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Compulsive Gambling:

Background Information for Security Personnel

Richards J. Heuer, Jr.



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By Richards J. Heuer, Jr.

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PREFACE

Gambling is becoming more important as a security issue. Investigators, polygraphers, adjudicators and managers involved in the security clearance process need a good perspective on what is going on in society as a whole, what is common and what is uncommon.

Gambling behavior receives minimal mention in personnel security adjudication guidelines listed in Appendix I of the *DoD Personnel Security Program*, DoD 5200.2-R, and in the Director of Central Intelligence Directive Number 1/14, *Minimum Personnel Security Standards and Procedures Governing Eligibility for Access to Sensitive Compartmented Information*. Yet, as this report shows, compulsive gambling is particularly important as our society is undergoing dramatic change in the prevalence of gambling and in attitudes toward gambling.

The value of this report will be to precipitate a review of adjudication and investigative policies and procedures relating to compulsive gambling and to provide information for integrating the results into training programs. The report will also be helpful to counselors in employee assistance programs.

This is the third in a series of studies of behaviors that raise questions about personnel security and suitability. Previous studies dealt with alcohol use and abuse and with financial irresponsibility. Future studies will deal with nonconforming sexual behavior, criminal behavior, and drug abuse. These reports are part of the research agenda recommended by the 1985 Stilwell Commission Report, *Keeping the Nation's Secrets, a Report to the Secretary of Defense by the Commission to Review DoD Security Policies and Practices*.

The report was prepared by the Central Intelligence Agency using the support facilities and assistance of the Defense Personnel Security Research Center, and it is being disseminated by both organizations.

ROGER P. DENK
Director



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COMPULSIVE GAMBLING:

Background Information for Security Personnel

By Richards J. Heuer, Jr.

EXECUTIVE SUMMARY

Moderate gambling, like moderate alcohol use, is an accepted part of our culture and causes no problems. As with alcohol use, however, gambling to excess is a relatively common failing that may lead to serious security problems. According to available unclassified data on Americans arrested for espionage, financial pressures from gambling debts played a significant role in motivating at least seven Americans to sell classified U.S. government information to the Soviet Union.

Nevertheless, adjudicators report that they rarely identify compulsive gambling as a security issue. If true, the present study suggests that this is only because investigators have not been looking for it. Questions about gambling practices have not been a routine part of investigative interviews or polygraph examinations. The magnitude of security problems associated with compulsive gambling will not be apparent until clearance procedures are changed to increase the focus on this issue.

Director of Central Intelligence Directive 1/14, dated 22 January 1992, which sets minimum personnel security standards, now identifies indebtedness contributed to by gambling as a financial problem serious enough to warrant an unfavorable security determination. The previous version of this directive made no reference to gambling. Department of Defense Regulation 5200.2-R mentions gambling as one of several indicators that financial problems may be attributable to poor judgment or financial irresponsibility.

The United States has experienced dramatic change during the past two decades in the prevalence of legal gambling and public attitudes toward it. Legal gambling has been one of the fastest growing industries in the country. The amount of money gambled legally each year increased by 1,400% (not adjusted for inflation) from 1974 to 1989. Rapid expansion of gambling opportunities is expected to continue during the 1990s. The growth of state lotteries represents only a small part of the increase. Many forms of gambling that were once condemned as a sin, and later a vice, are now actively promoted by governments, charities, and even churches as a "painless" way to raise funds for worthy causes.

Unfortunately, there has been no comparable increase in public awareness of the social costs that result when millions of Americans are unable to gamble in a responsible manner. Gambling is so fashionable today that the scope of problems it causes is largely unrecognized. Compulsive gambling has been called the "hidden disease," as there are few overt signs of it in the workplace until the problem is in its most advanced stage.

About two thirds of Gamblers Anonymous members and of patients being treated for compulsive gambling admit to engaging in criminal behavior or civil fraud to finance their gambling or to pay gambling-related debts. The average gambling debt of persons admitted to treatment was \$54,662 in one study and \$92,000 in another. Of male members of a Gamblers Anonymous group, 47% admitted to engaging in insurance-related fraud or theft. The average dollar amount per person of the fraud or theft was \$65,468.

Social changes of the magnitude now under way with respect to gambling in the United States typically require adjustments to personnel security policies and procedures. The compelling evidence that compulsive gambling often leads directly to crime, especially white-collar crimes comparable to espionage, makes compulsive gambling a significant security issue. Security policies and procedures should be reviewed to ensure that they focus appropriate attention on this subject.

Compulsive gambling is a popular term, not a scientific designation. It refers to an uncontrollable preoccupation with gambling, and an inability to stop gambling even when one recognizes that gambling is causing serious financial, family, work, or other problems. The technical term now recognized by the American Psychiatric Association is pathological gambling. However, this term implies that compulsive gambling is a mental illness, and this is a controversial conclusion with legal and other implications. The term problem gambling is sometimes used to refer to all gambling that causes problems for the gambler, or to lesser problems that do not qualify as compulsive.

Surveys of persons living in states where gambling opportunities are readily available found that the number of probable compulsive gamblers ranged from 1.2% of the adult population in California to 2.3% in Massachusetts. Another 2% to 3% were classified as problem gamblers; although not compulsive, their gambling did affect their family, work, or financial condition. In Maryland, 1.5% of the population over age 18 was identified as probable compulsive gamblers, while another 2.4% had some form of gambling problem. In a state such as Iowa, where gambling has not been readily available until recently, the figure was much lower—0.1% compulsive gamblers and 1.6% problem gamblers.

One section of this report is devoted to indicators for recognizing compulsive gamblers. Compulsive gamblers are far more likely than social gamblers to be preoccupied with thoughts of gambling, gamble more than intended, "chase" losses, become restless if unable to gamble, and continue gambling despite financial, family, or work problems it has caused. They are also more likely to bet larger sums, more frequently,

and to spend far more time preparing for gambling than social gamblers. Gambling may explain why an individual who appears to have sufficient income is nevertheless building up significant debts. Compulsive gamblers are two to three times as likely as social gamblers to bet on horses and sports. The time required to gain information required to gamble intelligently, place bets, follow the action, borrow money and make payments may prompt characteristic behavior patterns that are recognizable in the workplace. The report lists 12 such indicators.

Like other addictive behaviors, compulsive gambling is treatable, so successful treatment may be considered a mitigating factor when adjudicating security clearance decisions.

Addiction treatment centers find a close relationship among alcohol abuse, drug abuse, and gambling abuse. Many persons have multiple addictions, with one exacerbating the consequences of the other, or with the combination adding to the difficulty of treatment. The relationship among these problems is so close that the National Council on Alcoholism recommends that:

It is important to consider the possibility of compulsive gambling in the assessment of any persons with alcoholism, or other drug dependency, or a chief complaint of financial, legal or marital problems. Denial and rationalization are as common in compulsive gamblers and their families as in alcoholism. Thus the patient or family may not interpret their problems as caused by gambling.

Pathological (compulsive) gambling is now recognized as a mental illness in the American Psychiatric Associations' *Diagnostic and Statistical Manual of Mental Disorders*. This "medicalization" of compulsive gambling has made it much easier for those who suffer from it to obtain treatment, but it has had broad legal ramifications. The concept of compulsive gambling as a disease suggests that individuals who suffer from this affliction are unable to exercise control over their own actions and, therefore, should not be held legally responsible for actions caused by their illness.

The legal precedents are now unclear on whether a government employee who commits a crime as a consequence of compulsive gambling should be fired and punished, or treated and rehabilitated. Should compulsive gambling be viewed as the motive for the crime, or as a form of mental illness that explains the action and relieves the individual of guilt? The law is in a period of transition on this issue.

TABLE OF CONTENTS

Preface	i
Executive Summary	iii
Introduction	1
Compulsive Gambling and Personnel Security	2
What is Compulsive Gambling?	6
Getting Hooked	8
Gambling is a Growth Industry	11
Characteristics of Gamblers in General	15
Prevalence of Compulsive Gambling	17
Indicators of Compulsive Gambling	21
Extent of Involvement in Gambling	23
Consequences of Gambling	25
Type of Gambling	26
Workplace Behavior	26
Influence of Family Background	27
Gambling and the Law	28
Relationship of Compulsive Gambling to Other Problem Behaviors	29
Mitigating Factors	31
Conclusions	32
References	33

LIST OF TABLES

1. Illegal Activities and Civil Fraud Engaged in by Compulsive Gamblers in Order to Gamble or Pay Gambling Debts, Three Samples, 1984-1986	4
2. Insurance Fraud and Theft by Compulsive Gamblers	5
3. 1989 Gross Gaming Handle and Percentage Increase from 1982 to 1989	12
4. Frequency of Gambling, by Type, 1989 Gallup Poll	16
5. Prevalence Rates of Problem and Compulsive Gambling	19
6. Percentage of University Students with Gambling Problems, by State and Gender	20
7. Comparison of Social vs. Compulsive Gamblers, Degree of Involvement in Gambling	24
8. Comparison of Social vs. Compulsive Gamblers, Types of Problems	25
9. Comparison of Social vs. Compulsive Gamblers, Types of Gambling	26

COMPULSIVE GAMBLING:

Background Information for Security Personnel

INTRODUCTION

The amount of money gambled legally each year in the United States increased by 1,400% (not adjusted for inflation) from 1974 to 1989. Gambling that was once condemned as a sin, and later a vice, is now actively promoted by governments, charities, and even churches as a painless way to raise funds for worthy causes. If increased gambling opportunities are leading more people to become compulsive gamblers, as most researchers expect,¹ then the prevalence of compulsive gambling among applicants and cleared personnel should be increasing. Unfortunately, data are not available at this time to document the existence or magnitude of any increase, as current reporting mechanisms do not single out gambling problems as a separate issue.

