

## Responsible and Reasonable

The Merriam Webster Dictionary defines “entertainment” as an “amusement” or “diversion.” Gaming in the United States exceeds all other forms of entertainment combined, with revenue in excess of fifty billion dollars. The primary objective of Responsible Gaming programs is to keep gaming within the parameters of “amusement” by providing a safety net. Responsible Gaming programs are often a result of legislative requirements that are attached to the gaming regulatory statutes and rules in the various gaming jurisdictions. Most jurisdictions establish responsible gaming regulations when gaming is legalized in the jurisdiction; others enact the legislation subsequent to the legalization of gaming within the jurisdiction. Most programs evolve as a result of the three major prongs of responsible gaming development: regulatory compliance, changes in technology, and the internal commitment of the casino licensees.

There are several examples of Casino driven responsible gaming programs. The state of the art program is Harrah’s Code of Commitment launched in 2000 that produced company-wide, all premise self-exclusion and self-restriction programs with time limit options of one year, five years or permanent.<sup>1</sup> Harrah’s was the first commercial casino to officially address problem gambling.

Harrah’s was the first casino organization to post warning signs, distribute literature about problem gambling, and inform players of where to get help (now a requirement for all Nevada casinos), and Harrah’s has instituted voluntary bans.<sup>2</sup>

The recently launched Ambassador Program has raised the bar for a casino initiated program. In this program all front of house personnel are trained to listen to customers. These employees might hear a statement such as, “This is no longer fun” or “I just lost the rent money,” or some such woe. The Ambassador Program is workable for the casino because it does not assume that behavior is the trigger to recognizing a gambling disorder. Casino employees are neither trained therapists nor gambling treatment counselors. This program does not put employees in the position of having to recognize the “signs and symptoms” of a gambling disorder. Many state statutes, including those in Louisiana, do require that casino employees be trained to recognize signs and symptoms of problem gambling. This requirement puts an employee in a position for

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<sup>1</sup> Harrah’s Entertainment National Responsible Gaming Programs, Policy, Technology, Training and Evaluation. Third International Conference on Gaming Industry and Public Welfare, Beijing, P.R.C. Jennifer Shatley and Dean Hesterman, November 2006. Note: Information regarding the Ambassador Program is used with the consent of Harrah’s Entertainment.

<sup>2</sup> Casino Lawyer, Volume 3, Number 2, Spring 2007. The Swiss Social concept: Something for Las Vegas? William N Thompson.

which most have limited training and uses indicators that employees often feel are vague or subjective. As a result, the employee might be reluctant to report an incident.

Under the Ambassador Program, employees are trained to listen and report indicators that are objective and illustrated in situational training examples. Both front and back of house employees report what they have heard to Ambassadors who are on the floor twenty-four/seven. Ambassadors have additional intensive training in intervening and dealing with sensitive customer issues related to indicators. Because of the clearly established procedures for dealing with potential problem gambling situations, the employee response to the program has been overwhelmingly positive. Following a test of the program at Harrah's New Orleans property from June to August 2004, an employee evaluation of the program found overwhelming approval of the clear-cut guidelines, roles, reporting procedures and feedback to front line employees.

Additionally, responsible gaming programs such as Harrah's commitment program provide positive risk management benefits to the licensee. One major risk management benefit of the intensive reporting and documentation requirements of the program arises in the area of customer disputes. The responsible gaming log is a company-wide reporting document of incidents related to problem gambling. Often someone on the brink of financial ruin resulting from gambling beyond his or her means will challenge gaming operation results. The best defense in customer disputes is documentation. (See *Casino Lawyer*, Volume 3, Number 1, Winter Issue 2007, pp. 22-25. "Patron Disputes: A Review of the Perils", Tina Rose Singletary.)

Additional benefits to casino commitment programs such as the one discussed above are in managing financial risks inherent in the casino industry. The technology required by a company wide program also helps control areas such as customer credit risk, check cashing risk, casino player card benefits and comps, and W2G jackpots. It is never to the benefit of the casino's bottom line to extend credit to someone who is "betting the farm" and the rent check and is on the edge of financial devastation. If a problem gambler is in serious financial trouble, he should not be offered credit, comps or other enticements to participate in gaming.

As far as the National Consumer Credit Standards are concerned, the credit risk starts at the time the line of credit is approved.<sup>3</sup>

In the above cited article, the author quotes a "profound statement" by a colleague, "We always have to assume that every casino credit customer will eventually go bad. The key is to make sure the customer's lifetime losses exceed the final write off." This statement might sound brutal, but it is brutally honest in that it further illustrates a benefit to the licensee in monitoring

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<sup>3</sup> Casino Enterprise Management. Volume 5, Issue 4, April 2007, p.28. "Casino Credit and Marketing:

Walk the 'Ego Line' or Follow the Four Cs?" Al Zayas.

potential problem gamblers. Allowing a problem gambler to continue to play is simply not sound business practice. Further, in some jurisdictions, sending marketing information, extending check cashing privileges and credit to an excluded person is a violation of responsible gaming rules and statutes. A further benefit of a company-wide program is in reducing the risk of compliance violations. A simple risk/benefit analysis will show that the risks of harboring an additive gambler far outweigh the benefits to the bottom line. Bad press, regulatory offenses and growing fines have a negative impact on the licensee. It becomes obvious that listening to the customer's indicator of a potential problem carries its own rewards.

