



Testimony of Les Bernal, National Director, Stop Predatory Gambling

Hearing on Proposed Gambling Bills, The Public Safety and Security Committee, Connecticut General Assembly

February 27, 2020

Dear Co-Chairs Senator Bradley and Representative Verrengia, and members of the Committee, thanks for the opportunity to provide testimony on the commercialized gambling bills before you.

My name is Les Bernal and I have served as National Director of *Stop Predatory Gambling* for the last twelve years. A 501(c)3 non-profit based in Washington, DC, *Stop Predatory Gambling* is a national social reform network of individuals and organizations from across the country.

Our fight is about improving people's lives with compassion and fairness, freeing us from the impoverishment, fraud, and exploitation that commercialized gambling spreads. Because of what we stand for, we are one of the most politically diverse organizations in the United States, one in which conservatives and progressives work side-by-side to improve the common good.

I'm a former high school and college men's basketball coach for twelve years. I also served as a Chief of Staff in the Massachusetts State Senate for seven years. It was there where I first began to learn about America's biggest most-neglected problem. I never questioned it before. It was like the paint on the wall. It was just there. But as I learned more, the issue changed the arc of my life.

What is the most urgent problem you are looking to solve?

The Dave Ramsey Show, hosted by personal finance expert Dave Ramsey, is the fifth most downloaded podcast in the US. Why? Because tens of millions of citizens are broke!!!

Saving is the road to wealth creation yet this concept of savings is almost foreign to more than half the country's citizens. 50% of the U.S. population has zero or negative net wealth.¹ More than 60% of citizens don't have enough savings to cover a \$1000 emergency expense.²

¹ *The Quarterly Journal of Economics*, Emmanuel Saez and Gabriel Zucman, Vol. 1, May 2016, Issue 2, Wealth Inequality in the United States Since 1913: Evidence from Capitalized Income Tax Data, Pg. 554. <http://gabriel-zucman.eu/files/SaezZucman2016QJE.pdf>

² Bankrate's Financial Security Index, 2018, <https://www.bankrate.com/banking/savings/financial-security-0118/>

Right here in Connecticut, at least 360,000 citizens are broke, living below the poverty line.³ That's 1 out of every 9 citizens. Several hundred thousand more are one job layoff, medical problem, or death in the family from being broke themselves. According to GoBankingRates.com, 1 out of 3 Connecticut citizens has \$0 in savings, 1 out of 2 has less than \$1000 in savings.⁴

There have been partial policy solutions that have been put forward from the political parties to help solve this urgent problem: tax cuts; tax credits; raising the minimum wage; increasing taxes on the rich...none of which represent a consequential fix.

While all of this is going on, Americans are suffering life-changing losses of personal wealth to commercialized gambling. The sheer size and scope of these financial losses lacks any comparison. Americans were expected to lose \$118 billion of their personal wealth to government-sanctioned gambling in 2018.⁵ Over the next eight years, the American people are on a collision course to lose more than \$1 trillion of their personal wealth to government-sanctioned gambling.⁶

Right here in Connecticut, your constituents *have lost more than \$25 billion of their personal wealth to state government-sanctioned gambling in the last twenty-five years.*⁷ The gambling bills before you will make these financial losses even worse.

Building assets, the accumulation and investment of savings, are key for anyone looking to make a better life. A home, a college fund, retirement accounts, a stock portfolio—these assets are the hallmarks of middle and upper class America, and they are all the result of savings.

Building assets is the direct opposite of commercialized gambling. No single policy reform would create more financial peace for low-to-middle-income citizens than reversing the current scheme of turning millions of people who are small earners, who could be small savers, into habitual bettors.

