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Casino lobbyist addresses Mass. regulators

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Frank Fahrenkopf, the nation's most prominent casino lobbyist, had some advice for Massachusetts regulators on Thursday. Keep taxes reasonable. Don't overregulate.

"We're an unusual industry," he said. "We want regulation." But be smart about it.

Just as important as what Fahrenkopf said is what he represents—the conquering of opposition by an industry that soon will be operating in 40 states.

"We are part of the gaming industry now," said Stephen Crosby, chair of the state gambling commission, in defending this week the commission's choice of Fahrenkopf as the keynote speaker for its first-ever gambling information forum, over criticism from anti-casino groups.

Fahrenkopf, president of the American Gaming Association, representing commercial casinos, addressed the commission and a crowd of 100 or more at the Boston Convention and Exhibition Center. Panels of experts, including several former New Jersey casino regulators, followed the keynote address in a forum that took up most of the day.

"Growing up in Reno, gaming in Nevada was mostly about male gamblers playing table games, while a few slot machines were stuck in the back of the casino to keep the wives occupied while their husbands gambled," said Fahrenkopf.

Today, there are 566 commercial casinos in 22 states, he said; plus more than 400 tribal casinos across the country.

"The typical casino patron has a higher than average annual income and is either a college graduate or has some college education," said Fahrenkopf. "And they no longer need to come to Nevada to visit a casino because, chances are, with commercial or tribal casinos in 38 – soon to be 40 – states, there is a casino within easy driving distance."

Casinos have multiplied, he said, as public officials have come to see the benefits. Commercial casinos in 2010 generated \$49.5 billion in consumer spending and 400,000 direct jobs, he said.

When combined with related spending on supplies and other services, the industry supported \$125 billion in spending and 875,000 jobs, he said. Perhaps most interesting for local public officials, the commercial casino industry in 2010 paid almost \$16 billion in taxes, he said.

Fahrenkopf peppered the audience with positive poll numbers, such as: 83 percent of elected officials and community leaders in casino jurisdictions say the facilities met or exceeded their expectations.

He offered just one poll that was a downer: about 1-percent of the adult population is addicted to gambling, a number that has held steady for more than 30 years.

But even in this Fahrenkopf found a bright side.

“If more casinos caused more gambling problems, then the explosive growth of casino jurisdictions over the last two decades would have seen a proportionate increase in the prevalence rate of pathological gambling,” he said. He talked at length about the addiction research the AGA funds through the National Center for Responsible Gaming, which it founded in 1996.

Fahrenkopf, 72, is a lawyer who chaired the Republican National Committee through most of Ronald Reagan’s presidency. Despite his partisan roots, he counts as friends Democrats Bill Clinton and former US Senator Paul Kirk of Massachusetts, appointed to serve after Edward M. Kennedy died in office. Fahrenkopf vacations on Nantucket every summer, is celebrating his 50th wedding anniversary, and enjoys a good pomegranate margarita.

He has also been the casino industry’s force on Capital Hill since 1995, when a small group of industry insiders, including casino mogul Steve Wynn, persuaded Fahrenkopf to take the job as head of the new commercial casino trade association. He is the only chief the AGA has ever had.

The high-profile post has made Fahrenkopf the target of wrath from gambling opponents. The anti-casino group Stop Predatory Gambling sharply objected to the commission’s decision to invite Fahrenkopf to address its first symposium. They likened his address to inviting tobacco executives to talk about the effects of smoking.

“I know there were objections to my speaking here,” Fahrenkopf said, in the interview after his remarks. “I say bring them in, let ‘em come in and testify.”

He can afford to be gregarious; for nearly two decades Fahrenkopf has prevailed in battles with casino opponents, one state at a time.

“I’ve been down this road for more than 17 years,” he said. “There are 2 or 3 professors who are part of the anti-gaming movement, who always show up,” he said, lending support to a movement that he said grew of out of moral opposition to gambling in the Methodist Church.

“Early on they realized their morality was not a seller,” he said. “So they switched to an argument that goes something like this: the social costs of gaming will exceed the economic benefits.”

Those costs, opponents say, include crime, addiction, broken families, and traffic.

“It’s clear that is not the case,” said Fahrenkopf, dismissing all complaints but one. “The sky is not going to fall, except one thing which I can’t exclude—traffic. You’re going to have traffic.”

Casino opponent Jessie Powell, of Middleborough, attended the forum “to listen to the propaganda,” she said. She was not buying Fahrenkopf’s rosy polls and statistics. “The problem with them is they won’t fund any truly independent research.”

The gambling commission has no interest in re-fighting the war over whether the state should allow casinos, but Powell and other opponents have already coined a slogan for a ballot referendum campaign: “Repeal the Casino Deal.”