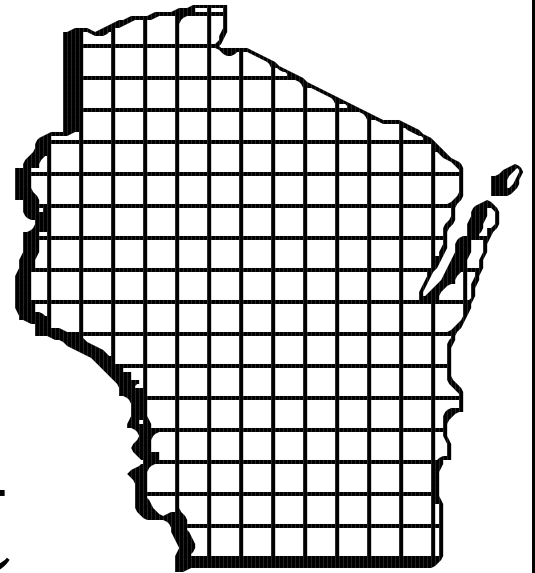


Wisconsin

Policy
Research
Institute
Report



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**CASINOS AND
CRIME IN
WISCONSIN**

What's the Connection?

REPORT FROM THE PRESIDENT:

This research is the final report in a trilogy of studies of contemporary gambling in Wisconsin. The first study dealt with the economic impact of Wisconsin's 17 Indian casinos upon the local and statewide economies. The second study examined the societal costs attached to the issue of compulsive gambling among Wisconsin residents. This last project deals with the relationship between Indian casinos and crime rates in Wisconsin.

We commissioned the same academics who authored our first two studies. William Thompson is a professor of public administration at the University of Nevada-Las Vegas (UNLV). He is considered by many to be the leading expert in the country on gambling issues. Ricardo Gazel is the associate director of the Center for Business and Economic Research at UNLV, and Dan Rickman is a professor of economics at Georgia Southern University and an expert in statistical modeling.

The professors used an academic technique called linear regression for their analysis of crime and arrest records from the State of Wisconsin. They estimated that since the inception of Indian casinos, there were an additional 5,277 serious crimes per year at a public cost of \$16.71 million, with an additional 17,100 arrests costing society \$34.2 million dollars each year. Their data indicate that casinos are responsible, directly or indirectly, for nearly \$51 million in societal costs each year due to crime generated because of their existence.

The point of this research is to continue to paint a picture of what the real impacts of Indian casino gambling are in Wisconsin. We know that there are some economic impacts that are negative. We know that there is a serious problem caused by compulsive gambling, and we now know that there is a further impact on our crime rates across the state. This type of information should be seriously factored into decisions made when the compacts between the State of Wisconsin and the Indian tribes come due over the next several years.

We are not suggesting that casinos be closed, but one of the things that has become clear from our research is that the negative costs involved with casino gambling are not being borne by the Indian tribes. They are being paid for entirely by Wisconsin taxpayers. That is a formula that must be changed over the next several years.


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CASINOS AND CRIME IN WISCONSIN

What's the Connection?

WILLIAM N. THOMPSON, PH.D.
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EXECUTIVE SUMMARY

1. The introduction of casino gambling in Wisconsin is associated with increased crime.
2. This project examines rates of major crimes and rates of arrests for Part II, or lesser, crimes in all counties of Wisconsin from 1981 to 1995. Using regression analysis, associations were found between crime and arrest rates and the presence of casinos.
3. For the years since casinos began operations, major-crime impacts were demonstrated in the 14 counties with casinos, as well as other counties that are adjacent to at least two casino counties. The rates of major crimes in these counties were 6.7% higher than they would have been in the absence of casinos. These crimes include violent ones like murder, forcible rape, robbery, and aggravated assault and non-violent ones like the property offenses of burglary and larceny.
4. Impacts of Part II arrests were found for casino counties plus all counties adjacent to casino counties, with rates of arrests 12.2% higher. Part II crimes include non-aggravated assault, forgery, fraud, embezzlement, weapons offenses, possession of stolen property, prostitution, sex offenses other than rape, gambling violations, driving while intoxicated (DWI), disorderly conduct, drug violations (including both possession and sales), liquor-law violations other than DWI, and a range of other offenses.
5. In each of the casino years (1992, 1993, 1994), there was an average of 5,277 more major crimes in Wisconsin that could be associated with the introduction of casinos. Rates of burglaries showed the highest association with casinos. Burglary rates in the casino and adjacent counties were 13% higher than in the absence of casinos. Statewide, there were an additional 1,697 burglaries each year that could be associated with casinos.
6. An additional 17,100 Part II arrests were made each year, on average, in Wisconsin as a result of casinos. Specific categories of crime had more-significant relationships with casinos — including possession of stolen property, driving while intoxicated, and drug possession.
7. Additional crime and criminal-justice system costs due to casinos amount to nearly \$51 million for Wisconsin each year. These costs include both those necessary to investigate, arrest, arraign, and imprison criminals and those borne by their victims.
8. Wisconsin should renew all of its existing Indian-gambling compacts, but not allow any expansion of Indian gambling. As these compacts are renegotiated, though, the state should seek funding assistance from the tribes to enhance law-enforcement activities in the casino and adjacent counties.

INTRODUCTION

This is a study of crime and gambling. This research report is the final report in a trilogy of studies on contemporary gambling in Wisconsin. The first report — issued in April 1995 — concentrated upon the monetary impacts of Wisconsin's 17 Native American casinos upon local and statewide economies (Thompson, Gazel, and Rickman, 1995). The second report — published in July 1996 — examined the societal costs that are attached to the phenomenon of serious problem gambling among Wisconsin residents (Thompson, Gazel, and Rickman, 1996).

The two previous reports examined two issues in depth: (1) the economic development that results from casinos, and (2) the dangers of compulsive gambling for a society. There is a third issue that is raised whenever people debate the advantages and disadvantages of having legalized gambling. The issue concerns the relationship of crime and the presence of gambling operations in a community.

In this report, the authors of the two previous reports seek to answer these essential questions: How has the introduction of legalized gambling operations in Wisconsin affected criminal activity in the state? Has the presence of casino gambling on the Native American reservations of the state caused an increase (or perhaps a decrease) in the incidence of criminal activities? All crimes? Certain crimes? Does the presence of a casino in one county or in close-by counties generate higher numbers of crimes in local communities of these counties than in counties lacking casinos or counties which are not located near casino locations? Did crime rates change after casinos were introduced into various parts of the state? If there is a demonstrable positive relationship between the incidence of crime and gambling, can we determine how much crime is associated with gambling? Can we suggest the economic consequences of this added crime? Can we identify specific causes that are linked to any relationships of crime and gambling which can be found in the analysis? Finally, what recommendations can be offered for reducing or eliminating crime that may be associated with gambling in Wisconsin?

GAMBLING AND CRIME: A REVIEW OF ISSUES

The expansion of legalized gambling remains a matter of major debate in Wisconsin as well as in many other American jurisdictions. The issue has been a priority agenda issue in many states over the past decade. An essential issue in the debates has been and will continue to be the crime issue. Opponents of gambling make almost-shrill statements about how organized crime infiltrates communities when they legalize gambling. They also suggest that various forms of street crimes — robberies, auto thefts, prostitution — come with gambling, as do embezzlements, forgeries, and various forms of larceny caused by desperate problem gamblers.

On the other hand, proponents of gambling contend that the evidence of any connections between crime and gambling is rather weak. They contend that the stories of "mob" involvement with gambling are a part of the past, but not the present — and that, even then, the involvement was more exaggerated than real. Most cases of increased street crime are passed off as being due to increased volumes of people traffic in casino communities. Proponents show that all entertainment communities (*e.g.*, Las Vegas, Orlando, Anaheim) witness crime increases as more tourists come to the locations. Moreover, proponents of legalized gambling even argue that because gambling may lead to job growth in gambling communities, crime may actually go down. They offer that employed people are less inclined to be drawn to criminal activities than are people without jobs. They also suggest that by legalizing gambling society can fight the effects of illegal gambling.