Two thirds of compulsive gamblers undergoing treatment or who join Gamblers Anonymous admit to committing illegal acts to finance their gambling or pay their gambling debts. Director of Central Intelligence Directive No. 1/14 was revised in January 1992 to include mention of indebtedness caused by gambling as a basis for denial of security clearance. Gambling is mentioned in Department of Defense Regulation 5200.2-R as one of several factors that may indicate indebtedness was caused by poor judgment or financial irresponsibility. Nevertheless, adjudicators report seeing little evidence of compulsive gambling as a security issue.

This study suggests that if adjudicators are not seeing much evidence of compulsive gambling, this is probably only because investigators have not been directed to look for it. The study pulls together in one place information useful to personnel security policy-makers, practitioners, and researchers when reviewing standards and procedures relating to compulsive gambling. It focuses on the potential impact of compulsive gambling on U.S. Government security, the growth of gambling in the United States, the prevalence of a small percentage of problem gamblers among the general gambling population, indicators for identifying these problem gamblers, and the relationship between compulsive gambling and other addictions. It also discusses legal considerations and treatment results that may be relevant to adjudication decisions.

The American Psychiatric Association's 1980 decision to recognize pathological gambling as a mental disorder gave added impetus to the scientific study of problem gambling, but this inquiry is still at an early stage. Research has been handicapped by inconsistent definitions of terms (compulsive or pathological or problem gambling) and by difficulties in measuring key variables. The number of test subjects in most studies is small, and the sample of test subjects is often taken from members of Gamblers Anonymous or persons in treatment for compulsive gambling. Those who have taken the

initiative or been directed by the courts to join Gamblers Anonymous or to undergo treatment may differ in important ways from other compulsive gamblers who have not. These limitations need to be kept in mind when considering the research reported here.

Given the rapid growth of gambling in the United States, there is urgent need for further study of those who are unable to gamble responsibly. The National Council on Problem Gambling and the Institute for the Study of Gambling and Commercial Gaming are helpful in providing interested persons with bibliographies, addresses for contacting researchers in this field, lists of treatment centers, and other information.² This report has been reviewed for technical accuracy by Prof. Henry R. Lesieur, editor of the *Journal of Gambling Studies*.

COMPULSIVE GAMBLING AND PERSONNEL SECURITY

Moderate gambling, like moderate alcohol use, is an accepted part of our culture and causes no problems. As with alcohol use, however, gambling to excess is a relatively common failing that may lead to serious security problems. Imprudent or uncontrolled gambling often results in significant financial losses. Individuals who entered one treatment clinic for gambling had a mean gambling-related debt of \$54,662,³ while the same figure at another treatment program was \$92,000.⁴ For a sample of female Gamblers Anonymous members, the average level of gambling-related debt was almost \$15,000. In each study, this was only the current accumulated debt, not the amount of gambling debt that had already been paid off.⁵

Debt of this magnitude may compromise one's financial stability, cause problems with family and work, and prompt some individuals to engage in illegal activities—including espionage—as a means of covering their losses.

Motivation for espionage is usually complex and difficult to assess, but gambling debts have clearly played a significant role in a number of cases. Perhaps the clearest case of gambling debts as a direct stimulus to espionage was Air Force Capt. George French, who was caught volunteering his services to the Soviets in 1957. He was a devotee of high stakes poker games who played two or three times a week, but was not a good player and his losses piled up. When he saw no other way out, French tossed a letter over the fence of the Soviet Embassy offering to sell information on nuclear bombs.⁶

Navy Yeoman Nelson Drummond was another chronic gambler who was always in debt, suffering repossession of his belongings and cancellation of his household utilities. In 1957, Soviet Military Intelligence learned of his financial difficulties and approached him with an offer of money. He had access to classified information as a clerk in the U.S. Navy Headquarters in London at the time, and he worked as a Soviet agent for five years before being caught.⁷

Gambling debts were also part of Army Sgt. Daniel Richardson's motivation for contacting the Soviet Embassy in Washington in 1986. He had made regular trips to the casinos in Atlantic City, New Jersey, in hopes of clearing up his mounting debts, but found himself buried deeper with every visit.⁸ In yet another case, an Air Force Staff Sergeant admitted volunteering his services to Soviet Military Intelligence in London in 1978 because of his financial problems. Although the exact source of those problems is not confirmed, he was known as a gambler (blackjack, horses and dogs) with a chronic history of indebtedness. Before being caught, he passed the Soviets two Secret codeword documents dealing with Electronic Security Command capabilities to monitor communications activities. His name has not been revealed publicly, as he was separated from the service but not arrested.⁹

The story of Air Force Tech. Sgt. James Wood is a similar tale of a gambler who volunteered his services to the Soviets as a means of extricating himself from financial difficulties; he was arrested for espionage in 1973.¹⁰ Electronics engineer John Butenko, arrested in 1964 and later convicted of espionage for the Soviet Union, was another high stakes card player.¹¹ In most of these cases, gambling was combined with heavy drinking and was part of a generally dissolute lifestyle.

Larry Wu-Tai Chin, a former CIA employee arrested in 1985 after spying for China for 30 years, was an inveterate gambler. In his case, however, gambling was not a motivation for espionage but a means of using and covering his espionage earnings. He talked constantly about his system for winning at blackjack and had a reputation among his colleagues as a successful gambler. He may have claimed gambling winnings as a cover story to partially explain his high standard of living, which was actually based on somewhere between \$500,000 and over \$1 million in payments for espionage.¹²

This discussion of Americans who spied against their country is limited to cases for which unclassified reports indicate that the gambling probably played a significant role in the case. There are other cases where the agent was reported to be a gambler, but the significance of the gambling for his espionage activity is not apparent from the unclassified information. Still other known espionage cases in which gambling is believed to have played a significant role are not discussed as no unclassified citation is available.

Compulsive gamblers generally use legal sources of funding for as long as possible. As gambling losses intensify, legal sources of money are gradually used up or closed off. Depending on personal value systems, opportunities for illegal activity, perceptions of risk and the existence of threats (from loan sharks or bookies, for example), compulsive gamblers may then become involved in progressively more serious illegal activity. In some cases, the amount of money runs into millions of dollars.¹³

Three different studies in the mid-1980s administered questionnaires to members of Gamblers Anonymous and persons in treatment for compulsive gambling to determine the extent to which gambling had led them to commit illegal activities to obtain money

for gambling or to pay gambling debts. Specific offenses and percentages committing each offense are shown in Table 1.

Table 1

**Illegal Activities and Civil Fraud Engaged in by Compulsive Gamblers
in Order to Gamble or Pay Gambling Debts
Three Samples, 1984-1986¹⁴**

<u>TYPE OF ACTIVITY</u>	<u>Hospital Inpatients n=40</u>	<u>VA Hosp. & GA n=190</u>	<u>Female GA n=50</u>
Civil Loan Fraud:	38%	41%	44%
White-Collar Crime:			
Check Forgery	30	33	40
Forgery	18	18	18
Embezzlement & Employee Theft	28	38	24
Tax Evasion	10	28	12
Tax Fraud	13	18	4
Commonplace Crime:			
Larceny	13	21	14
Burglary	13	15	2
Armed Robbery	-	4	2
Pimping	-	2	0
Prostitution	5	-	10
Selling Drugs	28	9	0
Fencing Stolen Goods	23	14	4
Gambling System Connected Crimes:			
Bookmaking or Working in an Illegal Game	18	23	26
Hustling at Pool, Golf, Bowling or Other Sport	23	19	10
Hustling at Cards or Dice	30	21	6
Running a "Con Game" or Swindling Suckers	18	9	12
Engaging in Any of the Illegal Activities Above	65%	n/a	68%

The columns do not sum to 100% as many individuals had multiple offenses.

About two thirds of gamblers in treatment or Gamblers Anonymous admitted engaging in illegal behavior to finance their gambling or to pay gambling-related debts.

The white-collar crimes of fraud, embezzlement, forgery and tax evasion predominate among those whose employment and economic status present the opportunity for such crimes.¹⁵

In the top line of Table 1, the notations that n=40, n=190 and n=50 refer to the number of persons questioned for each study. Note that these are small samples, and that the nature of the samples is not necessarily representative of all compulsive gamblers. For example, compulsive gamblers in treatment tend to be middle-aged, white males while surveys indicate that the population suffering from this affliction is considerably more diverse.

Another study that questioned 241 members of Gamblers Anonymous focused specifically on how problem gambling affects the insurance industry. It found that 47% of the Gamblers Anonymous members had engaged in some form of insurance fraud, embezzlement or arson. Table 2 shows the exact nature of the illegal activity and the percentages of persons engaging in each. For example, 32% admitted making false claims after an auto accident, 8% created or staged an accident, 15% faked a business or home burglary or property theft, 11% took part in or profited from arson, and 21% stole something which they knew an insurance company had to pay for.

