

**Statement of Keith S. Whyte, Executive Director,
National Council on Problem Gambling**

Internet Gambling

**U.S. House of Representatives Committee on Financial Services,
Subcommittee on Oversight & Investigations**

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Chairman Kelly and members of the Committee on Financial Services, Subcommittee on Oversight and Investigations, thank you for the opportunity to testify before this committee on behalf of the National Council on Problem Gambling, the nation's oldest and largest organization dedicated to addressing problem gambling. Since 1972 the National Council on Problem Gambling (NCPG) has worked with Federal, state, tribal and local governments, industry and other non-profit groups on problem gambling issues. We have consistently maintained a position of neutrality, neither supporting nor opposing gambling.

The mission of the National Council on Problem Gambling is to increase public awareness of pathological gambling, ensure the widespread availability of treatment for problem gamblers and their families, and to encourage research and programs for prevention and education.

The National Council administers several nationwide programs, including a 24-hour confidential helpline, a gambling-specific certification program for treatment professionals, and sponsorship of the *Journal of Gambling Studies*, the only academic journal in the world devoted to problem gambling research. In addition, the NCPG sponsors regional, national and international conferences, supports research, distributes literature and works with other organizations involved in problem gambling issues. The National Council on Problem Gambling is a tax-exempt, non-profit corporation.

The NCPG currently has 33 state affiliate chapters, and corporate and individual members. They encompass the leading United States and international experts in problem gambling policy, research, prevention, education and treatment. We represent individuals, families and loved ones affected by problem and pathological gambling.

Pathological gambling is a mental disorder, classified under the American Psychiatric Association Diagnostic and Statistical Manual of Mental Disorders (DSM-IV). Approximately 1% (2.5 million) U.S. adults meet criteria for pathological gambling in a given year (attached). Another 2-3% (7.5 million) gamble in ways that cause harm to themselves and their families, and meet some criteria for pathological gambling. Altogether, an estimated 11 million Americans are directly suffering from gambling-related problems. High rates of financial debt, unemployment, bankruptcy, divorce, homelessness, other mental health and substance abuse problems, and suicide are associated with problem gambling.

Gambling on the internet is a relatively new issue. A recently completed prevalence study in Oregon provides some updated data on internet gambling (Volberg

2001). Lifetime participation in Internet gambling increased from 0.3% in 1997 to 1.1% in 2000. Past year Internet gambling participation increased from 0.1% in 1997 to 0.7% in 2000. Both of these changes were statistically significant. Out of a total of 14 different activities, Internet gambling was the only one that saw an increase in participation among Oregon residents between 1997 and 2000. While Internet gambling participation rates are still low, the 260% increase in lifetime Internet gambling participation in Oregon corresponds to an estimated annual growth rate of approximately 54 percent. The six-fold increase (600%) in past year Internet gambling participation in Oregon corresponds to an estimated annual growth rate of more than 91 percent.

Although internet gambling has been growing rapidly, the overall rate of U.S. lifetime participation in all types of gambling has remained roughly stable at around 75-80% of the adult population over the past 20 years. Of course there have been changes in preference among the many different forms of gambling. Each form of gambling (church bingo, sports betting, casino roulette, etc...) has different structural characteristics. Internet gambling obviously provides heightened accessibility, and accessibility is a risk factor for developing gambling problems, although not the only factor. Gambling in social isolation and use of credit to gamble may also be additional risk factors. It is important to note that the structure of a game alone does not determine the development of a gambling problem. An individual's bio/psycho/social factors interact with the game and the environment in extremely complex ways that are not fully understood.

However, technology also provides potential to develop responsible gaming features on a site. Every patron is uniquely identified and every bet and transaction on a site is known. It is possible for discreet and targeted informational messages to be delivered via email to potential problem gamblers. Operational means of addressing problem gambling such as bet and deposit limits, credit checks and self exclusion programs could be researched, developed and implemented. However, it is important to realize that in spite of this potential, very few existing internet gambling operators have adopted even minimal standards to protect their customers.

A particular area of concern is the intersection of three broad trends among adolescents: 1) gambling participation and prevalence of problem gambling, 2) access to credit, and 3) access to the internet. Surveys show that past-year participation in gambling by adolescents is high: Non-Casino Card Games: 40%, Games of Skill: 32%, Sports Gambling: 31%, Lottery: 30%. A compilation of gambling prevalence surveys by Harvard Medical School (Shaffer, Hall & VanderBilt, 1997) that adolescents have generally double the rate of gambling problems of adults. These figures may in fact be underestimates, as all these activities are illegal for adolescents and the statistics are based on telephone interviews with adolescents at home.

Furthermore, youth have access to credit, through their parents or increasingly on their own. According to the Consumer Federation of America study (Manning, 1999), about 70 percent of undergraduates at four-year colleges possess at least one credit card. Internet access and usage among college students is widespread.

There are preliminary indications that individuals are developing problems with internet gambling. For example, roughly 2% of the intake calls to the NCPG national helpline (800.522.4700) cited internet gambling as their most problematic activity. I have attached a chart detailing 18 such calls from January through April 2001. I must stress that this small sample is not representative of our helpline, all problem gambling helplines or all problem gamblers. The National Research Council estimates that only 3% of problem gamblers seek help in a given year (NRC, 1999). Nevertheless, I hope it provides a face to our main concern—problem gamblers and their families.

