

# **"YOU BETCHA!"**

## **GAMBLING AND ITS IMPACTS IN A NORTHERN MINNESOTA COMMUNITY**

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Figure 1: Location of Study Area

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"Legalized gambling has not had that great an impact on Virginia." - - prominent Virginia, Minnesota elected official.

"I do not see gambling as having a major impact on Virginia." - - prominent Virginia, Minnesota civic leader.

Every day of the year \$42,414.00 is spent on gambling in the Virginia, Minnesota area. This translates into an annual expenditure of \$825.00 for every man, woman, and child in the community.

Due to gambling over \$2 million a year is lost as revenue in the Virginia, Minnesota area.

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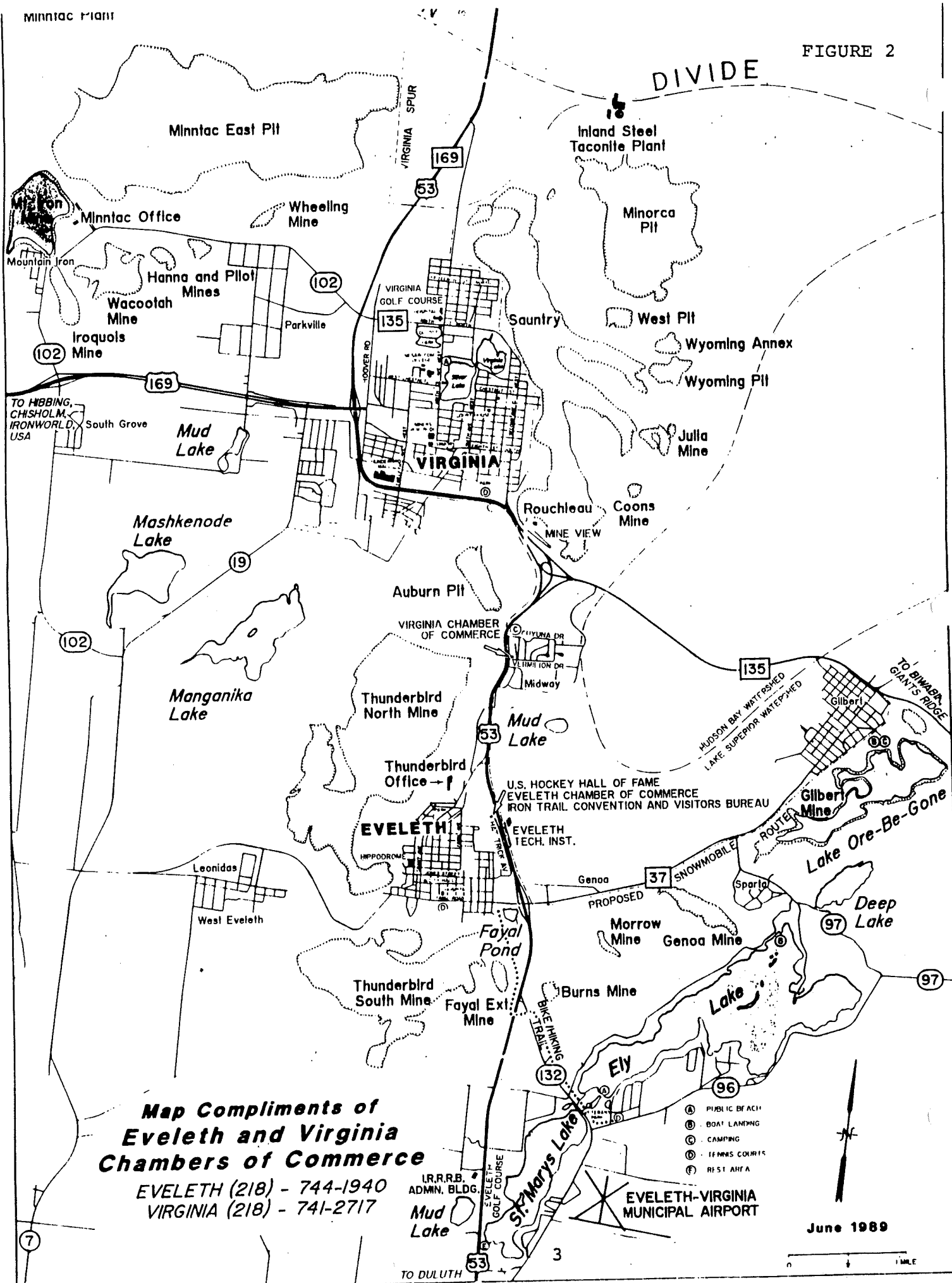
**INTRODUCTION**

Gambling in its various forms has increased dramatically in Minnesota over the last decade. What impacts, both positive and negative, does gambling have at the local community level? This question must be examined for both social policy and problem prevention purposes. To begin to address this question the city of Virginia, Minnesota and its three satellite communities were selected for study. Residents were informed through a presentation at a monthly Community Forum that an investigation of the impacts of gambling on a Minnesota community would be conducted in their area. The city's law enforcement officials were also informed. The level of local cooperation with the research was outstanding as was the cooperation of the Minnesota State Lottery and the Lawful Gambling Control Board.



## Counties and County Seats

A detailed map of Minnesota showing county boundaries and names. The map includes a compass rose in the top right corner and a scale bar (0 to 50 miles) below it. The 'Virginia Study Area' is highlighted in the eastern part of the state, covering parts of St. Louis, Lake, and Cook counties. Major cities like Minneapolis, St. Paul, and Duluth are marked. The map also shows the locations of the Red Lake and Lake of the Woods.



The study area of Virginia, Eveleth, Gilbert, and Mt. Iron is located in central St. Louis County in northeastern Minnesota, in the "Arrowhead" region of the state (see Maps 1 and 2). Situated on the Minnesota Iron Range and previously supported by iron mining, the area experienced dramatic economic dislocation during the 1980s with the decline of steel production in the United States. The economic problems of the study area are reflected in the demographic changes that have occurred over the past decade. According to 1980 census figures, St. Louis County had a population of 222,229 at that time. The 1990 census shows a population of 198,213, representing a decrease of 10.8 percent. Virginia's 1980 population of 11,056 decreased 14.9% to 9,410 in 1990 while Mt. Iron's population of 4,134 fell by 18.7% to 3,362 over the same period. The populations of the towns of Eveleth and Gilbert are presently 4,042 and 1,935, respectively, which place the study area's total population at 18,749.

The major ethnic backgrounds of the region's residents are Finnish, German, Yugoslavian (including Serbian, Slovenian, and Croatian), Swedish, Norwegian, and Italian. The dominant religious affiliations, accounting for 70% of the population, are Lutheran and Roman Catholic. Due to selective outmigration the area has a high proportion of elderly. Because of the lack of economic opportunities, many of the area's younger residents find it unlikely that they will remain in the community. Economic development and diversification are both seen as needed, but little substantial progress has been made in attaining these goals. Although it is greatly reduced, the mining industry is still the area's major employer.

The growth industry of the Virginia and its environs is tourism. Virginia is not an end point destination for most tourists but it does benefit from skiers going to Giant's ridge, snowmobile trail users, campers and fishermen traveling to the Boundary Waters canoe area, and visitors to "Iron World" and other resorts, and campgrounds. One Virginia pull tab and bingo gambling manager stated that proceeds increase during the summer months when there are more tourists.

No claim is made that the Virginia community is typical of all small Minnesota cities. It is the location of one of the Minnesota State Lottery's seven regional offices and falls in the top quarter of per capita lottery sales. Pull tabs and other forms of lawful gambling were quickly adopted after they were legalized and St. Louis County also ranks high in annual per capita lawful gambling sales throughout the state (15th place of 87 counties). The reasons for the relatively high rates of gambling by Virginia area residents remain elusive, but the descriptive information which follows begins to address the questions of participation and the community impacts of gambling.

Prevalence studies have been done of gambling behavior and problem gambling in Minnesota (Laundergan, Schaefer, Eckhoff, and Pirie, 1990; Winters, Stinchfield, and Fulkerson, 1990; Lauderdale and Eckhoff, 1991). Because so little is known about gambling in Minnesota, the goal of this research project was not to test hypotheses but to generate them. This study therefore represents an attempt to go among the people of a community

and acquire a general feeling for some of their commonly held attitudes, opinions, and perceptions on gambling and its impacts. Although gambling sales figures and per capita spending statistics are presented, the emphasis is more on qualitative or descriptive observations than quantitative or statistical findings. On the basis of these observations more rigorous research tools and methods can be developed and adopted for future research.

Field research methods included participant observation and interviews with key informants as well as the proverbial man and woman on the street. All lawful gambling sites in the study area were visited to determine how many there are, their locations, and what kinds of "action" they offer. Much of the research was conducted by a social anthropologist under contract with the Center for Addiction Studies, University of Minnesota, Duluth and the Minnesota Department of Human Services. Structured and open-ended interviews with key informants were also conducted by several University of Minnesota undergraduate students.

## GAMBLING ON THE IRON RANGE

### The Hook: Types of Gambling

Area residents wanting to gamble have little difficulty finding an opportunity to do so. Legally available to them are the Minnesota State Lottery and lawful or charitable gambling. The former includes instant games or "scratch tabs" and on-line or number selection games; the latter includes pull tabs, bingo, a form of roulette called paddlewheel gambling, and tipboards (for descriptions of each of these, see Bouza, 1990). As is the case elsewhere, there are also forms of illegal gambling. Pool players will commonly bet one or two dollars or the price of a drink on the outcome of a game. Video poker games, purportedly "for amusement only," are ubiquitous as at least one of these machines is found in every bar in the area whether it has other forms of gambling or not. Several bartenders and their patrons complained that recent legislation has now made it illegal to shake dice or toss coins for drinks as they once could. Since the researcher had himself participated in tossing coins for drinks in another bar he asked some of the patrons if they had really stopped gambling for drinks. "Well," one slyly admitted, "at least we're not supposed to." The researcher was also told of, but did not personally witness, the numerous sports pools and other forms of sports betting that are found in many bars on the Iron Range.

### The House: Gambling Sites

How many are there? The area selected for this study presently contains a total of sixty-four (64) charitable gambling sites and lottery sales outlets. With a population totaling 18,749, this means that one gambling site exists for every 293 people--including men, women, and children--living in the study area. Lottery sales outlets in the study area include public bars, liquor stores, gas station/convenience stores, grocery stores, supermarkets, an electronic stereo retail store, a combination coffee shop/news stand, a video tape movie rental store, a variety store, and a Minnesota State Lottery Regional Office. Other forms of lawful or charitable gambling such as pull tabs and the paddlewheel are found most frequently at public drinking establishments. For those who prefer to avoid the bars, pull tabs and bingo are also available at several of the area's private clubs.