This is not the first empirical study that seeks to find answers to the questions posed. Several others have wrestled with the same questions. Unfortunately (from a "scientific" point of view), their conclusions have not always been consistent. Mixed results suggest that in some locations, crime increases with the introduction of gambling; in other places, there is no demonstrable impact of gambling upon crime. And, in other communities, there have been decreases in crime after gambling operations have been initiated. There are even studies from the same gambling communities that come up with different results.

While the issue has been studied in many places, there has been no systematic study of crime data and gambling in Wisconsin. This is the first such study. Our conclusions cannot definitively resolve the discrepancies among the earlier studies. On the other hand, to the extent that the studies reflect different conditions in different

parts of country, our study may offer conclusions about how crime and gambling are related in a small city and rural state in the upper Midwest. The results should have relevance for policymakers in Wisconsin and should offer suggestions for public policy in other places as well. Given the variety of findings in other studies, our results must be offered only as more pieces in a very large puzzle. As we have urged with each of our two previous studies, the data should be restudied, and new data that emerge with changes in time should also be analyzed with fresh studies.

GAMBLING AND CRIME: A VIEW FROM CRIMINOLOGY — THE OPPORTUNITY MODEL

Before reviewing findings in the other studies, some examination of the opportunities for crime in gambling establishments should be reviewed. Criminologists have identified opportunity as a factor in explaining much criminal activity. For instance, in a 1964 study, Leslie Wilkins indicated that the number of vehicle thefts was related to the number of vehicles in use in a society (Wilkins, 1964). The existence of targets facilitates criminal activity. Wilkins' work was substantiated with some qualifications in 1990 by Patricia Mayhew, who also found relationships between numbers of bicycles and bicycle thefts (Mayhew, 1990). Walter C. Reckless explained greater amounts of crime among urban rather than rural populations in terms of opportunity. "The urban population is more exposed to property and materialism than the rural population. It is exposed to a much larger volume of secondary contacts, which accustom it to all kinds of threats, nuisances, and pressures in the crowded streets, stores, offices, factories, movies, and conveyances" (Reckless, 1961, p. 65). Criminologist Marshall B. Clinard concurs: "(V)iolators in rural areas would be much less apt to turn to property offenses as their outlet than violators in urban areas, who are confronted with much greater property opportunities and with a more permeating criminal sophistication" (*quoted in* Reckless, 1961, p. 66; Cloward and Ohlin, 1960).

Of course, when the notorious bank robber Willie Sutton was asked "Why do you rob banks?," he simply replied, "That's where the money is!" It should be expected that criminal activity also surrounds the premises of casinos as that's "where the money is" too! If opportunity is a driving force for crime, casino communities should reasonably expect to be magnets for crime.

There are several types of crime that might be associated with the presence of casinos. The crimes include inside activity concerning casino owners and business associates and employees, crimes tied to the playing of the games, and crimes involving patrons. Organized-crime elements may try to draw profits off the gaming enterprise through schemes of hidden ownership or through insiders who steal from the casino winnings. Management may steal from the profit pools to avoid taxes or to cheat their partners.

Organized-crime figures may become suppliers for goods and services, extracting unreasonable costs for their products. Crime families have been the providers of junket tours for players and — in New Jersey, for instance — for various sources of labor in the construction trades. Organized crime also may become involved in providing loans to desperate players, and the existence of the casinos may facilitate laundering of money for cartels that traffic in illegal activities such as prostitution and the drug trade.

Another set of crimes attends the actual games that are played. Wherever a game is offered with a money prize, someone will try to manipulate the games through cheating schemes. Some casino cheating involves marking cards, crooked dice, and uneven roulette wheels. Schemes may involve teams of players or individual players and casino employees. In some cases, the casino organization may attempt to cheat players.

The greatest concern for crime and casinos involves the activities of casino patrons. On the one hand, they present criminals with opportunities. Players who win money or carry money to casinos may be easy marks for robberies — forceful as well as pickpockets. Hotel rooms in casino properties are also targets. Players are also targets for prostitutes and other persons selling illicit goods such as drugs. Desperate players are also drawn to crimes in order to secure money for play or to pay gambling debts. Their crimes involve robberies and other larcenies, as well as white-collar crime activity — embezzlements, forgeries, *etc.*

Casino employees and executives, in some cases, also commit criminal activity by evading taxes, particularly in the area of income from tips.

STUDIES OF CRIME AND GAMBLING

The issue of crime and gambling has been well studied. Well before the recent spread of casino gambling across America, Virgil Peterson, director of the Chicago Crime Commission, issued a scathing attack on gambling. In his *Gambling: Should It Be Legalized?* (Peterson, 1951), he asserted that “legalized gambling has always been attractive to the criminal and racketeering elements.” (p. 120) ... “(C)riminals, gangsters, and swindlers have been the proprietors of gambling establishments.” (p. 137) ... “(M)any people find it necessary to steal or embezzle to continue gambling activity” (pp. 120-21) ... “The kidnapper, the armed robber, the burglar and the thief engage in crime to secure money for play” (p. 123).

In a 1965 article that seemed prophetic considering events in New Jersey just a dozen years later, Peterson wrote, “The underworld inevitably gains a foothold under any licensing system. If state authorities establish the vast policing system rigid supervision requires, the underworld merely provides itself with fronts who obtain the licenses, with actual ownership remaining in its own hands; and it receives a major share of the profits” (Virgil Peterson, 1965, p. 677; *see also* John Dombrink, 1981, and Skolnick, 1978).

Other stories of the relationships between organized crime and gambling are plentiful. While Peterson was gathering information for his book, the Senate Committee on Organized Crime was holding hearings under the leadership of Estes Kefauver in 1950 and 1951. The committee was very specific in identifying gambling as a major activity of organized crime.

Gambling profits are the principal support of big time racketeering and gangsterism. These profits provide the financial resources whereby ordinary criminals are converted into big-time racketeers, political bosses, pseudo-businessmen, and alleged philanthropists. ... (The) ... player(s) are not only suckers because they are gambling against hopeless odds, but they also provide the moneys which enable underworld characters to undermine our institutions. The legalization of gambling would not terminate the widespread predatory activities of criminal gangs and syndicates. The history of legalized gambling in Nevada and in other parts of the country gives no assurance that mobsters and racketeers can be converted into responsible businessmen through the simple process of obtaining state and local licenses for their gambling enterprises. Gambling, moreover, historically has been associated with cheating and corruption. The committee has not seen any workable proposal for controlled gambling which would eliminate the gangsters or corruption.

(U.S. Senate Committee, 1951, pp. 2-3.)

In the 1960s, Ovid Demaris and Ed Reid wrote *Greenfelt Jungle*, a shocking account of the mob in Las Vegas (Demaris and Reid, 1963). Demaris continued the saga with his *Boardwalk Jungle*, an early account of casinos in New Jersey (Demaris, 1986). His story was built upon a journalistic account of crime involvement in Atlantic City’s first casino by Gigi Mahon, *The Company that Bought the Boardwalk* (Mahon, 1981). The 1980s were noted as the decade when corporations took over ownership of the casinos of Atlantic City and Las Vegas. Robert Johnston found that many of the old ways of business remained with the new type of owners in his *Temples of Chance: How America Inc. Bought Out Murder Inc. to Win Control of the Casino Business* (Johnston, 1993; *see also* Thompson, 1994, pp. 46-53).

University of Illinois Professor John Warren Kindt writes that “the criminal justice system will incur not only increased costs, but the types of crimes will change to redress new forms of (gamblers’) misconduct. ... Bad debts and increased insurance fraud are projected to increase significantly” (Kindt, 1995; *see also* Kindt, 1994, and Florida Department of Law Enforcement, 1994).

In September 1995, L. Scott Harshbarger, Massachusetts’ state attorney general, commented to the U.S. House Judiciary Committee that he had been cautioned by “almost every attorney general who has faced the issue of casino gambling” that there were “a range of public safety, regulatory and social issues that are never addressed before the introduction of gambling.” Harshbarger further commented,

One of the noted consequences of casino gambling has been the marked rise in street crime. Across the nation, police departments in cities that have casino gambling have recorded surges in arrests due to casino-related crime. In many

cases, towns that had a decreasing crime rate or a low crime rate have seen a sharp and steady growth of crime once gambling has taken root. ... Organized crime is a second danger that accompanies casino gambling. While proponents might argue that organized crime's connection with casinos stopped with Bugsy Siegel in Las Vegas, the facts do not bear that out. In 1994 in Louisiana, 17 individuals associated with the Marcelllo, Genovese and Gambino crime families were indicted for RICO violations for profit skimming through video poker machines that had recently been legalized.

