

WHO'S HOLDING THE ACES?

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*There is a frightening link
between compulsive gambling
and crime.*

Gambling in Australia — the state of play

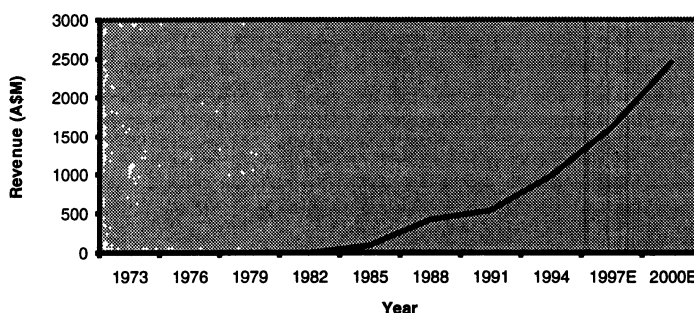
It has been said that Australia's recreation-based attitude accounts in part for the love of gambling that its citizens possess. The figures lend support to this. Indeed the gambling industry is one of the fastest growing sectors of the Australian economy, having grown by an amazing 30% in each of the past two years, now an industry having a turnover in excess of \$73 billion a year.

To put this in perspective, Australians outlay \$2073 a head on gambling annually. This compares with the \$900 spent by Americans and \$1750 outlaid in Hong Kong. Furthermore, the impending opening of the permanent Casino in Sydney will see the number of poker machines in that State rise to 104,000, which compares favourably to the 160,000 that exist in the world's gaming capital, Nevada. Recent research has indicated that the most favoured form of gambling is poker machines with \$24.6 billion outlaid on them every year.¹ Other significant forms include race betting which accounts for 17%, lotteries which make up 16%, as well as other casino-related gambling such as card games which accounts for 13% of gambling turnover.

Trends in gambling — an increasing problem?

Over the past 20 years there have been significant increases in all major forms of gambling. Casino expenditure has climbed markedly in this time with the legalisation of such complexes. Since 1985, revenue has increased from just over \$200 million to nearly \$2 billion. It is expected that revenue will further increase as the effects of the permanent casinos in both Sydney and Melbourne are fully felt. Indeed, the International Gaming and Wagering Business Organisation forecast that casino expenditure will top the \$3 billion mark by the end of the century (see *Fig. 1*).²

Figure 1. Australian casino revenue



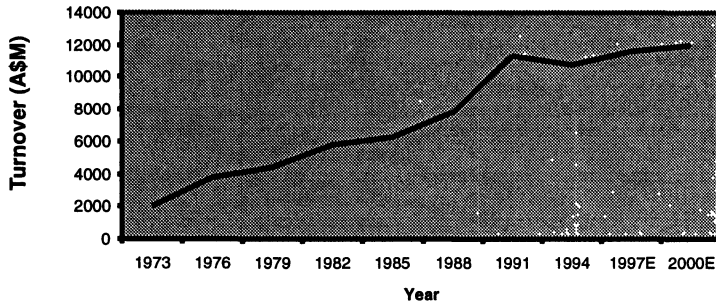
Source: James Capet (Australia), Tasmanian Gaming Commission, 1995

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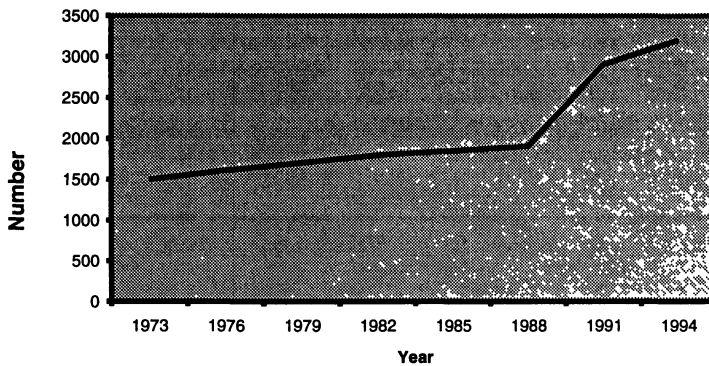
Racing turnover seems to have levelled out in recent years, suggesting that people's money is being directed elsewhere. However, with regard to racing, turnover has increased 12 fold since 1972 (see Fig. 2). This trend is echoed in Fig. 3 with the TAB, where the number of outlets has risen from 1500 in 1972 to over 3500 in 1996.