Lottery, pull tabs, or both? Most outlets deal exclusively in either lottery tickets or charitable gambling but a few public bars have both. Thus there are 33 lottery, 32 pull tab, 4 bingo, 1 paddlewheel, and at least 2 tipboard gambling sites in the study area. In Virginia, the largest town in the study area, pull tabs are now or will soon be available at 17 sites which include 15 public bars and 2 private clubs. The two private clubs also sponsor bingo

games. One of the bars has a paddlewheel as well as pull tab gambling. This particular bar once held the distinction of having the highest grossing charitable gambling operation in the entire state. It has since yielded first place to a Twin Cities bar but still holds second place. Lottery tickets are available at 23 outlets of which 15 sell instant winning tickets (scratch tabs) only while 8 sell both instant and on-line (number selection) games. Both lottery tickets and pull tabs are available in only three of these sites. At least one club has tipboards. Eveleth, the second largest, has 7 pull tab sites (6 public bars, 1 private club) and 5 lottery sales outlets of which 4 sell both instant and on-line games. Mt. Iron has 3 pull tab sites (2 public bars, 1 private club), one tipboard and bingo site (the private club), and one lottery sales outlet which sells only scratch tabs. The town of Gilbert has 5 pull tab sites (4 public bars, one private club), one bingo site (a local community center), and 4 lottery sales outlets of which 2 sell only instant winning games and 2 sell both instant and on-line games. (A complete list of the names and locations, the types of lawful gambling available, the sponsoring organization, and the primary business at every gambling site in the study area is provided in Appendix A.)

Consolidation of pull tab sponsors. Lawful or charitable gambling appears to be undergoing a consolidation of the numbers and types of organizations which sponsor it. Of the 19 lawful gambling sponsors in the study area, most have pull tab games in only one or two bars. However, some larger organizations with business-minded gambling managers are expanding their gambling operations to as many sites as possible in order to capture a greater market share. The American Red Cross, for example, will soon be moving into at least three new sites in the study area.

Some organizations which once sponsored charitable gambling are no longer doing so. For any of several reasons--the inability to realize a profit, perceptions of overregulation by state agencies, too much paperwork, etc.--some of the smaller organizations, such as the Virginia Curling Club, which once sponsored pull tabs have voluntarily abandoned their gambling operations. Some organizations, such as the Virginia and Eveleth Elks Clubs, are seriously considering following suit.

Other sponsoring organizations have been or may soon be involuntarily removed from the gambling business for various legal infractions. Recently, for example, an organization known as Pheasants Preservation, Inc. was found to be operating in an illegal manner (see Minneapolis Star Tribune, May 14, 1991, and Duluth News-Tribune, May 15, 1991). This organization had been running pull tab operations at six sites in the study area before its gaming license was revoked.

As such sponsors vacate a prime gambling location, the void is almost immediately filled by another more successful sponsor. Thus the sites left vacant by Pheasants Preservation, Inc.'s defunct gambling operations are quickly being filled by more aggressive and successful national and local groups such as the American Red Cross and Camp Chicagami for children, both of which are already operating in a number of sites in the study area.

Consolidation of lottery vendors. Lottery ticket outlets are also being consolidated but, in this case, in terms of the kinds of businesses and sites which carry them. When the Minnesota State Lottery first appeared in the spring/summer of 1990, many different types of businesses eagerly applied for sales licenses.

The lottery was especially popular among bar owners who were initially attracted by the idea that it would benefit their bar business. Lottery sales, they believed, would not only attract more customers but they would also earn the proprietor a profit of 5% of their gross sales, or five cents for each ticket sold. Moreover, the vendor would not be required to make a cash outlay for the electronic and other equipment needed since this is provided free of charge.

Initially, therefore, ten bars in the area sold lottery tickets. But some of the vendors quickly learned that this profit margin was too low and that the problems caused by the accounting and other bothersome details associated with lottery sales far outweighed the benefits.

At least six bars and two lower-volume convenience stores in the study area which once sold lottery tickets have since discontinued them. When the proprietors of these businesses were asked why they had dropped the lottery the typical responses were, "Too much paperwork," "They take up too much room," or simply, "They're a lot of trouble." One small convenience store owner dropped the lottery after only six months because of some serious accounting problems. According to her, "They kept saying we owed them money when we didn't and they kept taking money out of our account. We finally got the bank after them and then got rid of the lottery when we got our money back. They were all screwed up."

But the ticket sales which have been turned down by these bars is being picked up elsewhere. According to Minnesota State Lottery sales statistics, the lion's share of lottery sales is now going to high-volume gas station/convenience stores and supermarkets where, like pulp tabloids and romance novels, lottery tickets are impulsively bought at the check-out stand.

### **The Handle: Gambling Proceeds**

Every day of the year the sum of \$42,414.00 is spent on gambling in the Virginia, Minnesota area. This translates into an annual expenditure of \$825.00 for every man, woman, and child in the community--nearly twice the yearly per capita gambling figure of \$452.00 for all of Minnesota. These figures represent only the amounts spent on legally sanctioned gambling and do not include any illegal gambling activities such as sports pools which are known to be popular in the area.

Charitable gambling sales outdistance lottery sales by a margin of nearly 5 to 1. About 17% or \$7,278.00 of the daily handle goes for lottery tickets while 83% or \$35,136.00 goes to

charitable gambling--mostly for pull tabs. It is unknown how much of this is spent by visitors and how much by natives since charitable gambling sales increase in the summer months during the tourist season. But judging from the brevity of the tourist season at these rarified latitudes, and particularly from the researcher's first-hand observations, the natives are not pikers when it comes to gambling. (The charitable gambling figures which appear here and below are approximate since not all the essential data was available. All lottery figures are accurate.)

Lottery sales in the state, county, and study area. Since its inception on April 17, 1990 through May 31, 1991, Minnesota State Lottery sales have reached \$366,957,249. St. Louis County's sales of \$16,528,382 during this period have contributed 4.5% to the state's total lottery sales. Lottery sales in the study area have totalled \$2,984,046.71 and represent a per capita expenditure of \$159.15. This is nearly twice that of the per capita sales figure of \$83.39 for all of St. Louis County and of \$83.88 for the entire state and means that the average Virginia area resident spends nearly twice as much money on the lottery as the average St. Louis County or Minnesota resident. Since many tourists and vacationers visit Minnesota's Iron Range, it must be stressed that not all of these lottery purchases are necessarily made by local residents. The same, of course, can also be said of most other areas of the state. Nevertheless, the per capita sales of lottery tickets in the study area are quite high when compared with other parts of Minnesota. St. Louis County's per capita lottery expenditure of \$83.39 falls on the higher end of the scale between Lincoln County's low of \$34.01 and Polk County's high of \$116.50 per person.

Lottery sales and the liquor business. Lottery sales figures from individual outlets within the study area range from a high of \$166,166.90 to a low of \$14,148.90. Surprisingly, sales figures from bars and liquor stores fall on the lower end of this scale. According to statistics provided by the Minnesota State Lottery, ticket sales in the four bars which continue to carry them have amounted to only \$135,322.60. Before they dropped the lottery, the other six bars which once carried it earned \$109,437.36. Thus, all the lottery tickets ever sold in the area's bars have grossed \$244,759.96 and account for 8.37% of the area's total sales. The three off sale liquor stores have made \$148,214.15 in lottery sales for only 4.967% of the gross. Taken together, all outlets associated with the liquor trade which have ever sold tickets have taken in \$392,974.11 or 13.17% of the study area's total lottery sales. Each of the four bars which still carries the lottery has sold an average of \$33,830.65 in tickets while the three off sale liquor stores have averaged \$49,404.72 each in sales.

Lottery sales and the gasoline/convenience store business. The highest lottery sales figures are generated by gas station/convenience stores, particularly those which are located along high-traffic arterial routes and have high customer volume and turn-over rates. Twelve of the fifteen highest grossing sales outlets in the study area are gas station/convenience stores. Sales from these businesses have amounted to \$1,775,346.15 and account for 59.49% of all the lottery tickets ever sold in the study area. One such outlet dropped the lottery after



\$13,999.90 in ticket sales. This means that among the 15 gas station/convenience stores which still carry them, each has sold an average of \$117,423.08 worth of lottery tickets.

Lottery sales and groceries. Supermarkets and smaller grocery stores, which also have a high volume of repeat customers, have also generated fairly high lottery sales figures. The 7 grocery stores and supermarkets in the community have sold a total of \$499,121.25 in lottery tickets or 16.73% of the area's total lottery sales. One store abandoned the lottery after selling \$14,814 worth of tickets. Ticket sales have averaged \$80,717.88 at each of the six remaining sites.

Lottery sales and location. Interestingly, one unlikely higher-volume location, ranking fifteenth from the top, is an electronic audio equipment retailer who has sold \$84,665 (2.84% of total) worth of lottery tickets. The store owner believes this to be entirely a matter of location since he is the only lottery vendor in the area's only major shopping mall.

Other lottery vendors. All winners of \$1,000.00 or more must claim their prizes at a Regional Lottery Office, one of which is located in downtown Virginia. This also appears to be a fairly popular place to buy lottery tickets since it has so far grossed \$70,798.70 in sales (2.37% of total). Another popular location is the small combination coffee shop/news stand in Eveleth which has sold \$82,492.80 in lottery tickets (2.76% of total). A variety store in Virginia has grossed \$42,499.77 (1.42%) and a downtown Virginia hardware store turned \$21,999.95 (.74%) before it quit selling them. The lowest grossing outlet in the study area is a video tape movie rental store which has made only \$14,148.90 in lottery sales (.47% of the total area sales).

Lottery players prefer instant games. Instant games or "scratch tabs" have consistently been far more popular among lottery players in the study area than the on-line or "numbers" games. Initially, the top prize on instant games was limited to \$5,000.00. The ceiling was later raised to \$10,000 and finally to \$21,000.00 on August 14, 1991. This is also the date that on-line games became available. Since then, for every dollar spent on on-line games, \$5.21 has been played on scratch tabs. The greater popularity of scratch tabs may reflect not only the players' awareness that the odds of winning at least some money on them are greater than they are for on-line games, but also the attraction that scratch tabs have of providing an immediate knowledge of the outcome of every play--the faster action.

Lawful or charitable gambling sales. The year 1990 saw a total of \$1,283,232,766.22 spent on all forms of charitable gambling activities in Minnesota. Of this, \$12,824,699.25, or nearly one percent (.999%) of the state's handle, was spent in the study area by less than one-half of one percent (.43%) of the population. This represents a per capita expenditure of \$684.00 for the study area as opposed to \$293.30 for the state. It also means that the average Virginia area resident spends more than twice as much as the average Minnesotan on charitable gambling. Pull tab sales accounted for \$12,227,435.75 or 95.34% of the gross

receipts. Other forms of charitable gambling--raffles, tipboards, bingo, paddlewheel--took in \$597,263.50 or 4.66% of the total.

Unlike the lottery, charitable gambling is available only in public bars and private clubs. Sales figures, however, are reported by the clubs and organizations which sponsor them; not by the public bars where most of gambling actually takes place. Some organizations have only one gambling operation while others are more aggressive and have various operations at a number of different sites. Consequently, the annual gross receipts of individual organizations vary tremendously. The lowest sales figure of \$51,629.00 was reported by a private club in one of the smaller towns. The organizations with the highest sales figures, those with gambling operations in a number of locations, reported annual gross receipts of \$1.7 to \$2.6 million (see Appendix C for the sales receipts of individual organizations).