(Quoted in Gambling Under Attack, 1996, p. 785.)

Much of the data for the studies by Peterson, Reid, and Johnston was anecdotal or came from testimony of law-enforcement personnel. Other entries into the literature have been based upon similar kinds of evidence. A Massachusetts state study quotes police chiefs in riverboat towns of the Midwest saying how crime increased with the introduction of legalized casino gambling in their communities.

Such studies have only a limited value. Anecdotes may not always be precise; they may not always be accurate. For instance, several studies have repeated a bit of scary evidence: 40% of all embezzlements and white-collar crimes are committed by compulsive gamblers (Grinols, 1995; Fulcher, 1989). However, when a basis for the assertion was sought, none could be found. An investigation traced the statistic to a single billboard that had appeared on a Mississippi highway in the 1960s when a local religious group wished to oppose efforts to legalize gambling in their area. There was no factual basis for the statement (Eadington, 1996).

More-solid data have come from analyses of criminal statistics. George Sternlieb and James Hughes' study of Atlantic City revealed that crime increased rapidly in the community after the introduction of casinos in 1978 (Sternlieb and Hughes, 1983). Pickpocketing activity increased 80-fold, larceny more than five times, robberies tripled, as did assaults (p.192). Simon Hakim and Andrew J. Buck found that the levels of all types of crime were higher in the years after casinos began operations. The "greatest post-casino crime increase was observed for violent crimes and auto thefts and the least for burglaries." As one moved further from Atlantic City in spatial distance, rates of crime leveled off (Hakim and Buck, 1989). On the other hand, Joseph Friedman, Hakim, and J. Weinblatt found that increases in crime extended outward at least 30 miles to suburban areas and to areas along highways that extended toward New York and Philadelphia (Friedman, Hakim, and Weinblatt, 1989).

Similar studies have pointed out high crime rates in Las Vegas. In the early 1980s, the governor of the state of Nevada expressed outrage when a publicized critic of gambling said that one in eight Las Vegas women aged 15 to 39 was a prostitute. The governor had a good reason to be irate. The critic was wrong. Only one in nine of the women was a prostitute. At the beginning of the 80s, Las Vegas could also boast that it had the nation's highest crime rate. Other studies showed high crime rates in Mississippi gambling communities (Hancock County, 1994).

Similarly, a study of Windsor, Ontario, found some crime rates increasing after a casino opened in May 1994. Overall, previously decreasing rates of crime citywide seemed to come to an end, while rates in areas around the casino increased measurably. The downtown area near the casino saw more assaults, assaults upon police officers, and "other violent crimes." Particularly noticeable were increases in general thefts, motor-vehicle thefts, liquor offenses, and driving offenses (Windsor Police, 1995).

However, not all the evidence points in the same direction. Several riverboat communities in Iowa, Illinois, and Mississippi saw decreases in crime rates following the establishment of casinos. Moreover, several scholars, Jay Albanese and Ted Chiricos demonstrated that higher incidents of crime in Atlantic City were due in large part to increases in visitor traffic (Albanese, 1985; Chiricos, 1994). If the numbers of tourist visitors were included in permanent census figures, crime rates would be stable or might even be less than they were before casinos came to Atlantic City. A study by Ronald George Ochrym and Clifton Park compared gaming communities with other tourist destinations that did not have casinos. He found that rates of crime were quite similar. While crime statistics did soar following the introduction of casinos in Atlantic City, so too did crime in Orlando, Florida, following the opening of Disney World. If the casinos themselves were responsible for more crime, gaming proponents suggest that Mickey Mouse also must cause crime (Ochrym and Park, 1990).

Casino proponent Jeremy D. Margolis, a former assistant U.S. attorney, discounts the crime factors as well. He commented to the House Judiciary Committee:

People often ask whether the presence of gaming in their community would cause an increase in street crime. The facts are these: Las Vegas, Nevada, the city that is synonymous with casinos, is among the safest cities in America. Those who cite crime as a reason to oppose legalized gaming tend to ignore the Las Vegas example and instead tend to focus on a misleading interpretation of crime statistics in America's other major gaming venue, Atlantic City. ... Those who raise the specter of an Atlantic City teeming with crime bred by casinos serving as a blueprint for a crime wave in any community that legalizes gaming obviously misunderstand the statistical realities in Atlantic City.

(Quoted in Gambling Under Attack, 1996, p. 785.)

Advocates of legalizing gambling suggest that there is a certain quantity of illegal gambling existing in any society and that the process of legalization will serve to eliminate the illegal gaming and channel all gambling activity into a properly regulated and taxed enterprise. As with the other evidence, the research here is also mixed. Nevada certainly had a large amount of illegal gambling before "wide-open" casino gambling was legalized in 1931. Since 1931, there has been very little evidence of illegal casino gambling games in Nevada. Illegal operators simply obtained licenses from the state government.

Similarly, David Dixon found that illegal bookmaking was effectively replaced by legal betting when Great Britain passed legislation permitting betting shops in 1960 (Dixon, 1990). However, opposite results have been found elsewhere. An examination of Holland casinos by report co-author William Thompson and J. Kent Pinney found that legalization in 1975 seemed only to promote an expansion of illegal casinos that had operated before laws were passed for government-operated casinos (Thompson and Pinney, 1990). Clearly, the illegal operators were not permitted to win licenses. Also, the government placed many restrictions on its own casinos — they had to be located (at first) outside cities and they could not advertise, give complimentary services, or operate around the clock. Illegal casinos found new places to advertise — at the doors of the legal casinos when they closed at 2 a.m. Similarly, Dixon found that when Australia established its government-operated betting parlors, illegal sports and race betting underwent a major expansion. Additionally, Robert Wagman explained that the efforts to get rid of the illegal operators may actually have achieved an opposite effect.

(S)ome law enforcement officials are now saying that indications are that the lottery may actually be helping the illegal game. Players are being introduced to the numbers concept in the state-run game, then they switch to the illegal game when they realize they can get a better deal. Then too, the legal state game has solved the perennial problem faced by the illegal games of finding a commonly accepted, and widely available, three digit number to pay off on. Most of the illegal street games now simply use the state's pick-3 number.

(Wagman, 1986.)

William Thompson's survey of casino gambling operations in 15 European jurisdictions led him to the conclusion that many societal and regulatory factors can effectively impact upon some negative consequences of crime that seem to go hand in hand with casino operations in the United States. We will return to many of these factors after we analyze the statistical data from our survey of Wisconsin (Thompson, 1988).

PRIOR WISCONSIN SURVEYS

Until now, there has been no comprehensive study of crime and gambling in Wisconsin. However, the Chicago-based Better Government Association did make a survey of law-enforcement officials in casino venues of the state. In 1995, interviews were conducted with the prosecuting attorneys, sheriffs, and certain police chiefs in many of the 14 counties with casinos. (Interviews were sought in each of the 14 counties.) Many of the law-enforcement officers expressed perceptions of higher crime rates in the casino communities, while several did not. A few perceived that crime rates were going down. Most expressed their viewpoints with some qualifications.

Not atypical was the Wood County sheriff who saw crime activity decreasing, except for traffic matters and disorderly conduct among losers at the casinos. The district attorney saw no increase in crime "except for thefts."

The Jackson County district attorney thought there was a decrease in crime among the Native Americans of his county. He commented that “the casino has helped them to stay out of jail. ... However,” he added, “for the rest of the community, the casino is not necessarily a good thing.” The Jackson sheriff found no problems except for traffic, as did the sheriffs in Lac du Flambeau and Sawyer counties.

The Shawano sheriff saw no rise in crime, but he did say there were more family problems and more problems with illegal gambling in the taverns outside the casinos. Although the sheriff of Ashland County saw increases in violence since casinos came into his jurisdiction, he was “emphatic” that gambling had caused no problems in his county. The Ashland district attorney saw no problems, except ones related to increases in traffic.

