

# The Kentucky CITIZEN

STRENGTHENING FAMILIES AND THE VALUES THAT MAKE FAMILIES STRONG

Gambling Expansion Edition

Fall/Winter 2007

## Gambling pushers exaggerate again

*Every year they increase how much money they'll "raise" and how much "good" casinos will do.*

Because gambling and casinos have made such a negative impression in the minds of most Americans, proponents must come up with all the "good reasons" to allow them into the state to target the assets of families in order to "sell" the idea of expanded gambling to citizens. The number one reason that is invariably offered is that casinos "raise revenue" for the state. Today, not only are those who are pushing casinos talking about "raising revenue," they are also raising the amount of revenue they say they can generate in order to be more convincing.

This practice is not new and it's certainly not new to Kentucky. When the Lottery was first introduced in Gov. Wallace Wilkinson's gubernatorial campaign of 1987, proceeds were going to be used to fix the K-12 education system and keep us from having to

raise taxes to do so. Unfortunately, within one year after the implementation of the Lottery, the General Assembly felt that they had to raise taxes and did so to the tune of *the largest tax increase in Kentucky history.*

And, of course, the Lottery proceeds were never earmarked for primary or secondary education. They were eventually given as college scholarships to qualified students. Since most "qualified" students come from middle and upper class homes, we have tragically created an institution that takes money from the lower socio-economic sector and transfers it to the more wealthy among us. This is one of the sad, unintended consequences that always accompany high-dollar, get-rich-quick schemes.

In the same way the Lottery was sold with exaggerated promises, so is the current effort to expand gambling through the introduction of casinos. It's interesting that

just 14 years ago, casino proponents said that they could raise \$160.6 million. Today they say the figure will be \$500 million – over three times the amount. That projection

is particularly questionable given the fact that neither the economy nor the assets of Kentuckians have grown threefold since that time.

### The Rise of Revenue Claims (in millions)

December 1993	\$160.6
May 1999	\$240-\$275
March 2002	\$350
March 2004	\$437.5
January 2007	\$500

## "BIG Picture" questions

**Q** With Kentucky being one of the nation's poorest states, do the casino pushers really think Kentucky families can afford to lose \$1.429 billion each year so the state can get \$500 million (35% of the \$1.429 billion)?

**Q** If state government *really needs* to raise revenue, why would it ask a notoriously unscrupulous industry to raise it?

**Q** And worse, why would it allow that industry to keep 65% of the "revenue raised" (the money lost by citizens)? The state already has a tax system that, if legislatively directed to raise taxes, would allow the state to keep 100% of the revenue raised. (Then citizens would only be out \$500 million, not \$1.429 billion.)

**Q** If Kentucky families must lose \$1.429 billion dollars every year in order to generate \$500 million for the state's programs, how is the state going to assist all the people who lost the \$1.429 billion when it receives only \$500 million? *And, in particular when that \$500 is already promised to one program or another?*

**Q** Given Kentucky's current strengths and weaknesses, if 1000 consultants were brought to our state so each could offer his/her best suggestion for a new plan to move us forward, would *ANY* of them say: "Kentucky needs a casino 'entertainment system' that will have its citizens losing \$1.429 billion each year"?

**Q** If the role of government is to create an environment where its citizens can prosper, why is the government getting involved in promoting a gambling system that will encourage its citizens to lose their wealth? (And then rely on government for even more assistance?)

## "Do the Math"

If the casino pushers are promising \$500 million to government each year, with the 35% tax rate they've suggested for years, that means that 35% of some very large number (the people's losses) equals the \$500 million for the state. Eighth Grade algebra gives us:

If  $X$  = the money lost at casinos,  
then  $.35 \text{ times } X = \$500 \text{ million}$

Answer:  $X = \$1,429,000,000.00$  or \$1.429 billion

**Kentucky citizens will have to LOSE \$1.429 billion each year!**

Divide the total amount lost by the number of Kentucky citizens to find out how much **each one** must lose. (The population of Kentucky is about 4 million)

$\frac{\$1.429 \text{ billion}}{4 \text{ million citizens}} = \$357.25 \text{ per citizen each year}$

**That's \$357.25 of losses for EVERY man, woman, and child (and baby) each year!**

If each citizen must lose \$357.25, then a family of four – Mom, Dad, Suzie (age 4) and Tommy (11 months) – must lose 4 times \$357.25 or \$1429.00 each year.

If one family doesn't gamble, another family will have to lose their amount for them. **This is "good"?**

Here's the kicker: Government gets its \$500 million, but the casino guys get the other \$929 million.

**Are they pushing casinos "for us" ... (or for themselves)?**

# A deliberate unconstitutional manipulation!

*Their highest profile slogan bears witness to the fact that casino promoters will stop at nothing to have their way.*

Even before casinos have been introduced to Kentucky, they have already been the source of one of the most insidious influences in the Commonwealth – the perversion of the Kentucky Constitution. Currently this distortion is blatantly advertised, yet most people get lost in the details of the debate and fail to recognize that the intent of the Constitution is being flagrantly and purposefully circumvented by those pushing casinos.

The essence of the warp of the Constitution is captured in the slogan, “Let the people decide.”

The fact of the matter is that the Kentucky Constitution does not allow for a citizen referendum – It is not in the Constitution!

What is in the Constitution is a clearly outlined procedure for the Constitution itself to be amended. Yes, that process includes a ratification or rejection by the people, but that’s an entirely different legal mechanism. In Kentucky’s Constitution the people have the final word, but legislators are the ones who vote and

make the change to the Constitution – the people simply agree (ratify) or disagree (reject) with what the legislators do. This gives the people the final word after the legislature has proposed, debated and voted up or down on the amendment.

The reason for this strategic deception is obvious when the history of the slogan, “Let the people decide” is examined. KEEP, the Kentucky Equine Education Project, launched its push for casinos in September 2004 in anticipation of the passage of a constitutional amendment in the 2005 General Assembly that began the following January.

In September, they were marketing the slogan “Horses work for Kentucky,” hoping that the focus of Kentuckians would be on helping their noble equine neighbors – these magnificent horses who work for Kentucky. The calculated sleight of hand was designed to have people move down this thought progression: “Horses work for Kentucky,” to “Horses work for casinos” to “Casinos work for Kentucky.”

The first phrase is true. The second phrase, to be true, must be changed to “Horse owners are using horses to work for casinos.” And the last phrase is, and always will be, patently false. Casinos do not work for Kentucky! They work only for the casino owners.

The reason why the slogan “Let the people decide” replaced “Horses work for Kentucky” becomes apparent when one considers the legislators’ attitudes when they convened in January of 2005. Advocates both for and against casinos knew that there were too many legislators in conservative rural districts who knew that their constituents did not want casinos. “Working horses” or not, those legislators would be voted out of office if they opened the door to the planting and nurturing of casinos in the Commonwealth.

It was then that the current slogan was born! Casino strategists rationalized, “Let’s get the legislators off the hook by telling them, and everyone else, that the General Assembly should ‘Let the people decide.’”