## THE GAMBLER

### **Pull tabs vs. lottery tickets: who buys them and why?**

Demographics. The typical pull tab player is a working-class male in his mid-thirties (Schaefer and Aasved 1990:24-25). The typical lottery player fits a similar profile but tends to be slightly younger. According to the manager of the Regional Lottery Office in Virginia, MN, young adults between the ages of 24 and 34, who are convenience store shoppers, provide the lottery's greatest market. They are also more likely to be blue collar workers than professionals.

Intentional or impulsive gambling? Whereas pull tab gambling appears to be largely a matter of intention, lottery purchases are most often the result of impulse buying. Pull tab players are generally bar customers who plan in advance to visit a bar, stay a while, and play a few pull tabs. On the other hand, most lottery players are customers of gas station/convenience stores who plan to buy beer, cigarettes, gasoline, or groceries but who then make their lottery purchases only as an afterthought at the check-out stand.

The manager of the Regional Lottery Office is of the opinion that lottery players are younger and more impulsive than grocery store shoppers. After making their normal purchases they may spend from one to four dollars on lottery tickets out of the change they have coming. Every sales clerk interviewed during the course of this study agreed. They stated that while they have a few customers who come into their stores only to buy lottery tickets, the majority of sales are made to customers who have entered the store for the purpose of making other purchases and end up buying lottery tickets with their change. Thus the Minnesota State Lottery appears to be supported primarily by "nickel and dime" players who buy on impulse. Their decisions are no doubt influenced by the large, colorful promotional banners and posters which are strategically placed at eye level wherever lottery tickets are sold.

### **Problem gamblers.**

Gamblers Anonymous. Pathological gambling is a definite problem for some residents of the study area and its incidence may be increasing. A representative of the local chapter of Gamblers Anonymous said that the area's first GA meeting was held in Gilbert, MN in April of 1989. It was attended by only two members. Today, just over two years later, the weekly meetings are attended by as many as nine compulsive gamblers whose problems include pull

tab and lottery gambling. It is difficult for an outsider to contact Gamblers Anonymous since the GA Hotline, (218) 749-1811, is not listed in the local telephone book nor is it posted with the state's Gambling Hotline number at charitable gambling sites. GA does place ads on local television's information channel and once a week--every Monday--in the local newspaper. The area's mental health clinic, Range Mental Health in Virginia, MN, also has the GA Hotline number.

The invisible lottery gambler. A Gamblers Anonymous representative from the Twin Cities stated that although she has heard of pathological gamblers who played only the lottery, such individuals are rare and she has never met one herself. She felt it would be difficult even for an interested professional to observe pathological gambling among lottery players. Such individuals, she believed, would remain "hidden" among the other players since their observable gambling behavior would be little different from anyone else's. The reason for this, she explained, is that lottery play would represent only one facet of the typical gambler's entire gambling repertoire.

She felt that "Compulsive gamblers may or may not gamble a lot of money on the lottery but they would always buy at their favorite place--their 'lucky' place--even if they had to go ten miles out of their way to do it." She added that numbers players "would never miss playing for each drawing." Furthermore, "They would always buy on Tuesday or Friday or as close as they could to the day before the drawing to cut down on their waiting time. And they would always make sure they were close to a T.V. or have someone else watching for them whenever the winning numbers were announced. Even if they were at a funeral they'd have to know if their numbers hit."

The visible lottery player and signs of problem gambling. Nevertheless, some behaviors which may be indicative of problem gambling are observable among lottery players. According to the manager of the Regional Lottery Office most people do not usually buy more than five tickets at a time. The vendors interviewed claim that it is not uncommon for more serious lottery players regularly to buy ten or twenty tickets at a time. The largest single sale, a \$60 purchase, was reported by one of the clerks at the convenience store having the highest lottery sales in the community.

Several lottery vendors know that some of their customers are "circuit players" who every day will buy \$5, \$10, or \$20 worth of tickets at each of several different outlets. These vendors also complained that some lottery players rudely stand at the check-out counter to scratch off all ten or twenty tickets. Others will cut in front of the check-out line, with no regard for the other customers, to cash in their winning tickets or exchange them for more. On the basis of these observations, overt behaviors which may be symptomatic of "lottery fever" or compulsive gambling among lottery players might therefore include:

(1) "Big Buys," making large purchases of perhaps more than \$20.00 at a time or several hundred dollars per week;

- (2) "Circuit Playing," making the rounds of various stores solely to buy lottery tickets;
- (3) "Long Distance Playing," driving out of one's way to buy lottery tickets at a "lucky" place;
- (4) "Counter Top Playing," buying and scratching off five or more dollars worth of lottery tickets without leaving the check-out counter;
- (5) "Line Cutting," a need for action which is so intense as to cause a player to cut to the front of a check-out line to redeem his or her winning tickets or make an attempt to do so; and
- (6) "Lottery Aerobics" or repeat buying; driving to a gas station/convenience store and walking in to buy some scratch tabs, then walking back to the car to scratch them off, then walking back into the store to buy some more tickets, then walking back to the car to scratch them off, etc.

Pull tabs, and the paddlewheel. Evidence of compulsive gambling is far more apparent in the barroom scene among pull tab and paddlewheel players. A number of the behavioral cues for compulsive gambling among pull tab players which have been described elsewhere (Schaefer and Aasved 1990:49-60) were also witnessed during the course of this study. The most commonly observed indications of potential gambling problems among gamblers in the study area were repeated winning and losing, heavy playing or "20 in 5" betting, betting after a big win, a surprise return to action, box watching, queries about which games were "hot," and seeing players lose heavily one day and return the next as though nothing had happened. One middle aged woman, for example, a "circuit player," was seen drinking, playing pull tabs until the booth closed, and losing heavily every night.

Pull tab magic. Pull tab magic, the use of superstitious behavior in an attempt to influence one's luck, is also common. One of the more interesting examples of pull tab magic was observed when a player briskly rubbed a dealer's hand between his own before every buy. This was supposed to "warm it up" and make it "hot" so she would pick a winning ticket when she next reached into the pull tab box. Another young man was seen rubbing a ticket on his date's shapely backside before opening it.

A compulsive gambler: cut off but still playing. One night the paddlewheel attendant pointed out a young man opening pull tabs at a table across the barroom. She said he was a compulsive gambler who had recently been cut off from playing pull tabs because he became violently angry and blamed and even threatened the pull tab dealer whenever he lost-which he usually did. He was seated with a young woman who had been making repeated trips to the pull tab booth to buy tickets with his twenty dollar bills. Since he wasn't allowed to buy pull tabs himself he was sending his date to the booth for him. At 9:30 the floor beneath their table was already piled high with losing tickets. The young

woman continued to make \$20 trips between their table and the booth doing "pull tab aerobics" for him until it closed around 12:30.

Determination is costly. The following week a man and wife team were who were becoming regular pull tab players were seen making frequent trips to the pull tab booth. They hit a \$100 ticket and a few smaller winners but according to the dealer, on this particular night they were determined to hit a \$250 winner only because they had never done so. They continued to pound away at the game until the booth closed. By the end of the night they had lost all their winnings plus a great deal of their own money and never hit the elusive \$250 ticket.

"Paddlewheel Pete," another compulsive gambler. "Paddlewheel Pete" is a local businessman who earns a six-figure salary and likes to gamble. He said that he quit going to Las Vegas which he used to do about once a year because it cost him too much money. Now every afternoon after work "Pete" goes into a bar where he is well known and liked, sips beer with a group of friends, and plays the paddlewheel. This group, which includes many pull tab players, always sits at the far end of the bar as close as possible to the paddlewheel and pull tab booth. "Pete" will "play partners" with one or more of his friends but more often plays alone.

When he comes into the bar "Pete" always has a small pile of \$20's and a \$100 bill which he keeps in reserve. He always begins by watching several spins of the wheel before placing a bet. With a few dry runs "Pete" believes he can establish a pattern which will enable him to make a better choice of numbers to bet on. He then starts by placing a \$20 bet--two dollars per number in a row of ten blue numbers. He always plays a row of ten blue numbers of which there are a total of 40 on the wheel but which pay only 35 to 1. With this playing strategy "Pete" stands to win \$70 for his \$20 bet if one of his numbers should chance to hit.

If he happens to win a little money he says, "Now I can go home and face my wife!" Once after he was up \$180 he told the researcher that he now "had to get home real quick." But "Pete" never quits when he's ahead. Instead he keeps making \$20 bets. When he loses several bets in a row he sarcastically rationalizes his losses by clenching his jaw and announcing, "I hate money!" If he loses more than \$80 dollars or so he starts "chasing" his losses by betting larger amounts--\$40, then \$60, \$80, and so on. The largest bet "Pete" was seen to place on a single spin of the wheel was \$130.

When he loses all his own money "Pete" borrows from the bar owner. He said that his bar credit is limited to \$40 but he was seen to borrow twice that. When he has borrowed all he can and lost it all "Pete" will watch others play the wheel while he finishes his beer before going home. Sometimes he will stay home but just as often he will come back later with a fresh supply of money to gamble some more.

According to the paddlewheel attendant, "Pete" loses big but he also wins big: "He can lose \$500 in one night but win \$500 the next." "Pete" was in the bar nearly every night during the observation period but was only once seen to leave before losing everything he had. On that occasion he returned to the bar at 11:30, far later than usual. As always, he watched several spins of the wheel before he started betting. He bet \$20 and lost, \$20 more and lost, then \$40 and lost, and \$40 more and lost. By this time it was almost 12:00 and the attendant was going to shut the wheel down at midnight. "Pete" then handed her a hundred dollar bill and had her play \$60 of it. He lost. In less than half an hour he had lost \$180. It was now after midnight but he begged the attendant for one more spin of the wheel so he could play his last \$40. When she refused "Pete" headed over to the pull tab booth which would still be open for another half hour.

## THE COMMUNITY: IMPACTS OF GAMBLING

### Economic Impacts

Impressions of community leaders. Two of Virginia's most prominent citizens were asked in separate interviews to give their opinions on the impacts that legalized gambling may be having in their community. The first, an elected official who is himself an avid pull tab player, felt that "Legalized gambling has not had that great an impact on Virginia." The second, a civic leader, gave a nearly identical answer when he said, "I do not see gambling as having a major impact on Virginia."

They do admit to a few minor effects, however. The first is aware that the Regional Lottery Office had created several new jobs in town and felt that the bars which have charitable gambling operations are benefitting from the rents that they charge the sponsoring organizations. He was also aware that gambling could have some negative impacts at the family level but felt that this did not constitute a significant problem in his community. The second felt that the bars benefitted by the increased business charitable gambling brings them and that the charitable organizations themselves were benefitting through the sale of pull tabs. But beyond these few observations they knew of no other impacts that lawful gambling could have on other businesses or the local economy.

