches played an important role in how our local governments have raised revenue. This in part has depended on gambling's status—its level of general acceptance as a morally appropriate activity. Though it may be difficult to imagine in our current gambling-glutted environment, there also have been a few points in our history when prohibition forces decimated what by then were vibrant periods of lotteries, riverboat gambling, and small private casinos—only to see those prohibitions eroded through more and more legalized gambling. This is what gambling historian and legal expert I. Nelson Rose refers to as "our cycles of complete prohibition to complete permissiveness and back again."[13] He calls these periods America's three "waves" of gambling.

State lotteries were prevalent in the colonial period, but other forms of gambling—dice, decks of cards, gambling tables—were outlawed, even in private homes. As colonial America grew, and then after America broke free from Great Britain, lotteries funded everything from roads and bridges to the capital projects of prominent universities, including Columbia University and the University of North Carolina.[14] In the early 1800s, lotteries of all sorts, including privately run ventures, continued to prosper. Though private operators paid licensing fees to the state, there usually was little or no government oversight. This led to widespread corruption. Some operators claimed they hadn't sold enough tickets to pay winners. In the worst cases, money was collected, but the drawings were never even held. The scandals, and a growing sense of moral revulsion, prompted states to ban lotteries in their constitutions and caused the federal government likewise to pass anti-lottery statutes. By 1862, only two states had not banned lotteries altogether, Kentucky and Missouri.

The country's second gambling wave began as the Civil War ended and Reconstruction began. Many southern states reopened licensed lotteries as a way to raise revenue. Some, including Louisiana's, made much of their profits through sales to northern state residents. Gambling also thrived in Wild West casinos during this period, though there were laws on many of the local government's books outlawing the games. But as the nineteenth century drew to a close, a second round of lottery scandals, as well as a growing sense from Western political leaders that the region's new states shouldn't be brought into existence as gambling meccas, effectively shut down gambling throughout the country, again. By 1895, all state lotteries had ended, and within another fifteen years, only Kentucky and Maryland had maintained legalized horse race betting. This effectively meant a second prohibition had begun.

The nation's third main period of legalized gambling began during the Great Depression—and as the country suffers through its biggest recession since then, gambling remains, flourishing. Nevada, which had banned gambling in 1909, legalized it again in 1931. Over the course of that decade, more than twenty states opened horse tracks with pari-mutuel betting. Bingo halls, usually played for charity, were opened in the 1940s and 1950s. And after about seventy years without them, New Hampshire opened the country's first modern-era state lottery in 1964.

This ongoing third gambling wave picked up considerable steam in the late 1980s, when the U.S. Supreme Court and then Congress paved the way for full-fledged casinos on Indian reservations. By 1996, half of the states allowed casinos of various forms, including Indian and commercial-owned, on land and riverboat. Since then, the momentum for more gambling has increased. And just in case there was a threat of a slowdown, the recession cemented the notion—for the time being, anyway—of legalized gambling as an accepted state revenue-builder and entertainment option.

The timing of these gambling revivals was no accident. Bad times have always spurred legalized gambling. Citizens, not to mention their elected representatives, have repeatedly been willing to fund tax cuts and prop up sagging state governments by increasing revenues from legalized gambling. In 1978, Californians passed Proposition 13, sharply reducing property taxes. Six years later, the revenue loss was offset by newly legalized lotteries. "In each of these periods, state governments faced great difficulty in raising revenue through traditional means of taxation, and resorted to legalizing various forms of gambling to generate revenue by tapping the lucre from a previously banned product," Raymond Sauer, a Clemson University economics professor, said in a 2010 *New York Times* column.[15]

Of course, the cycles of gambling legalization have to do with more than economics. Shifting moral perceptions of gambling and its place in society—similar to changing ideas about alcohol and drugs—also have played a big role. "The anti-gambling prohibitions epitomize the traditional approach taken by American laws. These laws are not only designed to protect people from themselves. They are part of a greater moral framework, designed by policy makers as a reflection of an imagined ideal society," writes Rose. Increased legalization leads to a greater sense of permissiveness, he says: "The Victorian morality that says *nothing is permitted* is replaced by the belief that *everything is permitted, so long as you do not hurt another person.* And gambling is the least harmful of the victimless crimes."[16]

But here's the thing. It's not just opponents who believe that gambling produces many types of victims, from the addicts to those around them and even whole communities, which pick up the tab for problem gamblers' social costs. Recent national surveys send mixed signals regarding how Americans view gambling and whether they want it to be part of their lives or in their neighborhoods.