The average dollar value per person of those who committed one or more of these illegal activities was \$65,468. The strength of the obsession with gambling is indicated by the fact that 30% of those questioned reported having gotten into auto accidents because they were thinking about gambling rather than driving.¹⁶

Table 2

Insurance Fraud and Theft by Compulsive Gamblers

Made a false claim after auto accident	32%
Created or staged an accident	8%
Took part in or profited from arson	11%
Faked business or home burglary or property theft	15%
Made false claim other than fire or theft	16%
Staged claim other than fire or theft	15%
Caused loss to insurance company in which you were bonded and insurance company had to pay	8%
Stole something which you knew insurance company had to pay for	21%
Engaged in any of the above	47%
Engaged in two or more of the above	31%
Engaged in four or more of the above	13%
Average dollar value involved	\$65,468

WHAT IS COMPULSIVE GAMBLING?

There is much confusion about terminology in both the scientific and the popular literature on gambling. As used in this report, compulsive gambling is a popular or layman's term, not a scientific description or medical diagnosis. It refers to an uncontrolled preoccupation with gambling, and an inability to stop gambling even when one recognizes that gambling is causing serious financial, family, work, or other problems. The currently accepted technical term is pathological gambling, which is the term used in the *Diagnostic and Statistical Manual of Mental Disorders*, a reference work published by the American Psychiatric Association. However, this term implies acceptance of the view that pathological gambling is an addiction and a disease, and this is a controversial finding with many legal and other implications.

To sidestep the controversies, this report uses the term compulsive gambling. For consistency, compulsive gambling is used even when describing scientific reports which employ the term pathological gambling.

Another term sometimes used is problem gambling. The National Council on Compulsive Gambling recently changed its name to the National Council on Problem Gambling in order to draw attention to the wider range of problems implied by that name.¹⁷ Problem gambling is easier to define than compulsive or pathological gambling and more neutral in its implications, but the term is used in two different ways.

In its broad sense, problem gambling includes all gambling which causes problems for the gambler. That is, it includes compulsive or pathological gambling as well as less serious gambling practices that cause problems but may not qualify as compulsive or pathological.

In its narrow sense, problem gambling includes only those less serious forms that do not qualify as compulsive or pathological. In this sense, the distinction between problem gambling and compulsive (or pathological) gambling is comparable to the difference between alcohol abuse and alcohol dependency (alcoholism). The problem gambler is able to respond to counseling and make a rational decision to limit or stop his or her gambling. The compulsive (pathological) gambler has lost control and requires treatment. When the term problem gambling is used in this report, the meaning is clear from the context.

The American Psychiatric Association first recognized pathological gambling as a form of mental illness in 1980. Pathological gambling was classified as an impulse control disorder and described as follows in the 1987 revision of the *Diagnostic and Statistical Manual of Mental Disorders*:

The essential features of this disorder are a chronic and progressive failure to resist impulses to gamble, and gambling behavior that compromises,

disrupts, or damages personal, family, or vocational pursuits. The gambling preoccupation, urge, and activity increase during periods of stress. Problems that arise as a result of the gambling lead to an intensification of the gambling behavior. Characteristic problems include extensive indebtedness and consequent default on debts and other financial responsibilities, disrupted family relationships, inattention to work, and financially motivated illegal activities to pay for gambling.¹⁸

The criteria for clinical diagnosis of pathological gambling were revised in 1987 and are in the process of being revised again. The criteria proposed for inclusion in Revision IV of the manual are:

Maladaptive behavior as indicated by at least four of the following:

1. Preoccupied with gambling (e.g., preoccupied with reliving past gambling experiences, handicapping or planning the next venture, or thinking of ways to get money with which to gamble).
2. Needs to gamble with increasing amounts of money in order to achieve the desired excitement.
3. Exhibits restlessness or irritability when attempting to cut down or stop gambling.
4. Gambles as a way of escaping from problems or relieving a dysphoric mood (e.g., feelings of helplessness, guilt, anxiety, depression).
5. After losing money gambling, often returns another day in order to get even ("chasing" one's money).
6. Lies to family members or others to conceal the extent of involvement with gambling.
7. Commits illegal acts such as forgery, fraud, theft, or embezzlement in order to finance gambling.
8. Has jeopardized or lost a significant relationship, job, educational or other career opportunity because of gambling.
9. Relies on others to provide money to relieve a desperate financial situation caused by gambling (a "bailout").
10. Makes repeated unsuccessful efforts to control, cut back, or stop gambling.¹⁹

These criteria parallel the diagnostic criteria for alcohol and drug addiction in many ways. While compulsive gambling does not involve use of a psychoactive substance, it does have a number of similarities to other addictions. Compulsive gamblers lose control over their behavior and commonly lie and cheat in order to continue their gambling. They frequently try, unsuccessfully, to cut down or quit. The "action" which compulsive gamblers crave is an aroused, euphoric state comparable to the "high" sought by drug users. This aroused state is accompanied by changes in brain chemistry similar to those caused by psychoactive substances. There is also a "rush" usually characterized by sweaty palms, rapid heart beat, and nausea which is experienced during the period of anticipation. Alcoholics and drug abusers develop "tolerance" for their drug of choice and then must increase their consumption in order to feel the same effects. Similarly, compulsive gamblers develop "tolerance" for the "action" and must increase the size of their bets or the odds against them to create the same amount of excitement. Withdrawal symptoms have also been noted in compulsive gamblers.²⁰

GETTING HOOKED

Diverse theories have been advanced to explain why people become compulsive gamblers. Freudian psychiatrists believe people become compulsive gamblers as a form of self-punishment to expiate guilt feelings. Some psychologists see underlying personality traits as the root of the problem. Others argue that people learn to become compulsive gamblers when gambling is rewarded with feelings of excitement and arousal. Sociologists describe it as caused by faulty reasoning and inept money management. Some recent work traces all the addictions, including compulsive gambling, to underlying feelings of emptiness, loneliness, or guilt usually associated with traumatic childhood experiences. Other addiction researchers have demonstrated physiological differences in brain chemistry between compulsive gamblers and others.²¹

There is lively debate among opposing views. Alternative theories about the causes of compulsive gambling have important and controversial implications for how the law should deal with people whose crimes are prompted by compulsive gambling, for treatment programs for problem gamblers, and for social policy concerning the legalization and promotion of gambling.

Whatever the underlying cause, observation of many compulsive gamblers has shown that they pass through identifiable stages on their way to developing serious problems. Henry Lesieur, a prominent scholar in the field of problem gambling, has described this process by which many people become "hooked" on gambling, making the transition from social gambler to compulsive gambler, and often to criminal. This process is believed to apply to most male compulsive gamblers, especially those who play games of skill, and to about half of female compulsive gamblers. The rest of this section is a mixture of quotation and paraphrase from Lesieur's account,²² together with several points added from other sources.

During the early phase of gambling, there are usually no serious losses. Those who will eventually have a problem fall in love with the excitement and "action." They have fantasies of success, and of gambling becoming their personal path to wealth and power. Such fantasies are often fed by a big win early in the gambler's career. Gamblers who are headed for problems think they are smarter than the average bettor and are bound to win in the long run. "They *know* that gambling is going to work for them because they, unlike less clever people, *really understand* how to beat the system."²³ As they become more involved in gambling, they derive an increasing portion of their self-esteem from seeing themselves as smart or lucky. Because of this, two things happen when they do incur the inevitable losses: first, they suffer monetary loss; second, and often more important, they suffer a deflated ego.

In order to salvage their self-esteem, they rationalize losses by blaming other people, such as the jockey or the pitcher, or by blaming "bad luck" in cards, craps or lotteries. If these excuses fail, the gamblers reflect on their handicapping abilities and tell themselves they will not make the same "mistake" the next time. The monetary loss is another matter, however, and this is dealt with differently. In order to recoup the loss, many gamblers "chase." That is, they continue their betting and increase the amount of their bets in order to get even.

This can be illustrated using sports betting with a bookmaker. Starting on Friday night, the gambler bets \$50 on one team but loses. On Saturday, \$50 is bet on each of two teams in order to have a new bet and to get even from the night before. In the event of losses on Saturday, the gambler will bet \$50 on each of four teams on Sunday. Monday night football is called "get even time" when the gambler will try to get even for the entire weekend.

This chasing of losses is the defining characteristic of the compulsive gambler. Instead of saying, "It's lost," compulsive gamblers say, "I'll get even tomorrow." Chasing losses leads the gambler to gamble with more than he or she can afford to lose, and, eventually, to borrow money in an effort to get even. The amount of chasing clearly distinguishes the compulsive gambler from the social gambler.

By sheer mathematics, of course, sports gamblers will in the long run bet on the winning team half the time if they flip a coin. They eventually lose, however, because of the *vigorish* (handling fee) the bookmaker charges for taking the bet. On a \$50 bet, the bookmaker pays \$50 if the gambler wins, but the gambler pays \$55 or \$60 to the bookmaker after a loss, depending upon the amount bet and the bookmaker. A similar thing occurs at the race track where the house takes from 13% to 20%, in casino games where the house retains an average of 4.3% of the amount bet, and in state lotteries where the government may keep as much as 54% of the money put into the lottery system.²⁴ Only those with an edge win in the long run, such as those who have access to inside knowledge and only bet when they are privy to such knowledge.

To many gamblers, however, chasing is logical as it means giving oneself a chance to get even, and because it has worked occasionally in the past. It is also logical because friends are doing it, and periodically they, too, get out of jams in this fashion. Gambling is a roller-coaster ride of wins, losses and breaking even. There are usually enough wins to feed the wishful dreams, while the losses are dismissed as just bad luck. The compulsive gambler becomes an expert at denying reality.