³ Connecticut Poverty Report, 2019 <https://talkpoverty.org/state-year-report/connecticut-2019-report/>

⁴ GoBankingRates.com State Banking Rates Report, 2019 <https://www.gobankingrates.com/saving-money/budgeting/how-much-savings-americans-have-every-state/#8>

⁵ “This is how much Americans lost on state-sanctioned gambling last year,” Quentin Fottrell of *MarketWatch*, published by Dow Jones Media, May 15, 2018. <https://www.marketwatch.com/story/this-is-how-much-americans-lost-on-state-sanctioned-gambling-last-year-2018-05-15>

⁶ H2 Gambling Capital, 2018 <https://h2gc.com/>

⁷ Connecticut State Gambling Division website, 2020 <http://www.portal.ct.gov/DCP/Agency-Administration/Division-Home-Pages/Gaming-Division>

Five Truths About Commercialized Sports Betting

Truth #1: It's a Form of Consumer Financial Fraud, Similar to Loan-Sharking, Price-Gouging, and False Advertising, That Will Result in Life-Changing Financial Losses for Many Citizens

Truth #2: It Severely Harms Children and Will Radically Change the Way That Connecticut Children Consume Sports

Truth #3: For the Majority Who Don't Gamble, You Pay Even If You Don't Play

Truth #4: Illegal Gambling Tends to *Increase* When States Legalize Gambling

Truth #5: The Most Revealing Truth About the Big Con Behind State Government and Commercialized Gambling Is That Nearly All of the People Who Run Commercialized Gambling and the Public Officials Who Lobby to Bring Them In, Don't Gamble Themselves

Truth #1: Commercialized Sports Gambling Is a Form of Consumer Financial Fraud, Similar to Loan-Sharking, Price-Gouging, and False Advertising, That Will Result in Life-Changing Financial Losses for Many Connecticut Citizens

There is a faulty assumption surrounding commercialized gambling and it has led to very bad outcomes for the American people. It's the false perception that gambling is just like any other business. It's not. **Commercialized gambling is very different than every other business.**

What separates commercialized gambling from every other business, including those involving vices like alcohol and tobacco, is gambling is a big con game. Citizens are conned into thinking they can win money on games that are designed to get them fleeced in the end. If you pay for a pizza, a ticket to a sporting event, or a glass of wine, that's what you receive in return. In commercialized gambling, what you receive is *the lure* you are going to win money. But this financial exchange is mathematically rigged against you so you lose your money in the end, especially if you keep gambling, and they do everything they can to make you feel good about losing it all.

Making a bet with a friend, that's one thing, but if you do it against a sportsbook, you're going to lose money all the time. An *ESPN* journalist who covers sports gambling told

an Ohio newspaper: “There was a study in Australia of the accounts at a major bookmaker. **Out of 500,000 accounts, only 50 individuals were found to be profitable.**”⁸

Because of the inevitable losses they suffer, sports gamblers get entangled in significant financial debt. One of the few countries that has commercialized sports gambling, Ireland, recently issued its first ever national survey on gambling. It found *three quarters of online gamblers have borrowed money or sold something in order to place a bet.*⁹

And, if you one of the very rare people who wins more than he loses, the bookmakers don't let you place bets anymore. An *ESPN* story recently highlighted that bookmakers are severely restricting or closing accounts for the very fact that these people are winning!¹⁰

This Financial Fraud Damages More Than Just a Person's Financial Well-Being; It Also Severely Damages Their Health

In a survey of nearly 10,000 adults in Massachusetts, sports bettors had higher rates of problem gambling — 5.7% — compared with adults who bet at casinos, bought lottery tickets or made private bets.¹¹ **Gamblers who bet online had even higher addiction rates, 18.2%.**¹²

These addicted online gamblers are the main source of profits. According to a major report from the United Kingdom, a region with commercialized sports gambling, **online gambling operators make more than ½ their profits from problem gamblers.**¹³

⁸ "Everything you need to know about betting on Ohio State in 2016," Interview with ESPN Chalk's David Purdum, *Land Grant Holy Land*, Aug. 31, 2016 <http://www.landgrantholyland.com/2016/8/31/12689280/espn-david-purdum-interview-2016-ohio-state-heisman-odds-betting-trends>

⁹ "Most online gamblers bet using loans," *The Times*, Feb. 13, 2018, <https://www.thetimes.co.uk/article/most-online-gamblers-bet-using-loans-mfn3vfkjt>

¹⁰ "Won and done? Sportsbooks banning the smart money," David Purdum of *ESPN*, August 30, 2018 http://www.espn.com/chalk/story/_/id/24425026/gambling-bookmakers-growing-us-legal-betting-market-allowed-ban-bettors

¹¹ Rachel A. Volberg et al., *Gambling and Problem Gambling in Massachusetts: Results of a Baseline Population Survey*, 52 *University of Massachusetts School of Public Health and Health Sciences* (May 28, 2015), http://www.umass.edu/seigma/sites/default/files/SEIGMA%20Baseline%20Survey%20Report_Final.pdf.