The Barron County sheriff perceived no differences in crime activity in the area around the Turtle Lake casino. He indicated that the tribe running the casino had an effective security force on site. However, he noticed increases in burglary activity in areas surrounding the community.

The Bayfield County sheriff thought there had been no increase in crimes, but that domestic violence had increased. He commented, “Gambling is the most likely cause.” Another sheriff was fearful of violence among the Native Americans, as there were rumors that casino management and tribal officials were stealing funds and tribal members were becoming very angry.

Several law-enforcement officials perceived that the incidence of thefts was on the rise; however, different “spins” were given to what they observed. In Lac du Flambeau County, the sheriff blamed the thefts on problem gamblers who were “outsiders,” while the Green Bay (Brown County) district attorney indicated that many thieves were “just saying” that they stole because of “gambling problems” and that he did not believe that was true.

Increased problems with alcohol were mentioned in several counties. Where the casino served liquor, they were the site of the problem; where they did not, the problem was confined to taverns. Illegal gambling was perceived to be a problem in several area taverns. One sheriff expressed the view that tavern owners have installed illegal machines and allowed illegal card games, because they felt that they were losing out in competition with the legal Native American casinos and they needed business.

The law-enforcement officials targeted forgery and bad checks as an item in increasing crimes. The Jackson County district attorney summed up his perceptions this way, “When a casino goes into an area, crime inevitably goes up.”

The statement is one of fact, but the problem is really one of perception. Our research has been designed to get a handle on the “facts.”

THE DATA FOR A SURVEY OF CRIME AND CASINOS IN WISCONSIN

Our analysis compares counties with casinos to other counties. We also consider the impacts of crime on outlying nearby counties. We have concentrated the analysis on casino gambling’s relationships with criminal activity. We are very cognizant of the fact that Wisconsin introduced lottery gaming in the late 1980s along with parimutuel dog-race betting. The fact that lottery gaming was established as a state-run business with outlets in all the communities of the state would make comparative analysis of crime rates within the state a futile exercise. Moreover, the history of dog racing has not been a smooth history. Tracks have opened and closed and, when open, their seasons have been limited to specific times of the year. Moreover, the tracks are — in comparison with the casinos — rather small-volume operations. Three of the four tracks are located in non-casino or non-casino adjacent counties. Hence, any bias in omission of tracks from consideration would undoubtedly minimize crime-rate differences between the casino (and casino-adjacent) counties and the others. Therefore, to the extent that we find relationships between casino gambling and crime, the relationships may tend to be stronger than the statistical measures indicate.

The data include the numbers of major crimes, class-two crimes, and rates of the crimes (per 100,000-person population) in each of the counties for each of the years. The major crimes included violent and non-violent

crimes. The violent crimes are murder, forcible rape, robbery, and aggravated assault. Major non-violent crimes included two major property offenses — burglary and larceny.

Several categories of Part II (or lesser) crimes were examined. These included: non-aggravated assault, forgery, fraud, embezzlement, weapons offenses, possession of stolen property, prostitution, sex offenses other than rape, gambling violations, driving while intoxicated (DWI), disorderly conduct, drug violations (including both possession and sales), liquor-law violations other than DWI, and a range of other offenses.

In 1991 and 1992, the 11 tribal governments of Wisconsin successfully negotiated compacts with state authorities that permitted the introduction of slot machines and blackjack games at 17 locations in the state. The locations are in 14 different counties: Ashland, Barron, Bayfield, Brown, Burnett, Forest, Jackson, Menominee, Milwaukee, Sauk, Sawyer, Shawano, Vilas, and Wood (see map on the next page).

We have considered all crime data prior to 1992 to be data from counties without casinos. We looked at the incidence of crime in the 14 counties with casinos for 1992, 1993, and 1994 as data from casino counties, while 1992, 1993, and 1994 data from other counties are considered non-casino county data.

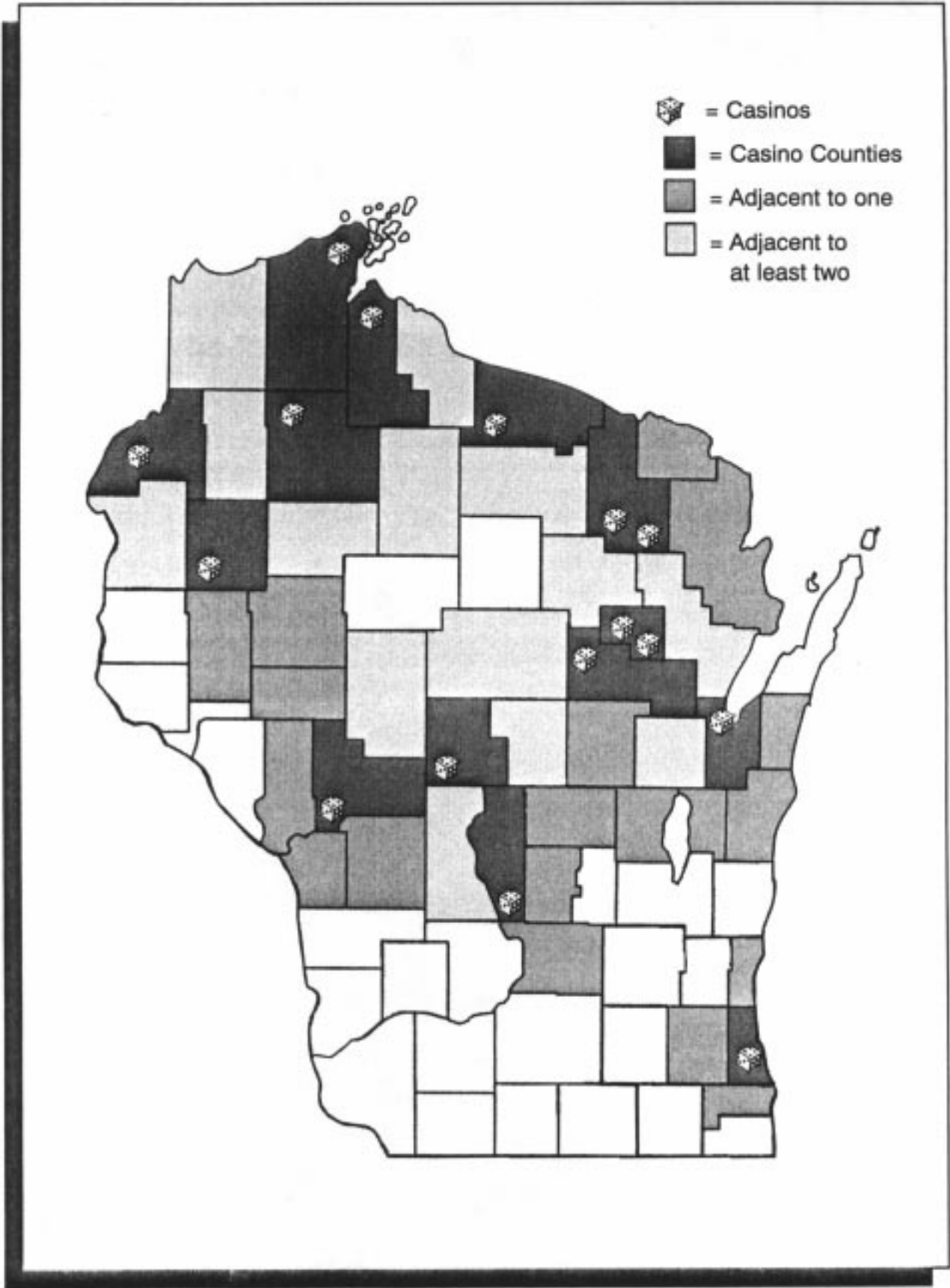
We were mindful of the New Jersey study that illustrated the effect of casinos on crime in outlying areas — several miles from casinos. Therefore, we considered the impacts of casinos on crime in nearby counties. We also recognized that the geographical range of criminal activity would depend somewhat on the nature of specific kinds of crime. We found that the incidence of 1992, 1993, and 1994 major crimes in counties adjacent to each of the casino counties did not measurably reflect the impact of casino gambling in a statistically significant way. However, when we separated off 13 non-casino counties that were adjacent to at least two other counties with casinos, major crime impacts were quite noticeable. Therefore, for major crimes, we compared casino counties with non-casino counties, and also casino and casino-adjacent counties with non-casino counties that were not near two casino counties.

