

RAW DEAL

Casinos promise excitement and a chance at riches. But for many gamblers – and the state of Connecticut itself – the price is just too high.

By JEFF BENEDICT

\$400 million. That's about how much Foxwoods and Mohegan Sun paid the state last year in slot machine revenue. It's the result of a deal struck in 1993. In exchange for the right to operate slot machines, the Mashantucket Pequot tribe offered the state 25 percent of the slot revenue from Foxwoods. In 1996, Mohegan Sun opened under the same arrangement.

The casinos have not stopped adding slot machines since. Payments to the state have gone up for 10 straight years, making legislators increasingly dependent on the slot revenue to balance the state budget. Today, the two casinos have 13,732 slot machines — nearly 5,000 more than five years ago.

Legislators and most taxpayers probably see this as a painless way to raise revenue: All the money comes from people who choose to play. But 12 years into the deal, the state doesn't really know what social cost it's paying.

The Division of Special Revenue is required by law to conduct a gambling impact study periodically. That was last done in 1996, when such studies were required every five years. In 2001, the schedule was changed to every seven years, and in 2003 to every 10 years. A bill that has passed all the required committees would further delay the gambling impact study, to 2009, because it would save the state \$500,000. At the rate the casinos have been growing since 2000, they could have close to 17,500 slot machines by then.

For the past five months, I've looked into the social and economic impacts of the two casinos. After 72 interviews with 41 people and thousands of pages of financial,

business, bank and court records, I can see why the legislature prefers a see-no-evil, hear-no-evil approach to this nightmare marriage it has with the casino industry.

I've found case after case of middle-aged women stealing from employers to play slot machines; of men holding up gas stations and stealing from banks to gamble; of people divorcing, filing bankruptcy, losing homes and committing suicide because of overwhelming gambling debts.

While the casinos get filthy rich off this mayhem, the state's cut makes it only filthy, not rich. The adjusted gross revenue from slots and other gambling at the two casinos last year was \$2.25 billion, according to the state Department of Mental Health and Addiction Services. The estimated losses by state residents at the two casinos was \$836 million, more than twice as much as the state received in slot machine revenue, DMHAS says. More important, \$218 million of those losses came from "problem gamblers" in Connecticut, the agency said.

Those problem gamblers are taking a mounting financial toll on the state and leaving behind a hideous human toll. If the state dared to examine this mess, here's what it would find.

White-collar crime

Probably the most important finding in the national gambling impact study done for Congress in 1999 was that the rate of problem and pathological gambling doubles within 50 miles of a casino. Connecticut is home to the two largest casinos in the world, within eight miles of each other in New London County. The most addictive device in a casino is a slot machine; Connecticut has more slot machines per casino than anywhere else in the United States, according to Casino Player magazine.

"Prior to the casinos arriving, my sense of it is that 95 percent of the larcenies I prosecuted were generated by cocaine addiction," said Assistant State's Attorney Lawrence Tytla in New London. "Now my sense is that 95 percent of the larcenies are casino-related. Cocaine was the drug that got people into embezzlement. I can't recall the last time I saw a major embezzlement case where drug abuse was the principal factor. Now it is almost always gambling abuse."

Here's how it starts.

One Friday in 1997, Yvonne C. Bell left Ledyard town hall with a bank deposit, which she had done routinely as the town's tax collector for 14 years. But this time Bell did something unusual. A September 2000 letter she wrote to the New London Superior Court detailed her journey into criminality; she signed it as "Pathological Compulsive Gambler."

Before going to the bank, the 61-year-old went to Foxwoods and played the slots, promptly losing all her money. With the town bank deposit still in her purse, she took from it to cover her losses. "It was the beginning of borrowing seed money to finance my gambling," she wrote. "I ... started chasing my losses and plunged deeper into debt."

The more Bell played the slots, the deeper she got into debt and the more she stole from the town, she said. By the time she was caught, Bell had stolen \$302,587 from Ledyard taxpayers, according to a four-month review of town finances. "Once I got in front of a slot machine, I couldn't seem to stop gambling," she said.

She was sentenced to four months in prison in 2001.

Ledyard isn't alone. In 1998, Sprague's former tax collector, Mary L. Thomas, 58, pleaded guilty to stealing more than \$105,000 from the town over three years. The town's first selectman said Thomas would take the weekly tax collection to the casinos. She had worked for 14 years in the tax collector's office. She repaid the money she had stolen and was sentenced to probation.

And this year, a Stonington finance staff accountant for 25 years, Donna Allen, 44, was sentenced to a year in prison for stealing \$257,000 in town funds for gambling. She was also ordered to pay the money back. The judge said he wanted to send a message that those who steal to gamble will go to prison.