Lottery wins, losses, and profits. The exact amount of money claimed by lottery winners in the study area is impossible to determine since no record is kept of the smaller prizes. It is possible, however, to make a close estimate. Different lottery games have different payout percentages. The overall payout rate for the various instant games which have been marketed is 57%, the Daily 3 and Gopher 5 numbers games return 50%, and Lotto America pays 45%. According to sales data for the entire state, \$201,233,647 or 54.84% of all the money that the state has taken in has been returned to the players as prize payments. If this rate of return is consistent throughout the state, then 54.84% or \$1,636,451.21 of all the money played on the lottery within the study area has been returned to its residents as winnings. Another 5% or \$149,202.33 has also been returned to the local merchants in the form of sales commissions. Thus a total of 59.84% or \$1,785,653.55 of the study area's gross lottery sales has remained within the community. Conversely, this means that 40.16% of the take, a whopping \$1,198,393.15--roughly \$64 for every man, woman, and child--has been extracted from the community by the Minnesota State Lottery alone.

Charitable gambling wins, losses, and profits. As noted above, a total of \$12,824,699.25 was spent on charitable gambling in the study area last year. The total amount won, or the overall payout rate for charitable gambling in all its manifestations, was \$10,619,902.00 or



82.81% of the 1990 handle or gross receipts. Gross profits are the reciprocal of payout rates. Thus the gross profits (or net receipts) realized by all charitable gambling sponsors in the area came to \$2,204,797.25 or 17.19% of the handle (or gross receipts).

Of course not all gambling organizations nor all types of gambling games pay the same. Some private clubs try to keep their payout rates as close to 85% as possible while other prefer a higher profit margin. The best deal for the player--the game with the highest payout--was the tipboard operation which returned nearly 90% to its players. The worst for the player was a bingo game at one of the area's private clubs which paid back only 69% of its gross. Pull tab payout rates averaged 82.75% and ranged from a high of 87% to a low of 80.48% (see Appendix C).

From their gross profits (or net receipts) the organization must pay overhead expenses such as taxes, rents, employee wages and salaries, accounting fees, and the cost of the actual pull tabs. Recent legislation popularly known as the "50/50" rule (see below) stipulates that no more than half the gross profit can be used for overhead expenses. The remainder or net profit is used to fund the organization and the causes it supports. It can therefore be estimated that before taxes, the net profits of charitable gambling amounted to one-half the gross profits or \$1,102,398.63.

Removal or redistribution of money? Lottery gambling tends to remove money from the community while charitable gambling tends to redistribute it within the community. This is especially true of charitable gambling operations which are sponsored by local organizations such as private clubs, youth hockey groups, and volunteer fire departments. However, the profits realized by organizations such as the American Red Cross and Multiple Sclerosis Society which are based outside the area also tend to drain money from the community.

The number of sites a given organization has represents another factor. Some of the organizations which sponsor charitable gambling operate at only one site while others have operations at more than one site. Thus the area's 31 charitable gambling sites are (or have been) represented by only 19 organizations. Twenty-two of these sites are sponsored by local organizations most of whose profits remain in the community while nine sites are now or were once run by one of three outside groups whose profits are taken from the community. Together the nine gambling operations of these three outside groups earned a 1990 gross profit of \$312,564.50. Half of this, the net profit of \$156,282.25, left the community for good.

The taxes on charitable gambling--even that sponsored by locally-based organizations--also removes money from the community. In 1990, this amounted to three quarters of a million dollars. Federal taxes (.25% of gross receipts) on the 1990 charitable gambling handle came to \$32,061.75. A 2% state sales tax on all pull tabs came to at least \$244,548.72 (this figure is low since only the sales receipts for pull tabs actually purchased by players were available; this tax applies to all pull tabs purchased by an organization from a distributor whether they

are later resold to players or not). The taxes on actual gross profits amounted to \$463,914.77. Thus the taxes on charitable gambling which were removed from the study area came to at least \$740,525.24.

Although most of the money spent on charitable gambling is recycled back to the community, the volume is so great in the Virginia area that large sums of money are removed. In 1990 this came to \$156,282.25 in net profits earned by nonlocal organizations and at least \$740,525.24 in taxes. Thus in 1990 alone at least \$896,807.49--approximately \$48.00 per person--was taken from the community by charitable gambling.

But this does not include the amount removed by the lottery. When that amount is added to the sum taken by charitable gambling the total amount of money taken from the community through all forms legalized gambling is roughly \$2 million a year or more than \$100 per person.

Lottery Winners. Some lottery winners also spend their newly acquired wealth outside the community. To get a rough idea of how lottery winnings are spent, area winners of \$100.00 or more, including two \$10,000.00 winners, were interviewed. A sample of only 25 of the area's 182 lottery winners currently on file is small (13.74%) but it does serve to reveal some patterns of play and as well as some of the ways lottery prizes are handled.

The winners were first asked how much they had spent on the lottery before winning. A surprising number said they had spent very little before winning: nine of the 25 players had played only \$2 to \$20 when they hit a winner while three spent from \$30 to \$100. Others, of course, had to spend more to win: two had spent \$200 and another admitted to having spent more than the \$250 he won. The remaining nine winners had no idea how much it had cost them to win but one conceded that it was "a lot."

All but two continue to play the lottery on a regular basis. Although a few play nearly every day and some play twice a week, most play only several times a month. Consequently, some spend as little as \$2 a month while others spend as much as \$300 a month. Most of the large winners are still ahead of the game but one \$1000 winner claims to be down and another is only "up slightly." Most (7) of the 13 winners of \$500 or less admit to being "down" or don't know where they stand in terms of their win/loss ratio.

Winners of larger, more impressive amounts tend to remember exactly what they did with their winnings. Most spent their money on such necessities as home improvements, auto repairs, taxes, and clothing or invested it in savings accounts. This money therefore stayed in the community. Three spent their money on vacations--two went to Las Vegas--and two other admitted "reinvesting" their entire \$500 and \$600 jackpots in more lottery tickets. One man gave half his \$1,000 to his wife while another spent his on taxes and more lottery tickets. One \$1,000 winner refused to answer because s/he felt that the question was "too

personal." Five of the winners said that they had increased their charitable giving as a result of their good fortune.

Smaller winners are likely to put their winnings back into play. Half of the six winners of smaller amounts--\$100 to \$200--said they were not able to recall how they had disposed of their prizes. The other three small winners spent their money locally by paying bills and buying clothing for their children or gifts for others--and continue to play the lottery. Two of the three who could not remember what they had done with their \$100 or \$200 are regular lottery players who admit that they are still "down" in terms of winning. It is obvious, therefore, that they had put their money back into the game. The third, a \$100 winner and a regular player, doesn't know whether s/he is "up" or "down" overall so it is likely that a substantial proportion, if not all of this money, also went back into the game.

As a whole, this group won a total of \$34,600 of which at least \$3,500 (10.11%) left the community. Of the remainder perhaps \$28,100 (81.21%) was spent or invested within the community, about \$1500 (4.34%) definitely or quite likely went for more lottery tickets, and the remaining \$1,500 (4.34%) cannot be accounted for. (Results of these interviews including the specific ways in which lottery winners disposed of their money are detailed in Appendix B.)

## **Social Impacts**

Charitable gambling is charitable. Various nonprofit organizations put the money they make from charitable gambling to some very good uses. The Sexual Assault Program of Northern St. Louis County provides direct assistance to victims of sexual abuse. More specifically, their funds may be spent on educational materials and support staff with which to counsel sexually abused preschoolers. Range Women's Advocates provides money for legal and other services for the area's battered women. It also plans to begin providing such services for physically abused children. The money earned by the Shriners supports the Shriners Children's Hospital for disadvantaged children whose parents cannot afford to pay their hospital bills. Charitable gambling enables volunteer fire departments to purchase equipment they could not otherwise afford and to make donations to rescue squads and other nonprofit groups. The American Red Cross uses its gambling proceeds to provide such services as disaster relief, assistance to military families, and family education. The Multiple Sclerosis Society uses its funds not only on medical research, but also for providing ramps and curbs which are wheel-chair accessible and building swimming facilities for the physically handicapped. The Arrowhead Food Bank buys and provides food for those in need.

Private clubs benefit from charitable gambling and provide also benefits to others. The Italian-American Club makes donations to senior citizens as well as youth groups. Its youth activities have included high school graduation parties in drug- and alcohol-free

environments. Other private clubs such as the Moose, Elks, and veterans organizations use most of their gambling profits to support their own activities, but they also make some contributions to the cub scouts, youth hockey organizations, and many other groups which come to them for help. Various recreational clubs such as the Virginia and Eveleth Curling Clubs provide athletic equipment and opportunities for the area's residents.

Employment. Charitable gambling tends to create jobs at the community level while lottery sales do not. Lottery tickets are sold by bartenders and store clerks as part of their regular duties and, consequently, no new jobs are required for this. The Minnesota Lottery does maintain four employees in the study area, but this is only because Virginia, MN happens to be the site of one of only seven regional offices in the state. Charitable gambling, on the other hand, requires gambling managers, pull tab dealers, and paddlewheel and bingo attendants. Not all operations hire people for this as the area's few private clubs, for example, tend to rely on volunteer labor for their pull tab and bingo operations and pay their gambling managers only a nominal sum--\$100 a month at one club, for example. Additionally, nine of the 32 public bars which sell pull tabs keep the game boxes behind the bar where tickets are sold by bartenders. Consequently, no new jobs are created at these sites, although some bartenders receive extra compensation from the charitable gambling sponsor for selling pull tabs behind the bar. But the other 23 bars have pull tab booths which must be attended by dealers who are hired specifically for that purpose. One of these bars also has a paddlewheel which also requires attendants.

The precise number of jobs in the study area which are supported by charitable gambling is unknown but an estimate can be made. Because most charitable gambling operations cater to the after-work and late-night crowds they are closed during the day and open from later in the afternoon until midnight or slightly later. Thus most pull tab booths require one dealer who works one shift per day. But gambling managers find it more profitable to hire dealers on a part-time basis. Since most pull tab booths are open at least six days a week, each is usually attended by two part-time dealers who each work three nights a week. This seems to be the case at 14 of the area's charitable gambling sites. But there are also exceptions. The pull tab booth in one bar is open only three days a week and it therefore has only one dealer. Another bar keeps its pull tab booth open all day and requires two attendants per day, one for each of two shifts. This site also has the paddlewheel which operates one shift a day--the late shift--and therefore requires two part-time attendants. The charitable gambling sponsor at this single site therefore supports six different part-time employees. With one part-time dealer at one bar, six at another, and two part-time dealers at each of the 14 remaining pull tab booths, it can be estimated that at least 35 part-time jobs in the study area are supported by pull tab and paddlewheel operations alone. Although these employees are paid minimum wage they earn additional money in the tips they receive from winning players. Bingo attendants are also hired by at least one organization in the area and some organizations hire gambling managers to oversee their gambling operations. One gambling manager claims that her operations alone provide 15

jobs. There is, however, a high turn-over rate among these employees which she attributes to low pay and high stress.