The 13 non-casino counties that are adjacent to at least two other counties with casinos are: Clark, Douglas, Iron, Juneau, Langlade, Marathon, Oconto, Oneida, Outagamie, Polk, Price, Rusk, and Washburn.

While the casinos appeared to have impacts upon major crimes in non-casino counties that were adjacent to two casino counties, the impacts of several Part II crimes were more diffuse. We found that we could discern significant impacts in the casino counties and also in all the adjacent counties (ones next to any county with a casino). Hence, for Part II crimes, we looked not only at the casino counties and double-adjacent counties, but also at 19 additional counties: Calumet, Chippewa, Clark, Columbia, Dunn, Eau Claire, Florence, Kewaunee, La Crosse, Manitowoc, Marinette, Marquette, Monroe, Ozaukee, Racine, Trempeleau, Waukesha, Waupaca, and Waushara.

We were also cognizant that there are (or may be) other influences upon crime rates that are simultaneously at work with the introduction and presence of casinos. We selected several other factors and introduced them into our analysis as control mechanisms — that is, as off-setting factors that would help us establish the specific contribution of the casino factor to the crime rates. The control factors we introduced included male-female ratios among adults, portions of the population in the counties that were between the ages of 18 and 34 (high-crime ages), racial composition of the population, population growth rates in the counties, and unemployment rates in the counties. Many control factors could be used. The ones selected have often been utilized in studies of the incidence of crimes. The selection of control factors excludes other factors as a simple matter of priorities. It is believed that other factors would have less influence over the relationships of crime to the presence of casinos.

The fact that Milwaukee County accounts for more than 20% of the population of the state did not go unnoticed. Therefore, we examined data sets which both included and excluded Milwaukee County so that we would have confidence that Milwaukee statistics would not skew the analysis. Nonetheless, where Milwaukee statistics are utilized in the regression analysis (see below), they are utilized as “rates” and not as gross volumes of crimes — hence, the skewing effect would not appear. Where Milwaukee was included, it was considered a casino county along with the other 13 casino counties.



The data on the crime rates for the various offenses examined were drawn from various issues of *Crime and Arrests*, published by the Statistical Analysis Center of the Wisconsin Office of Justice Analysis. For the serious crime rates, data were available for each of Wisconsin's 72 counties for 14 years — 1981 to 1994. Hence, for each type of crime, we made 1,008 observations. For Part II crimes, data were available from 1984 through 1994 for 11 observations for each county — a total of 792 observations.

METHODOLOGY FOR ANALYSIS

We utilized a statistical technique called linear regression for our analysis. Linear regression analysis allows researchers to determine if differences found in one factor (crime rates) depend upon differences found in another factor (has there been an addition of a casino to a county or surrounding counties). The numbers found in the analysis are called coefficients. The coefficients tell us how much change in the dependent variable (the crime rate) can be explained by the change in the independent variable (existence of casinos).

CASINOS AND SERIOUS (MAJOR) CRIME

a. Total Major Crimes

The data reported on Table 1 below show that the introduction of casinos did effect the incidence of serious crimes in the casino counties and counties adjacent to two casino counties. Essentially, we can state that for any percentage-point increase in the rate (per 100,000 population) of major crimes statewide, on average, the major crimes' rate increases by the same percentage in all counties (coefficient for the state variable in regressions). However, the major-crime rate in the casino and adjacent counties increased an additional 9.1% (column one) due to the presence of a casino. However, when the five control factors were introduced, the extra increase is reduced to 6.7%. The statistics' measures were significant at the .05 level; this means that the distribution of crimes over all the counties would have appeared this way by chance less than one in 20 times. Reduced to simple language, the existence of casinos (or nearness of casinos) in the selected counties explains a major-crime rate increase of 6.7% beyond what would otherwise be experienced in the absence of casinos. As there would be 157,469 major crimes in all counties in 1992, we can suggest that casinos have brought an additional 5,450 major crimes for the year and an additional 5,426 and 4,955 for 1993 and 1994, respectively; this represents an average annual serious-crime increase of 5,277. (See Table A on the next two pages.)

TABLE 1 **Serious-Crime Rate Regression Results:
Fixed Effects — Autocorrelation Corrected**

Variable	Coefficients with Controls*	Coefficients without Controls*
Wisconsin — Serious Crimes/100,000 People	1.03 (15.91)**	1.03 (15.59)**
Casino Gaming	0.091 (3.07)**	0.067 (2.11)**
Male Share of Population		0.15 (0.52)
Share of Population between Ages of 18 and 34		—0.19 (0.335)
Share of Population Non-White		8.39 (4.58)**
Population Growth Rate — Lagged		—0.008 (0.24)
Unemployment Rate		—0.003 (0.64)
<i>R-Squared</i>	0.76	0.76
<i>Autocorrelation Coefficient</i>	0.43	0.43

* t-statistics in parentheses; ** denotes statistically significant at or below the 0.05 level

b. Violent Crimes

When we broke out the types of major crimes, we found the impacts of casinos to be rather uneven. The increase of violent crimes in the casino (and adjacent) counties appeared to be significantly related to the presence of casinos until the control factors appeared. With the controls, no significant relationships were found.

c. Larceny and Burglary

Increases in serious property crimes were significantly related to the presence of casinos, as illustrated with data on Table 2 on page 12. Over and above the average percentage-point increase of the rate of

TABLE A **Number of Serious Crimes: Effect of Casinos**

County	Without Casinos			With Casinos			Additional Crimes		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
Adams	483	354	375	483	354	375	0	0	0
Ashland	385	367	401	409	395	428	24	28	27
Barron	693	617	540	733	666	585	40	50	45
Bayfield	198	179	175	216	193	188	17	15	13
Brown	5,094	5,264	5,331	5,493	5,640	5,715	399	376	384
Buffalo	156	185	178	156	185	178	0	0	0
Burnett	248	212	230	268	230	245	20	18	16
Calumet	274	203	233	274	203	233	0	0	0
Chippewa	783	827	744	783	827	744	0	0	0
Clark	301	294	331	321	316	352	20	22	21
Columbia	1,083	1,025	996	1,083	1,025	996	0	0	0
Crawford	366	343	310	366	343	310	0	0	0
Dane	14,883	13,875	12,712	14,883	13,875	12,712	0	0	0
Dodge	1,369	1,283	1,175	1,369	1,283	1,175	0	0	0
Door	457	439	461	457	439	461	0	0	0
Douglas	1,624	1,571	1,631	1,759	1,690	1,744	135	119	113
Dunn	1,082	1,143	1,120	1,082	1,143	1,120	0	0	0
Eau Claire	3,001	2,850	2,819	3,001	2,850	2,819	0	0	0
Florence	98	84	114	98	84	114	0	0	0
Fond du Lac	2,686	2,774	2,220	2,686	2,774	2,220	0	0	0
Forest	276	291	277	290	311	298	14	20	21
Grant	771	720	741	771	720	741	0	0	0
Green	497	482	448	497	482	448	0	0	0
Green Lake	443	365	419	443	365	419	0	0	0
Iowa	208	175	168	208	175	168	0	0	0
Iron	118	136	167	127	145	177	9	9	10
Jackson	446	412	443	478	445	473	32	32	30
Jefferson	1,787	1,824	1,722	1,787	1,824	1,722	0	0	0
Juneau	391	298	419	420	326	442	30	28	22
Kenosha	4,843	5,036	4,620	4,843	5,036	4,620	0	0	0
Kewaunee	258	204	174	258	204	174	0	0	0
La Crosse	3,268	3,209	3,273	3,268	3,209	3,273	0	0	0
Lafayette	128	100	92	128	100	92	0	0	0
Langlade	548	556	395	581	595	436	34	39	41
Lincoln	652	637	663	652	637	663	0	0	0
Manitowoc	1,871	1,918	1,796	1,871	1,918	1,796	0	0	0
Marathon	2,291	1,908	2,139	2,467	2,076	2,281	176	168	142
Marquette	884	919	872	884	919	872	0	0	0
Marquette	300	249	195	300	249	195	0	0	0
Menominee	118	149	120	127	157	131	9	9	10
Milwaukee	50,629	45,026	45,525	54,273	48,673	48,741	3,644	3,647	3,217
Monroe	777	654	744	777	654	744	0	0	0
Oconto	249	239	439	270	258	456	20	18	18
Oneida	935	964	970	998	1,032	1,040	63	68	70
Outagamie	3,412	3,323	2,912	3,662	3,573	3,154	249	250	243
Ozaukee	1,014	1,063	945	1,014	1,063	945	0	0	0
Pepin	78	78	72	78	78	72	0	0	0
Pierce	635	801	753	635	801	753	0	0	0
Polk	515	516	456	546	553	494	31	37	38
Portage	1,727	1,481	1,537	1,859	1,607	1,647	132	126	110
Price	264	219	217	284	238	233	20	19	16
Racine	7,120	6,766	6,804	7,120	6,766	6,804	0	0	0
Richland	256	305	222	256	305	222	0	0	0
Rock	5,947	5,405	4,921	5,947	5,405	4,921	0	0	0
Rusk	297	263	289	314	284	309	17	21	19
St. Croix	748	829	864	748	829	864	0	0	0
Sauk	980	958	1,148	1,047	1,029	1,218	67	71	70
Sawyer	300	356	471	328	379	497	28	22	26