The second area that drives responsible gaming program evolution is legislation. In a recent article in *Casino Enterprise Management*, the authors state:

Anyone who elects to participate in the gaming industry-whether as an owner, operator, or employee- surrenders many rights normally associated with ordinary commerce, and subjects themselves to the awesome authority of a regulating body.<sup>4</sup>

In this same article the authors further state that “both regulators and licensees share common goals: the protection of assets and public confidence in fair games.”<sup>5</sup> Most jurisdictions have statutes and rules that require some implementation of some degree of responsible gaming programs by licensees. In those jurisdictions where responsible gaming requirements were not part of the initial regulatory scheme, some form of responsible gaming program has evolved, driven either by the licensees' internal controls and corporate policy or by recognition by executives that responsible gaming programs are an essential part of risk management. Most executives recognize that all of the positive press generated by cash flow to the states, contributions to economic development with construction and related business growth, and contributions to local not-for-profit organizations can be negated by one front page article related to some local businessman, housewife or public employee being incarcerated because of criminal activity that the offender claims is a result of out of control gambling. Regulatory compliance, risk management and public relations issues are all incentives that contribute to the licensees having strong responsible gaming guidelines. The incentive for the states to regulate the industry is not only to provide a safety net for its citizens, but also to instill the necessary public confidence in the gaming business, resulting in greater revenue.

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<sup>4</sup> *Casino Enterprise Management*, volume 5, Issue 4, April 2007, p.54. “A Critical Balance: Regulators' Complicated Role in the Casino Environment”, Patrick B. Leen and Thomas C. Nelson.

<sup>5</sup> Leen and Nelson, p.56.

In Louisiana, ten years after its legalization in 1991, gaming had become the fifth largest source of revenue for the State of Louisiana. It is now fourth. According to the Casino Association of Louisiana, the riverboat gaming industry pays more than all other corporations combined, paying 21.5% in franchise fees plus other taxes. A combination of local fees, property taxes, benefits, procurement, capital investment and improvements, charitable contributions, admissions and visitor spending for the riverboat industry contributes almost 2 billion dollars annually to the economy in Louisiana. In addition, casinos pay over \$335 million in franchise fees to the state. Combined with other forms of gaming, such as video poker, the land casino in New Orleans, slots at the race tracks, the total revenue is approximately \$700 million, and the economic impact to the State of Louisiana is conservatively \$ 3 billion.

Louisiana first addressed the issue of compulsive and problem gambling in July of 1995 with initial rules adopted by the Louisiana State Police, Riverboat Gaming Enforcement Division. These early rules provided procedures for requesting voluntary self-exclusion and mandatory exclusion and imposed a responsibility on licensees to identify and exclude such individuals. The legislature added statutory requirements in 2001, and in 2002, the licensees were required to submit a Compulsive and Problem Gaming Program within 120 days of the effective date of the rules.

Some of the key elements of the programs deal with board and self-excluded persons-duty to identify, eject and report, prevention of marketing and promotional mailings, and confiscation of funds- underage gambling, posting legal age and curfew laws, unattended minors, posting of the helpline number, employee assistance programs, alcohol regulations, providing materials on problem gambling and assistance programs, and employee training. All of the Louisiana licensee programs were found to be in substantial compliance with the statutory requirements of the statutes and rules in April 2004. The Louisiana programs require that the licensee's staff undergo training to recognize the signs and symptoms of problem gambling. Judging from the success of the Ambassador program which focuses on verbal communication and recognizes the difficulty and liability inherent in training non-medical personnel to identify problem behavior, regulators might wish to examine other industry generated programs that not only raise the bar on standards but also provide programs that work.

At a past conference in Los Angeles, Dr. Timothy Fong of the UCLA Gambling Studies Program stated that the societal cost of pathological gambling, in the form of theft, loss of productivity, suicide and poor general health translates to \$5 billion per year. Legal gaming in the US is a \$55 billion industry. This is over ten times the movie industry alone. The gaming industry in Mississippi is the largest employer in the state, and there is no one in the Gulf Coast area who has not heard of the magnanimous contributions made by the casino industry in the aftermath of Hurricane Katrina. Because gaming has become a part not only of the economy of the states where gaming is legal but a part of the social fabric, it is incumbent on regulatory agencies to work with the industry to enable them to provide safe and fair games. In their article, Leer and

Nelson stated that the job of the regulator is not to run the casino, but to hold the casino responsible for proper operation.