Legislators, wanting to avoid the disapproval of anyone (of any voter), quickly grabbed the concept and began touting that they were going to (very nobly) empower the people by “letting them decide.”

Casino pushers smiled because they

knew they had the money to manipulate the masses through advertising once the Constitutional amendment had been passed by the legislators.

Unfortunately, the Constitution requires legislators to agree to an amendment . . . and that agreement must be by a three fifths majority in each Chamber. Then, and only then, do the people get involved (by ratifying or rejecting). It does not say “Legislators can let the people decide.”

Why this is so important is made clear when one considers the fact that the framers of the Constitution deliberately chose not to establish a citizen referendum mechanism. They did not want rumors, or advertisers or powerful financial forces to mislead the people and stir up a social or economic misadventure. Framers, instead, wanted duly-elected lawmakers who knew the details of such plans or visions to make the decision after careful study and deliberation.

To say it another way, in order for legislators to “Let the people decide” today, another amendment would first have to be passed; one that creates a citizen referendum procedure. Then and only then could a casino amendment legitimately allow the people to decide.

But the most important lesson to be learned about this brilliant but sinister disregard of the Constitution is this: The casino gambling industry will stop at nothing to get its way.

If this is how they fight to get into a state, imagine how they get their way once they’re here.

**Kentucky Constitution**  
**Section 256**  
**Amendments to Constitution**  
 Amendments to this Constitution may be proposed in either House of the General Assembly at a regular session, and if such amendment or amendments shall be agreed to by three-fifths of all the members elected to each House, such proposed amendment or amendments, with the yeas and nays of the members of each House taken thereon, shall be entered in full in their respective journals. Then such proposed amendment or amendments shall be submitted to the voters of the State for their ratification or rejection at the next general election for members of the House of Representatives, . . .

**Legislators must “be agreed” to amend. They cannot, “Let the people decide.”**

## Counting the Cost for Kentucky

*One critical aspect that those pushing casinos in Kentucky do not discuss is the **MAGNITUDE** of the change being proposed.*

***PERSPECTIVE:** To secure the promise of \$500 million to the state each year (which is 35% of the losses of gamblers), gambling experts and professors of economics conclude that \$14.3 billion will have to be gambled each year at the casinos – Red bar.*

**2007 General Fund – \$8.7 billion**

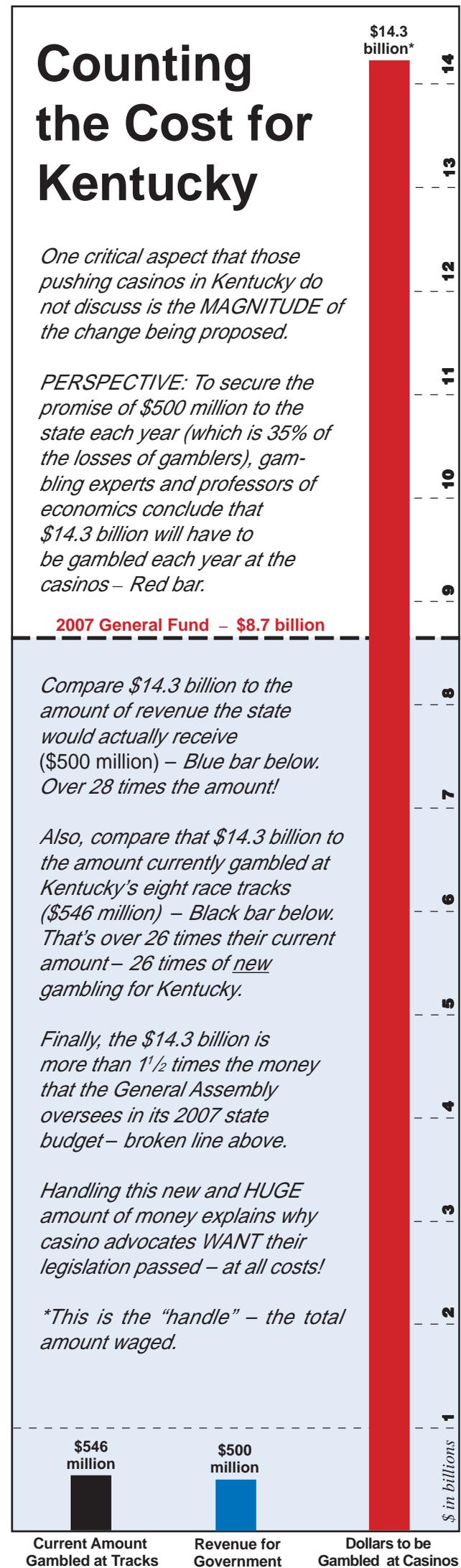
*Compare \$14.3 billion to the amount of revenue the state would actually receive (\$500 million) – Blue bar below. Over 28 times the amount!*

*Also, compare that \$14.3 billion to the amount currently gambled at Kentucky’s eight race tracks (\$546 million) – Black bar below. That’s over 26 times their current amount – 26 times of new gambling for Kentucky.*

*Finally, the \$14.3 billion is more than 1½ times the money that the General Assembly oversees in its 2007 state budget – broken line above.*

*Handling this new and **HUGE** amount of money explains why casino advocates **WANT** their legislation passed – at all costs!*

*\*This is the “handle” – the total amount waged.*



## For more . . .

To receive more information, to volunteer, to contribute, visit:

[www.saynotocasinos.org](http://www.saynotocasinos.org) Web site of the Say No To Casinos campaign

[www.kybaptist.org/publicaffairs](http://www.kybaptist.org/publicaffairs) Web site of the Kentucky Baptist Convention

[www.kycage.org](http://www.kycage.org) Web site of the Coalition Against Gambling Expansion

[www.tffky.org](http://www.tffky.org) Web site of The Family Foundation

or call 859-255-2000

# Horsemen used to work against casinos

*Editor's Note: For years the horse racing industry in Kentucky fought against the expansion of gambling and, in particular, bringing casinos into our state. The Family Foundation worked side-by-side with them. That alliance was broken when the horse industry radically changed its position to one of wanting casinos. Illustrating their earlier views is an opinion piece that former Gov. Brereton Jones (and current Chairman of KEEP's board) wrote for the Lexington Herald-Leader that was printed on June 8, 1999. The point is that the horse industry leaders once absolutely opposed casinos — logically and eloquently. The Family Foundation agrees with Gov. Jones' 1999 piece. We do not recognize circumstances that would change the veracity of his arguments.*

**From the Lexington Herald-Leader Tuesday, June 8, 1999**

Let's get straight to the point. Casino gambling in Kentucky is a bad idea. The very thought of our own government promoting the deception of slot machines and roulette wheels is a sad commentary.

These casino "games" are programmed so that the house cannot lose. Regardless of how much money you have, you are guaranteed to lose it all if you play long enough. This is absolute. We already have an abundance of gambling opportunities with the lottery, bingo and horse racing.