¹² *Ibid*

¹³ "Online Gambling: Addicted to Addiction," *ResPublica Report*, Aug. 17, 2018 <https://www.respublica.org.uk/our-work/publications/online-gambling-addicted-to-addiction/>

This Fraud Destroys the Integrity of Sport Itself

Those who will benefit financially from operating sports betting claim legalizing it protects the integrity of sports but facts from countries with commercialized sports betting have proven that claim to be a myth.

Europol, the joint police body of the European Union, investigated the possibility of major soccer games being fixed and found evidence of over 680 “suspicious games” in 5 continents over a three-year period, including a Champions League match in England and several World Cup qualifying matches.¹⁴ According to one German investigator, this widespread corruption is “on a scale and in a way that threatens the very fabric of the game.”¹⁵

The same is true for tennis. Tennis has been engulfed by a “tsunami” of corruption involving “serious and substantial” match-fixing.¹⁶ A survey of 3,200 players at all levels of the professional game found that 14.5% had first-hand knowledge of match-fixing – 464 players in total.¹⁷

Truth #2: Commercialized Sports Betting Severely Harms Children and Will Radically Change the Way That Connecticut Children Consume Sports

Gambling ads and marketing ARE EVERYWHERE in regions with commercial sports gambling. The high frequency of marketing by gambling operators has normalized gambling for kids, leading them to believe gambling was central to playing and watching sports.¹⁸

To understand how kids are impacted by sports gambling, look at facts from the United Kingdom and Australia, two regions with commercialized sports gambling:

- **In the UK, 1 out of every 5 ads during a sporting event is a gambling ad.**¹⁹

¹⁴ "Investigation uncovers possible fixing of soccer games worldwide," *Los Angeles Times*, Feb. 4, 2013

<https://www.latimes.com/sports/soccer/la-xpm-2013-feb-04-la-sp-soccer-match-fixing-20130205-story.html>

¹⁵ "Investigation uncovers possible fixing of soccer games worldwide," *Los Angeles Times*, Feb. 4, 2013

<https://www.latimes.com/sports/soccer/la-xpm-2013-feb-04-la-sp-soccer-match-fixing-20130205-story.html>

¹⁶ "Tennis has 'serious integrity problem' with betting, says independent review," *The Guardian US Edition*, April 25, 2018

<https://www.theguardian.com/sport/2018/apr/25/tennis-serious-integrity-problem-betting-match-fixing-independent-review>

¹⁷ Ibid.

¹⁸ "Child and parent recall of gambling sponsorship in Australian sport," *Victoria Responsible Gambling Foundation*, May 2016

https://www.responsiblegambling.vic.gov.au/_data/assets/pdf_file/0007/29860/Thomas_child_and_parent_recall_of_gambling_sponsorship_May_2016.pdf

¹⁹ "Gambling adverts 'in 95% of TV matches'," *BBC News*, Oct. 23, 2017, <http://www.bbc.com/news/business-41693866>

- But it's far more than an endless blitz of TV and radio ads. A recent UK study found **more than 250 separate gambling advertisements on screen during the BBC's Match of the Day. These were found on team uniforms emblazoned with the names of gambling companies on them; stadium and arena surfaces where continuous gambling ads surround the game itself; and pre-match and post-match interviews.**²⁰
- Promotions and special offers for several major online gambling firms **are regularly appearing in the social media feeds of children and directing them to the companies' websites** via the social network.²¹
- Twitter users under the age of 18 who follow popular sports accounts in the UK are being "bombarded" with online gambling ads, according to an investigation by *The Times of London*.²²
- **Two in three UK teenagers feel deluged by advertisements for online gambling firms on TV.**²³
- **75% of children as young as 8 could correctly recall a sports betting brand, repeatedly exposing them to harmful messages and advertisements about sports gambling.**²⁴
- This marketing has devastating effects on young people: **Researchers have previously found that more than half of 16-year-olds in the UK have gambling apps on their smartphones – two years before they are legally allowed to place bets.**²⁵