TABLE A Number of Serious Crimes: Effect of Casinos (Cont'd)

(County)	(Without Casinos)			(With Casinos)			(Additional Crimes)		
	(1992)	(1993)	(1994)	(1992)	(1993)	(1994)	(1992)	(1993)	(1994)
Shawano	798	724	753	854	781	806	56	58	53
Sheboygan	3,201	3,064	2,742	3,201	3,064	2,742	0	0	0
Taylor	285	262	272	285	262	272	0	0	0
Trempeleau	256	202	161	256	202	161	0	0	0
Vernon	221	192	315	221	192	315	0	0	0
Vilas	413	474	347	441	504	382	28	30	35
Walworth	2,019	1,873	1,946	2,019	1,873	1,946	0	0	0
Washburn	211	354	308	227	369	333	15	15	25
Washington	2,473	2,292	2,360	2,473	2,292	2,360	0	0	0
Waukesha	6,317	6,284	6,120	6,317	6,284	6,120	0	0	0
Waupaca	1,188	1,127	1,016	1,188	1,127	1,016	0	0	0
Waushara	388	381	369	388	381	369	0	0	0
Winnebago	4,907	4,728	4,524	4,907	4,728	4,524	0	0	0
Wood	1,556	1,649	1,460	1,675	1,762	1,580	119	113	120
<i>Total</i>	<i>157,469</i>	<i>148,326</i>	<i>145,212</i>	<i>162,919</i>	<i>153,752</i>	<i>150,167</i>	<i>5,450</i>	<i>5,426</i>	<i>4,955</i>

TABLE 2 Property-Crime Rate Regression Results: Fixed Effects — Autocorrelation Corrected

Variable	Coefficients with Controls*	Coefficients without Controls*
Wisconsin — Property Crimes/100,000 People	1.00 (15.90)**	1.02 (15.63)**
Casino Gaming	0.105 (2.52)**	0.062 (1.91)***
Male Share of Population		0.23 (0.79)
Share of Population between Ages of 18 and 34		-0.45 (0.83)
Share of Population Non-White		8.27 (4.60)**
Population Growth Rate — Lagged		0.03 (1.01)
Unemployment Rate		-0.001 (0.35)
<i>R-Squared</i>	<i>0.75</i>	<i>0.76</i>
<i>Autocorrelation Coefficient</i>	<i>0.45</i>	<i>0.44</i>

* t-statistics in parentheses; ** denotes statistically significant at or below the 0.05 level; *** denotes statistically significant at or below the 0.05 level based on a one-tailed test, at or below the 0.10 level based on a two-tailed test

property crimes statewide, our analysis suggests an additional 6.2% increase in property crime rates in the selected counties — with the addition of control factors. The larceny rates appear not to be significantly related to the presence of casinos; however, the burglary rates are. (See Table 3 on the next page.) Even with controls, an additional 13% increase in burglaries can be explained by the initiation of casino gambling. Hence, we could have expected 25,838 burglaries in all counties in 1992 — 1,775 less than the 27,613 when accounting for the casino effects. In 1993 and 1994, the additional numbers of burglaries due to the casino effect were 1,698 and 1,617, respectively. (See Table B on the next two pages.)

d. Conclusions: The Bottomline Impacts of Casinos on Burglaries and Other Serious Crimes

Our analysis strongly suggests that there is additional serious crime associated with the introduction of casinos into several areas of Wisconsin. The evidence is strongest regarding burglaries. We conclude that for each of the three years since casinos opened, there have been an additional 1,775, 1,698, and 1,617 burglaries, respectively, that may be attributed to the presence of casinos — or, an average of 1,697 new burglaries each year. What does this mean for the residents of the state? It means money: personal money and governmental money. A study by

the U.S. Department of Justice indicated that (in 1992) each incidence of household crime costs victims an average of \$914 (U.S. Department of Justice, 1994). Each incident also demands police-investigatory time and, if the crime can be cleared by arrest, costs for the judicial system and, ultimately, for a prison system. As not all burglaries are cleared by arrests, we offer a low estimate of \$1,000 per incidence as a public cost (*see* Hernandez, 1981). These victim and public costs do not take into account the psychological costs associated with crimes. Nonetheless, using a cost figure of \$1,914 for each of the burglaries, we conclude that the presence of casinos has added an annual \$3.25 million dollar burden to the public. This is exclusive of any prison costs. If only five percent of

TABLE 3 Burglary-Rate Regression Results:
Fixed Effects — Autocorrelation Corrected

Variable	Coefficients with Controls*	Coefficients without Controls*
Wisconsin — Burglaries/100,000 People	0.89 (10.28)**	1.00 (8.10)**
Casino Gaming	0.16 (3.36)**	0.13 (2.58)**
Male Share of Population		1.30 (2.65)**
Share of Population between Ages of 18 and 34		-2.42 (2.63)**
Share of Population Non-White		3.80 (1.22)
Population Growth Rate — Lagged		0.016 (0.31)
Unemployment Rate		0.009 (1.27)
<i>R-Squared</i>	0.67	0.68
<i>Autocorrelation Coefficient</i>	0.39	0.38

* t-statistics in parentheses; ** denotes statistically significant at or below the 0.05 level

TABLE B Number of Burglaries: Effect of Casinos

County	Without Casinos			With Casinos			Additional Crimes		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
Adams	219	185	174	219	185	174	0	0	0
Ashland	33	57	48	40	62	57	7	5	8
Barron	155	118	117	179	141	135	24	23	19
Bayfield	61	56	65	74	66	74	13	10	9
Brown	603	698	675	694	790	780	92	92	104
Buffalo	31	42	46	31	42	46	0	0	0
Burnett	138	116	143	162	137	161	24	21	18
Calumet	53	30	30	53	30	30	0	0	0
Chippewa	108	126	96	108	126	96	0	0	0
Clark	68	93	86	80	103	99	11	10	14
Columbia	148	153	139	148	153	139	0	0	0
Crawford	30	40	58	30	40	58	0	0	0
Dane	2,256	1,975	1,887	2,256	1,975	1,887	0	0	0
Dodge	207	201	167	207	201	167	0	0	0
Door	109	87	97	109	87	97	0	0	0
Douglas	426	315	302	487	379	352	61	64	49
Dunn	123	190	172	123	190	172	0	0	0
Eau Claire	524	564	445	524	564	445	0	0	0
Florence	21	29	41	21	29	41	0	0	0
Fond du Lac	251	281	284	251	281	284	0	0	0
Forest	143	96	88	149	116	103	6	20	15
Grant	104	103	95	104	103	95	0	0	0
Green	103	104	70	103	104	70	0	0	0
Green Lake	77	47	65	77	47	65	0	0	0
Iowa	44	36	30	44	36	30	0	0	0
Iron	31	56	46	38	61	54	7	5	8
Jackson	80	83	101	92	95	114	12	12	12
Jefferson	231	270	199	231	270	199	0	0	0
Juneau	82	61	105	103	75	115	20	13	10
Kenosha	833	851	898	833	851	898	0	0	0