At least the horse business creates a signature industry that provides 80,000 jobs and produces a commodity that sells around the world for million of dollars. You can succeed at various levels in the industry with education and hard work.

If we find that casino gambling in adjoining states is destroying this industry, then we will need to make conscious decisions about how we can overcome this situation.

We have already begun to address this with the creation of the National Thoroughbred Racing Association. To react too hastily and create an overabundance of gambling could do major harm to this important segment of our economy.

If we legalize casinos, a few managers, lobbyists and politicians will make a lot of money, and tens of thousands of Kentuckians will lose a lot of money. We are told, however, that the state will make \$200 million to \$300 million and that this can be used to do wonderful things for all of us. You name it and the casino money will pay for it.

Does this sound familiar? I remember a candidate for governor who was proposing a state lottery. His ads said, "What do you want — higher taxes or a lottery?" Kentucky voted for the lottery. We also got the state's highest tax increase in our state's history.

We justifiably frown on any person in our society who profits by deceiving others. We have an abundance of laws on the books to protect us from the deception of our fellow citizens.



**Former Gov. Brereton Jones, current Board Chairman of KEEP**

How then, in the name of decency and common sense, can we justify proposing that our own government should enter into the business of promoting games of chance, where our own citizens have no chance for long-term success?

Gov. Paul Patton deserves a great deal of credit for the emphasis he has put on education, which is absolutely the real key to our future. Preparing our people for good jobs with good pay is a far more worthy goal for our state than to fund the creation of a bunch of casinos, with mostly dead-end jobs, whose intent it is to fleece the public on a daily basis.

We have a Cabinet for Economic Development in state government that is second to none in the United States. It is run by people with great ability, dedication and integrity.

With our educational, business, labor and political leaders working with these folks, we can help give them vision and create better jobs with much better pay than the casinos will ever provide, and we will all feel much better about our future.

Please call your legislators today and ask them to vote no on casino gambling. Tell them to dispose of this issue during the first half of the next session of the General Assembly so that they will be free to do the important business of the people before they adjourn.

They must not allow this issue to monopolize their time. We can do better.

## The gambling lobby's deceptive strategies

Though they have a number of tricks up their sleeves, three currently are being used in the Commonwealth.

There are numerous tricks that the gambling advocates don't want you to recognize when they are pushing their agenda. Three of them are easily identified and should be exposed.

### **Ploy #1: "Let the people decide"**

First, gambling interests know that they ultimately will need a constitutional amendment to authorize the complete expansion of gambling. History is against them so they must change our guiding document. Therefore, they entice legislators by encouraging them to simply "put the issue on the ballot" and "let the people decide."

This sounds so "fair" and so "democratic," but the gambling lobbyists know that this approach works doubly in their favor. It allows the politicians to raise money for government without voting to raise taxes AND without having to take a stand *for* or *against* gambling expansion. It's attractive in Frankfort because it's the easy way out for legislators who just want to be re-elected and who feel that voting for a tax increase or going on record about gambling would hurt their chances.

But worse, it also gives politicians easy access to pro-casino money for their next re-election bid or for their party. This became painfully true in Kentucky when gambling proponents dumped \$50,000 into one state senate election in 2006.

Savvy citizens can counter this move

effectively by letting their legislators know *in a kind way* that they will vote against any legislator who votes *FOR* expanded gambling or who votes *TO OPEN THE DOOR* to expanded gambling by voting to "put it on the ballot" or "let the people decide." Their message to their legislators — "No expansion and no constitutional amendment!"

Constitutional reality is this: Legislators decide whether or not to amend the Constitution; the people, then, either ratify or reject their proposal. Constitutionally, *THE PEOPLE DON'T DECIDE!*

### **Ploy #2: "Recruit support with money"**

Second, watch for pledges of government funding to select groups and programs. This tactic by lobbyists works on constitutional amendments as well as simple pieces of legislation. Here's how:

Gambling lobbyists secure support for their legislation by recruiting other groups and organizations with promises of funding via the proceeds generated by gambling. In essence, they "buy" support by promising "this million dollars for that group" and "that million dollars for this program."

For instance, how could you expect the powerful Kentucky Education Association (KEA) to be against expanded gambling if they are assured their teachers will receive "X million dollars" in teacher benefits from the proceeds? Technically this methodology

is legal, but in spirit it's more akin to bribery than it is to a sound policy debate process. (The main difference is that the money promised to create support is public money, not private.)

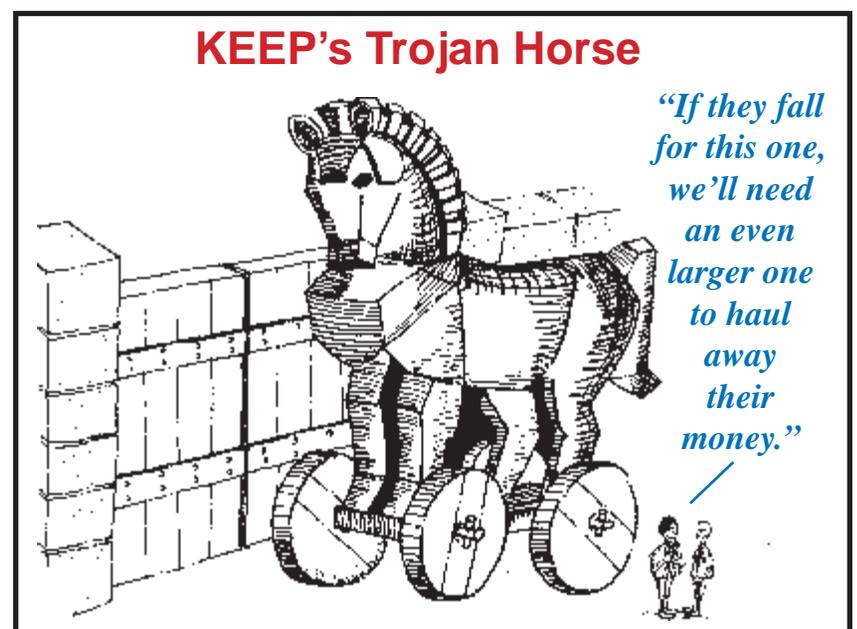
Unfortunately, this kind of approach works more often than not.