Every organization which sponsors charitable gambling is also required by law to have a gambling manager to oversee its gambling operations. Some gambling managers, particularly for smaller organizations and private clubs, offer their services on a voluntary basis. Some are paid only a nominal fee while others are fully compensated for their services. With the addition of bingo attendant and gambling manager positions to the equation, a conservative estimate would place the total number of jobs created by charitable gambling in the study area around 40--at least ten times more than are created by the Minnesota State Lottery.

Crime. Interviews with law enforcement personnel revealed that three to four gambling-related criminal offenses occur within the community each year. These are usually for writing bad checks and forgery, though occasionally for theft. Gambling is usually determined to be the underlying cause when a suspect admits to problem gambling during interrogation.

People often get into trouble when they lose all their money at the pull tab booth, then write bad checks to the bar so they can continue to gamble. Generally, it is their intention to repay the bar in cash and reclaim their bad checks when they hit a winning ticket. Those who don't win and who can't cover their checks are prosecuted. Some players also borrow money to gamble. A pawn shop owner, for example, claims to know a bar owner who loans his customers hundreds of dollars so they can play pull tabs (see "Paddlewheel Pete" above).

There have also been cases in which lottery tickets have been stolen, pull tabs have been altered, and employees have committed theft. To the best of their knowledge, these law enforcement officers know of no cases in which the court has ordered those convicted of gambling-related offenses to attend Gamblers Anonymous meetings. They are of the opinion that there has been no increase in crime or domestic problems due to gambling. They admit, however, that gambling may often go undetected as an underlying cause of criminal activity.

Other social consequences, actual and potential. On Jan 20, 1991 the Duluth News-Tribune reported that gambling is a major contributor to northern Minnesota's steadily increasing bankruptcy rate which has nearly doubled since lawful gambling was expanded in 1984. A social sciences professor at the Mesabi Community College in Virginia knows of two or three business which have "gone under" because of their owners' gambling. He learned of these cases through conversations with their employees. This professor also noted that many of the area's residents do not think of the lottery as gambling. Many people with whom he has spoken voice a hearty disapproval of "gambling" but play the lottery nonetheless. He said that one such person refers to his playing as "investing" in the lottery. The manager of a fast food restaurant which employs many of the area's youth and which is also a teenage "hang-out" has seen many underage youths playing scratch tabs. Several other informants claim

to have witnessed people spend their entire welfare, social security, and pension checks on pull tabs. A recent article in the Duluth News-Tribune (June 16, 1991) suggests that organized crime is already making inroads into Minnesota's gambling operations. A social services officer reported that the community has seen a steady rise in child neglect and abuse cases. She suggests but cannot demonstrate that gambling may be a causative factor.

## ATTITUDES, PERCEPTIONS, AND OBSERVATIONS ON THE LOTTERY

### Anti-Lottery Bias.

Unstructured interviews with numerous business owners, managers, and employees revealed a fairly close agreement in their opinions regarding the sale of lottery tickets: they don't like them. While a few store owners and employees enjoy selling lottery tickets and view them as helpful for business, far more of those who still sell them would like to avoid them altogether and, as noted above, a number of businesses have already discontinued them. Those who do not sell them want to keep it that way. From a statistical perspective, of 60 lottery vendors and potential vendors interviewed, 43 (nearly three-quarters) held decidedly anti-lottery sentiments, 11 (about one-fifth) were ambivalent or had no opinion, and only 6 (only one-tenth) had anything at all positive to say about selling lottery tickets.

Retailers. Many convenience and liquor store clerks have regular customers who stop by every day only to buy lottery tickets. When they are busy with such regular duties as stocking shelves and waiting on other customers, lottery sales become a nuisance. Lottery tickets and problems associated with them are not only time consuming but they also interfere with normal business. One morning when the researcher entered a liquor store to obtain an interview, the owner, a middle-aged women, was busily occupied in the back room. At the end of the interview, she admitted that when the researcher first entered the store and the door buzzer sounded, she was annoyed because she thought, "He's probably here just to buy a lousy lottery ticket."

Busy store clerks complain about the many lottery players who remain at the check-out stand and scratch off ten or twenty tickets to see if they have won. They also complain about the few with winning tickets who attempt to cut into line ahead of their other customers only to redeem their tickets. Most busy store clerks and managers would therefore like to see the sale of lottery tickets eliminated from their stores, particularly in the case of chain stores. In the words of the manager of a well-known chain store, "The lottery helps business by bringing in customers, but the paperwork and reports aren't worth it. It's company policy that all the stores [in the chain] sell lottery tickets, but if it were up to me I wouldn't have the damn things."

The liquor business. Many bar owners and managers also stated that the lottery actually hurt their business. Since lottery tickets must be handled by a bartender, their sale interfered too greatly with service to their customers and other duties. Thus when the owners of bars which once sold lottery tickets were directly asked why they no longer have them, the most common responses were, "They're a pain in the a--," "The paperwork's a

hassle," "They're more trouble than they're worth," and "They get in the way of running the bar." One bar owner also complained that "They're too messy" owing to the residue that remains after the opaque coatings on instant tickets are scratched off.

As a consequence, many bar owners and managers who initially sold lottery tickets have subsequently dropped them. In one bar which still sells lottery tickets the owner--who is also the only bartender--said that he would have to drop the lottery if he had to pay another employee's salary. As it is, he sells about 500 tickets weekly, spends two hours every weekend doing the required paperwork, and therefore realizes no profit whatsoever. In his opinion, "The seller should get ten cents a ticket instead of just a nickel. That just might make it worthwhile."

Potential Vendors. Similar sentiments were expressed by a number of potential vendors--store owners and managers--who have never sold lottery tickets in their establishments. A liquor store owner said, "We're busy enough without them." A bar owner and a small convenience store owner both said they had considered selling lottery tickets but decided against them since they lacked the space for them. Another liquor store owner didn't think enough people would buy them since she only gets about ten inquiries for lottery tickets a month. She was also concerned that if she began to attract lottery players there wouldn't be enough room in her small parking lot for her regular customers. A number of business owners said that they had also "thought about it for a while," but decided lottery sales would be "more trouble than they're worth." Some retailers had even applied for lottery sales licenses but were never awarded them. At first they were annoyed by this rejection but were later relieved after hearing about the problems others were having.

Ambivalence. Several lottery vendors are ambivalent but will continue to sell the tickets despite the paperwork requirements because "they bring in customers." At a grocery store, for example, the researcher was told, "They're a hassle, but the customers like them." Several wary convenience store managers and clerks noncommittally stated only that, "At least they're good for business." An anti-gambling liquor store owner sells lottery tickets only because "The competition has them." He added that, "The customers want them and if I didn't have them I'd lose business--they'd go to my competitors."

Pro-lottery sentiment. Not all vendors view the sale of lottery tickets negatively, however. One of the few decidedly positive response regarding lottery sales was offered by the owner of the electronic equipment store in the shopping mall. When asked what benefits he saw in handling the lottery, he replied, "It gets people into the store." When asked if he would keep the lottery he emphatically replied, "Definitely! We have a lot of fun with them." A coffee shop and several convenience store managers said they actually liked having lottery outlets at their establishments primarily because "They pull in customers."



### **Researcher-initiated lottery awareness.**

What happens to lottery proceeds? During one of the first of 60 or so interviews conducted during this phase of the investigation a business owner said he favored the lottery because he liked the idea that "it helps the state." When asked in what ways the lottery helps the state, the respondent pondered the question for a while then surprisingly admitted, "I don't know! I don't have any idea where the money goes!" The same question was therefore posed to every other respondent with the same result: not a single person interviewed had any knowledge of how the lottery proceeds are being spent nor had they ever thought about this question until it was asked by the researcher.

I don't know. According to the Minnesota State Lottery's report entitled "Lottery Sales/Net Proceeds Information," 40% of the proceeds go to the Environmental & Natural Resources Trust Fund, 35% to the Infrastructure Development Fund for capital improvements projects and natural resources/environmental protection, and 25% goes to the Greater Minnesota Corporation of which \$9 million is to have been transferred to the State General Fund. Although at least this much information is available to the general public, it is not well-publicized and few respondents had even this knowledge. Several knew that some of the money goes toward protecting the environment and some to the Greater Minnesota Corporation but none knew exactly how much or precisely how it is being spent. Some therefore asked in return, "What kinds of environmental protection are they talking about?" or "What the hell's the GMC?" In response to the original question, most simply said, "I don't know. I never thought about it before."

Let's find out! Once they had been made aware of their lack of information, these people became very concerned and wanted to know exactly how the state was spending the money it made from the lottery. The researcher, being just as ignorant, was unable to offer any further enlightenment. One businesswoman wants to see outside auditors make an accounting of lottery profits and expenditures. Every respondent questioned felt that the money could be far better spent on such pressing needs as education, property and income tax reduction, deficit reduction, highway maintenance, the reduction of various licensing fees and similar priorities which would be of greater immediate benefit to all citizens of Minnesota. It was unanimously agreed, therefore, that (1) there should be greater public accountability of lottery proceeds and how they are spent and that (2) the voters should have a greater voice in the disposition of these funds.

## ATTITUDES, PERCEPTIONS, AND OBSERVATIONS ON CHARITABLE GAMBLING

### Government Regulation: the Bane of Charitable Gambling

The State Lottery vs. charitable gambling. Interviews with gambling managers revealed that many believe charitable gambling and the state lottery to be in direct competition with one another. They see "The State" as a powerful, malevolent opponent which either wants to eliminate charitable gambling altogether or "muscle in" and "take over" all gambling operations. Charitable gambling managers are issued a thick book, the "Gambling Managers Manual," which covers all state regulations and guidelines and which is constantly being updated with numerous supplements. One gambling manager stated, "It's impossible to keep up with all the changes." One of the officers of a private club complained that "There's too much paperwork, too much state interference, too many regulations, and the taxes are too high."

Many gambling managers are therefore convinced that the constantly changing rules, regulations, and tough audits with which they are plagued are deliberately imposed upon them as part of an insidious plot by "The State" to put charitable and other non-profit organizations out of the gambling business. Others feel that "The State" has learned from experience: the tough regulations and stringent audits it imposes are necessary to prevent some of the abuses, violations, and unethical practices which have occurred in the past. A few, however, believe that charitable gambling and the State Lottery are complementary in that they help each other. In the words of one, "Gambling begets gambling."

The "50/50" rule. One unpopular law, the "50/50" rule, requires that no more than half the gross profit can be used to cover expenses while the other half can be spent only for charitable or non-profit causes. One gambling manager complained, "We can't spend our money the way we want to." He stated that his organization wanted to use pull tab money to make some badly needed repairs to their facilities but was prevented from doing so by the "50/50" rule.