Figure 2. Australian racing turnover



Source: Totalisator Agency Board of NSW 1994

Figure 3 — Number of off course TAB outlets in Australia



Source: Totalisator Agency Board of NSW 1994

A link between crime and gambling — the research

It has been shown by several studies that between 21-85% of diagnosed pathological gamblers commit criminal offences motivated by the need to continue gambling. On this point, two recent Australian studies are worthy of discussion. The first is a piece of 1989 research conducted by Blaszczynski, McConaghy and Frankova.³ It was found, after surveying 109 pathological gambling patients, that a staggering 54.1% of the sample group admitted to a criminal offence that was directly related to their gambling problem, while 21.1% had been charged for such an offence.

To reinforce the validity of this research, a second study was conducted in 1996 by Blaszczynski and Steel.⁴ This study, in examining a control group of 115 subjects, found that 58.3% of the group made an admission to a gambling-related offence and that 22.6% had been convicted or charged for such an offence. It is striking to see the remarkable similarity between the two pieces of research. In both, over half of the subjects surveyed admitted that gambling actually did lead them to criminal behaviour.

There have been numerous other studies conducted worldwide which confirm this hypothesis. Brown for instance,

after examining 107 English and Scottish men involved with Gamblers Anonymous, found that 82% admitted to committing a gambling-related offence and 51% had been convicted for such an offence.⁵ A similar result was obtained by Bland.⁶ Here, his random screening of 7214 residents found that 0.42% could be classified as 'compulsive gamblers'. Of these, 60% had committed a criminal offence to support their habit. Further research by Lesieur,⁷ Greenberg and Rankin,⁸ and Custer and Custer⁹ serves to reinforce the validity of the contention that there is a definite correlation between crime and gambling, as does the 1997 report of the Victorian Department of Human Services *Client and Services Analysis*. Additionally, a second report has been produced showing that crime among those seeking assistance from Break Even Problem Gambling Services has risen from 22% in 1995-96 to 30% in 1996-97.

The US Research

There has been much interest in the United States on the social effect of casinos. In particular, studies¹⁰ have found that in Atlantic City, Gulfport and Mississippi, crime has increased steadily since the construction of casinos in that city with the crime rate in Atlantic City rising an incredible 258% within 10 years of the legalisation of casinos.

Furthermore, three years after casinos were legalised in Deadwood, South Dakota, felony crimes increased by 40%, child abuse was up 42% while domestic violence and assaults rose by 80%. These statistics are compelling evidence of the effect gambling has on crime. However caution must be taken in attributing the totality of these increases solely to gambling. Indeed the construction of these complexes invariably attracts people to the area which itself is a catalyst for crime. This phenomenon, known as 'the entertainment problem' will be dealt with later.

Types of offences committed

The Blaszczynski research of 1996 looked at the specific type offences that tended to be committed by 'pathological gamblers'. As such it represents compelling authority on the issue. The results are summarised in Fig. 4. From these statistics it can be clearly seen that larceny and embezzlement predominate as the type of crime most often committed, which throws some weight behind the argument that the type of crime committed by gamblers is generally 'white collar' crime.