### **Ploy #3: "We can outspend them"**

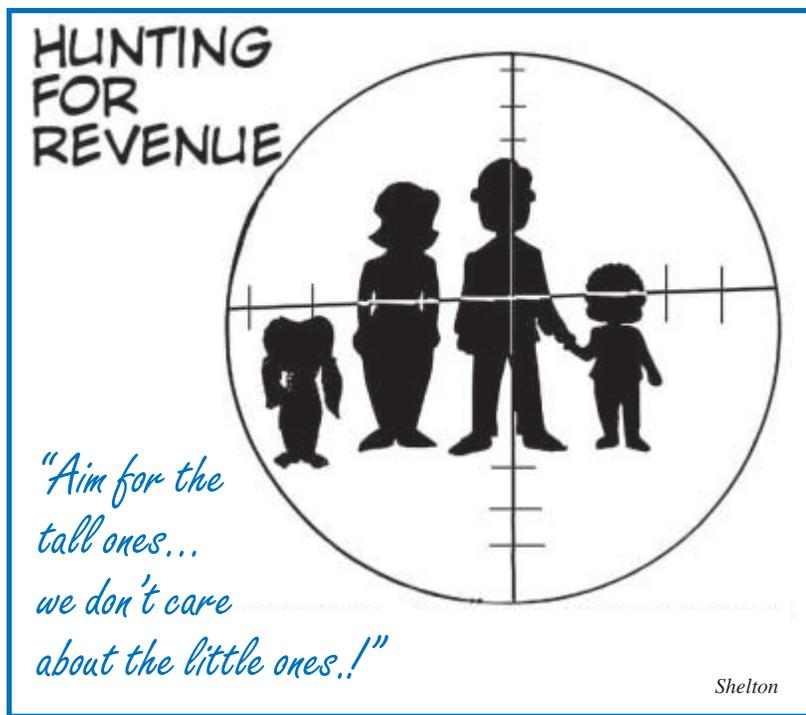
The third trick is implicit in the constitutional amendment strategy (see Ploy #1), but is calculated to trap Kentucky citizens, not legislators. Gambling lobbyists know that their industry can spend \$20 million or more in a media campaign to win such a ballot vote (because they know that they will receive billions of dollars for

themselves over time if it passes — billions!)

To put that in context, \$20 million is minuscule compared to their long-term return, but more than *both* gubernatorial campaigns spent *combined* in 2003. Citizens should expect (and demand) from their legislators *protection* from that kind of big-money power, which ultimately has its sights set on acquiring the wealth of Kentucky citizens.



# With casinos, consider these four polic



## POLICY REASON #1: The Family is targeted.

When citizens hear the cry for the expansion of gambling, it's normally from a KEEP spokesman selling casinos by explaining how much money state government is going to receive and give away. Or, it's a pro-expansionist legislator complaining about the budget shortfall, reciting the need of government for expanded gambling. Both are focused on one thing only — how much money can be "raised" and given to government by the expansion of gambling.

Though they have often exaggerated how much can be raised, no one is pointing out that huge sums of money — literally billions of dollars — will simply *change hands*.

Clearly, gambling doesn't create new wealth. It only makes wealth change hands.

What hasn't happened in this controversy is a discussion that tells us *where* all this money will come from. That is no small matter.

Corporations can't gamble, nor can businesses, institutions, schools, churches, nonprofits, clubs, nor civic organizations — only moms and dads, and a few singles. In other words, all the BILLIONS of dollars that they say will be "raised" over the years through gambling is just a shift of assets FROM the hands of the family INTO the hands of the gambling industry. The government gets its share simply by heavily taxing the money as it changes hands. The bottom line is that family picks up the whole tab, and tragically, government, charged with protecting families, maneuvers to "get in on the action."

With KEEP claiming their plan will "raise" \$1.429 billion each year (*That's 1429 million dollars!*), it's interesting to assess that number based on Kentucky's median household income of \$35,000. It will take 40,828 families making the median income to lose *all they make* every year to reach the \$1.429 billion figure. This is a VERY BAD idea for Kentucky families!

## POLICY REASON #2: Businesses will lose.

As families lose, businesses will lose. Think about it: after the losses, parents can't afford to take the family out to eat, buy their children new clothes for school, purchase a new refrigerator or finance a new addition to the house.

Once a family files bankruptcy, the businesses that the family owes lose even more. But the casinos *always* get their money.

In other regions of the country where casinos have opened, the losses to businesses have been clearly documented. Further, jobs that gambling expansionists often boast will increase, do so only briefly (2 to 3 years). At that point there is an overall loss of jobs because only the gambling industry — and newly opened pawn shops — continue to prosper.

It's actually common sense: If \$1.429 billion is taken from Kentucky families that currently is spent on goods and services in the state, where will businesses find customers that can afford their goods and services? It certainly will not be from the casino cliental because they've already lost and they have no interest in stopping and shopping.

Unfortunately, a good part of the business community has not seen the writing on the wall. Rather, they have believed the deception that the horse industry has spun, saying that casinos will "energize the economy." Nothing could be further from the truth. Las Vegas was built by losers from all over the country. Casinos in the Commonwealth will simply drain the wealth of those within driving distance, and their communities and their economies will pay dearly.



## They agree! Casino operators . . .



"People will spend a tremendous amount of money in casinos, money that they would normally spend on buying a refrigerator or a new car. Local businesses will suffer because they lose customer dollars to the casinos."

**Donald Trump**

(Casino owner, interviewed by the *Miami Herald*)

"Get it straight...there is no reason on earth for any of you to expect for more than one second that just because there are people here [at casinos], they're going to run into your store, or restaurant, or bar."

**Steve Wynn**

(Casino owner, speaking to small business leaders in Connecticut)



## Economics professors . . .



"The money [local residents] wager comes from the local economy, and each dollar they spend . . . , they can no longer spend at a store or restaurant. This situation benefits the gambling operations, but works to the detriment of other kinds of business."

**Earl Grinols, Ph.D.**

(Professor of Economics at Baylor University)

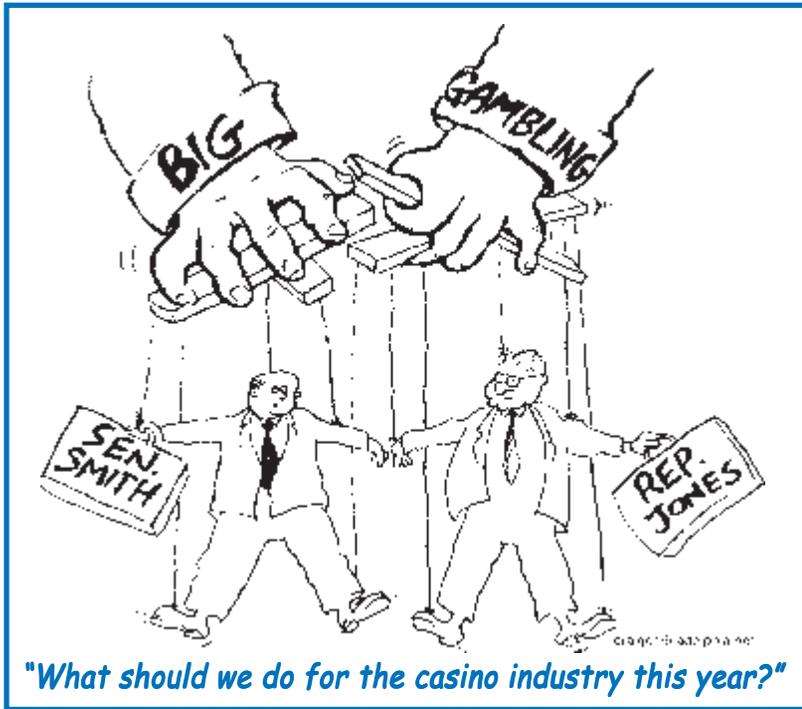
"Most of the people pouring money into their [casino] slot machines will be local residents. Instead of bringing new dollars to the local economy, gambling will siphon away consumer dollars from other local businesses."