Chasing losses interacts with the options gamblers use to finance their gambling. This happens in a way that creates an escalating spiral of involvement. If gamblers quit, both money and self-regard are lost; if they continue to gamble and win, both can be regained. There is, therefore, the impetus to borrow in order to recoup losses; when continued gambling leads to still more losses, the compulsive gambler continues to borrow. The more money borrowed, the greater the commitment to more gambling as the only possible means of gaining enough money to pay off the debt.

The family acts as an unwitting catalyst in this spiral of commitment to increased gambling. In the process of gambling, many gamblers cash in joint savings bonds, empty checking accounts, use furniture money, pawn joint property, and take out loans without the spouse's knowledge. In order to preserve or regain respectability in the eyes of parents, spouse and others—and because their paychecks are insufficient—desperate gamblers see more gambling as the only alternative. Fearing loss of respectability, the gambler hides loans. When gamblers default on the loans, fear that the bank or loan company will tell their spouse may drive them to more gambling as a possible quick way out. Commitment to gambling is greater as a result. The behavior that caused the problem is increasingly seen by the gambler as the only solution, as there is no other way to get the needed money quickly.

As loans come due and pressures to pay become more insistent, sometimes involving threats of exposure or of physical harm from loan sharks or bookies, desperate gamblers weigh the risks of "borrowing" (embezzling) money from their employer, making fraudulent loan applications or insurance claims, or stealing the money. Once they succumb to this temptation, the threshold to an even greater commitment to gambling has been crossed. This is especially true if they obtain money by loan fraud or embezzlement. These kinds of crimes enable gamblers to rationalize that they are not really criminals; the money is only "borrowed" so no one is being hurt. But there is constant pressure to repay the money, and counting on a big gambling win is seen as the only hope for doing so. This extends the spiral of involvement from more gambling to more and more illegal activities until the gambler is caught, seeks professional help, or really does hit the big win.

The nature of the criminal activity often depends upon the opportunities available to the gambler. For lower income gamblers, burglary, larceny and drug sales have been common. For those in positions of responsibility, white-collar crimes such as fraud,

embezzlement, and forgery predominate. As previously noted, espionage has sometimes been the crime of opportunity for compulsive gamblers with a security clearance.

Falling in love with the "action" and then chasing losses is the starting point for most men who become compulsive gamblers. However, Lesieur found that over half the women he interviewed in Gamblers Anonymous groups had taken a different route. While they also enjoyed the "action" and chased losses, their dominant theme when describing their gambling career was escape—escape from memories of unhappy childhoods or parental abuse, escape from troubled husbands, and escape from loneliness. These women often came to gambling later in life than most men, and many never experienced the winning phase that starts many men thinking they can outsmart the odds. Many were closet gamblers who seldom bragged about their wins. Once they became hooked on gambling, however, they followed the same spiral of increasing involvement leading, among 68% of the women, to criminal activity.²⁵

GAMBLING IS A GROWTH INDUSTRY

In 1974, 61% of the American population gambled, but the amount wagered legally during that year was only \$17.4 billion.²⁶ This was before the approval of casino gambling in Atlantic City and the general surge in gambling nationwide. By 1989, the percentage of the population that gambled increased to 71%, while the total amount wagered legally soared to \$246.9 billion²⁷—an increase of over 1,400% (not adjusted for inflation) in 15 years.

Table 3 shows the gross wagering "handle" for 20 different forms of commercial gambling in 1989. This enables one to compare the dollar amounts wagered in the different forms of gambling. It shows, for example, that the Nevada and New Jersey casinos account for two thirds of the gambling in the United States, and that the amount wagered in lotteries is still only about one tenth of the "handle" in casinos.

In 1989, Americans wagered \$290 billion on all the different forms of legal and illegal commercial gambling. Illegal gambling, which is less than 15% of the total, is based on an informed guess rather than hard data. To put the magnitude of this \$290 billion figure in perspective, all the goods and services charged to all the credit cards issued by all the banks, department stores, gas stations and other retailers in the United States amounted to about \$390 billion in 1988.²⁸

In the parlance of gambling revenue accounting, the term "handle" includes the recycling of winnings. This partially explains why the numbers are so high. When slot machine winnings are reinvested in continuous play, the same coin will be counted about 15 times when calculating the "handle" for that machine. For slot machines, the amount lost by the gambler amounts to an average 6.6% of the total "handle." For casino table

games where the same chip may be wagered many times, the amount lost by the gambler averages 2.4% of the "handle."²⁹

Table 3
1989 Gross Gaming Handle and Percentage
Increase from 1982 to 1989

	<u>Amount</u>	<u>% Change</u>
PARIMUTUELS		
Horses		
Track	\$11,155,011,075	11.65
Off-Track Betting	2,775,058,960	62.54
Total	13,930,070,035	19.08
Greyhounds		
Track	3,183,112,602	44.13
Off-Track Betting	28,571,564	*
Total	3,211,684,166	45.42
Jai-alai	552,746,477	-11.25
Total Parimutuels	17,694,500,678	21.79
LOTTERIES	19,468,330,000	376.20
CASINOS		
Nev/NJ Slot Machines	65,790,588,454	356.88
Nev/NJ Table Games	127,774,754,003	46.87
Cruise Ships	2,073,500,000	*
Other Casinos	22,300,000	*
Noncasino Devices	301,600,000	*
Total Casino	195,962,742,457	93.36
LEGAL BOOKMAKING		
Sportsbooks	1,434,952,978	245.64
Horsebooks	403,178,763	228.30
Total Bookmaking	1,838,131,741	241.68
CARD ROOMS	3,798,437,500	279.84
BINGO 3,772,029,542	25.73	
CHARITABLE GAMES	3,990,444,149	232.54
INDIAN RESERVATIONS	400,000,000	*
Total Legal	246,924,616,067	96.35
ILLEGAL GAMBLING		
Numbers	5,550,305,120	27.01
Horsebooks	8,128,905,535	47.85
Sportsbooks	27,387,198,884	88.88
Sportscards	2,119,702,209	87.92
Total Illegal	43,186,111,748	69.38
GRAND TOTAL	\$290,110,727,816	91.81

* Percentage increase is not available as this form of gambling was not permitted in 1982.

Table 3 also shows the percentage growth in gambling, by category, from 1982 to 1989.³⁰ Total legal and estimated illegal gambling increased by only 91.8% during this 7-year period, while U.S. personal income grew by 65.7%. When measured by percentage, growth during the 1980s was slower than during the 1970s, but this is only because growth during the 1970s started from such a low base. In absolute terms, the \$15.3 billion increase in legal gambling in just one year, from 1988 to 1989, almost equals the entire \$17.3 billion wagered on all forms of legal gambling in 1974.

The change from 1982 to 1989 is cited here because there was a fundamental shift in American gambling behavior during this period. State lotteries, slot machines, card rooms, legal bookmaking, and charitable games saw dramatic growth, while other forms of gambling grew at modest rates or not at all.

Gambling on state lotteries grew by 376% from 1982 to 1989, while gambling with slot machines grew by 357%, card rooms by 280%, legal bookmaking in Nevada by 242%, and non-bingo charitable games by 233%.

Buying and selling stock options and commodity futures is not discussed in this report. Although commonly described as investment rather than gambling, these are recognized as high risk activities. The process of "chasing" losses and becoming hooked on the excitement of the market is the same as for gambling and can have the same adverse consequences.

The rapid growth of gambling has been fueled by state governments' appetite for tax revenues, the 1988 Indian Gaming Regulatory Act, which authorized Indian tribes to establish casinos on their sovereign territory, and a public thirst for gambling opportunities that was not previously being satisfied.

The first state lottery was introduced in New Hampshire in 1964. By 1984, 17 states had lotteries. Now, the number is up to 33 states plus the District of Columbia. Lotteries were set up as state-run monopolies primarily to generate revenues and limit the need to increase taxes. They serve as a form of "voluntary" taxation. Lottery tickets are the only consumer products actively promoted and sold by the state, and they are sold with the same amount of advertising hype as soap, beer, and other consumer commodities. State governments do not tell their residents that they should save money or have health insurance, but they do tell them they should gamble. The main concern of state lottery directors is how to attract new players who otherwise would not gamble.

With the lottery market maturing in many states, lottery directors are now seeking new products to fuel continued growth in revenues from state-sponsored gambling. In late 1989, the South Dakota lottery started to install on-line video poker and video blackjack machines but called them Video Lottery Terminals (VLTs). In one year, 5,000 VLTs were installed in liquor-licensed facilities in South Dakota. On the basis of the South Dakota experience to date, these VLTs are considered "the most successful lottery

product since the lotto game."³¹ Lottery revenues doubled, and every other state lottery is now looking at the possibility of introducing these machines.³²

The video poker machine has been described as "the closest thing we have to the perfect gambling device. It is fast, fun, easy to learn, has the potential for large jackpots, allows even novice players to gamble without being intimidated, and has at least the illusion that skillful participation will change the results."³³

Oregon and Kentucky already have state-sponsored gambling on professional sports, and the legislatures in Illinois, New York and Pennsylvania are considering bills to legalize wagering on professional sports.³⁴

Nevada was the sole outlet for casino gambling in the United States from 1931 until 1978, when Atlantic City, New Jersey, was authorized to become the second casino gambling mecca. Today, a dozen other states—and the number is growing rapidly—have authorized casinos on licensed riverboats, on cruise ships, on Indian reservations, or in small mining towns. Charities are now permitted to run full-scale casinos in 14 states.³⁵ The amount wagered in non-bingo charitable games doubled from 1987 to 1989.³⁶ Gaming experts predict that casinos will soon be operating within an easy day's drive of everyone in the nation.³⁷

In 1989 and 1990, the states of Iowa, Illinois and Mississippi all approved legislation authorizing riverboat or dockside casinos. Shipboard casinos began operating in 1989 on cruise ships making "day trips to nowhere" from ports in California, Florida, and the Gulf states.³⁸ In 1989, South Dakota introduced casino gambling as a means of rejuvenating the small, remote mining town of Deadwood. The Deadwood casino developers had projected betting of \$4 million per year. They were off by 5,000%, as \$400 million was wagered there during the first two years.³⁹ Colorado voters followed in 1990 by approving casino gambling in three old mining towns in that state.