Annual Seminars. Another unpopular requirement is the two-day workshop which must be attended each year by all gambling managers to be briefed on the latest rules and regulations. Some feel this is redundant since it is merely a review of everything they have already seen on paper. It is costly not only because the expenses are not reimbursed, but also because some volunteer gambling managers must take time off from their regular jobs to attend--time for which they receive no compensation.

Unsold pull tabs. Organizations which sponsor pull tab operations must retain all unsold tickets for three and one-half years in case they are audited. Then they must be destroyed either by burning or soaking so that any winning tickets among them cannot be opened and claimed. Both their storage and their disposition are considered costly and unnecessary nuisances.

Taxes on charitable gambling proceeds. According a U.S. Internal Revenue Service representative, federal taxes on charitable gambling amount to only .25% of Gross Wagers. Minnesota state taxes on charitable gambling are substantially higher and its tax laws are far more complex. According to the Minnesota Department of Revenue's Gambling Tax Division, it is subject to three types of taxes. The first is the Ideal Gross Profit Tax, a 2% sales tax levied on pull tabs and tip boards. This tax is collected from the sponsoring organization by the pull tab distributor and is paid as a flat rate on every box of pull tabs sold. Gambling managers think this is grossly unfair since they are taxed on what their gross sales would be if every ticket in every pull tab box were sold. Since pull tab gamblers usually quit playing a "dead" box, one in which all the large winning tickets have been claimed, game boxes rarely sell out completely. The second is a 10% Interest Income Tax on income accrued by certain gambling accounts. It applies to net profits or the gross less payout (the amount taken in after the prizes have been paid) on bingo, raffle, and paddlewheel operations. The third is the more recent Combined Receipts Tax which went into effect in October of 1989. This is an graduated tax levied against annual Actual Gross Profits and Interest Income earned from tip board and pull tab accounts. The tax rates are 2% on gross profits ranging from \$500,001 to \$700,000; 4% on amounts falling between \$700,001 and \$900,000; and 6% on any amount over \$900,001 per fiscal year. So far no municipal taxes have been place on charitable gambling, but the city of Virginia, MN has the option of imposing a 3% tax--a tax which the city council is presently seriously considering.

Perceptions of charitable gambling taxes. Gambling managers also feel that "The State" overtaxes their operations and that the newer Combined Receipts Tax represents a substantial and unfair tax burden. For this reason they are forced to buy games with lower payback percentages. As players come to realize this, they no longer play as much or quit playing altogether. Thus one commonly hears the lament, "Taxes are killing the game." The gambling manager for a children's day camp stated that her operations turn \$2 million in gross receipts annually. She claims that 85% of this is returned to the players and \$200 thousand is paid in taxes. This leaves \$100 thousand for her organization; but since half of this is spent on expenses, only \$50 thousand goes to the camp itself.

Many gambling managers are therefore convinced that unfair taxes and tax increases are also being imposed by the state in order to eliminate the competition charitable gambling poses to state lottery sales. Since the inability to make a profit has already driven some organizations out of the gambling business, a number of gambling managers feel that even more nonprofit groups will be forced to discontinue their charitable gambling operations if the local tax is imposed or if state taxes should increase.

Is charitable gambling worth the trouble? A few gambling managers feel, "It's just not worth it." Others have stated that despite all the "red tape" and "headaches" charitable gambling involves, "It helps keep the doors open." But despite the common perception of overregulation and high taxes, some organizations would not be able to operate as efficiently without the income it derives from charitable gambling. The gambling manager for the Sexual Assault Program of Northern St. Louis County feels, for example, that "Without the charitable gambling funds, the program would have to lay off staff and reduce services." Since eight of the gambling managers interviewed would recommend charitable gambling to other groups and only four would not, the overall sentiment is that charitable gambling is a worthwhile method of fund raising after all.

Pro-charitable gambling sentiments of bar personnel. While gambling managers must contend with state regulations and taxes, bar owners have no such problems. And while bartenders and owners claim that handling lottery tickets is bothersome and interferes too greatly with their business, they voice no such complaints about pull tabs which they regard favorably. One bartender/manager who once sold lottery tickets said she was glad that they were discontinued because "selling lottery tickets behind the bar is too much trouble." She later said, "I sell a lot of pull tabs and they're no trouble at all." Not only does she also sell pull tabs from behind the bar, but she sells them in far greater numbers than she ever sold lottery tickets. The incongruity of her statements escaped her.

Bar owners profit from charitable gambling in one of two ways. They profit directly from the rents they charge for the spaces that charitable gambling operations occupy--rents which can be as high as \$500 a month or more--and they profit indirectly from the business that gambling opportunities attract. All but one of the bar owners interviewed emphatically stated that pull tabs helped their business by bringing in customers. All of those whose pull tab booths had been sponsored by the now-defunct Pheasants Preservation group are eagerly awaiting the licensing of their new sponsors so they can once again have pull tabs in their bars. The lone dissenter is a bar owner who sells lottery tickets but not pull tabs: he is convinced that the former brings in customers but the latter would be "too much trouble."

## ATTITUDES TOWARD THE EXPANSION OF GAMBLING IN MINNESOTA

A number of the community's residents were asked about their attitudes concerning the expansion, restriction, or reduction of gambling opportunities in Minnesota. This group represents only a convenience sample and not a statistically valid random sample. It includes no representatives of the clergy or other religious groups, for example, nor any public school or higher education officials. It is made up primarily of business owners (bar, liquor store, convenience store, grocery store), their employees and customers, officers of private clubs, and an occasional man or woman on the street. The sample is therefore skewed, but the responses obtained are nevertheless representative of a large segment of the community's population.

Pro-gambling sentiments. Most of those interviewed are in favor of opening up the gambling field in order to keep gambling proceeds in the state. In the words of one bar owner, "If people want to gamble they're going to gamble--so the state and the people of Minnesota might as well reap the benefits." This attitude was echoed by others who said they would like to see more gambling opportunities such as slot machines in the bars and convenience stores. The manager of the Regional Lottery Office in Virginia expects to see video lottery machines as early as next year. Referring to the types of gambling on Indian reservations and in neighboring states, one respondent stated, "We might as well legalize it all over Minnesota because it's already here." Another said, "If the reservations can have it, why not everyone?" One businessman felt the state should legalize black jack as well as slot machines as "a good way to cut taxes."

Ambivalence. There were also those who were undecided or ambivalent about the expansion of gambling opportunities. An officer of a private club stated that he would like to see more gambling in the state but became quite angry when he went to a supermarket and saw a family pay for its groceries with food stamps and then spend twenty dollars in cash on lottery tickets. "Why should the taxpayers support other peoples' gambling," he wondered. But he quickly added, "Well, I guess everybody's entitled to dream and we can't take away their dreams just because they're poor."

Anti-gambling sentiments? Relatively few of those interviewed felt that gambling opportunities should be curtailed and none wanted to see them eliminated completely. One of the liquor store owners interviewed sells lottery tickets but feels that gambling is foolish. "It doesn't help the economy the way other investments do," he said. "We have enough gambling," he continued, "I wouldn't outlaw it but I wouldn't expand it either. I believe in taking calculated risks but I don't like to see people p--s their money away on gambling when they could be investing it or using it to buy food, cars, appliances, and other consumer

goods." Others also said that while they don't gamble themselves, those who want to should be allowed to do so. One respondent feels, "We have enough gambling--no more, no less. We should keep what we have or people will just go to Iowa or Wisconsin." One gambling manager voted against his club's getting into charitable gambling but when he was outvoted he volunteered for his position so that his club's gambling operation would be run profitably.

Unethical behavior and the need for regulation. Some feel that although gambling should not be outlawed, it should be more closely regulated to prevent unethical practices. There appears to be some foundation to these sentiments. A former charitable gambling attendant claims to have seen some of her co-workers sell pull tabs to children. She also knows of instances in which a pull tab dealer and an on-duty bartender teamed up to play a "hot box." The researcher witnessed no sales to children but one bartender who also deals pull tab from behind the bar admitted to him that she sometimes plays when a box is "hot."

The dealer "deeks" a "hot box." The researcher did witness a pull tab dealer, a middle-aged matronly woman, talk a bar customer into buying some pull tabs. "Deeking," decoying or faking a win, is a device employed by some serious pull tab players to prevent their competitors from buying any tickets ahead of them from a "hot box," one that is ready to hit (Schaefer and Aasved 1990:58-59). In this instance, a pull tab dealer "deeked" a "hot box" situation that didn't really exist. Since she is very dedicated to the charitable organization for whom she volunteers her time, she did this in order to increase sales. Around 9:30 on a slow night, a customer from the bar glanced over at the pull tab booth and took in the game boxes and the board upon which the remaining winners were posted. None of the games looked very promising but the dealer noticed his look and told him that one of the boxes was "really hot." When he asked her about that game's cash build-up, she said, "It was \$150 over bank when I came to work at 6:30 and it's even higher now--it's ready to hit." After several additional assurances that the box was definitely "hot" the customer broke down and bought some tickets--and lost. He had been "deeked" by the dealer. Some might also think this behavior to be highly unethical.

Problem gambling awareness. Only two respondents voiced any knowledge of or concern for the addictive problems which can be associated with gambling. In both instances, this was only because the respondents have personal friends who are problem gamblers. This suggests a strong need for educational campaigns and information dissemination programs designed to create, enhance, and reinforce public awareness of problem gambling.

## CONCLUSIONS

Perhaps the most astounding finding of this study is the amount of money that is spent on gambling in the Virginia area as compared to St. Louis County or the state of Minnesota as a whole. Virginia area residents gamble \$825 for every \$452 that is gambled throughout the state. Put another way, less than one-half of one percent (.43%) of the state's population accounts for .81% of its lottery sales and nearly one percent (.999%) of its charitable gambling expenditures.

That Virginia area residents gamble nearly twice as much money as other Minnesota or St. Louis County residents is particularly surprising when it is considered that the local economy is currently depressed. The effects felt by a financially strapped community as its monetary resources are slowly siphoned off by gambling must be particularly acute, at least to some. Yet many would like to see even more gambling opportunities.

Gambling is clearly popular among many area residents but the awareness of problem gambling and gambling problems is low. The authors therefore feel that a number of steps should be taken to enhance problem gambling awareness and prevention measures. We recommend that:

- Aggressive public education campaigns geared toward problem gambling awareness and prevention should be initiated.
- Local Gamblers Anonymous telephone numbers should be displayed along with the Minnesota Compulsive Gambling Hotline statewide toll free hotline number at all charitable gambling sites.

At the National Council on Problem Gambling's Fifth National Conference on Gambling Behavior which recently met at St. Scholastica College in Duluth, several other important suggestions were also made.

- Dr. James M. Schaefer, member of the MCCG advisory board and the Minnesota Department of Human Services Task Force on Compulsive Gambling Treatment suggested that facsimile pull tabs, which when opened reveal the Minnesota Compulsive Gambling Hotline number, be printed and randomly placed in every box of pull tabs sold. Alternatively, they could be provided to pull tab dealers who might then discretely give them to potential problem gamblers.