Employers in the private sector have also been hit. In 1999 alone:

Sallie Simpson pleaded guilty in 2000 to first-degree larceny. She was sentenced to serve a year in jail and ordered to make full restitution of \$202,605 and to attend Gamblers Anonymous. The arrest warrant alleged that she had embezzled money from a Groton law practice where she worked as a bookkeeper. The warrant also said that gambling records obtained by the Connecticut State Police casino unit showed that the 32-year-old had lost more than \$90,000 at the Mohegan Sun slots.

New London police arrested April Corlies, 43, the ticket terminal manager for Cross Sound Ferry. According to a police affidavit, \$323,878 had disappeared from ticket sales accounts in eight months. During that time, the affidavit alleged, Corlies lost \$121,843 at Mohegan Sun and \$74,981 at Foxwoods (her gaming records from the two casinos had been obtained by police). She pleaded no contest to the charge of first-degree larceny. She was sentenced to serve 120 days in prison and ordered "not to enter any casino in the world."

Vivian L. Chamness, 48, former treasurer of a car dealership in Norwich, was found guilty of larceny and given a suspended sentence. A police affidavit alleged that she had stolen more than \$100,000 from her employer. For 19 years, she worked for the company as office manager and chief financial officer, the affidavit said. She told police that she

used the money to pay rent and gamble at Foxwoods. Casino records obtained by police showed she had spent more than 1,000 hours playing slots, losing \$146,746.

How big is this problem? "There is probably an epidemic on our hands," said Superior Court Judge Susan B. Handy, who until recently presided over many of the New London County cases involving employees stealing to finance their slot machine play.

The 10 cases that court records and Assistant State's Attorney Larry Tytla identified mostly involved middle-aged employed women without any criminal history. Now they have records. In Connecticut, a theft in excess of \$10,000 is a Class B felony; just like rape and armed robbery. Slot machines are transforming some of our communities' upstanding and productive citizens into improbable criminals.

The fact that women are particularly vulnerable to slot machines is not news to Rosemary Poole, former head of Bettor Choice, a state-funded gambling addiction program. Poole, now in private practice, says she has worked with hundreds of women, from nurses to nuns and housewives to grandmothers. Almost always, their preference is slot machines, not table games, she says.

Why? Casinos offer a brightly lighted, well-secured area often filled with women. For a woman looking for a spot to unwind after work or a housewife looking for a safe place to socialize, the casino floor appears a welcome alternative to a dark bar. And unlike table games, slot machines require no gambling education.

"But what's not understood," said Poole, "is that gambling hits the same pleasure center in the brain as cocaine. By playing slot machines, you are triggering the same pleasure feelings in your head. Gambling is like a drug, but instead of booze or cocaine, the money you are playing with fuels the feeling."

When gamblers steal from employers, the costs have a ripple effect. Financial records from the 10 cases obtained through court records and Tytla showed employees stealing nearly \$1.7 million altogether from their employers; \$664,000 of that was stolen from taxpayers of Ledyard, Sprague and Stonington, according to court records.

The casinos aren't required to return a penny to the victimized towns or companies, state's attorneys say. The court can't order casinos to return stolen proceeds.

There's more: The three towns spent roughly \$100,000 altogether to have their books audited during the criminal investigation, according to town officials. Thousands more dollars were spent on legal fees and increased insurance premiums, all at taxpayers' expense, the town officials said.

Then there's the cost of incarceration. Six of the defendants went to prison for a combined 1,213 days, according to court records. It currently costs the state \$76.12 per day to house an inmate, adding another \$92,333 to the taxpayers' tab.

There's also the human toll. Stonington finance accountant Donna Allen left behind a school-age child when she went to prison. It's hard to put a figure on such costs. But the price is no less real.

Such a price tag may seem small compared with the \$400 million the state gets yearly from slot machines. But these are the costs of just a half-dozen larceny cases prosecuted in one corner of the state.

Gambling fuels other white-collar crimes, such as bank fraud, wire fraud and forgery. Many of these offenses are federal crimes and are prosecuted by the U.S. attorney's office. "We clearly have seen an increase in federal financial crime due to gambling addiction arising from people visiting these two particular casinos in Connecticut," said Kevin O'Connor, U.S. attorney for Connecticut.

Federal authorities typically get involved when stolen sums are high or involve federal funds. In 2003, O'Connor's office prosecuted Mildred K. Miller, 53, of Hartford, who pleaded guilty to wire fraud. She was sentenced to five years in prison and ordered to pay back all the money stolen. She was accused of defrauding a finance company in West Hartford out of \$4.7 million between 1997 and 2002. According to government documents, Miller said she used most of the stolen money for gambling and she suffered from "a pathological gambling disorder."