According to a 2010 Gallup poll of about one thousand American adults, 61 percent of those polled found gambling to be "morally acceptable" behavior; 34 percent viewed it as "morally wrong."[17] The overall percentage of those who view gambling as morally acceptable has remained steady since 2003. The same is true for the slightly higher percentage of American adults—about two out of three—who told Gallup in 2007 and 2003 that they've gambled at least once in the previous twelve months. This hasn't come without a cost. In the 2003 survey, 6 percent of those questioned said they gambled more than they should. Likewise, 6 percent said gambling had been the source of problems in their families.[18]

According to other major national surveys, a growing number are viewing gambling with some alarm. A 2006 Pew Research Center report found that 70 percent of Americans believed that legalized gambling encouraged people to gamble more than they can afford. That's appreciably higher than the 62 percent who answered yes to the same question in 1989. "The negative turn in attitudes toward gambling appears to be driven by concerns that people are gambling too much rather than by any revival of the once common view that gambling is immoral," the 2006 report concluded.[19]

Despite voters and politicians agreeing to ever-more legalized gambling, casinos appear to be among the least popular of many types of neighborhood developments. In a 2010 poll conducted by the Saint Consulting Group, 72 percent of the Americans polled said they were against a casino being built in their community.[20] Of the fourteen types of proposed developments mentioned, including a Walmart, a hospital, and a grocery store, only landfills were less popular. (In the most recent Saint poll taken in Canada, casinos took the top spot, proving to be even less popular as a possible neighborhood development than landfills.) In the American survey, 5 percent fewer respondents objected to a casino being built in Saint's 2010 poll than in 2009. But this was the case with most other large developments as well. "Saint Index 2010 results suggest the prolonged economic downturn is undermining America's Not In My Back Yard (NIMBY) attitude, but interviews also found resistance to development persists when Americans look at their own community," the poll's authors wrote.[21]

This NIMBY attitude extends to some surprising people. In an October 2006 debate in Cleveland with the antigambling activist Tom Grey, Frank Fahrenkopf Jr.—president and CEO of the American Gaming Association, the powerful trade group for the commercial casino industry—conceded that casinos were not appropriate for every neighborhood. Meaning, specifically, his own upscale Washington, D.C., suburb.

"The people have the right to go to the ballot box and determine what they want the quality of life to be in their own area," Fahrenkopf said in a video clip of the debate found on two different recordings posted on YouTube.com. [22] “Now, if someone were to come along and tell me that they were going to put a casino in McLean, Virginia, where I live, I would probably work very, very hard against it. I just don’t . . . What’s the old saying, NIMBY, not in my backyard. Now, I may be in favor of gaming, but I just don’t want it located in a particular area.”

In 2009 and 2010, state legislators and their gambling industry allies have been pushing gambling to be legalized in an unprecedented number of backyards. According to the National Conference of State Legislatures’ annual online tally of state developments regarding gambling,[23] in addition to my own reporting, in 2009, twenty-four states sought to expand gambling in some fashion. In 2010, that number shot up to thirty-five states. Over the two-year period, a whopping thirty-seven states, at least, sought to expand gambling, including one state, Hawaii, which debated whether to introduce legalized gambling for the first time.

Following is a brief synopsis of these thirty-seven state efforts, listed alphabetically by state, during the two-year period. This is not a comprehensive or complete summary of each state’s actions. Rather, view it as a snapshot. It should be noted that in the cases where a final vote was taken, it appears that about as many expansion efforts failed as passed. But gambling historians note that this failure rate used to be much higher. In other words, voters are approving gambling at a higher rate than they did one or two decades ago. In the end, I would submit an equally important trend is the increasing number of expansion proposals being put on the table. Taken as a whole, it’s easy to conclude there is a legalized gambling avalanche in progress in America.

In Alabama, a proposal that would have regulated electronic bingo machines and authorized fourteen locations in the state for their operation failed in the state senate. Arizona allowed charitable organizations to sell instant games, known as scratch tickets, issued by its state lottery. Racetrack owners in the state also pushed for legislation for slot machines to be added to their tracks to turn them into racinos. Arkansas became the forty-third state to legalize a lottery. Soon after, they expanded it by joining the Powerball multistate lottery and by placing lottery ticket vending machines at high-volume retail stores throughout the state.

California state lawmakers passed a bill to the governor’s office in 2010 that would allow “exchange wagering” at the state’s horse racetracks. In essence, this would permit bettors to wager against one another, meaning gamblers could place bets that a horse will lose. In Colorado, gambling expansions approved by voters, including increased betting limits, expanded casino hours, and the addition of table games, took effect in 2009. The following year, after proposals for keno and a new racino failed, a new proposal was put forth that would allow for video lottery terminals, in the hopes that they would raise $100 million per year for the state lottery. Connecticut’s governor proposed introducing keno in her state-of-the-state speech. She estimated the game would raise $60 million a year. Also, a bill was put forth to expand simulcast betting of horse and other races.

In Delaware, the legislature approved legalized sports betting (though court rulings subsequently limited the state’s sports betting plans) and allowed casinos to add table games such