- After seeing pull tab gambling for the first time, Dr. Henry Lesieur, editor of the Journal of Gambling Studies and a member of the board of directors of the National Council on Problem Gambling, also made a poignant suggestion. He feels that the Minnesota Compulsive Gambling Hotline number should be printed on the outside of every pull tab sold in Minnesota. In this way the spouses of potential problem gamblers would know where to call even if the gamblers themselves are reluctant to do so.
- Similarly, the authors also feel that the Minnesota Compulsive Gambling Hotline number should be printed on all lottery tickets sold in the state.
- In response to the lack of knowledge and information many Minnesotans have about state lottery proceeds, there should be greater public accountability of these funds and the voters of Minnesota should have a greater voice in determining how they are spent.

Despite the opinions of some of the community's civic leaders, gambling has had and is continuing to have a number of impacts, both positive and negative, on the community and its people.

On the positive side, gambling provides entertainment and recreation for players in a region of the state with a limited number of other diversions. It creates employment at the Regional Office of the Minnesota State Lottery as well as jobs for charitable gambling attendants and gambling managers. It provides badly needed revenues for the State of Minnesota as well as for the charitable and other nonprofit organizations which sponsor it. It enables these organizations to provide badly needed services to those who would otherwise have to go without them. It also provides hope for those who play and a welcome windfall for those who win.

On the negative side, gambling drains money from the community. This is especially true of the State Lottery, but charitable gambling also diverts substantial sums from the community. In the Virginia, Minnesota area this amounts to at least \$2 million a year. In a region of the state in which the economy is depressed, this is revenue that the community can ill-afford to lose. Wherever there is gambling there is also problem gambling, examples of which have been documented for the study area. There are gambling problems such as the sale of lottery tickets and pull tabs to minors and those who cannot afford it. Unethical and unlawful practices such as theft, insider trading, and creative bookkeeping by some of the vendors, dealers, gambling managers, and sponsoring organizations occur. Several such practices have also been documented in the study area: one charitable gambling sponsor has already lost its gambling license and another is currently under investigation. Additionally, the employment created by lawful gambling seldom provides any vocational stability or job security. Most are part-time, minimum-wage positions with high employee turnover rates. Finally, those who win any substantial amounts are relatively few and much of the money



that is won by players is eventually--if not immediately--pumped back into the game and lost to the community.

But gambling in its present form is here to stay, at least for the time being. Increased gambling opportunities such as off-track betting, riverboat gambling, and video lottery and slot machines are well beyond the planning stage and ready to be implemented.

Whether the positive aspects of the state's present and future gambling opportunities outweigh the negative remains to be determined. For a variety of reasons, however, most of the residents interviewed during the course of this study favor the expansion of Minnesota's gambling opportunities. Since this group represents an admittedly biased sample, the future of gambling in the state must be determined by all of Minnesota's voters and their representatives.

But any policy decisions on whether to expand or curtail gambling should be tempered by sound empirical knowledge which will require finding the answers to many more questions. Does a majority of the state's residents really want more gambling? How much more? Do the benefits of gambling outweigh the costs? Who benefits most? Who benefits least and who suffers? To what degree have problem gambling and gambling-related problems increased since gambling became legal? How can problems be prevented or contained? Would an increase in gambling activities be accompanied by an increase in other social and economic problems? Would further expansion exacerbate potential problems? Would increased gambling opportunities attract organized criminal elements from outside the state? Would antisocial and other criminal behaviors already existing within our borders be encouraged?

This preliminary community impact study has begun to address at least some of these questions but only for one small area in the northeast corner of the state. Consequently, it also raises additional questions. Clearly, it reveals nothing of the impacts gambling may or may not be having elsewhere. The burning issue now is to determine how gambling is affecting other communities. For example, are Minnesotans living in the agricultural southern and western parts of the state where per capita gambling expenditures are far lower experiencing the same or same degree of community impacts? Do they hold the same attitudes as those in the northeast? Are residents of towns and cities located near Indian gambling casinos experiencing greater losses of revenues due to gambling than those located farther from them?

The answers to these and other questions are crucial to the decision-making process. To find these answers, similar community studies incorporating increasingly rigorous study methods should be conducted in other parts of the state. It has been the goal of this study to provide some of the background necessary to plan and undertake such studies. This study and future community impact studies should provide the information and insights required for enlightened decision making.

In the final analysis, if coordinated policy decisions affecting the future of gambling in Minnesota are made at the state level and applied uniformly, gambling should benefit all Minnesotans--not just a few individuals and vested interest groups. An alternative would be to follow the example of South Dakota and allow gambling policies to be determined and applied at the local level. Minnesota currently has a mix of state and local policies on gambling. The purpose of this research and other studies of Minnesota gambling is to inform citizens and decision makers of the impacts of gambling on the lives of Minnesotans, on community processes, and on the overall quality of life in the state.

# APPENDIX A

## Lottery Sales and Lawful Gambling Sites

Site Location & Type	Lottery		Lawful Gambling Games	
	<u>Instant</u>	<u>On-Line</u>	<u>Type</u>	<u>Sponsor</u>
Virginia, MN				
Amanda' Supper Club 103 E. Chestnut St. Bar/Restaurant	No Longer have Lottery		Pull Tabs behind bar	Pike, Sandy, Britt Volunteer Fire Dept.
Anneegee's Thunderbird Mall On sale liquor/Restaurant			Pull Tab booth	Camp Chicagami
B G's 910 W. 23rd Ave On sale liquor			Pull Tab booth	Red Cross
Ben Franklin Store Northgate Plaza, No. 9th St. Variety Store	+			
Cottage Grocery 1107 So. 5th Ave. Grocery/Convenience	+			
Eldorado Bar & Lounge Chestnut St. On Sale Liquor	+		Pull Tabs	Had Virginia Curling Club; Expect Macedon Fire Dept. in July 1991
Frank's Bar 205 Chestnut St. On Sale Liquor			Pull Tab booth AND behind bar	Range Women's Advocates for Battered Women

Site Location & Type	Lottery		Lawful Gambling Games	
	<u>Instant</u>	<u>On-Line</u>	<u>Type</u>	<u>Sponsor</u>
Virginia, MN				
Falkowski's IGA 831 No 14th St. Grocery	+			
Food-n-Fuel 903 So. 23rd Ave W. Gas and Convenience	+			
Freedom Value Center So. 2nd Ave. Gas and Convenience	+	+		
Holiday Station Store 303 6th Ave No. Gas and Convenience	+	+		
Inter City Oil/Pik Quik 9th St. & Hoover Rd. No. Gas and Convenience	+			
Kap 'N' Kork Liquors 115 Chestnut St. Off Sale Liquor	+	+		
Lucky Seven (Edwards Oil Inc.) 9th St. & Hoover Rd. No. Gas and Convenience	+	+		
Lucky Seven 401 2nd Ave. So. Gas and Convenience	+			

Site Location & Type	Lottery	Lawful Gambling Games	
	<u>Instant</u> <u>On-Line</u>	<u>Type</u>	<u>Sponsor</u>
Lucky Seven 832 No. 16th St. Gas and Convenience	+		
Lucky Seven Hwy 53 and Midway Gas and Convenience	+		
The Magic Bar 116 Chestnut St. On sale liquor	No Longer have Lottery	Pull Tab booth	Had Pheasant Pres. Inc. Expect to have Red Cross in July 1991
The Mirage Bar (formerly Willie's Place) 509 Chestnut St On sale liquor	No Longer Have Lottery	Pull Tab booth	Multiple Sclerosis
Norman's Nite Club 203 Chestnut St. On sale liquor		Pull Tab booth	Had Pheasant Pres. Inc. Has had Red Cross since June 13, 1991
Oaky's Arrowhead Bar 412 Chestnut St. On sale liquor	+	Pull Tabs behind bar	Vera Saba Sno Sled Patrol (Shriner's)
Office Bar and Lounge 218 Chestnut St. On sale liquor		Pull Tab booth	Red Cross
Popper's Bar & Lounge 120 Chestnut St. On sale liquor	No longer have Lottery	Pull Tab booth and Paddle Wheel	Camp Chicagami

Site Location & Type	Lottery		Lawful Gambling Games	
	<u>Instant</u>	<u>On-Line</u>	<u>Type</u>	<u>Sponsor</u>
Virginia, MN				
Regional Lottery Office 327 Chestnut St.	+	+		
Rocket Liquor 528 Chestnut St. Off sale liquor	+			
Royal Cafe 217 Chestnut St. On sale liquor			Pull Tabs behind bar	Had Pheasant Pres. Inc. Will have Multiple Sclerosis in July 1991
Short Stop 2nd Ave. & 11th St. So. Gas and Convenience	+	+		
Silver Creek Liquors 915 S. 23rd Ave. W. Off sale liquor	+			
Spies Super Valu No. 9th St. & E. 6th Ave. Grocery/Super Market	+	+		
Sportspage Bar 429 Chestnut St. On sale liquor			Pull Tabs behind bar	Italian American Club (occasional tipboards)
Super One Foods 111 17th St. So. Grocery/Super Market	+			

Site Location & Type	Lottery		Lawful Gambling Games	
	<u>Instant</u>	<u>On-Line</u>	<u>Type</u>	<u>Sponsor</u>
Virginia, MN				
Team Electronics Thunderbird Mall Stereo sound equipment	+	+		
Video Giant 111 17th St. So. Movie Rental	+			
Virginia Elks Club 218 5th Ave. No. Private Club			Pull Tab booth; bingo; tipboards	Virginia Elks Club
Virginia Moose Lodge 523 Chestnut St. Private Club			Pull Tab booth; bingo; tipboards	Virginia Moose Lodge
Virginian Bar 418 Chestnut St. On sale liquor			Pull Tabs behind bar (5 boxes)	Camp Chicagami
Wink's Place 215 Chestnut St. On sale liquor	+		Pull Tabs behind bar	Pike, Sandy, Britt Volunteer Fire Dept.
Eveleth, MN				
Ely Lake Short Stop 3400 Miller Trunk Rd. Gas/Convenience	+	+		

Site Location & Type	Lottery		Lawful Gambling Games	
	<u>Instant</u>	<u>On-Line</u>	<u>Type</u>	<u>Sponsor</u>
Eveleth, MN				
Eveleth Country Foods IGA, Inc. 702 Fayal Road Grocery/Super Market	+			
Eveleth Elks Club # 1161 415 1/2 Jones St. Private Club			Pull Tab booth	Eveleth Elks Club
Eveleth Spur/Shop-n-Go (Formerly 7-Eleven) 410 Grant Ave. Gas/Convenience	+	+		
Food-n-Fuel 1001 Fayal Rd. Gas/Convenience	+	+		
Jack's Bar and Lounge 311 Grant Ave. On sale liquor			Pull Tab booth	Sexual Assault Program of North St. Louis Co.
Koffee Kup News 418 Pierce St. Cafe/News Stand	+	+		
Mugga's Lounge Hat Trick Ave. On sale liquor			Pull Tab booth	Eveleth Curling Club
The Pour House 301 Grant Ave. On sale liquor			Pull Tab booth	Multiple Sclerosis