²⁰ "Gambling adverts 'in 95% of TV matches'," *BBC News*, Oct. 23, 2017, <http://www.bbc.com/news/business-41693866>

²¹ "Children bombarded with Twitter gambling adverts," *The Times of London*, May 14, 2016, <https://www.thetimes.co.uk/article/children-bombarded-with-twitter-gambling-adverts-lm0cm2wk3>

²² "Children bombarded with Twitter gambling adverts," *The Times of London*, May 14, 2016, <https://www.thetimes.co.uk/article/children-bombarded-with-twitter-gambling-adverts-lm0cm2wk3>

²³ "Shocking toll of gambling adverts on children: Two in three teenagers say they feel bombarded by betting firms," *The Daily Mail*, Jan. 28, 2018 <https://www.dailymail.co.uk/news/article-5323373/Two-three-teenagers-feel-bombarded-betting-firms.html>

²⁴ "Child and parent recall of gambling sponsorship in Australian sport," *Victoria Responsible Gambling Foundation*, May 2016 https://www.responsiblegambling.vic.gov.au/_data/assets/pdf_file/0007/29860/Thomas_child_and_parent_recall_of_gambling_sponsorship_May_2016.pdf

²⁵ "Shocking toll of gambling adverts on children: Two in three teenagers say they feel bombarded by betting firms," *The Daily Mail*, Jan. 28, 2018 <https://www.dailymail.co.uk/news/article-5323373/Two-three-teenagers-feel-bombarded-betting-firms.html>

- **450,000 UK children aged 11 to 16 bet regularly, *more than those who have taken drugs, smoked or drunk alcohol***, according to the UK's Gambling Commission study.²⁶
- **Almost half these teenagers– 49% – said some of these companies' commercials made gambling look like a good way to make money.**²⁷ “Cash back” offers, a casino marketing practice to make the player feel better about losing by offering them a cash return on part of their wager, contributes to the perception by children that they could not lose from gambling.²⁸
- Children regularly exposed to gambling advertisements are more likely to bet among friends, try to enter bookmakers, and gamble when they turn 18 years old.²⁹
- The younger children start gambling, the more likely it is they will become habitual and problem gamblers, regardless whether they are from an urban or a suburban community.³⁰

When Gambling Operators Lobby for Sports Gambling in 2020, It Means Allowing Gambling *On Almost Any Kind of Contest That You Can Imagine*

- **Betting on video games like Fortnite, NBA 2K, and other eSports games (today, MGM Casinos runs the largest eSports gambling center in Vegas.)**
- **In-play betting** which involves betting on a sporting event *while that event is being played* (i.e. bet the over/under on a punt; will the next pitch be a ball or strike; how many three pointers will Stephen Curry make in the second quarter; and so on.)
- **Betting on pop culture events and TV programs** like the *Scripps Howard National Spelling Bee, The Bachelor* and *The Oscars*.

²⁶ “Young People and Gambling,” *UK Gambling Commission 2018 Report* <https://www.gamblingcommission.gov.uk/PDF/survey-data/Young-People-and-Gambling-2018-Report.pdf>

²⁷ “Shocking toll of gambling adverts on children: Two in three teenagers say they feel bombarded by betting firms,” *The Daily Mail*, Jan. 28, 2018 <https://www.dailymail.co.uk/news/article-5323373/Two-three-teenagers-feel-bombarded-betting-firms.html>

²⁸ Ibid

²⁹ “Children bombarded with Twitter gambling adverts,” *The Times of London*, May 14, 2016, <https://www.thetimes.co.uk/article/children-bombarded-with-twitter-gambling-adverts-lm0cm2wk3>