Regardless of the well-intentioned debate this particular issue has generated, the fact remains that for most individuals with gambling problems there is no help available. Approximately 80% of insurance companies will not reimburse for a diagnosis of pathological gambling, and only 15 states provide even a minimal level of services for problem gamblers. Whether the problem gambler is a grandparent hooked on church bingo, an athlete addicted to the thrill of winning, a teacher obsessed with winning a multi-million dollar state lottery prize or a video poker player trying to cope with personal problems, their real difficulty is not finding avenues to gamble. Their real difficulty is finding the road to help and recovery.

References

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Shaffer, H. J., M. N. Hall & J. Vander Bilt. 1997. Estimating the Prevalence of Disordered Gambling Behavior in the United States and Canada: A Meta-analysis. Boston, MA: Harvard Medical School Division on Addictions.

Volberg, R. A. 2001. Changes in Gambling and Problem Gambling in Oregon, 1997 to 2000. Salem, OR: Oregon Gambling Addiction Treatment Foundation.

DIAGNOSTIC CRITERIA FOR 312.31 PATHOLOGICAL GAMBLING

A. Persistent and recurrent maladaptive gambling behavior as indicated by five (or more) of the following:

(1) is preoccupied with gambling (e.g., preoccupied with reliving past gambling experiences, handicapping or planning the next venture, or thinking of ways to get money with which to gamble)

(2) needs to gamble with increasing amounts of money in order to achieve the desired excitement

(3) has repeated unsuccessful efforts to control, cut back, or stop gambling

(4) is restless or irritable when attempting to cut down or stop gambling

(5) gambles as a way of escaping from problems or of relieving a dysphoric mood (e.g., feelings of helplessness, guilt, anxiety, depression)

(6) after losing money gambling, often returns another day to get even ("chasing" one's losses)

(7) lies to family members, therapist, or others to conceal the extent of involvement with gambling

(8) has committed illegal acts such as forgery, fraud, theft, or embezzlement to finance gambling

(9) has jeopardized or lost a significant relationship, job, or educational or career opportunity because of gambling

(10) relies on others to provide money to relieve a desperate financial situation caused by gambling

B. The gambling behavior is not better accounted for by a Manic Episode.

Selected Data from NCPG 800.522.4700 January-April 2001 Intakes
Only Callers Who Identified Interent Gambling As Their Primary Gambling Problem

Date	Gambler Age	Gambler Ethnicity	Gambler Gender	Marital Status	Gambler Employed	Gambler Occupation	State	Amount of Gambling Debt	Problem
7-Jan	18-25	Asian American	Male	Single	Yes	Student	TX	Unsure	Caller is going to graduate soon, he do
9-Jan	Unasked	Unasked	Male	Married	Unasked		KS	min.\$10K,unsure	He stole a check that was for her, forge her. He's also taken all of her liquid as
23-Jan	35-44	Unasked	Female	Married	No	Homemaker, disability	CO	Unsure	His wife has been spending all of their r
29-Jan	35-44	Caucasian	Female	Married	Yes	Clean offices	CO	\$20,001 - \$30,000	Two hours ago she lost \$20,000
30-Jan	18-25	Unasked	Male	Single	Yes	2 jobs& fulltime student	VA	Unsure	His son's grades had slipped, they cont something was wrong.
31-Jan	18-25	Caucasian	Male	Separated	Yes	University work study	NC	\$1,001 - \$5,000	Lost \$ 900 last night Internet gambling.
2-Feb	35-44	Caucasian	Female	Married	Yes	Travel Agent	TX	\$5,000.	"In the last 3 days I have lost \$3,000 &
6-Feb	18-25	Caucasian	Male	Single	Yes		PA	Unasked	Said he had gone to treatment program
8-Feb	26-34	Caucasian	Male	Single	Yes	Computer Analyst	TX	\$30,000	Caller was at the xxxxxx Casino at the looked at the [problem gambling brochu
14-Feb	45-54	Asian American	Male	Married	Yes	Government Agency	TN	\$80,000	" I just don't know what to do."
8-Mar	35-44	Caucasian	Female	Married	Yes	Self employed		\$50,001 - \$100,000	Promised husband she would quit gam
12-Mar	35-44	Caucasian	Female	Single	Yes	Buys & sells metals	IL	Unknown	Daughter s having money problems
21-Mar	35-44	Caucasian	Male	Married	Yes	Contractor	MD	\$501 - \$1000	Gambler is spending all of his savings,
21-Mar	18-25	Caucasian	Male	Single	No	College student	TN	Unasked	Spending too much money and time ga
25-Mar	26-34	Caucasian	Male	Married	No	Student	AR	\$251 - \$500	Lost a lot of money.
30-Mar	45-54	Unasked	Male	Married	Yes	Day trader	CO	Unsure	Sister wants to sell house, he will gamb
16-Apr	35-44	Caucasian	Female	Married	Yes	Bar Waitress	TX	Unsure	The caller's wife has passed hot check
30-Apr	35-44	Caucasian	Female	Married	Yes	Attorney	PA	\$50,001 - \$100,000	The caller told her husband that she wa gambling.