The 1988 Indian Gaming Regulatory Act grandfathered-in high stakes commercial casinos already operating on Indian reservations in North and South Dakota, Washington and Michigan and opened the door to casinos on Indian reservations in most other states. As a result, 11 casinos are now operating on Indian reservations in Minnesota, and tribes in at least 10 other states are planning to open casinos.⁴⁰ Indian tribes in southern California are preparing to compete with the casinos in Las Vegas. Mirage Resorts, Inc., one of the most successful Las Vegas casino operators, recently agreed to design and operate Indian-owned casinos in Kansas City and the Seattle-Tacoma area.⁴¹

In gambling on the races, the greatest growth—62.54% from 1982 to 1989—was in off-track betting. Off-track betting is now permitted in 27 states.⁴² Participants can watch the races on closed circuit television at county fair grounds and in luxurious teletheaters with restaurants and wide screens.

The wave of the future may be gambling on the races from the comfort of home. In Japan, 16 million owners of Nintendo game systems will soon be able to bet on nationally televised horse races and bicycle races using software that turns their home video screens into tote boards, complete with the latest odds.⁴³

A new federal law which went into effect in May 1990 eliminated many restrictions on advertising of gambling. The Charity Games Advertising Clarification Act lifted all limitations on advertising of charity gambling and many limits on state lottery commercials. Gaming on Indian reservations was exempted from restrictions on gambling advertising in 1988. "By 1993 the country will be blanketed in newspaper and magazine ads and radio and TV commercials for state-run sports cards, charity games and Indian off-track betting, high-stakes bingo and casinos."⁴⁴

Fueled by state and local jurisdictions' need for "painless" sources of new revenue, a wide variety of gambling opportunities has been brought much closer to home for the average American. This rapid increase in gambling opportunities is expected to continue during the 1990s.

CHARACTERISTICS OF GAMBLERS IN GENERAL

A 1989 Gallup poll of 1,208 Americans age 18 and older explored a number of questions relating to type and frequency of gambling, characteristics of gamblers, and attitudes toward gambling. Information on the frequency of various types of gambling is presented in Table 4 below.

The poll found that 71% of American adults gambled during the previous year, and 31% played something at least weekly. This poll concluded that "lottery-playing may have replaced baseball as the national pastime." With the rapid increase in the number of state-operated lotteries, the number of adults who sometimes buy lottery tickets increased from 18% in 1982 to 54% in 1989. In states that have lotteries, 66% of adults buy lottery tickets at least occasionally, and 31% are weekly players. As gamblers go, most lottery players are small-time bettors; half of them limit their gambling to games of luck such as the lottery.⁴⁵

Card games, the racetrack and sports betting are games that offer better odds and put a premium on specialized skills or knowledge. This same Gallup poll showed that the 40% of Americans who play these games gamble mainly for the love of the game and for the excitement winning can bring. This is the "action" to which some gamblers become addicted. Many bet on a weekly basis and bet larger sums of money, and these gamblers tend to be male, young, and more affluent than average. Enjoyment of financial risk is an important motive for this type of gambler. Nationwide, 21% of adults visited a casino in Atlantic City or Nevada during the previous year, but in the Western states the figure was 40%, according to the Gallup poll. Westerners generally set the pace for gambling

in America; the poll shows that Westerners tend to get more enjoyment out of placing bets and to wager larger amounts than people who live in the East. Casinos attract an above average proportion of heavy gamblers, but the typical casino gambler differs from the typical card player, racetrack enthusiast or sports bettor. Casino visitors are about as likely to be female as male and tend to be middle-aged rather than youthful.

Table 4
Frequency of Gambling, by Type
1989 Gallup Poll

	<u>Weekly</u>	<u>Monthly</u>	<u>Less Often</u>	<u>Not Sure</u>	<u>Total</u>
Buy a state lottery ticket	23%	16%	14%	1%	54%
Play cards for money	4	7	12	*	23
Bet on pro football**	6	5	11	*	22
Bet on pro basketball**	2	3	16	1	22
Bet on major league baseball**	1	2	18	*	22
Visit a casino	1	1	18	*	20
Play a slot machine	*	1	18	*	19
Play a numbers game	5	5	7	1	18
Bet on college football**	3	4	6	1	14
Bet on college basketball**	2	3	8	1	14
Bet on a horse race	1	3	10	*	14
Play bingo for money	3	2	8	*	13
Bet on boxing matches	*	1	6	1	8
Bet on a dog race	*	1	5	*	6
Bet on jai-alai	*	1	2	*	3

* Less than 1%

** For professional and college sports, totals reflect all who bet on any sport in that category. For example, all pro sports bettors are counted in the total for major league baseball although some may limit their betting to pro football.

Summary of Activities

Play anything weekly	31%
Play anything monthly	18%
Play less than once a month	22%
No activity in past 12 months	29%
	100%

Long a mainstay of church basements, bingo attracted 13% of American adults during the year prior to the Gallup poll. Three percent of all adults played weekly, and 5% of persons over age 50 played weekly. Bingo players tend to be female, less well

educated, less affluent, disproportionately Catholic, and residents of states east of the Rocky Mountains. Regular players tend to be older.

Surprisingly, the typical bingo player is not someone who plays just to pass the time or support his or her church or favorite charity. Bingo players have the gambling bug—they enjoy placing bets about as much as those who play games more often associated with serious gambling. In fact, 7 in 10 bingo players also play cards, bet on the races or wager on sports. Bingo players are as likely as other gamblers to be heavy bettors and to report gambling-related problems.⁴⁶

According to the 1989 Gallup poll, 24% of those who gambled claimed to have won more than they lost during the previous year. More than twice as many, 58%, admitted they had lost more than they had won, while 15% claimed to have broken even and 3% didn't know. The number of self-claimed winners may be inflated and the amount of losses minimized in this poll, as gamblers who play games of skill are notoriously reluctant to admit losses. Asked about their reaction to losing, 60% said they did not get upset, while 30% reported getting only somewhat upset. A small number reported getting very upset or extremely upset (3% and 4%, respectively).

In responding to a poll question designed to explore why people gamble, the largest number, 39%, said they gambled for recreation, because it's enjoyable or fun. Another 27%, perhaps including many of the lottery players, reported gambling to make money or to get rich. Twelve percent reported gambling for the excitement, 11% for the challenge or competition, and 6% because it is part of their social life. The poll permitted more than one response to the question.

Although not demonstrated by systematic studies, one might hypothesize that those who gamble for the excitement and competition or make it a part of their social lives, and who then get very upset when they lose, may be the gamblers who are most likely to "chase" their losses and eventually become compulsive gamblers.

PREVALENCE OF COMPULSIVE GAMBLING

In the past, estimates of the prevalence of serious gambling problems in the United States have ranged from 0.77% to 6% of the adult population. Estimates vary widely depending upon the method of inquiry used, the definition of compulsive or problem gambling, and the population that was sampled.⁴⁷ Systematic empirical research to develop more accurate estimates is very recent.

The test now used to screen large samples of people to estimate the presence or absence of a gambling problem is known as the South Oaks Gambling Screen.⁴⁸ This is a questionnaire based on the diagnostic criteria for pathological gambling identified in the *Diagnostic and Statistical Manual for Mental Disorders*. Respondents scoring 3 or 4

points out of a possible 20 are classified as "problem gamblers," while those scoring 5 or more points are classified as "probable pathological gamblers," or what this report calls probable compulsive gamblers. Clinical evaluation by a psychiatrist or psychologist would be required to confirm a diagnosis for any single individual.

Questions asked as part of this test include the following:

- When you gamble, how often do you go back another day to win back money you lost?
- Have you ever claimed to be winning money gambling when you really weren't?
- Did you ever gamble more than you intended to?
- Have people criticized your gambling?
- Have you ever felt guilty about the way you gamble or what happens when you gamble?
- Have you ever hidden betting slips, lottery tickets, gambling money, or other signs of gambling from your spouse, children, or other important people in your life?
- Have you ever borrowed from someone and not paid them back as a result of your gambling?
- Have you ever lost time from work (or school) due to gambling?
- If you borrowed money to gamble or to pay gambling debts, who or where did you borrow from? (Followed by list of eight alternative sources of funds.)

The first statewide survey using the South Oaks Gambling Screen was in New York state in 1986. Subsequent statewide surveys were conducted in New Jersey, Maryland, Massachusetts, Iowa and California between 1988 and 1990. Substantial efforts were made to ensure that the demographic mix and geographic dispersion of the persons questioned in each state corresponded with the state population as a whole. In the six states combined, a total of 5,500 interviews were conducted, with the number in each state proportional to the population of that state. Interviews were conducted by telephone with random digit dialing and random selection of respondents within households. The response rate ranged from 65% in New Jersey to 76% in Iowa. These response rates are similar to response rates for telephone surveys on other sensitive topics. In other words, this is a much larger and more carefully selected sample than one finds in other research on compulsive gambling.⁴⁹

The findings for problem and compulsive gamblers in the six states are shown in Table 5. In the Eastern seaboard states and California, about 4% of the population over age 18 has some form of gambling problem. About one third of these are in the more serious compulsive gambler category.