Figure 4 — Type of offence committed by those admitting to a gambling-related offence¹¹

Armed robbery	5.1%
Burglary	8.9%
Drugs	2.5%
Shoplifting	5.1%
Larceny	35.4%
Misappropriation	2.5%
Embezzlement	40.5%

Interestingly enough, these figures seem to reinforce the results of other research, which show gamblers' offences to be primarily non-violent offences against property. The most frequently committed offences, as confirmed by Blaszczyński, include forgery, fraud, larceny and tax fraud. Brown and Lesieur especially note this correlation. Indeed, 47% of Puig's study had engaged in some form of insurance fraud.¹²

Socio-economic groups and gambling

A further breakdown of the statistics from Blaszczyński's 1996 study can be conducted in reference to the relationship between socio-economic status and gambling-motivated criminal activity. The results are shown in Fig. 5.

However, it is important to bear in mind that these figures deal with the relationship of gambling-related crime and social status as opposed to *gambling activity* and status. In this way it logically follows that gamblers from lower socio-economic backgrounds require money to finance their habit and, not being a part of the more affluent class, they resort to criminal activity to make up the shortfall. What these figure *are not* saying is that the lower class gambles more. Studies such as Brown's have shown such suggestions to be untrue.¹³

Figure 5 — Relationship between socio-economic status and gambling motivated crimes.¹⁴

Class A (Upper)	0.0%
Class B (Upper Middle)	27.3%
Class C (Lower Middle)	54.5%
Class D (Lower)	18.2%

Why the link? — the post behavioural cycle

Having established that there is a link between gambling and crime, it is important to attempt to understand the reasons behind compulsive gamblers' behaviour. Studies have recognised that the need to maintain the gambling addiction, and not the desire for personal economic gain, appear the principle motivation for the criminal behaviour of the gambler.

In this regard Lesieur in a detailed analysis of 50 pathological gamblers, formulated the sequence of events by which excessive gambling leads to criminal activities.¹⁵ Essentially, compulsive gamblers go through four main phases, which influence their activity and, ultimately, lead them to crime. This chain of events may be referred to as the 'post behavioural cycle'.

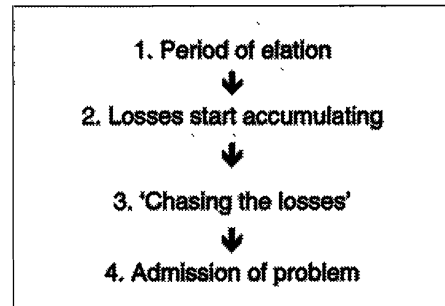
In the first place, the initial stages of a gambler's career, occasional gambling may lead to wins. The psychological 'high' that follows is dominated by the thrill of success and a positive expectation of continued winnings which, in turn, causes a return to gambling. However, the higher the frequency of gambling, the more likelihood of loss. Typically then, the gambler next goes through a period of losses where debts and other undesirable social effects are in the process of formation.

The third stage is 'post behaviour' which stems from this. More to the point, faced with mounting financial damage caused by unfavourable gambling results, the individual seeks to, as Lesieur describes, 'chase the losses' by further engaging in gambling activities this time with the rationale that it is necessary, not for thrill, but to recoup losses.¹⁶ Often gamblers encourage themselves by rationalising that, in light of all past losses, a win is not far away. It is in this period that

the need to commit crime reaches its crescendo, with an increased hunger for gambling being fuelled, once legitimate financial sources have been exhausted, by criminal behaviour.

The final phase is recognition by the individual that there exists a real problem. Indeed, in three-quarters of cases, gamblers seek treatment.¹⁷ The recent recognition of the American Psychiatric Association of the genuine medical problem involved with this disorder gives scientific credence to this gambling cycle (see Fig. 6).

Figure 6 — The post behavioural cycle



The 'entertainment problem'

A problem associated with research into the link between gambling and crime concerns what has been termed the 'entertainment problem'.¹⁸ For instance, there have been reports, such as that released by the Attorney-General of Maryland in the United States,¹⁹ which have attributed a 258% increase in Atlantic City's crime rate over the last decade to the gambling-related effects of the casino. However, as Ochyrym points out, there are corresponding increases in crime when 'entertainment areas' such as Business Convention centres and Tourist Resorts are constructed. Furthermore, the types of crime committed in the vicinity of these areas tend to be the same — prostitution and street crime, both associated with the increased wealth business people and tourists bring to the area. An important point to realise is that casinos themselves are entertainment venues. Critics, who cite the high crime rates for such places as Atlantic City, Las Vegas, and Gulfport, fail to understand the relationship between tourism and crime.