TABLE B **Number of Burglaries: Effect of Casinos (Cont'd)**

(County)	(Without Casinos)			(With Casinos)			(Additional Crimes)		
	(1992)	(1993)	(1994)	(1992)	(1993)	(1994)	(1992)	(1993)	(1994)
Kewaunee	71	43	40	71	43	40	0	0	0
La Crosse	224	271	300	224	271	300	0	0	0
Lafayette	36	19	7	36	19	7	0	0	0
Langlade	133	151	88	146	170	110	13	19	23
Lincoln	121	136	119	121	136	119	0	0	0
Manitowoc	241	282	267	241	282	267	0	0	0
Marathon	248	250	255	297	290	293	49	39	38
Marinette	232	283	282	232	283	282	0	0	0
Marquette	87	73	71	87	73	71	0	0	0
Menominee	38	42	30	45	48	36	7	6	6
Milwaukee	7,057	6,524	6,584	8,170	7,589	7,557	1,113	1,065	973
Monroe	181	119	135	181	119	135	0	0	0
Oconto	63	77	169	75	87	181	12	10	11
Oneida	203	225	198	234	256	231	31	31	34
Outagamie	407	445	357	483	509	424	76	64	67
Ozaukee	121	102	100	121	102	100	0	0	0
Pepin	8	12	15	8	12	15	0	0	0
Pierce	105	107	147	105	107	147	0	0	0
Polk	191	200	165	218	229	195	27	29	30
Portage	243	175	212	283	212	240	39	37	28
Price	56	47	34	64	56	41	9	8	7
Racine	1,382	1,267	1,322	1,382	1,267	1,322	0	0	0
Richland	33	34	29	33	34	29	0	0	0
Rock	979	883	761	979	883	761	0	0	0
Rusk	60	46	73	67	55	81	7	9	7
St. Croix	119	134	149	119	134	149	0	0	0
Sauk	85	103	151	96	116	166	11	13	15
Sawyer	74	64	143	87	75	153	12	11	10
Shawano	129	128	83	150	148	102	22	20	19
Sheboygan	417	386	340	417	386	340	0	0	0
Taylor	82	69	72	82	69	72	0	0	0
Trempeleau	59	46	32	59	46	32	0	0	0
Vernon	44	46	71	44	46	71	0	0	0
Vilas	105	159	99	123	175	122	18	16	23
Walworth	326	243	278	326	243	278	0	0	0
Washburn	75	147	144	85	158	165	10	11	21
Washington	318	272	333	318	272	333	0	0	0
Waukesha	939	1,009	875	939	1,009	875	0	0	0
Waupaca	309	223	206	309	223	206	0	0	0
Waushara	125	125	123	125	125	123	0	0	0
Winnebago	616	698	640	616	698	640	0	0	0
Wood	215	239	243	256	272	279	41	34	36
<i>Total</i>	<i>25,838</i>	<i>24,961</i>	<i>24,502</i>	<i>27,613</i>	<i>26,659</i>	<i>26,119</i>	<i>1,775</i>	<i>1,698</i>	<i>1,617</i>

the new burglaries are cleared by arrest and prison convictions (with one year prison time served), another \$2.13 million will have been added to the state's prison budget.

The other 3,580 serious crimes we perceive as being related to the presence of casinos will also carry public costs. Assuming the same victim cost (\$914), arrest and investigation, and court cost (\$1,000) and prison cost (5% x \$25,000), we calculate that the state has incurred an extra public burden of \$6.85 million, exclusive of prison time, and an extra \$4.48 million in prison costs.

The total serious-crime costs to the public (using these very low estimates) as a result of the introduction of casinos into Wisconsin is, therefore, \$16.71 million dollars per year.

CASINOS AND PART II CRIMES

a. **An Overview —
Another Bottomline**

Our analysis of Part II crimes features data on the number of arrests in each county of the state. Overall, we found that increases in arrests for all Part II crimes in casino counties and counties adjacent to these counties constituted a number 12.2% higher than that found in other counties. (See Table 4 to the right.) This increase was found after we put all the control factors into the equation. Overall arrests for Part II crimes increased, on average, 17,100 for the state as a whole in 1992, 1993, and 1994 due to the presence of the casinos — 16,858 for 1992; 16,801 for 1993; 17,641 for 1994. (See Table C below and on the next page). As the offenses included all

TABLE 4 Adult Part II Arrest Rate Regression Results:
Fixed Effects — Autocorrelation Corrected

Variable	Coefficients with Controls*	Coefficients without Controls*
Wisconsin — Part II Arrests/100,000 People	0.95 (17.73)**	1.00 (11.31)**
Casino Gaming	0.128 (3.82)**	0.122 (3.46)**
Male Share of Population		0.27 (0.55)
Share of Population between Ages of 18 and 34		—0.59 (0.63)
Share of Population Non-White		0.01 (0.00)
Population Growth Rate — Lagged		0.009 (0.18)
Unemployment Rate		0.010 (1.54)
<i>R-Squared</i>	0.73	0.73
<i>Autocorrelation Coefficient</i>	0.36	0.36

* t-statistics in parentheses; * denotes statistically significant at or below the 0.05 level

TABLE C Number of Arrests (Part II): Effect of Casinos

County	Without Casinos			With Casinos			Additional Crimes		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
Adams	439	446	429	439	446	429	0	0	0
Ashland	765	664	739	855	769	834	90	105	95
Barron	1,015	1,215	1,090	1,142	1,355	1,258	127	140	168
Bayfield	197	269	227	223	296	264	26	27	37
Brown	5,087	5,387	6,821	5,843	6,115	7,579	756	728	758
Buffalo	502	415	335	502	415	335	0	0	0
Burnett	163	224	168	186	247	199	23	23	31
Calumet	475	450	470	552	518	535	77	68	65
Chippewa	1,035	1,123	1,170	1,184	1,259	1,337	149	136	167
Clark	372	449	383	425	501	445	53	52	62
Columbia	1,382	1,471	1,711	1,578	1,666	1,916	196	195	205
Crawford	343	369	458	343	369	458	0	0	0
Dane	13,216	14,778	14,587	13,216	14,778	14,587	0	0	0
Dodge	2,271	2,436	2,522	2,271	2,436	2,522	0	0	0
Door	665	628	626	665	628	626	0	0	0
Douglas	1,702	1,325	1,444	1,963	1,566	1,635	261	241	191
Dunn	1,485	1,603	1,776	1,485	1,603	1,776	0	0	0
Eau Claire	4,877	4,953	5,597	4,877	4,953	5,597	0	0	0
Florence	145	196	61	145	196	61	0	0	0
Fond du Lac	4,160	3,818	3,901	4,160	3,818	3,901	0	0	0
Forest	245	281	380	282	316	418	37	35	38
Grant	1,597	1,643	1,996	1,597	1,643	1,996	0	0	0
Green	1,038	1,068	1,002	1,038	1,068	1,002	0	0	0
Green Lake	734	751	908	734	751	908	0	0	0
Iowa	427	496	548	427	496	548	0	0	0
Iron	167	173	291	197	197	315	30	24	24
Jackson	298	406	407	373	452	463	75	46	56
Jefferson	3,894	3,831	2,449	3,894	3,831	2,449	0	0	0