In January, Scott Trudel of Haddam, a paralegal at a Clinton law firm, was sentenced by federal court to a year and a day in prison for embezzling more than \$100,000 in veteran benefits and Social Security payments from 2002 to 2004. Trudel's law firm was responsible for disbursing benefits to 10 veterans in Connecticut. Trudel, 30, spent most of the money at slot machines, his lawyer said.

Last November, Donna Sullivan of Pomfret, 46, a former postmaster, was sentenced to spend the first six months of her three-year probation confined to her home with electronic monitoring. She was ordered to attend a compulsive gambling program and to stay away from casinos as part of her federal sentence for concealing a shortage of \$16,697 at the Niantic Post Office.

Three professionals — a lending officer, a paralegal and a postmaster — all living outside the casino base of New London County and all resorting to white-collar crime to finance gambling. They together stole \$4.8 million from investors, veterans and taxpayers.

In the last year alone, O'Connor's office said, it successfully prosecuted six major cases related to gambling. The state, the Securities and Exchange Commission and the FBI are investigating a broker in Avon, David M. Faubert, alleged to have taken nearly \$4 million from investment clients to pay gambling debts.

"If it is reaching the federal level," said O'Connor, "you can only imagine what is going on at the local level for law enforcement."

Violent crime

Just as female gamblers are more prone to slot machines (and those who break the law to gamble tend toward white-collar crimes), virtually every gambling-related violent crime is committed by a male. More often than not, these men are drawn to games involving dice and cards, habits that begin with sports or track betting or poker parties — less popular among women.

Banks, convenience stores and gas stations are typical targets, especially ones along routes to casinos.

Bennie Evans, a 24-year-old Massachusetts resident, was traveling home from Mohegan Sun in 2003 after losing about \$800 playing blackjack, according to a state police affidavit. He pulled into a shopping plaza in Griswold and spotted a woman going to an ATM, the affidavit said. She told police that he threatened her with a gun, stealing \$60 she had just withdrawn and her purse. Evans told police he used her credit cards in Massachusetts to get more cash, then drove back to Mohegan Sun and lost the money playing blackjack. He also told police he had a gambling problem, and a letter submitted to the court on his behalf spoke of his "gambling addiction." He pleaded guilty to armed robbery, was sentenced to four years in prison and was ordered "not to enter any casino in Connecticut."

Over four months in 2002, Jason Cadoff, 33, of Hull, Mass., allegedly held up three banks in the Mystic area — two of them at gunpoint. Hours after the third robbery, Cadoff was arrested at Foxwoods. He told Stonington detectives that he spent the money from the second two robberies playing blackjack and another game at Foxwoods.

Once arrested, these two Massachusetts residents became Connecticut's responsibility. Taxpayers will ultimately spend more than \$100,000 to incarcerate Evans. Cadoff hanged himself in the Montville jail a week after his arrest.

According to the FBI, 112 banks were robbed in Connecticut in 2003, more than triple the number of robberies in 1998. No law enforcement agency keeps statistics on bank robberies committed by gamblers, but gambling-related robberies are a problem in some towns close to the casinos.

The Norwich Savings Society in Old Mystic was robbed in 1996 by 48-year-old John Alvin Hill. A manager at Hill's workplace said he had a gambling problem, according to a Stonington police report. The teller's signed statement said Hill entered the bank and handed her a note: "Get \$100,000 in a bag." A few days later, Hill told Sgt. David Knowles of Stonington police that he had a gambling problem "that is like a drug" and that when he "walks through the door of the casino, he feels 10 feet tall and the adrenaline begins pumping." He was sentenced to serve three years in jail for robbery.

Chama Comstock, 25, was accused of robbing the Franklin Savings Institute of \$2,400 in 1999. He told police in a signed statement, "I have a serious gambling problem." He said he robbed the bank on the way home from the Mohegan Sun, where he had lost \$900 playing roulette. The next day, Comstock returned to the Sun with the stolen money, according to the statement. Within three hours, he lost it all. He was convicted of robbery and larceny and sentenced to serve two years in jail.

The problem is not limited to southeastern Connecticut. In 2003, Jason Battista, 27, of Valhalla, N.Y., pleaded guilty to robbing Connecticut banks on 10 occasions. He has not been sentenced yet. At his plea proceeding, the judge asked him why he did it. Gambling and drugs, Battista told him, according to the U.S. attorney's office.