Internationally, jurisdictions are facing similar issues in regulating gaming and determining how much is too much. The Swiss Social Concept is a case in point. After the 1993 approval of limited gambling in Switzerland, about 19 casinos formed a national association to standardize the licensing requirement of responsible gaming programs.<sup>6</sup> The casinos have a Social Concept Committee which consists of employees from across the casino, including a consulting psychologist or psychiatrist. Training of employees is intensive and employees are required to report signs and symptoms of problem gambling to the committee. Further, customers must show identification at the door and in turn receive brochures regarding signs and symptoms of problem gambling.

Employees report [critical] signs [which] include: 1) player verbalization about suicide; 2) tantrums- yelling, cursing, or throwing objects; and 3) a player's failure to use a restroom when necessary.<sup>7</sup>

Following a report, the player is banned from casinos throughout the country. "Less critical but serious signs include: changing appearance, demonstrating a lack of sleep; acting nervous; looking about suspiciously; or changing bets in unusual ways."<sup>8</sup> Patrons can be referred to the committee by a third party such as a family member or another patron. Review of patron bank records and required treatment, sometimes paid for by the casino, are part of the program. Professor Thompson states that a study of the effectiveness of the program is unavailable at this time. Although Professor Thompson suggests that a program such as this one would be too cumbersome even for Las Vegas with its 162 casinos and numerous other gaming venues, he states, "American casinos should show the same concern for troubled gamblers that is shown by the Swiss Social Concept."<sup>9</sup>

The final prong of responsible gaming program evolution is inspired by technology, including the "mechanical nanny", such as clocks on slots, player tracking systems, face recognition systems, money in and out reports, time lapse indicators and so on. Companies such as IGT are constantly testing new systems in controlled environments.

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<sup>6</sup> Casino Lawyer, Volume 3, Number 2, Spring 2007, p.12ff. "The Swiss Social Concept: Something for Las Vegas?" William N. Thompson.

<sup>7</sup> Thompson, p.12.

<sup>8</sup> Thompson, p.13.

<sup>9</sup> Thompson, p.14.

Some recent ideas to assist in managing the problem gambler risk include a proposal introduced in Pennsylvania and currently in West Virginia to require operators to send monthly financial statements to every gambler.<sup>10</sup> Others include technological devices that would alert the gambler as to how much he has bet, the time he has spent on the game and, if the device includes a “nanny system,” how much time he has to play before he clocks out. Although these suggestions might work in certain cases, in general a problem gambler will probably chase the bets if he is aware of how much he is down or double up if he is about to reach his time limit. In addition, as Keith Whyte of the National Council on Problem Gambling points out, the tracking is done after the money is spent and the damage is done. One possible benefit of technological devices is that the systems could provide early warnings and flag potential problem gambling activity using the information in combination with player tracking cards. Depending on the amount of information that the casino player tracking system includes, there might be valid concrete information to be gleaned from the system that could be used to assist in identifying potential problem gamblers, thereby managing the inherent risks.

Other technological advances that could assist licensees with internal control of problem gamblers include Guardian at the Gate systems, developed by Atronic Systems, which uses a light system to identify underage or excluded gamblers, and the Speed Gate ID System. Although the US industry could examine this and other systems to identify any potential application, current business practices would require that the technology not be a barrier to speedy entrance. Most responsible gaming programs require the licensee to identify excluded persons at the point of entry. Face recognition systems such as Cross Match could reduce this potential risk of statutory violation and fines by controlling the occasional predatory problem gambler who constantly tests the entry system in hopes of catching the licensee in a violation of his self-exclusion, thereby laying the foundation for a lawsuit against the casino.

In considering the development of responsible gaming programs, the most expedient approach for regulators and the industry is reasonableness. To act otherwise places us in the paradoxical situation described by a British writer who states:

...surely it should not be considered some form of sacrilege to at least question how we have reached a situation where it is deemed less important to protect the 99 percent of gamblers who gamble without problems...than to safeguard the interests of the one percent or so who do have problems controlling their gambling.<sup>11</sup>

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<sup>10</sup> National News, National Council on Problem Gambling, Winter 2007, Vol.9, Issue 4, p. 10.

<sup>11</sup> Casino and Gaming International, 2007 Issue, pp9-12, “Creating the Right Message and Supporting Proportionate Regulation”, Clive Hawkswood.

Responsible Gaming Programs evolve from industry, regulatory and technological advances. Regulators must recognize that statutorily driven programs should be reasonable to ensure that the objective of protecting the health, safety and welfare of constituents is, in fact, accomplished. The industry must recognize that responsible gaming programs are a risk management tool that should be an inherent part of business practices. With both industry and regulatory responsibility, the benefits are mutual: industry benefits through risk management; regulators benefit by providing safe entertainment and the resulting revenue to their jurisdictions. <sup>1</sup> Daily Herald. Arlington Heights, Illinois. July 27, 2005.