**Robert Goodman, Ph.D.**

(Lemelson Professor of Environmental Design and Planning at Hampshire College)



# areas that will be irreparably damaged



## POLICY REASON #3: Government will be corrupted.

Think about it . . . with literally billions of dollars going into the hands of the casino interests, who will become the greatest contributor and most influential group in the political process?

If our legislature is “gambling friendly” today, how much more “gambling friendly” will it be ten years from now, when all of its members have received sizeable contributions from the gambling interests? And how easy will it be for them to “replace” anti-gambling legislators?

The casino lobbyists’ figures are a premonition. Again, they say that they’ll “generate” \$1.429 billion each year. What they don’t tell you is that to do that, *they need to have ten times that amount wagered* each year — that’s \$14.29 billion. That’s called the “handle.”

That \$14.29 billion is more than one-and-a-half times the amount of money in Kentucky General Assembly’s 2007 General Fund! (About \$8.7 billion.)

Now, imagine that there’s a tough debate, like “Should we legalize prostitution?” (as was the case in the “casino state” — Nevada). That legislature decided to legalize prostitution in order to embellish the gamblers’ “good times.” What about making strip bars and pornography more available? If gambling interests want it, what will the legislature do? The answer: the will of the casino interests.

The gambling world is all about two things — “A good time” and “the bottom line.” “Good times” demand prostitution and strip bars, and of course, when good times go awry, you’ll need abortion to be readily available. “Nice” legislators that will reluctantly vote for gambling today will themselves be replaced within ten years by pro-gambling legislators that will not care one iota about the family. We must ask ourselves, if government comes under the heavy hand of gambling interests, how likely is it to escape that corruption of values?

## POLICY REASON #4: The Vulnerable are destroyed.

The first policy reason that challenges expanded gambling describes how families are targeted (*See top previous page*). In particular, they are targeted *financially* because ALL the money casinos seek comes only from the family. No other group that pays taxes can gamble and “contribute” to the revenue that casinos “raise” for government (and for the casino owners).

This is patently unfair if the goal is to raise money for government — whether deficit or budget shortfall. Why should that burden be placed *only* on the backs of families?

But finances aren’t the worst of the costs to families. Financial loss is just the beginning of a tragedy that all the family members, and even extended-family members, experience.

There will be some citizens, poor in spirit as well as poor in financial assets, whose lives will be totally destroyed — relationship-damaging financial stress, alcoholism, drug use, child neglect and abuse, spouse neglect and abuse, divorce, depression, suicide, embezzlement, imprisonment and crime (both victim and perpetrator).

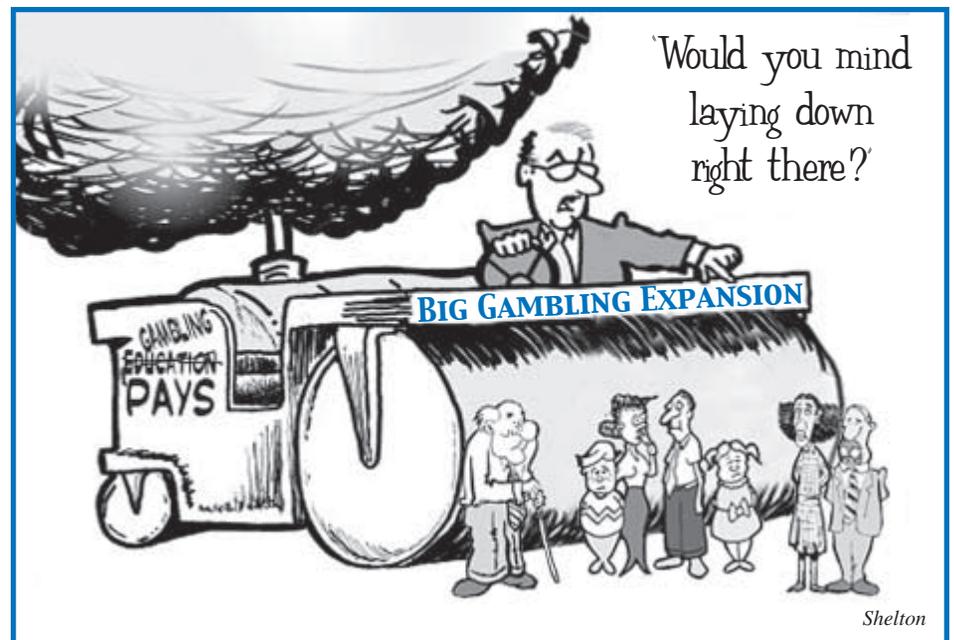
Any *one* of these things, but certainly a combination of them, will leave an indelible mark on the ensnared individual as well as those watching and trying to help.

And even worse, the children will lose their childhoods, and be affected for a lifetime.

Doctors have a policy regarding their treatment of any patient: First do no harm.

Policymakers in Frankfort would do well to apply this wisdom to the gambling expansion decision . . . because The Vulnerable will be destroyed.

## Building Kentucky’s Road to Riches



## Leading businessmen . . .



*Casinos? “Bad idea. We studied the data, and concluded that there are too many social problems associated with it. Plus, it doesn’t help the state to just take money out of one pocket and put it in another . . . A good community is based on a firmer foundation than casinos.”*

**Jack Pelton**

(CEO of Cessna, the largest employer in Wichita, KS)

*“It’s a terrible way to raise money (for government). It’s a tax on ignorance. . . . I don’t like the idea of government depending, for certain portions of its revenue, on hoodwinking citizens.”*

**Warren Buffett**

(Internationally recognized investment advisor and one of the wealthiest men in the world)



## and Respected Pastors.



*“Expanded gambling means expanded misery. Every dollar spent in a casino is a dollar stolen from a family, siphoned from the economy, withheld from legitimate business, and whisked out of the state by corporations with no conscience.”*

**Hershael York**

(Past President of the Kentucky Baptist Convention and Pastor of Buck Run Baptist Church)

*“I am against the expansion of gambling in Kentucky because it has been my observation that any form of gambling tends to make the poor poorer. It’s bad stewardship and bad for Kentucky.”*

**Dave Stone**

(Pastor, Southeast Christian Church)



# Politics and Gambling: A dangerous union

*Recent history proves that the unbridled pursuit of money brings casino advocates in league with those who seek unbridled power.*

Political leveraging first became obvious during the 2006 General Assembly with the Kentucky Equine Education Project (KEEP) Board Chairman raising \$50,000 in campaign contributions for one senate candidate in Louisville's Feb. 14, 2006 special election to fill a vacancy in the state senate. The campaign contributions turned out to be a fiasco for KEEP's image as observers wondered what KEEP leaders were thinking by dropping that much money into a local special election.