The prevalence of problem and compulsive gambling in the coastal states where a broad range of legal gambling opportunities has been available for many years is far greater than in Iowa, where opportunities are more limited and legal wagering is

comparatively recent. The difference is especially marked in the prevalence of probable pathological gamblers. This is the first statistical evidence to support the "general consensus among researchers that ...increasing the availability of gambling opportunities will... eventually lead to an increase in compulsive gambling."⁵⁰

Table 5
**Prevalence Rates of Problem
and Compulsive Gambling**

<u>State</u>	<u>Problem Gamblers</u>	<u>Compulsive Gamblers</u>
New York	2.8%	1.4%
California	2.9%	1.2%
New Jersey	2.8%	1.4%
Maryland	2.4%	1.5%
Massachusetts	2.1%	2.3%
Iowa	1.6%	0.1%

Health professionals and many members of the public have tended to assume that problem gamblers are primarily middle-class, white men in their 40s and 50s. Those who join Gamblers Anonymous or seek treatment for compulsive gambling do fit this profile. However, the six state studies show that the demographic category most susceptible to problem gambling is the unmarried, non-white male under age 30 who has not completed high school. This suggests that existing treatment facilities are not directed toward serving the segment of the population that most needs these services.

Specifically, 70% of the problem or compulsive gamblers were men and 30% women, but women represent a very small percentage of those being treated for gambling problems. In inpatient gambling treatment programs in New York, New Jersey and Maryland, the percentage of women varies from 8% to 13%. Twenty-six percent of the survey sample was under 30 years old, but this group accounted for 37% of the problem gamblers. Non-whites made up 18% of the survey sample but accounted for 36% of the problem gamblers. Only 11% of those questioned had not completed high school, but this group included 21% of the problem gamblers. And 55% of the persons sampled were married, but only 43% of the problem gamblers were married.⁵¹

Compulsive gambling has been found among college and university students at higher rates than in the general population. The distribution of gambling problems among men and women is also different at this younger age level—much higher among male students and lower among female students than in the general population. This parallels reported differences in the origin of compulsive gambling among men and

women. The vast majority of males who become compulsive gamblers as adults started gambling in their teens. Women who become compulsive gamblers generally start gambling much later in life, often as a form of escape, and have a shorter gambling career.⁵²

The most comprehensive study to date of gambling among university students was a 1987-88 survey of 1,771 students at six different schools in five states—New York, New Jersey, Oklahoma, Texas and Nevada. The study used the South Oaks Gambling Screen, described above, to identify problem gamblers and probable compulsive gamblers.⁵³ Some results of this study are shown in Table 6.

Table 6

**Percentage of University Students
with Gambling Problems, by State and Gender**

	<u>NY</u> <u>n=446</u>		<u>NJ</u> <u>n=227</u>		<u>NV</u> <u>n=219</u>		<u>OK</u> <u>n=583</u>		<u>TX</u> <u>n=299</u>		<u>5-State</u> <u>Average</u>	
	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
Problem Gamblers	30	9	26	8	20	12	19	4	18	8	25	8
Compulsive Gamblers	12	4	12	1	6	1.5	8.5	2	9	3	9.5	2.3

Over 90% of the males and 82% of the females had gambled, with 34% of the males and 15% of the females reporting that they currently gambled at least once a week. The test identified 5.5% of the students (9.5% of the males and 2.3% of the females) as probable compulsive gamblers, with an additional 15% (25% of males and 8% of females) categorized as problem gamblers.

Some of the gambling problems identified by the students, and the percentage for each, are:

Seven percent of the students said that someone had criticized their gambling; 3% argued with someone they lived with over gambling; 3% hid betting slips, lottery tickets or other evidence of gambling from family members; 4% cut classes in order to gamble, and 2% said they had lost time from work or school due to gambling. These students also experienced financial difficulties as 10% borrowed from household money, 3% from banks, 3% from credit cards, 3% from checking accounts, 1% from loan sharks and 2% sold personal property [in order to gamble].

There were significant differences among states, with many more gambling problems among New York and New Jersey students than in Texas and Oklahoma or even Nevada. Table 6 shows the results by state for males and females. Particularly noteworthy is the small percentage of compulsive gamblers found among students at the University of Nevada-Reno. More students here gambled weekly than students in the other states, and more of them had gambled with more than \$100 in one day, but fewer became compulsive gamblers. Perhaps the daily exposure to a gambler's mecca induced increased participation but also increased awareness of the potential pitfalls of allowing their gambling to get out of control.

These rates of compulsive and problem gambling among university students are four to eight times higher than reported for the adult population. The causes and potential significance of this are unclear. The high rate of gambling problems could be a portent of problems to come as this student population moves on into the work force. On the other hand, experimentation with alcohol and drugs may be viewed as relatively normal behavior among our youth, and gambling may take a similar form. Young gamblers may learn from their mistakes and become less involved with gambling as they mature.⁵⁴

INDICATORS OF COMPULSIVE GAMBLING

Compulsive gamblers tend to be bright, energetic, competitive, adventuresome individuals. In short, they may have the characteristics of an otherwise ideal employee. The affliction is difficult to detect; unlike some drug or alcohol abusers, there is no evidence of needle marks on the arm, odors, slurred speech or staggering gait.

In personal interviews, it is appropriate to ask some of the questions about gambling listed in the previous section as part of the South Oaks test that screens for compulsive gamblers. One should recognize, however, that the compulsive gambler whose job may be at stake will generally minimize or deny any troubles caused by the gambling. Therefore, information may need to be developed through independent sources such as interviews with friends, work colleagues, or neighbors.

A question which may be particularly useful in a polygraph setting is: "Have you ever borrowed money to pay off a gambling debt?" This hits at the heart of the security issue, which is a person's desperate need for money.

Extensive gambling is not itself a security problem. It becomes a security problem if it leads to significant financial difficulties, as this presents a high risk of criminal activity to make up for gambling losses. If investigation reveals extensive gambling, one must then look more closely at financial condition. Similarly, if an individual's financial condition looks shaky, investigators should be alert to the possibility that this may be caused by gambling. Especially when an individual appears to have sufficient income but

is nevertheless operating at a loss, gambling may account for the unexplained drain on income.

The combination of frequent gambling and poor financial condition may justify denial of security clearance. Even though the financial problems alone may not be sufficient to cause denial of clearance, disapproval is warranted if the financial problems are caused by gambling. If debt is caused by gambling, there is a high probability of the financial problems getting worse.

If the investigation reveals heavy involvement in gambling but the credit check shows no financial problems, there are at least six possible explanations: 1) Debts may be in a form that does not show up on a credit check, i.e., borrowing on life insurance, stockbroker loans, unpaid hospital bills, or credit provided by casinos, bookies or loan sharks; 2) The individual may be financing his or her gambling through embezzlement or other illegal activity; 3) The individual may be too young to have a meaningful credit history; 4) If the gambler is playing games of skill, he or she may be more skillful than most and be a long-term winner; 5) The gambler's financial condition may be so strong that losses are affordable and considered as "entertainment" costs; or, 6) The gambler may for a while be luckier than most, as some people actually do hit jackpots. An investigator should seek to determine which of these possible explanations applies.

One specialist in this field advises that consistent winning should not necessarily be interpreted as meaning there is no security risk. He notes that "I'd be at least as concerned about those who are winning." This is because doctors who work with compulsive gamblers undergoing treatment find that many of the embezzlers come from the ranks of those who had been big winners.⁵⁵ A severely compulsive gambler must periodically increase the amount bet or the riskiness of the bet in order to continue achieving the same level of excitement and psychic satisfaction. When the bad break inevitably does come, those who had been consistent winners fall farther and harder and may be more prone to desperate actions. On the other hand, until there are adverse consequences, there is no basis for concluding that an individual has a severe gambling problem.

Although financial problems are the main indicator that involvement in gambling has become a security concern, other indicators may also be considered. This section describes those indicators: extent of involvement in gambling, behavioral consequences of gambling, type of gambling, workplace behavior, and influence of family background. While not direct indicators of security concern, they do help identify individuals who are at risk for already having or eventually developing serious gambling problems.

To assess the strength and validity of indicators of compulsive gambling, it is necessary to compare compulsive gamblers with other gamblers who are able to gamble without experiencing problems. Most studies of compulsive gamblers do not do this;

they describe only the characteristics of compulsive gamblers without comparing them to other groups.

One study by the National Council on Compulsive Gambling does specifically set out to compare problem gamblers with recreational or other gamblers. Answers to questionnaires administered to 59 persons diagnosed as compulsive gamblers and being treated in outpatient treatment centers in New York were compared with answers to the same questionnaire by 273 persons who represented a cross-section of other residents of the New York City area who had reported they gambled at least once during the previous six months.⁵⁶

In comparing the two groups, this report refers to them as compulsive gamblers and social gamblers. The following paragraphs and Tables 7, 8 and 9, below, compare compulsive and social gamblers. The comparison enables one to identify risk factors based on what gamblers say about their degree of involvement in gambling, certain aspects of their gambling behavior, and the type of gambling they do. Caution is needed when using this data, however, because of differences in the makeup of the two groups. The compulsive gamblers undergoing treatment were largely white males, while the social gamblers represented a broader cross-section of the population. If black and Hispanic compulsive gamblers prefer lotteries and women prefer cards and poker machines, while white males prefer horses and sports, this will skew the results, especially in Table 9.