³⁰ “The Dangers of Youth Gambling Addiction,” *New York Council on Problem Gambling, Know the Odds* http://knowtheodds.org/wp-content/uploads/2013/05/NYCPG_ebook_YouthGambling_052114.pdf

Truth #3: For the Majority Who Don't Gamble, You Pay Even If You Don't Play

Gambling lobbyists and some public officials continue to tout government-sanctioned gambling as a way to raise tax revenue. But history has shown repeatedly that this argument is either overstated or wrong. A 2016 national report by SUNY-Albany found that while states creating new revenue streams from gambling may see momentary bumps in tax income, **“the revenue returns deteriorate—and often quickly.”**³¹

Beyond its obvious status as a budgetary shell game, **government-sanctioned gambling incurs major social costs that end up being footed by all taxpayers.** In addition to targeting and exploiting the financially desperate and cultivating addiction,^{32 33} government-sanctioned gambling leads to increases in rates of personal bankruptcy and provides new avenues for crime and money laundering.^{34 35} **Gambling operators don't pay for the harms they cause families, businesses, and communities. Taxpayers do.**

All the citizens who don't gamble also pay another way. Government-sanctioned gambling lowers our national standard of living because it's a sterile transfer of money from millions of ordinary people's pockets into a small number of other people's pockets, producing nothing new and nothing of lasting value. **Its economic impact is similar to throwing your money on the street so someone else can pick it up – it redistributes wealth without creating it.** Because this nonproductive activity nevertheless uses up time and resources, we experience a reduced national standard of living, a consequence that impacts all of us.

³¹ Lucy Dadayan, *State Revenues from Gambling: Short-Term Relief, Long-Term Disappointment*, The Nelson A. Rockefeller Institute of Government (2016), http://www.rockinst.org/pdf/government_finance/2016-04-12-Blinken_Report_Three.pdf

³² Cornell Univ. Professor David Just, “The big swindle: In lotteries, the poor are the biggest losers,” *CNN*, Dec. 18, 2013 <https://www.cnn.com/2013/12/18/opinion/lottery-poor-just-opinion/index.html>

³³ John Rosengren, “How Casinos Enable Gambling Addicts,” *The Atlantic* (Dec. 2016) <https://www.theatlantic.com/magazine/archive/2016/12/losing-it-all/505814/>

³⁴ *Social Costs of Problem Gambling*, Problem Gambling Research and Intervention Project, Georgia State University, <https://goo.gl/kcgQv2>

³⁵ Dr. Earl Grinols and Dr. David Mustard, *MIT Press, Review of Economics and Statistics*, Feb. 2006, <https://www.mitpressjournals.org/doi/abs/10.1162/rest.2006.88.1.28?journalCode=rest>

Truth #4: Illegal Gambling Tends to *Increase* When States Legalize Gambling

For most our nation's recent history, illegal sports gambling has been happening on the fringes of society. The primary source of information for the size and scope of illegal sports gambling in the U.S. has been the American Gaming Association, the national lobbying organization for gambling operators *who have a vested financial interest in seeing commercialized gambling metastasize*.³⁶

When gambling operators call for "regulation," what they really mean is government granting monopolies and awarding regulatory advantages to favored firms.

Australia authorized commercialized sports gambling in 2006. The claim was made then, like today, that allowing commercialized sports gambling will wipe out the black market. Facts show the opposite is true: illegal sports gambling in Australia is booming, bigger than before. Billions of dollars are being bet on rugby league and other major sports using illegal gambling companies.³⁷ According the Australia's *Daily Telegraph*, government regulations aimed at illegal gambling and the threat it poses to the integrity of sport are "laughable', according to insiders."³⁸

There are a number of other reasons why illegal gambling tends to increase when states sanction gambling. These include:

- Illegal operators offer credit to gamblers.
- Untaxed illegal operators can offer better odds and tax avoidance that legal operations cannot.
- Once gamblers start betting legally, they become less averse to gambling in unlicensed venues and websites.
- Law enforcement in gambling states view illegal gambling as a state revenue issue rather than a criminal activity, making enforcement less of a priority.