Site Location & Type	Lottery		Lawful Gambling Games	
	<u>Instant</u>	<u>On-Line</u>	<u>Type</u>	<u>Sponsor</u>
Eveleth, MN				
Red Garter Lounge 214 Grant Ave. On sale liquor			Pull Tabs	Had Pheasant Pres. Inc. Will have another sponsor in July 1991
Sleeve's Sportsman 210 Grant Ave. On sale liquor	No Longer have Lottery		Pull Tabs behind bar	Eveleth Youth Hockey
Shop-n-Go 1302 W. 1st St. Gas and Convenience	No longer have lottery			
Snicker's Lounge 212 Grant Ave. On sale liquor	No Longer have Lottery		Pull Tabs	Had Pheasant Pres. Inc. Will have another sponsor in July 1991
Gilbert, MN				
Bernie's Pub 115 No. Broadway On sale liquor			Pull Tab booth	Sexual Assault Program of North St. Louis Co.
Big Al's Bar 102 No. Broadway On Sale liquor			Pull Tabs behind bar	Red Cross
Den's Sand Bar So. Broadway On sale liquor			Pull Tabs	Under new management; will get Camp Chicagami in July 1991

Site Location & Type	Lottery		Lawful Gambling Games	
	<u>Instant</u>	<u>On-Line</u>	<u>Type</u>	<u>Sponsor</u>
Gilbert, MN				
Gilbert Bar No. Broadway On sale liquor			Pull Tabs	Had Pheasant Pres. Inc. Expect another sponsor sometime in future
Gilbert Community Center 11 So. Broadway Private Club			Bingo twice Weekly	Camp Chicagami
Gilbert IGA Highway 37 & Alaska Ave. Grocery/Super Market	+	+		
Holiday #141 Highway 135 & Summit Ave. Gas/Convenience	+	+		
ICO (Inter City Oil) 1 North Broadway Gas/Convenience	+			
Nick's Bar 316 No. Broadway On Sale liquor	+			
VFW Club 4456 224 No. Broadway Private Club			Pull Tab booth; Tipboards	Gilbert VFW
Mt. Iron, MN				
American Legion Post 220 5748 Mountain Ave. Private Club			Pull Tabs behind bar; Bingo	American Legion

Site Location & Type

Lottery

Lawful Gambling Games

Mt. Iron, MN

Instant   On-Line

Type

Sponsor

Bon Air  
8890 Main St.  
On sale liquor

Pull Tabs  
behind bar

Range Women's Advocates  
for Battered Women

Little Joe's  
Highway 169 & Co. Rd. 109  
Gas and Convenience

+

Mac's Bar and Motel  
Main St.  
On sale liquor

Pull Tab  
booth

Arrowhead Food Bank

# APPENDIX B

## LOTTERY WINNERS OF \$100 OR MORE

Respondent Number	\$ Won	\$ Spent Before Win	What Did You Do With Your Winnings?	Do You Still Play?	How Often?	How Much per month?	Are You Now Up or Down?	Charitable Giving
1	\$100	?	No response/Can't recall	Yes	Twice a week	\$8	Don't know	No response
2	\$100	\$5	Paid bills	Yes	Every 2 weeks	\$4	Don't know	Same
3	\$100	\$2	No response/Can't recall	Yes	Every 2 weeks	\$4 - \$6	Down	Same
4	\$100	?	Birthday gifts	Not now, but will play again	Played Weekly	\$4 - \$12	Up	Same
5	\$150	\$10-\$15	Children's clothes	Yes	Once or Twice a week	\$20	Up	Same
6	\$200	\$10	No response/Can't recall	Yes	Twice a week	\$16 - \$40	Down	Same
7	\$250	? Over \$250	Auto repairs	Yes	Twice a week	\$16	Down	Same
8	\$250	?	Savings account	Yes	Daily	\$300	Up	Increased
9	\$250	?	Auto repairs	Yes	Every 2 weeks	\$4	Up	Same
10	\$500	\$6	"Reinvested in lottery"	Yes	Every 2 weeks	\$2	Up	Increased
11	\$500	?	Savings account	Yes	Daily	\$150	Down	Same
12	\$500	?	Vacation	Yes	Twice a week	\$40	Down	Same
13	\$500	\$100	Savings account	No			Up	Increased

## APPENDIX B

## LOTTERY WINNERS OF \$100 OR MORE

Respondent Number	\$ Won	\$ Spent Before Win	What Did You Do With Your Winnings?	Do You Still Play?	How Often?	How Much per month?	Are You Now Up or Down?	Charitable Giving
14	\$500	\$30-\$40	No response/Can't recall	Yes	Weekly	No response	No response	No response
15	\$600	\$20	More lottery tickets	Yes	Weekly	\$4 - \$8	Up slightly	Same
16	\$1,000	\$4	Furniture, car battery, gave half to wife	Yes	Twice a week	\$8	Up	Same (none)
17	\$1,000	\$15	Taxes; lottery	Yes	Weekly	\$16	Up (?)	Same (none)
18	\$1,000	?	No Response "Too personal a question"	Yes	Weekly	\$16 - \$32	Up slightly	Same
19	\$1,000	\$100	Trip to Las Vegas	Yes	Daily	\$40	Up	Same
20	\$1,000	\$2	1/2 on children's clothes 1/2 into savings account	Yes	Twice a week	\$16	Up	Same
21	\$1,000	\$200	Trip to Las Vegas	Yes	Daily	\$60	Down	Same
22	\$2,000	\$100	Home improvements	Yes	5 times a week	\$20	Up	Increased
23	\$2,000	? "A Lot"	Paid off truck	Yes	Twice a week	\$8	Down	Increased
24	\$10,000	\$200	Savings account	Yes	Once or Twice a week	\$8 - \$12	Up	Same
25	\$10,000	?	Savings account; taxes	Yes	Once or Twice	\$20	Up	Same

APPENDIX C

VIRGINIA, MN AREA CHARITABLE GAMBLING RECEIPTS AND PROFITS, 1990

Sponsor	Pull Tabs		Net Receipts	% Payout	% Profit
	Gross Receipts	Payout			
1	\$175,092.00	\$143,749.00	\$31,343.00	82.10	17.90
2	\$51,629.50	\$42,060.00	\$9,569.50	81.47	18.53
3	\$221,782.00	\$189,827.00	\$31,955.00	85.59	14.41
4	\$1,709,902.50	\$1,445,598.00	\$264,304.50	84.54	15.46
5	\$1,943,107.00	\$1,597,747.00	\$345,360.00	82.23	17.77
6	\$86,764.00	\$75,479.00	\$11,285.00	86.99	13.01
7	\$347,704.00	\$289,080.00	\$58,624.00	83.14	16.86
8	\$646,382.00	\$545,023.00	\$101,359.00	84.32	15.68
9	\$644,847.00	\$553,452.00	\$91,395.00	85.83	14.17
10	\$167,657.00	\$138,026.50	\$29,630.50	82.33	17.67
11	\$532,891.75	\$455,646.00	\$77,245.75	85.50	14.50
12	\$500,231.50	\$427,801.00	\$72,430.50	85.52	14.48
13	\$265,196.00	\$219,653.00	\$45,543.00	82.83	17.17
14	\$756,595.50	\$620,854.50	\$135,741.00	82.06	17.94
15	\$615,304.00	\$484,023.50	\$131,280.50	78.66	21.34
16	\$2,594,621.00	\$2,088,263.50	\$506,357.50	80.48	19.52
17	\$156,698.00	\$131,110.00	\$25,588.00	83.67	16.33
18	\$489,012.00	\$407,109.00	\$81,903.00	83.25	16.75
19	\$322,019.00	\$263,676.00	\$58,343.00	81.88	18.12
Totals	\$12,227,435.75	\$10,118,178.00	\$2,109,257.75	82.75	17.25

APPENDIX C

VIRGINIA, MN AREA CHARITABLE GAMBLING RECEIPTS  
AND PROFITS, 1990

Other (Paddlewheel, Bingo, Tipboards, Raffles)					
Sponsor	Gross Receipts	Payout	Net Receipts	% Payout	% Profit
1	\$4,667.00	\$3,230.00	\$1,437.00	69.21	30.79
2	\$24,193.50	\$21,051.00	\$3,142.50	87.01	12.99
3					
4					
5	\$213,795.00	\$180,807.00	\$32,988.00	84.57	15.43
6	\$7,500.00	\$5,134.00	\$2,366.00	68.45	31.55
7	\$29,302.00	\$26,308.00	\$2,994.00	89.78	10.22
8					
9					
10					
11					
12					
13	\$60,226.00	\$50,934.00	\$9,292.00	84.57	15.43
14					
15					
16					
17	\$23,359.00	\$17,111.00	\$6,248.00	73.25	26.75
18	\$89,176.00	\$78,625.00	\$10,551.00	88.17	11.83
19	\$145,045.00	\$118,524.00	\$26,521.00	81.72	18.28
Totals	\$597,263.50	\$501,724.00	\$95,539.50	84.00	16.00

APPENDIX C

VIRGINIA, MN AREA CHARITABLE GAMBLING RECEIPTS AND PROFITS, 1990					
Combined Receipts (Pull Tabs & Other)					
Sponsor	Gross Receipts	Payout	Net Receipts	% Payout	% Profit
1	\$179,759.00	\$146,979.00	\$32,780.00	81.76	18.24
2	\$75,823.00	\$63,111.00	\$12,712.00	83.23	16.77
3	\$221,782.00	\$189,827.00	\$31,955.00	85.59	14.41
4	\$1,709,902.50	\$1,445,598.00	\$264,304.50	84.54	15.46
5	\$2,156,902.00	\$1,778,554.00	\$378,348.00	82.46	17.54
6	\$94,264.00	\$80,613.00	\$13,651.00	85.52	14.48
7	\$377,006.00	\$315,388.00	\$61,618.00	83.66	16.34
8	\$646,382.00	\$545,023.00	\$101,359.00	84.32	15.68
9	\$644,847.00	\$553,452.00	\$91,395.00	85.83	14.17
10	\$167,657.00	\$138,026.50	\$29,630.50	82.33	17.67
11	\$532,891.75	\$455,646.00	\$77,245.75	85.50	14.50
12	\$500,231.50	\$427,801.00	\$72,430.50	85.52	14.48
13	\$325,422.00	\$270,587.00	\$54,835.00	83.15	16.85
14	\$756,595.50	\$620,854.50	\$135,741.00	82.06	17.94
15	\$615,304.00	\$484,023.50	\$131,280.50	78.66	21.34
16	\$2,594,621.00	\$2,088,263.50	\$506,357.50	80.48	19.52
17	\$180,057.00	\$148,221.00	\$31,836.00	82.32	17.68
18	\$578,188.00	\$485,734.00	\$92,454.00	84.01	15.99
19	\$467,064.00	\$382,200.00	\$84,864.00	81.83	18.17
Totals	\$12,824,699.25	\$10,619,902.00	\$2,204,797.25	82.81	17.19



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