Extent of Involvement in Gambling

As a general rule, the more one gambles the more likely one is to eventually lose; and as losses occur problems become more likely. One series of questions in the National Council on Compulsive Gambling study concerned degree of involvement in gambling. Five variables were found that best discriminate the compulsive gamblers from the social gamblers. These were number of different types of gambling engaged in, frequency of betting, amount bet, amount of time spent in preparation for gambling, and percentage of leisure time spent in gambling.

The single most striking difference between compulsive gamblers and social gamblers was the amount of leisure time devoted to gambling. Of the compulsive gamblers, 91.5% reported devoting at least one quarter of their leisure time to gambling, while 17% of social gamblers reported spending that much time. Time spent to gain information or skill in preparation for gambling was another distinguishing characteristic. The figures for those devoting more than two hours per week to preparation for gambling were 74.6% for the compulsive gamblers versus 25.5% for the social gamblers. (Note: Since the social gamblers were a broad cross-section of the population, this group included previously undiagnosed problem and compulsive gamblers in the proportion one would expect to find them in the population as a whole.)

There was no significant difference in frequency of betting on the lottery. There was, however, a very great difference in frequency of visits to off-track betting (O.T.B.) establishments. Of the compulsive gamblers, 47.8% made 11 or more visits to O.T.B. establishments during the previous six months, as compared with only 4.6% of the social gamblers. If one looks at the very high end of the range—70 or more O.T.B. visits during the previous 6 months—one finds 26.1% of the compulsive gamblers but none of the social gamblers.

Compulsive gamblers were also more likely to engage in more different types of gambling activity; they were almost twice as likely (53.4% versus 29.6%) to engage in three or more different types of gambling. They were also three times as likely (76.3% versus 21.9%) to gamble weekly, and they were much more likely to gamble for higher stakes. These and other comparisons are shown in Table 7.

Table 7
Comparison of Social vs. Compulsive Gamblers
Degree of Involvement in Gambling

<u>Nature of Involvement</u>	<u>Social Gamblers</u>	<u>Compulsive Gamblers</u>
Frequency of betting		
Less than monthly	55.8%	10.2%
Monthly	22.3%	13.6%
Weekly	21.9%	76.3%
Usual Bet at One Time		
Less than \$5	41.9%	3.7%
\$5 to \$49	39.8%	16.7%
\$50 plus	18.3%	79.6%
Time Per Week Spent Preparing		
None	51.0%	11.9%
1 Hour	23.5%	13.6%
2 Hours or More	25.5%	74.6%
Amount of Leisure Time Spent Gambling		
Very Little	83.0%	8.5%
At Least 1/4 of Leisure Time	17.0%	91.5%
Amount Prepared to Lose in One Week		
Under \$5	26.0%	0
\$5 to \$19	30.5%	5.9%
\$20 to \$99	24.4%	23.5%
\$100 Plus	19.1%	70.6%
Number of Types of Gambling Activities		
1	40.2%	17.2%
2	30.3%	29.3%
3	14.7%	24.1%
4	14.7%	29.3%

Table 7 (Continued)

<u>Nature of Involvement</u>	<u>Social Gamblers</u>	<u>Compulsive Gamblers</u>
Number O.T.B. Visits During 6 Months		
None	83.9%	34.8%
1 to 10	11.5%	17.4%
11 Plus	4.6%	47.8%

Consequences of Gambling

Another series of questions in this same study dealt with the behavioral consequences of gambling. The compulsive and social gamblers were each asked if they had experienced various types of problems as a result of their involvement in gambling. This is, of course, the crux of the difference between the two groups; compulsive gamblers have many problems and social gamblers generally do not.⁵⁷

Table 8 clearly shows the difference between the two groups. It is noteworthy that even 13.2% of the social gamblers reported one or more of the cited problems. Many of these were presumably the undiagnosed problem and compulsive gamblers one would expect to find in any cross-section of the population.

Table 8

**Comparison of Social vs. Compulsive Gamblers
Types of Problems**

<u>Nature of Problem</u>	<u>Social Gamblers</u>	<u>Compulsive Gamblers</u>
Preoccupied with gambling	5.8%	66.7%
Gamble more than intended	11.6%	83.3%
Need to increase size of bets	11.0%	66.7%
Restless if unable to gamble	8.1%	83.3%
Lost money, gambled more to try to win	10.5%	79.2%
Tried to cut down on gambling	7.0%	83.3%
Missed obligations	7.0%	45.8%
Gave up social activities to gamble	5.8%	58.3%
Continued gambling despite problems	4.1%	66.7%

Type of Gambling

As may be seen from Table 9, the types of gambling that best distinguish the compulsive gambler from the social gambler are horse races and sports betting. Compulsive gamblers were three times as likely to play the horses and twice as likely to bet on sports as social gamblers.

Table 9
Comparison of Social vs. Compulsive Gamblers,
Types of Gambling

<u>Type</u>	<u>Social Gamblers</u>	<u>Compulsive Gamblers</u>
Lottery (Numbers)	73.1%	62.7%
Casino	30.0%	28.8%
Sports	28.6%	52.5%
Cards	27.1%	32.2%
Horses	24.9%	76.3%
Jai-alai	4.4%	2.5%
Bingo	5.9%	8.5%
Mahjongg	3.3%	4.2%
Dogs	3.3%	1.7%
Dominoes	2.6%	3.4%
Cock/Pit Bulls	1.8%	1.7%
Other	5.9%	6.8%

Workplace Behavior

Compulsive gambling has been called the "hidden disease," as no tell-tale signs are apparent to co-workers. Astute observers may, however, pick up clues.

Extensive gambling can be time-consuming. Doing everything required to gain the information required to gamble intelligently, to place bets, follow the action, borrow money and make payments often has an impact that can be observed in the workplace. One educational pamphlet on compulsive gambling lists these indicators that may be observed at work:

- Late to work (due to late night card game, casino venture, or bad night's sleep worrying about gambling-related problems).
- Long lunch (off-track betting, meeting bookmaker or loan shark or creditors).
- Mysterious disappearance in the afternoon (typically at the track, off-track betting, afternoon card or dice game, or listening to sporting events).

- Sick days taken right when they become available rather than allowed to accumulate (uses sick days to gamble).
- Vacation used in isolated days rather than blocks.
- Excessive use of rest room (reads sports pages or listens to radio in the rest room).
- Excessive use of the telephone (calls to off-track betting, bookie, creditors, or to find money; calls from bookie or creditors).
- Reads newspaper and sports literature at work (scratch sheet from race track, racing form, sporting news, etc.).
- Operates office sports pool or paycheck pool (the person running these may have a gambling problem).
- Collects money from other employees for off-track betting or lottery (ostensibly does this as convenience for co-workers but actually so he or she can place bets).
- Organizes trips to Atlantic City, Las Vegas, or other gambling junkets.
- Operates as bookmaker or runner for bookmaker (many bookmakers and runners are themselves compulsive gamblers and do this in order to gamble more).⁵⁸

A 1989 survey of organizations that provide employee assistance counseling in New York state determined that 45% of the organizations had no one who had attended training or education sessions about compulsive gambling. Those organizations in which at least one person had received such training or education were much more likely to have identified compulsive gambling employees than organizations where no one had received this training.⁵⁹

Influence of Family Background

As with alcoholism, there is considerable evidence that children of problem gamblers are at greater risk than others for developing a gambling problem themselves. One study found that 50% of the children of pathological gamblers were also pathological gamblers.⁶⁰ Another study that questioned 24 persons in a treatment program for compulsive gambling found that almost 42% thought that one or more of their parents had a gambling problem.⁶¹

Of 50 female members of Gamblers Anonymous, 40% reported growing up in households where one or both parents were addicted to alcohol or gambling—28% had alcoholic fathers, 10% alcoholic mothers, 14% had compulsive gambling fathers, and 4% compulsive gambling mothers.⁶²

In the previously noted study of university students in five states, 3% of all students identified their father as a compulsive gambler and 1% described their mother in this manner. Students who identified either parent as a compulsive gambler were

more likely to show signs of compulsive gambling themselves (18.8%) than students who did not have compulsive gambling parents (4.7%).⁶³

GAMBLING AND THE LAW

The American Psychiatric Association's formal recognition of pathological gambling as a disease has prompted dramatic changes in how the legal system deals with gambling. Although the mental health professionals explicitly stated that their intention was only to aid diagnosis and treatment of gambling problems, their action has had extensive legal consequences. American gambling law has been based upon the assumption that anyone who gambles is doing so of his or her own free will, and that those who gamble to excess are morally weak and deserving of punishment.⁶⁴ "Today, however, we are in the middle of a revolution in the law created by a growing acceptance that some individuals cannot control their gambling and that the crimes they commit are a direct consequence of their gambling addiction."⁶⁵ This raises serious legal and moral issues on the extent to which individuals should be held responsible for their actions when these actions are prompted by compulsive gambling.