Nor is the problem limited to banks. In January, Kevin G. Carter of Windsor was sentenced to 30 years in prison for the armed robbery of a West Hartford jewelry store. He and another man had been accused of stealing \$500,000 in jewelry and crystals in the 2003 heist. Frequent player cards showed the amounts he lost at casinos rose sharply in the weeks following the robbery.

The bank and jewelry store robbers altogether stole \$547,000. As is the case with white-collar crimes, courts cannot compel casinos to pay restitution to victimized banks or businesses.

The tribes spend money policing their casinos to make a safe environment for their customers. But casinos are generally not where problem gamblers commit crimes.

Suicides

Although the state medical examiner's office doesn't officially track links between gambling and suicide, Tom Boziak, a statistician, searched the database going back to 1992, when Foxwoods opened, and found eight suicides with a connection.

One of them involved a middle-aged white male. According to their records, Stonington police found him hanging from a tree in the woods, a nylon rope around his neck, in September 2000. He was a systems analyst for a Rhode Island bank who attended church every Sunday and was a family man. His wife and his boss said he was a great employee with no drug history or financial problems.

He started gambling at Foxwoods regularly after a business trip to Las Vegas. As his losses mounted, he went from playing \$5 slots to \$1 and 50-cent slots, finally bottoming out at the 25-cent slot machines. Before he committed suicide, he used his ATM card to make scores of withdrawals at Foxwoods, totaling \$14,820. His last ATM withdrawal was made on Sept. 4; his account balance was at \$8.11. Then he drove to Stonington, parked his car, walked into the woods and hanged himself.

Most of the suicides on record at the medical examiner's office occurred away from the casinos, as far away as Greenwich and Stamford. But the major crimes unit of the state police reported another four suicides in the past seven years that occurred on casino grounds, including a man who killed himself in a Foxwoods parking garage after losing \$300,000 gambling and a man who jumped to his death from the Mohegan Sun Hotel in 2004.

Besides suicides recorded by the medical examiner and the state police, there are others, such as the woman from Massachusetts who left Foxwoods on May 16, 2003, and abandoned her vehicle near the railroad tracks in Stonington. She was struck by an Amtrak train bound for Boston that night. The trauma was so severe that an autopsy was not possible. But in the victim's nearby vehicle, investigators found her will, a suicide note and Foxwoods stationery, according to Stonington police records. The suicide note was addressed to her lawyer. "I want rest," it said. "I'm truly sorry to you and my sister."

The woman had slept at a Foxwoods hotel the previous night and incurred significant losses gambling over a few days, police records say. She had lost \$77,000 that year at Foxwoods and altogether \$447,911 to Foxwoods since 1997.

Casino records obtained by state police show that she had spent 452 days over seven years playing slot machines. Yet, as she piled up devastating losses and plunged to self-destruction, the casino apparently did not shut her off. Almost \$112,000 of her losses went to the state as its share of the slot machine take.

Casinos are under no requirement to limit how much a person loses. Casinos say they are concerned about problem gambling, yet the casino records that police often obtain after a crime indicate they know who is gambling, how often a person gambles and how much money is being wagered and lost. Casinos can shut off gambling addicts, but they don't always do that. When the state takes a 25 percent cut of such ill-gotten spoils, it becomes an accomplice in that failure.

Divorce

"In the last 10 years, there are two new things that have arisen that we never dealt with: Internet porn and casinos," said Mike Blanchard, a family law attorney at Suisman, Shapiro, Wool, Brennan, Gray & Greenberg in New London. "They're both addictive.

Casino gambling and Internet porn are the two issues that have come to the forefront as causes of breakdown in marriages.”

Gene Lagor of North Haven worked for United Illuminating for 34 years before retiring in 2001. He had been happily married for nearly 30 years. When Foxwoods opened in 1992, he began driving there from his home in North Haven, visiting once or twice a month, playing mostly \$10 and \$25 table games, according to his attorney's sentencing memo to New London Superior Court. By 1995, Lagor was at Foxwoods once or twice a week, advancing to \$50 table games, his attorney wrote.

In 1996 and 1997, he would stay overnight at the casino hotel and play \$100 table games, the memo said. That year, he re-mortgaged his house to obtain a \$150,000 loan. He used \$80,000 of the proceeds to pay off credit card debt from gambling; he spent the rest gambling.

By 2000, he was going to Foxwoods daily, and his credit card debt had gone back up to \$100,000. That year he filed for bankruptcy.