The reasons for this tourism-crime nexus are twofold. In the first place, as tourist levels increase, population increases, and more people concentrate in an area, logically there is more crime. Second, tourists possess a number of characteristics which necessarily increase their chances of being victimised, such as the probability that they are carrying larger sums of money, as well as other forms of 'portable wealth'.

The studies tend to reinforce these contentions. Fukunga observed that in the five years after a resort opened in a previously rural area on the island of Hawaii, the number of crimes increased 300%.²⁰ Likewise Fujii and Mark, in a study also based in Hawaii, concluded that an influx of tourists, compared to an increase in any other sub population group, had led to an increase in crime.²¹

Ochyrym took a different tack, examining the relationship between street crime, tourism and the legalisation of casino gaming in Atlantic City, New Jersey.²² The study demonstrated statistically and conclusively that casino gaming was not the only significant factor explaining the increase in

'street crime' in Atlantic City. It was observed that the increase in street crime was significantly related, at least in part, to tourism growth.

Communities such as Atlantic City and Las Vegas are cited for their respective high crime rates, mainly as examples in opposition movements to legalised casino gaming. The important point to note here is that these two communities have also, over the past years, ranked in the top five tourist destinations in the United States.

Obviously, when comparing the Australian situation of urban-based casinos and gaming cultures, a distinction must be drawn from the US resort-style gambling culture. It remains to be seen whether tourism will increase in our capital cities.

The role of government

Another area of concern with the reliability of statistics in the area of crime and gambling can be seen by the ambivalence of governments to officially sanction research in this area. In Australia for instance, there has only been one such governmental study, that being conducted by the Victorian State Government. But even there the issue of crime and gambling was only a minor part of the study.²³ The reluctance of government stems largely from their heavy dependence on revenue gained through legalised gambling. Since 1972 there has been an almost doubling of revenue gained from taxation and state run gambling, with the value of such contributions well over \$600,000 million to governments Australia-wide accounting for around 14% of total government revenue.²⁴ With recent developments such as the increased poker machine levy in NSW, the allowance of pubs in NSW to have poker machines, as well as the recently opened Crown Casino in Melbourne and the imminent arrival of the permanent home of the Sydney Harbour Casino, gambling is expected to account for around one-third of all revenue by the turn of the century.

Clearly, with such dependence on revenue, governments are reluctant to aid research into the politically damaging area of crime associated with gambling. The recent decision of the Victorian Government to cease funding to the Victorian Council of Problem Gambling shows the problems such lack of support can have. Without substantial financial help, it is impossible to conduct studies that are as thorough and concise as is desirable.

Hidden crime

Most of the statistics in the area of gambling relate to reported crime, and as such neglect important hidden effects; offences which almost always go unreported such as domestic violence and child abuse. Due to its nature, this 'hidden problem' often encompasses anecdotal evidence and reveals effects such as marriage break-ups, which although they may not involve crime, are nevertheless still relevant and worthy of discussion in this context.

Domestic violence

In 1995, the Illinois Council on Compulsive Gambling surveyed nearly 200 Gamblers Anonymous members and found that 16% were divorced due to their gambling addictions; another 10% had separated as a result.²⁵ In an earlier study of spouses of compulsive gamblers, Valerie Lorenz²⁶ discovered that 78% had threatened separation or divorce, and half had carried through their threats. Indeed, in Harrison County, Mississippi, the hub of the State's casino industry, the number

of divorces rose from 440 in 1992 to nearly 1100 in 1993, the first full year after the opening of the local casino.

Clearly the empirical evidence does suggest that gambling has an adverse effect on the family structure and domestic abuse — itself a major reason behind family break-ups.