At that time, Kent Ostrander, executive director for The Family Foundation, commented, "We had been saying for months that the proposed \$1.25 billion of annual revenue for casinos would ultimately corrupt government. We just didn't expect this type of big-money, political influence before the casinos arrived." (Editor's note: This year the proposed annual revenue/citizen losses is claimed to be \$1.429 billion.)

With the members of the 2006 General Assembly cool to the issue of expanded gambling and casinos, it seemed that KEEP members believed they could display financial clout in the special election and thereby intimidate other legislators to get on board with their proposal during that session. But the move backfired in the session, angering Senate Leadership and, in particular, Senate President David Williams, who was quoted in the Feb. 1 *Louisville Courier-Journal* charging, "The gambling interests are trying to influence a special election for the Kentucky State Senate."

The senate candidate who received the money, former State Rep. Perry Clark, had said he wants "the people to decide." But evidently, given the \$50,000 price tag, KEEP members believed he was stronger for casinos than what had

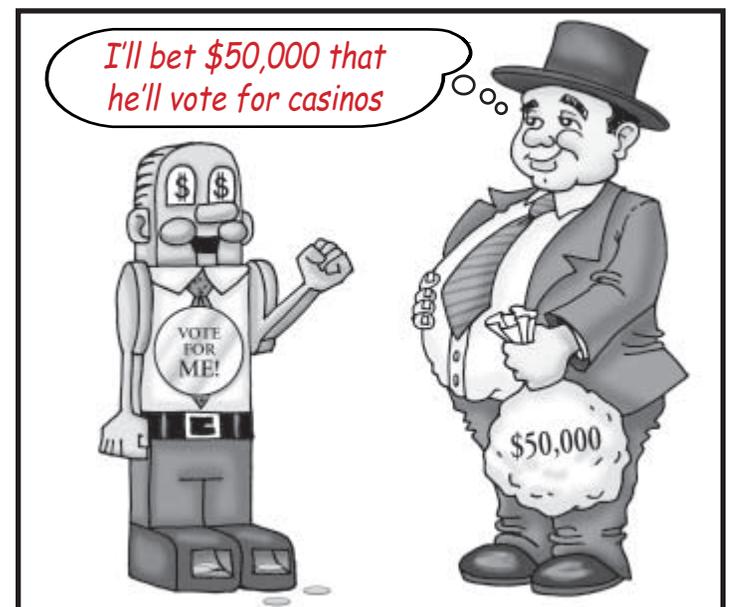
been publicly perceived or stated, OR they were confident that he could be moved to be stronger for casinos.

The \$50,000 from KEEP contributors was reported by the *Courier-Journal* to make up half of the campaign's total income at the time. Yet, the *Courier-Journal* also reported that the other candidate, Debbie Peden, said she had not been contacted at all by KEEP representatives to discuss her position on casinos.

With the first shot being fired by casino advocates in the hardball political realm, an interesting dichotomy began to arise. As the senate race in Louisville was being campaigned, an unrelated but broad and significant group of ministers asked for a meeting with Gov. Fletcher to encourage him to stand against casinos. The overall battle began to look like the "bad guys" against the "saints"... and KEEP leaders are not wearing the halo.

But then the battlefield widened further. During the session, then-State Democratic Party Chairman Jerry Lundergran embraced casinos for his cash-strapped party. After that, a key Democratic governor hopeful at that time — Attorney General Greg Stumbo — also began talking the casino talk when he strongly pushed them in his speech at last year's Fancy Farm picnic on Aug. 5.

Then emerged another wrinkle in the saga: the fact that some influential Republican leaders and governor hopefuls were carrying the pro-casino banner. Clearly, Lt. Gov. Steve Pence distanced himself from Fletcher and expressed his support of casinos. Other leading Republicans who were



**Instructions: Drop influence money in slot**

questioning Fletcher's re-election run turned out to be pro-casino.

"The February 2006 skirmish has passed. There is a battle coming that will dwarf all policy battles of the last 15 years because some in both major political parties have been won-over by the casino interests," observed Ostrander at the time. And he maintained, "But I have faith that the people of Kentucky will stand strong against a casino takeover of the state — they are not stupid, and I think many leaders will be surprised."

## TESTIMONY

### "I felt like a single parent"

*Living alone because gambling steals your husband, then takes his life, is the legacy of casinos.*

Pamela Slone\*, a southern Kentucky resident, never would have imagined that her husband could develop a gambling addiction.

Victor Slone was a lover of statistics who was certain he could defeat the odds. "He would never quit," Pamela said. "He would always hold out for the big one that was going to bring in all the money."

That futile hope led to thousands of dollars of credit card debt, time lost with his wife and four children, and stress on his family and on himself.

Now, Victor can't get that back — not with recovery programs or anything else. A heart attack claimed his life, two years after his addiction began.

#### 'I never got a chance to ask him'

Pamela describes her husband's gambling addiction as something that began as a hobby — another avenue of income. "It kind of progressed," Pamela said of Victor's computer wagering. "Gradually I noticed he had been spending more and more time [gambling]."

After several months the addiction began to take control of Victor's life.

"He would come home from work, and if I didn't have dinner ready, he'd go

down and he'd study his picks from the night before and place his bets."

Pamela attempted to discuss with her husband his new hobby by asking him how he was doing or how much money he had made. But Victor was losing much more than he was making.

"It just consumed his time and his thoughts," she said. "But he just felt like he could get it down to a science. He was a very intelligent man, a calculating mind, very statistical. ... He would spend hours and hours and hours studying statistics.

"And he kept it a secret from everyone. I couldn't go to a pastor or a close friend. He would have been just furious with me if I told people what he was doing.

"I felt like a single parent," Pamela said.

The Slones had four children — toward whom Victor would show even more irritation. In his last years, Pamela said, he spent very little time with her or the children.

Then she found the statement from their life insurance company, showing he'd borrowed \$5000 against their policy. Pamela was stunned, but unsure how to

deal with the problem. Any questioning of anything he did would bring his anger toward her in return.

"I sat on that for about a week, just praying. What is going to happen here?" Pamela wondered, thinking that her husband would become infuriated if she confronted him.

"But I never got a chance to ask him."

Victor collapsed one night of a heart attack.

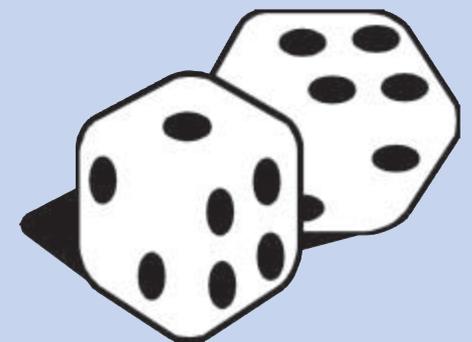
#### Remaining debts

The consequences of Victor's addiction remained.