I. Nelson Rose, a leading authority on gambling and the law, writes that

There is no middle ground, no way to compromise, between the opposing views; in a criminal case the particular defendant is either acting out of free will and is therefore liable for his actions, or is ill and cannot be held responsible. Guilty or innocent. The standards of punishment follow: punish or rehabilitate.⁶⁶

These conflicting viewpoints are causing rather dramatic conflicts in interpretation of the law. For example,

...some courts are ordering gamblers who embezzle to serve prison sentences of up to ten years, other courts are ordering defendants in virtually identical cases to be put on probation and attend Gamblers Anonymous. In one divorce case the trial judge ordered the compulsive gambling husband to pay alimony to his ex-wife for destroying their marriage; the appellate court reversed because it believed the compulsive gambler was suffering from a disease and therefore was more in need of financial support than his wife.⁶⁷

The same legal principles, and the same legal turmoil, apply to cases of employees who embezzle or commit other illegal acts as a consequence of compulsive gambling. Letter carrier Edward Hyde had been convicted on a criminal charge of delaying the mail

after over 3,500 pieces of mail, many containing checks, were found in his car. He sued to get his job back on the grounds that he was a rehabilitated compulsive gambler.

He was sentenced to 18 months probation with the condition that he complete a rehabilitation program for compulsive gamblers. The United States Postal Service wanted to discharge him; a labor arbitrator reversed, deciding the only hope for rehabilitation lay in returning Hyde to work. The federal district court reversed the arbitrator, holding it would offend public policy to allow the delivery of the U.S. mails to depend 'upon the vicissitudes of rehabilitation of a single letter carrier.' The court of appeals reversed the district court, stating 'the Postal Service would have this court impose its own brand of justice.' Chief Justice Rehnquist issued a stay, indicating he believed the Supreme Court would reverse the court of appeals. The Supreme Court first agreed to hear the case, then changed its mind. Thus, five different levels of the legal system have looked at this case and each disagreed with the prior decision on the effect of compulsive gambling.⁶⁸

In a similar case, an FBI Special Agent was fired after he misappropriated \$5,000 to use the money for gambling at the casino in Atlantic City. After a series of appeals, the termination was reversed and the FBI was ordered to demote him and suspend him for 90 days.⁶⁹

The legal precedents are, therefore, unclear on whether a government employee who commits an illegal action as a consequence of compulsive gambling should be punished or rehabilitated. Should compulsive gambling be viewed as the motive for the crime, or as an explanation that relieves the individual of much of the guilt? Even if compulsive gambling is not recognized as a legal excuse for criminal behavior, it may be considered an extenuating or mitigating circumstance that affects the legality of a proposed disciplinary action. The law is in a period of transition in how it deals with compulsive gambling. Whether or not one agrees with the current trend toward treating compulsive gambling as a disease, this trend is a reality that persons making personnel security decisions must recognize. Legal counsel will be required to compare the circumstances of each individual case against the most recent judicial precedents.

RELATIONSHIP OF COMPULSIVE GAMBLING TO OTHER PROBLEM BEHAVIORS

Compulsive gamblers frequently also suffer from mental illness as well as other addictions such as alcoholism and drug abuse. There is considerable appeal to the idea that mental problems cause compulsive gambling. "Very simply, only a disturbed individual could get so compulsively involved in an activity which causes such pain and destruction."⁷⁰ On the other hand, causation may go in the opposite direction as the

many financial, family and legal difficulties caused by compulsive gambling can lead to depression and other mental disorders. It can also lead to alcohol and drug abuse and suicide as an escape from concerns about gambling debts. While the strong relationship between compulsive gambling and other problems is clearly documented, as noted below, the nature of the complex relationships between these problems is not yet understood.

The following paragraphs discuss the frequency with which gambling problems are associated with other addiction or mental problems of security interest.

Of 50 male patients in a VA Hospital gambling treatment program, 36% were current alcohol or drug abusers while 47% had abused alcohol or drugs at some point in their lives. Fully 76% were diagnosed as currently suffering from major depressive disorder and 38% had hypomanic disorder. Twelve percent had made a lethal attempt at suicide with definite intent to die, while another 12% had made preparations for but had not implemented a serious suicide attempt; only 20% had no apparent suicide tendency at all.⁷¹ Three other studies have shown rates of attempted suicide among pathological gamblers ranging from 15% to 24%.⁷²

An intensive study of 25 male members of Gamblers Anonymous found that 52% were alcohol abusers, 72% had experienced at least one major episode of depression, 52% had recurrent depressive episodes, and 20% suffered from panic attacks.⁷³

A study of 50 female members of Gamblers Anonymous found that 54% had previously been addicted to something else other than cigarettes (i.e., alcohol, drugs, overeating, overspending, sexual addiction) at some point in their lives. Compulsive shopping (24%), compulsive overeating (20%) and alcohol abuse (14%) were most common. Twenty percent reported attempting suicide. Seventy percent had seen mental health professionals about their problems, but many were not well served. One therapist, for example, told a woman who had asked for help that she should get a job as a blackjack dealer in Atlantic City since she loved to gamble so much. Only four women had been referred to Gamblers Anonymous by a health professional. The study concluded that many mental health professionals are not alert to symptoms of problem gambling among women.⁷⁴

As compared with a sample of psychiatric outpatients, a group of 68 compulsive gamblers attending a hospital inpatient behavior-therapy program scored significantly higher on Depression, about the same on Hostility, Paranoid Ideation, and Psychoticism, and significantly lower on Obsessive-compulsive, Interpersonal Sensitivity, Anxiety, and Phobic Anxiety scales. The test used was the SCL-90. Other studies consistently support the view that compulsive gamblers score high on indicators of depression, such as feelings of hopelessness, lack of motivation, suicidal thoughts, and loneliness.⁷⁵

Most studies have looked at compulsive gamblers to determine how many had other problems as well. Several studies have taken the opposite approach, looking at

persons in treatment for alcohol or drug dependency to determine the extent to which those people also have problems with compulsive gambling. "These studies have uncovered rates of 9 to 14% of patients diagnosed as pathological gamblers and 19 to 28% as being [either] problem or pathological gamblers. These rates are 6 to 10 times higher than for the general population."⁷⁶

Multiple addiction may complicate treatment problems. For example, doctors at some treatment centers have observed a "switching of addictions," where recovering alcoholics begin to gamble compulsively after several years of abstinence from alcohol. Similarly, women recovering from compulsive gambling have encountered problems with compulsive shopping.⁷⁷ There is some evidence that individuals with multiple addictions encounter more serious problems than those who suffer from compulsive gambling or substance abuse alone.⁷⁸

Various forms of addiction appear to be related to each other in ways not yet clearly understood. Some researchers have advanced the theory that compulsive gambling, alcoholism, and drug abuse are functionally equivalent forms of behavior that satisfy similar psychological needs.⁷⁹ Others focus on what all the addictions have in common and write of a general theory of addiction.⁸⁰ Still others question the whole concept of addiction as it is currently being used, emphasizing the role of the individual in controlling his or her own behavior.⁸¹ Current genetics research suggests the possibility that susceptibility to various behavioral disorders might soon be traced to inheritance of one or more specific genes.⁸²

A pamphlet on compulsive gambling distributed by the National Council on Alcoholism recommends that:

It is important to consider the possibility of compulsive gambling in the assessment of any person with alcoholism, other drug dependency, or a chief complaint of financial, legal or marital problems. Denial and rationalization are as common in compulsive gamblers and their families as in alcoholism. Thus the patient or family may not interpret their problems as caused by gambling.⁸³

MITIGATING FACTORS

Compulsive gambling, like other addictive behaviors, is treatable, so successful treatment may be considered a mitigating factor when adjudicating security clearance decisions. Gamblers Anonymous was formed in 1957 and now has many chapters nationwide. It follows the same pattern as Alcoholics Anonymous, including the same 12-step treatment program. The first inpatient hospital treatment program for compulsive gamblers started in a Veterans Administration hospital in 1972. There are now about 42 treatment programs in the United States.⁸⁴

Several studies have aimed at measuring the effectiveness of treatment programs, but the number of recovering gamblers in each sample was small and the criteria for measuring success differed.⁸⁵ In general, one may conclude that the success rate is comparable to that for other addictions. Relapse is a problem, but one or two relapses do not necessarily indicate failure. The more severe the gambling problem prior to treatment, the greater the chances of relapse and eventual failure of treatment.⁸⁶

Gamblers Anonymous insists that recovered gamblers, like recovered alcoholics, must remain totally abstinent. On the other hand, some research indicates that total abstinence may not be required, that controlled or social gambling that does not cause problems may also be a favorable, long-term outcome of treatment.⁸⁷ The need for total abstinence among recovered gamblers is a subject of controversy.

CONCLUSIONS

There has been a dramatic increase in the number and diversity of gambling opportunities available to Americans. This rapid growth in gambling opportunities and change in attitudes toward gambling is expected to continue during the decade of the 1990s. Unfortunately, there has been no comparable increase in public awareness of the social costs that result when as many as 7.5 million Americans may be unable to gamble in a fully responsible manner.

Social changes of the magnitude now under way typically require adjustments to personnel security policies and procedures. While there is no irrefutable evidence that greatly increased availability of legal gambling leads to more persons becoming compulsive gamblers, circumstantial evidence suggests this is the case. It is certainly a logical assumption, and persons with security clearance are no less susceptible to this problem than other elements of the population.

The compelling evidence that compulsive gambling more often than not leads directly to crime, especially white-collar crimes comparable to espionage, makes compulsive gambling a significant security issue. Security policies and procedures should be reviewed to ensure that they focus appropriate attention on this phenomenon.

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