³⁶ "The American Gaming Association suggests that \$4.6 billion will be wagered illegally on the Eagles versus Patriots match-up," *Inc Magazine*, Jan. 30, 2018 <https://www.inc.com/darren-heitner/billions-will-once-again-be-illegally-wagered-on-super-bowl.html>

³⁷ Michael Carrayannis, "Offshore gambling firms take billions and Australian authorities cannot act," *Daily Telegraph Australia*, June 12, 2016

³⁸ *Ibid.*

If the illegal sports gambling operators supposedly cannot be controlled right now, as the big commercial gambling operators claim, then how can you control and regulate the gambling operators you license? If you can't shut down the illegal sports gambling operators now, how would you possibly shut down licensed operators who don't follow the rules?

Gambling lobbyists say they want to “bring it into the light.” So let's contrast *government-sanctioned gambling operators* with *illegal gambling operators*. No illegal gambling operator is putting liens on the homes of citizens to collect gambling losses, like *legal* operators do. No illegal operator sends free gambling wagers by direct mail to your house to lure you back to the local casino, like *legal* operators do. No illegal operator is giving free alcohol to citizens to keep them gambling until 4am like legal casino operators do here. No illegal operator is pushing \$30 lottery tickets, seven days a week, in economically-depressed communities, like state lotteries do. No illegal operators are running gambling ads during live sports broadcasts with such intensity that 1 out of every 5 ads is to place a bet, like *legal* sports gambling operators do in places like the U.K.³⁹

Truth #5: The Most Revealing Truth About the Big Con Behind State Government and Commercialized Gambling Is That Nearly All of the People Who Run Commercialized Gambling and the Public Officials Who Lobby to Bring Them In, Don't Gamble Themselves

Yet these hypocrites cause life-changing financial losses for millions of Americans. *The New York Times Magazine* did a major cover story on electronic gambling machines. As part of their investigation, *The Times* reporter toured the Nevada headquarters of America's biggest gambling machine maker, International Gaming Technology. During the tour he asked IGT employees he met if they ever used the machines they made. The answer was no. One of the slot machine designers, when asked if he ever plays the machines he builds, “acted as if I had insulted him. ‘Slots are for losers,’ he spat.”⁴⁰

Who are these “losers?” They are *all of us*.

³⁹ “Gambling advertises ‘in 95% of TV matches,’” *BBC News*, Oct. 23, 2017, <http://www.bbc.com/news/business-41693866>

⁴⁰ Gary Rivlin, *The Tug of the Newfangled Slot Machines*, N.Y. TIMES MAGAZINE, May 9, 2004, <http://www.nytimes.com/2004/05/09/magazine/09SLOTS.html>

Nearly every major casino executive, including at least three of the nation's biggest casino operators, MGM CEO Jim Murren,⁴¹ Sheldon Adelson of Las Vegas Sands,⁴² and Penn National Chairman Peter Carlino are not gamblers either.⁴³

CONCLUSION

Building assets, the accumulation and investment of savings, are key for anyone looking to make a better life. A home, a college fund, retirement accounts, a stock portfolio—these assets are the hallmarks of middle and upper class America, and they are all the result of savings.

Building assets is the direct opposite of commercialized gambling. No single policy reform would create more financial peace for low-to-middle-income citizens than reversing the current scheme of turning millions of people who are small earners, who could be small savers, into habitual bettors.

⁴¹ Andrew Ross Sorkin, *Is There Life After Blackjack? Ask MGM*, N.Y. Times, December 26, 2004, http://www.nytimes.com/2004/12/26/business/26vegas.html?_r=0

⁴² Mary Lynn Palenik, "Gaming Legend Profile: Sheldon Adelson," *Casino Enterprise Management*, June 2011 <http://www.casinoenterprisemanagement.com/articles/june-2011/gaming-legend-profile-sheldon-adelson>

⁴³ The Hypocrite Hall of Fame," March 2018, <https://www.stoppredatorygambling.org/hypocrite-hall-of-fame/>

Examples of Sports Gambling Marketing