Eventually several of their credit card bills arrived, showing not only a few car repairs and other necessary expenses, but over \$25,000 in borrowed money for unknown purposes — clearly gambling-related, according to Pamela.

Much of Victor's life insurance money went to cancel those debts.

Pamela sometimes battles with remnant anger towards Victor, especially for the lost time he could have spent with her and the children before his death. "But there's really no way to resolve it," she said. "You just have to move on in life."



Though Victor's addiction began with Internet gambling, Pamela cannot imagine what people could undergo if more expansion was allowed, particularly casinos.

"[People] think about gambling in terms of local businesses and whether or not that money is going to help them or are they not going to get that money," she said. "But there are emotional factors that you just can't plot on a graph: wasted time and shattered trust."

If casinos come to Kentucky, Pamela suggests that even more individuals and families will suffer.

"There are going to be marriages torn. I see this as an addiction just the same as alcoholism," she said. "Yes, it was my husband's addiction, but it affected the whole family."

\* Names changed for privacy

# Trusted employee rocks small business

*Even good people can go wrong when confronted with gambling debts and gambling addiction.*

Tom Riesbeck has been in the trade since 1961, starting his own plumbing firm in Lexington in 1977. “The business has a good name and a good clientele,” Tom said, “so things were going pretty well.”

At least he thought so — until an IRS agent showed up at his door on a Wednesday morning in February and said that Tom owed the government about \$50,000.

“He was straight and to the point that he wanted it,” Tom said. “I told him there could be no way I owed that money. . . . I figured that they had made a mistake somehow.”

But the mistake was not the IRS’s. That following Sunday, Tom’s bookkeeper, “Becky,” arrived at his house with a tearful confession: she had been writing business checks to herself for eight years to feed her gambling problem. And to cover some of it, she had failed to pay the business’ taxes.

### Shattered ‘family’

The revelation was crushing to Tom. While re-telling the account, his voice wavered.

“She’d been with us for 16 years,” he said. “She was a friend of mine and a friend of my wife’s. . . . We would basically consider her our daughter.”

Becky had cried on Tom’s shoulder for a long time after she told him. She even worked a few days after her confession.

But, of course, her position could not last long. Tom had to find a new bookkeeper.

“It just devastates you. There’s no other

explanation for it. Your emotions run the gamut from anger to discouragement. You’re hurt.”

In retrospect, her confession explained the increased stress Tom had been experiencing in recent years trying to keep his business afloat with all the demands of the everyday business world. With money leaving through the back door of the business, Tom had redoubled his efforts and increased his hours only to be “rewarded” with a heart attack three years ago, followed by open-heart surgery.

**“She’ll go to prison. I don’t want to see her in jail because I can’t see her surviving there — but I can’t believe she’s done this either.”**

— a co-worker

### Starting small

Teresa Slone, Tom’s accounts receivables manager and Becky’s best friend, had known her for more than 30 years and knew of her small gambling ventures with her boyfriend. But both Teresa and Tom thought *small* was all they were.

“It started with bingo,” Teresa said. “And then when the boats came [in Indiana], they started going to the boat every night, apparently — unbeknownst to me. She hid it well.”

“And of course, we trusted her and we believed in her.”

Now they’ve spent more than a year and a half trying to determine exactly how much Becky stole from the business. The total could be as high as \$750,000.

All of it is gone forever — lost to bingo halls and the riverboat casinos.

“She obviously felt she could get away with it,” Tom said. “To do it for eight years and come in every day and

just make conversation. . . . It was just easy money.”

But it did not take long for her easy-money “entertainment” to become an addiction.

### Truth and consequences

“She’ll go to prison,” Teresa said, her eyes moist. “I don’t want to see her in jail because I can’t see her surviving there — but I can’t believe she’s done this either.”



Tom Riesbeck

**“I see that there are two victims — Becky and myself. And I forgive her. The unfortunate thing is that all the casino folks talk about is ‘the revenue they raise.’”**  
— Tom Riesbeck, owner

On Easter weekend, two months after learning of her embezzlement, Tom helped Becky enter a rehab hospital. Afflicted with severe depression, her thoughts had turned suicidal. “I agonized for four days before I called her parents.

Her life had been going well,” Tom said. “Now what does she have to look forward to?”

All the employees were devastated — they felt betrayed because they were all working to make the firm succeed. But the business will move on, Teresa said. She wants to help Tom rebuild the business to be even stronger. But she said her wound will never fully heal. She herself has entered counseling.

Most at fault, Tom said, is the great lie: the lie that you can get something for nothing. “That’s where the problem is,” he said.

And the same deception afflicts those who buy dozens of lottery tickets, hoping to hit it big, he said.

As a businessman, even now working to rebuild what was lost through a close employee’s gambling addiction, that viewpoint couldn’t be further from his own, he said. “An honest day’s work for an honest day’s pay is what [I] desire.”

“I see that there are two victims — Becky and myself,” he concludes. “And I forgive her. The unfortunate thing is that all the casino folks talk about is ‘the revenue they raise.’”

## TESTIMONY by Jo Strong

# “I lost my mother to the casinos”

*How can we even consider an industry that causes so much pain and destroys so many people?*

Sixteen years ago, my mother’s “ladies” outing at the Greyhound Dog Track in Cross Lane, W.V. changed her life forever.

She was a deaconess in her Baptist church, Sunday school teacher and Girl Scout leader; she had started a special education Sunday school class back in the ‘70s, played in two bridge clubs and belonged to The Women’s Club — an upstanding member of society.

That was until she found slot machines at the dog race track.

### “Shangri-La”

More than a decade later, my mother had gambled away over half a million dollars. She put my father in his grave by losing everything he ever worked for. Though he had Alzheimer’s, she would leave him for days to go gamble at the slots.

After he passed away, she sold the house and continued to gamble until those proceeds were gone. She traded down her 2005 Saturn Vue for more cash to gamble, then traded the second car down again — and repeatedly — until she had no vehicle at all. She alienated friends and family by showing up on doorsteps at midnight begging for money. She hawked items that were passed down in our family. The former upstanding member of society had become a chronic gambler, living for the slots.

My three siblings and I attempted to get

“conservatorship,” but no doctor or judge would declare her incompetent. Apparently, it’s not against the law to throw away your own money.

In October 2005, she was evicted from

**The only time the casino ever called was when she had lost all her money and was in their way.**

a shotgun apartment, and she owed \$450 to the phone company and \$5,000 to a loan company. Even with her generous Social Security income and my father’s pension, she was destitute. We moved her to Florida to live with my sister until we could possibly straighten out her finances and, we hoped, get her help.

### Tough love

Three times my mother has disappeared someplace to gamble — and run out of money, been kicked out of the hotel, and called us to come and rescue her. We had obliged.

Then came the fourth time. On Dec. 9, 2005, she left Florida via Greyhound bus, unbeknownst to my sister. She hooked up

with a cohort in Charleston, W.V., then went to *Caesar’s* in Indiana. There, she overstayed her welcome, and four days later the casino’s security called me to come and get her. This time, I said “No.”