His lawyer, Jeremiah Donovan, said Lagor owed \$5,000 to Foxwoods, which barred him from invitation-only high-roller events until he paid his debt. He withdrew his entire pension of \$250,000 and paid off Foxwoods. They welcomed him back. He then spent two straight months at the hotel, playing every day until he lost his pension, Donovan said. “After two or three years of being treated like a casino god of sorts, Foxwoods had him convinced that he was a very special individual, with a gift for gambling,” said a friend's letter to the court.

On the day Lagor gambled away his last dollar, in May 2002, he snapped. He pulled out a gun, aimed it at Foxwoods employees and made off with \$385,000 worth of poker chips. He had no previous criminal history, and the gun he used was a BB gun, according to police. He was sentenced to four years in prison.

Lagor lost his wife during his gambling spree. “His divorce, in good measure, was the result of his gambling addiction,” said Donovan.

“The story of Gene Lagor is a tragedy,” his lawyer wrote, “a cautionary tale, a testament to the attractions and enticements of the casino and the manner in which gambling can destroy a man.”

Divorce lawyers in towns around the casinos say that after they opened, the number of cases involving spouses with gambling debt began climbing steadily. They became so common that a few years ago, Suisman, Shapiro, Wool, Brennan, Gray & Greenberg came up with three pages of gambling questions that are put to divorcing couples. Those questions are routinely asked in New London County divorce cases, said attorney Mike Blanchard. They include:

“How many times per week do you go to a casino?”

“Do you have compensation cards, i.e., wampum card/player card, at any one of the casinos?”

“When at the casino, do you play the slot machines? If so, which dollar denomination?”

“Have you ever lied to your husband/wife or to anyone else to conceal the extent of your involvement with gambling?”

These questions say a lot more than any statistic about how fundamentally casinos have had an impact on marriage.

Time for an accounting

Casinos are ravaging the personal finances of too many people, cultivating a new class of unlikely criminals, victimizing neighboring governments and companies, and destroying lives and families.

The bodies are getting harder to hide. When Foxwoods opened in 1992, there was one state-funded clinic that treated problem gamblers.

Today, there are 17 state-funded counseling sites, according to Christopher Armentano, director of problem gambling services for the state Department of Mental Health and Addiction Services. In 2004 alone, 750 problem gamblers were treated in one of the state's addiction services programs run through the DMHAS, Armentano said.

Roughly 160 patients were treated at the gambling addiction clinic at the University of Connecticut's Health Center, said Nancy Petry, head of the Gambling Treatment and Research Center. Marc Potenza, director of the Problem Gambling Clinic at Yale, said he has seen 100 patients at the clinic and in his private practice. And Alliances Behavioral Services, the largest private gambling addiction counseling service in southeastern Connecticut, treated some 85 patients in 2004.

Not one of these treatments or programs was funded by the casinos. Most sessions were paid for by the state, coming out of a \$1.7 million yearly budget allotment to the Department of Mental Health and Addiction Services.

Meanwhile, the Mohegan Sun spent nearly \$1 million on a new ad campaign, “A World at Play,” in which actors attest to the joys of the casino. Foxwoods also has a new campaign, which says: “Enter a world where nothing is ordinary. Where the thrills and good times begin the moment you arrive. And romance, magic and surprises await you at every flip of a card and spin of a slot machine.”

The casinos can afford to pretend; the state can't. It can't remain in the dark about the financial and human costs of hosting the world's two biggest casinos and drawing

revenue from their slot machines. Right now, from a public policy standpoint, we're flying blind.

The legislature needs a complete picture of what it costs the state to obtain \$400 million in slot machine revenue. This means factoring in financial crime, violent crime, divorce and suicide.

Most important, the study needs to be taken out of the hands of the Division of Special Revenue, which regulates casinos. The casinos pour money into this agency: The division collects revenue from the casinos and the state lottery as well as fees for background checks conducted by the state police on casino employees.

Rather, the legislature should put the study under the jurisdiction of specialists from the departments of Mental Health and Addiction Services, Public Health and Consumer Protection.

ABOUT THE AUTHOR: Jeff Benedict is a lawyer, the author of six books, a consultant and a lobbyist. He was a candidate for the 2nd Congressional District Democratic nomination in 2002 and is now president of the Connecticut Alliance Against Casino Expansion. He has advised many groups on opposing casino expansion, including the organization Preservation of Santa Ynez in California; a citizens group in Maine; a law firm representing card-game mini-casinos fighting a proposed larger casino in Clark County, Wash., that would be partly financed and run by the Mohegan tribe of Connecticut; and the Phoenix-based Growth Strategies Group, which represents horse tracks opposed to casino expansion in the greater Phoenix area. He can be reached at jeff@jeffbenedict.com