Effects of gambling on children

The evidence pointing to the effects of gambling on children is both powerful and convincing. Central City, Colorado, for example, reported a sixfold rise in child protection cases in the year after casinos arrived.²⁷ Jeffrey Bloomberg, former State Attorney for the Deadwood, South Dakota area, cited a similar increase in his September 1994 congressional testimony, and described how children were being left in cars all night while their parents gambled.²⁸ Of equal concern was that this report showed that after three years of legalised gambling, child abuse was up 42%. Indeed, Grinols points out that Nevada led the nation in deaths of children attributable to abuse from 1979 to 1988, a period when casino gambling was illegal everywhere else except in Atlantic City.²⁹

Disturbingly, however, children of compulsive gamblers also suffer in other ways. Durand Jacobs³⁰ found that such youth have a greater propensity for substance abuse, lower academic achievement, juvenile delinquency and poorer mental health. They are also far more likely to develop gambling addictions themselves. In a similar vein, a study of four California high schools revealed that:³¹

- Children of problem gamblers have higher levels of use of tobacco, alcohol, illicit drugs and overeating than their peers.
- 58% of problem gamblers' children reported their first gambling experience before 11 years of age, compared to 34% of their classmates.
- Children of compulsive gamblers experienced almost twice the incidence of broken homes due to separation, divorce, or death of a parent before they had reached the age of 15 (37%).
- When compared to their classmates, children of problem gamblers rate themselves as more insecure, emotionally down and 'unhappy with life and myself' while reporting poorer school and work performance.
- These children also acknowledged suicide attempts at twice the rate of their classmates (12%).

Clearly then, gambling as an activity has effects on children that are often ignored. Of most importance is the evidence that proves children reared in such an environment are susceptible themselves to becoming compulsive gamblers.

Suicide

Compulsive gamblers are also at risk from other harmful behaviours. According to Lesieur,³² about half of compulsive gamblers experience problems with alcohol and substance abuse. Lesieur also notes that compulsive gamblers are five to 10 times more likely to attempt suicide than the general population. Despite this, very little has been done to track gambling-related suicides. In many cases, perhaps most, authorities do little to learn the motive behind the act, so the impact of gambling remains known only to family or friends.

The suicide rate among pathological gamblers, though unknown, is believed to rival that of drug addicts. Indeed studies have found that 10 to 20% of pathological gamblers

have attempted suicide, and more than half have contemplated it.³³ This is consistent with Valerie Lorenz's study which found that 25% of compulsive gamblers surveyed attempted suicide, while 60% planned how they would commit suicide. Interestingly Nevada, the gambling capital of the US, has the nation's highest suicide rate. In 1991, the last year for which statistics are available, there were nearly 25 suicides per 100,000 population — double the national rate. In Gulfport, Mississippi, attempted suicides rose more than 200% in the first two years of casinos, while suicide attempts went from 6 to 66 in nearby Biloxi in the first year alone.³⁴ A statement was released by the Victorian Coroner in September/October 1997 noting the increase in gambling-related suicides and suggesting that an investigation into the increase take place.

Conclusion

It has been the purpose of this paper to confirm that a link between compulsive gambling and crime does indeed exist and frighteningly so. According to the research examined, at least 40% of compulsive gamblers commit gambling-related crimes.

It has been shown, however, that the accuracy of these figures is heavily influenced by a raft of issues that cut to the core of researching as a discipline. More to the point, there is often significant neglect of the important area of hidden crime.

The government position, however, has been understandably cool. With heavy dependence on gambling revenue, research in this area has been sparse. Indeed, the state's position is akin to that adopted in relation to the tobacco industry two decades ago — 'support through dependence'. It is only now, when the full social and health impacts of smoking are finally being recognised, that government is moving away from its position of total support. The only hope is that it does not take as long for this to happen in the field of gambling, where the plethora of criminal and personal consequences can be truly devastating.

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