The only time the casino ever called was when she had lost all her money and was in their way.

My mother ended up at Wayside Christian Mission in Louisville, and my siblings and I made the very difficult decision to leave her there — the hardest thing I have ever done in my life.

But I thank God for Wayside. They gave her a warm, safe place and some much-needed counseling while she was there. She stayed there until Christmas Eve, and I brought her to my house for the holiday. Now she is back in Florida with my sister. For how long, who knows?

### Keep it here?

My mother’s 16-year decline into addiction and despair is not the only account of gambling’s destructive influence. I hope the people in Kentucky decide to “Keep It Elsewhere.”



Jo Strong

## The Kentucky CITIZEN

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**OPINION:** The green tights aren't the only things that are repugnant about this hero's makeover.

# KEEP's "Robin Hood in reverse" plan

When I was young, I read a lot of stories. One of them was about Robin Hood, who stole from the rich and gave to the poor. I know you're not supposed to steal even from a rich person, but you had to like the guy. The green tights were a little much, and his methods left something to be desired, but he meant well.

Robin Hood had a good image, one he didn't have to spend a lot of

advertising money to create. He was on the right side, and everyone knew it.

I imagine, however, that Robin Hood would have been a whole lot less popular if, rather than stealing from the rich and giving to the poor, he had stolen from the poor and given to the rich. If that had been the case, he would definitely have had to hire expensive media consultants and take out pricey newspaper and television ads putting a good spin on his exploits.

That is the situation in which proponents of expanded gambling in Kentucky find themselves. An organization calling itself KEEP (Kentucky Equine Education Project) is trying once again to convince Kentuckians that the horse industry is in trouble, and needs what amounts to a financial bail out by allowing casinos at horse tracks.

Does the horse industry really need to be bailed out? If you're ever tempted to think so, just ask yourself these questions:

If the horse industry is hurting, why was Churchill Downs has been described in a Lexington Herald-Leader article as "the most successful racing company in the United States"?

If the horse industry is hurting, then how do you explain that the 2006 and 2007

Kentucky Derby drew the second and third largest crowds (only the 1974 100th anniversary race was higher) in the history of the race with the highest and second highest amounts ever wagered?

If the horse industry is hurting, how do you explain the fact that Keeneland's November 2006 Breeding Stock Sale grossed an all-time high of \$313 million and its the 2006 September Yearling Sale grossed \$399 million — the largest sales event in history worldwide. These are not exactly indications of severe poverty.



Oh, and have I mentioned their recent \$5 million ad campaign or the tens of thousands of dollars they have spent trying to curry favor with legislators?

If this is how the poor live, sign me up.

Let's face it. When you think about poverty in Kentucky, the horse industry is not usually the first thing that comes to mind.

The horse industry is not in trouble. On the contrary, its remarkable success is something of which, as Kentuckians, we can all be proud. KEEP officials need to be shooed off the public airwaves and told to

drop the poverty act. They need to be told that it's not only deceptive, but unseemly for a reputable industry to act this way.

KEEP's casino plan is also bad public policy because the implications are not equitable for all Kentuckians.

Who will suffer the most when it comes to losing money at the slot machines they're planning to pollute the state with? Well, we know who buys lottery tickets. Anyone who makes the mistake of not paying for their gas at the pump has waited in line behind people



**Martin Cothran is senior policy analyst for The Family Foundation**

buying their lottery tickets. More often than not, they are those who can least afford to throw away their money.

The Lottery has built its success on the backs of people who really can't afford it. And now the Lottery money is funding the KEEPS scholarships, which, in all likelihood, are going to the children of families from middle and upper-middle class families.

KEEP's plan to steal more from the poor and give more to the rich is the next step in the implementation of this Robin Hood principle in reverse.

Kentucky is one of the nation's poorer states. It doesn't need policies that help make its poor even poorer.

**OPINION:** The misappropriation of time and energy for casinos is a waste of the state's social and economic capitol.

# Imagine the whole boat rising

Imagine for a moment if all the time and energy spent in recent years deciding whether to expand gambling in Kentucky had been invested instead in developing sustainable economic strategies for the Commonwealth. This misappropriation of time, this poor investment of social and intellectual capital, might have alternatively been devoted to improving our public education system, developing our workforce, comprehensively reforming our antiquated tax system, or restoring discipline to outlandish "re-election spending."

Here we are though, and the issue is highly important for all Kentuckians, gamblers and non-gamblers alike. The scholarly data is conclusive when it comes to proximity to gambling: the more venues, the more addicted gamblers. And more addicted gamblers mean higher taxes for non-gamblers as other businesses lose revenue, families go bankrupt, crime increases, and public assistance programs grow.

Our Commonwealth will only be as well off as the least among us — the very same demographic group most attracted to the seductive false hope of casinos. When their conditions worsen, the more fortunate

of us pick up the tab. As their conditions improve, our whole boat rises. Rather than invest in improving our collective economic condition, some suggest allowing a business that can only worsen the conditions of economically disadvantaged Kentuckians.

Promoters of the Casinocrat agenda are a narrow special interest comprised of prospective casino owners, others who stand to financially benefit, and pro-casino politicians addicted to developing new sources of campaign contributions. These same politicians enjoy governmental spending, whether it's necessary or not. They love ribbon cuttings on overpriced luxuries, while our schools become more crowded, our bridges creak, and our roads devolve. They suffer from a courage deficit when it comes to increasing spending discipline and catalyzing fundamental change in taxation.

The only other supporters are the "gamers," those who consider losing money and getting nothing in return to be entertainment. And today they have more opportunities to do that than at any point in history.

Now we hear the casino crowd,

wrapped in their perverted view of our state Constitution, wailing "Let the People Decide." They are in fact suggesting that we undermine the integrity of our representative government. In reality, the Constitution provides the legislative process for the in-depth analysis required by complex public issues, which affords elected officials opportunities to become educated on the issues they consider, a critically important feature of our democratic system.

Few have considered why we have a constitutional prohibition on casinos. Our current Constitution was ratified in 1891 in the wake of numerous cases of governmental corruption by gambling interests throughout the country. Our elected officials and the voters of our state recognized the need for controlling these corruptive influences.

Direct democratic activity like a referendum on casinos requires an educated populace for the common welfare to be served. Casino promoters are familiar with our electorate, and they know many people will vote with false hope for the big windfall, when in fact they are considering a new tax. Our Constitution requires our elected officials to convince the electorate



**John-Mark Hack is chairman of Say No To Casinos**

of the need for new taxes. It prohibits them from sidestepping this fundamental obligation by levying shadow taxes like casinos. And casinos are indeed a new tax in Kentucky. Kentuckians put money in, while casinos and government take money out.

Instead of devoting so much energy to repeating the mistakes of our past and expecting different results, imagine what we could accomplish by developing new opportunities for constructive and empowering economic activity, restorative and sustainable development, progress and promotion, growth and giving. Imagine the whole boat rising.