(County)	(Without Casinos)			(With Casinos)			(Additional Crimes)		
	(1992)	(1993)	(1994)	(1992)	(1993)	(1994)	(1992)	(1993)	(1994)
Juneau	641	731	693	738	822	795	97	91	102
Kenosha	7,147	7,410	9,814	7,147	7,410	9,814	0	0	0
Kewaunee	659	469	445	740	560	515	81	91	70
La Crosse	4,584	4,115	4,516	5,193	4,756	5,099	609	641	583
Lafayette	385	269	308	385	269	308	0	0	0
Langlade	503	538	714	608	613	790	105	75	76
Lincoln	560	818	869	560	818	869	0	0	0
Manitowoc	4,106	4,211	4,390	4,711	4,789	4,978	605	578	588
Marathon	1,823	1,819	2,224	2,091	2,078	2,482	268	259	258
Marinette	919	1,222	1,154	1,045	1,350	1,321	126	128	167
Marquette	167	131	145	185	154	164	18	23	19
Menominee	1,188	1,003	1,508	1,263	1,160	1,649	75	157	141
Milwaukee	58,381	64,805	59,127	66,282	72,914	67,902	7,901	8,109	8,775
Monroe	1,095	1,052	1,348	1,284	1,210	1,496	189	158	148
Oconto	392	451	518	463	508	581	71	57	63
Oneida	1,006	1,358	1,685	1,130	1,498	1,871	124	140	186
Outagamie	4,289	4,791	5,244	4,891	5,399	5,912	602	608	668
Ozaukee	1,377	1,564	1,622	1,591	1,760	1,839	214	196	217
Pepin	100	90	88	100	90	88	0	0	0
Pierce	1,888	1,619	1,471	1,888	1,619	1,471	0	0	0
Polk	918	967	1,014	1,007	1,091	1,149	89	124	135
Portage	1,544	1,794	1,789	1,763	2,012	2,040	219	218	251
Price	276	339	323	318	378	370	42	39	47
Racine	5,656	5,200	5,474	6,541	6,008	6,211	885	808	737
Richland	440	504	433	440	504	433	0	0	0
Rock	11,439	11,931	12,634	11,439	11,931	12,634	0	0	0
Rusk	227	288	391	254	319	431	27	31	40
St. Croix	1,966	1,562	1,933	1,966	1,562	1,933	0	0	0
Sauk	2,166	1,987	2,035	2,449	2,290	2,318	283	303	283
Sawyer	625	509	625	713	597	700	88	88	75
Shawano	1,274	856	1,139	1,440	1,033	1,266	166	177	127
Sheboygan	3,379	3,709	3,826	3,379	3,709	3,826	0	0	0
Taylor	431	383	550	431	383	550	0	0	0
Trempeleau	312	435	250	366	480	309	54	45	59
Vernon	575	658	687	575	658	687	0	0	0
Vilas	890	810	772	998	933	888	108	123	116
Walworth	6,029	5,181	5,456	6,029	5,181	5,456	0	0	0
Washburn	305	339	343	347	382	391	42	43	48
Washington	3,179	3,687	3,951	3,179	3,687	3,951	0	0	0
Waukesha	7,921	8,812	9,046	9,246	9,959	10,278	1,325	1,147	1,232
Waupaca	1,394	1,381	1,599	1,614	1,580	1,795	220	199	196
Waushara	177	203	186	194	227	214	17	24	28
Winnebago	4,385	4,776	5,408	4,385	4,776	5,408	0	0	0
Wood	2,129	2,205	2,164	2,442	2,505	2,474	313	300	310
Total	199,540	209,842	214,402	216,398	226,643	232,043	16,858	16,801	17,641

carry the possibility of jail time, in addition to formal arrest and arraignment costs, we estimate that each arrest for a Part II crime entails justice-system costs averaging at least \$1,500. There are additional victim costs as well. However, using the base number of \$2,000 for purposes of discerning a “ballpark” estimate of the societal costs of these arrests (justice system plus victimization), we estimate that Part II crime related to the presence of casinos has cost the taxpayers of the state at least \$34.20 million for each of the three years after the casinos opened. (There are no readily available statistics on the costs of each — or the average — arrest and each unit of activity processed by the criminal-justice system in Wisconsin, or elsewhere. A 1981 study by Ernie Hernandez of the Los Angeles Sheriff’s Department found a typical felony arrest costing the police \$343 — in 1978 — while matters of court time and prison costs greatly exceeded these (Hernandez, 1981; *see also* U.S. Department of Justice, 1994).)

b. Specific Categories of Arrests

While overall Part II arrest numbers are related to the presence of the casinos in Wisconsin, not all categories of Part II arrests could be linked to the casinos. Relationships could be demonstrated for arrests for assaults, stolen property, Driving While Intoxicated, and drug possession, as well as for “other” Part II crimes. We could not establish statistically significant linkages between casinos and forgery, fraud and embezzlement, vandalism, weapons, and gambling offenses. Also, family offenses, prostitution, and sex offenses were not related to casinos. Similarly, we could not link drug sales, disorderly conduct, or “other” liquor offenses with the casinos. In none of these cases was there a significant increase in any category of arrests either in the casino counties themselves, or in the adjacent counties.

c. Significant Relationships

We have provided charts showing how casino and casino-adjacent counties experienced greater increases in arrests for certain kinds of Part II crimes. On Table 5 to the right, we show how assaults increased 37.8% more in these counties than for the state as a whole. Table 6 to the right shows that stolen property is related to casino gambling. Arrests increased 28.1% more in the casino-adjacent counties. Certainly, this finding complements the demonstrated increase in incidents of burglary. Drunk driving (Table 7 on the next page) arrests increased 13.9% more in the casino and adjacent counties than in the other ones, while drug-possession arrests increased an extra 21.9%. Other Part II arrests increased 24.5% more than in other counties. These “other” crimes include such offenses as public nuisance, criminal trespass, obscenity, possession of burglary tools or drug paraphernalia, bribery, blackmail, perjury, and contempt of court.

TABLE 5 Other Assault Arrest Rate Regression Results: Fixed Effects — Autocorrelation Corrected

Variable	Coefficients with Controls*	Coefficients without Controls*
Wisconsin — Other Assault Arrests/ 100,000 People	1.31 (9.07)**	1.54 (7.76)**
Casino Gaming	0.302 (2.52)**	0.378 (2.92)**
Male Share of Population		−6.17 (2.48)**
Share of Population between Ages of 18 and 34		8.92 (1.85)***
Share of Population Non-White		−3.65 (0.34)
Population Growth Rate — Lagged		−0.31 (1.76)***
Unemployment Rate		−0.03 (0.97)
<i>R-Squared</i>	0.52	0.55
<i>Autocorrelation Coefficient</i>	0.38	0.36

* t-statistics in parentheses; ** denotes statistically significant at or below the 0.05 level; *** denotes statistically significant at or below the 0.05 level based on a one-tailed test, at or below the 0.10 level based on a two-tailed test

TABLE 6 Stolen-Property Arrest Rate Regression Results: Fixed Effects — Autocorrelation Corrected

Variable	Coefficients with Controls*	Coefficients without Controls*
Wisconsin — Stolen-Property Arrests/ 100,000 People	0.39 (0.45)	0.72 (0.80)
Casino Gaming	0.212 (2.04)**	0.281 (2.21)**
Male Share of Population		−4.19 (1.80)***
Share of Population between Ages of 18 and 34		4.29 (0.99)
Share of Population Non-White		−0.25 (0.01)
Population Growth Rate — Lagged		0.38 (1.76)***
Unemployment Rate		−0.01 (0.34)
<i>R-Squared</i>	0.48	0.50
<i>Autocorrelation Coefficient</i>	0.03	0.00

* t-statistics in parentheses; ** denotes statistically significant at or below the 0.05 level; *** denotes statistically significant at or below the 0.05 level based on a one-tailed test, at or below the 0.10 level based on a two-tailed test

TABLE 7 **DWI Arrest Rate Regression Results:
Fixed Effects — Autocorrelation Corrected**

Variable	Coefficients with Controls*	Coefficients without Controls*
Wisconsin — DWI Arrests/100,000 People	0.76 (2.93)**	1.14 (3.23)**
Casino Gaming	0.136 (2.85)**	0.139 (2.53)**
Male Share of Population		1.04 (1.05)
Share of Population between Ages of 18 and 34		—0.65 (0.35)
Share of Population Non-White		—12.50 (1.15)
Population Growth Rate — Lagged		—0.05 (0.64)
Unemployment Rate		—0.03 (1.54)
<i>R-Squared</i>	0.44	0.47
<i>Autocorrelation Coefficient</i>	0.15	0.13

* t-statistics in parentheses; * denotes statistically significant at or below the 0.05 level

**d. Some Questionable
Non-Findings**

While the general comments and anecdotal evidence suggests ties between casinos and forgery, fraud, and embezzlement, no strong linkages were found in our data. We did find significant associations between casinos and forgery and fraud within the casino counties, but these relationships did not extend to surrounding counties. No relationships were established with embezzlement arrests. We only conclude that relationships are not demonstrated with our data. This does not mean they do not exist. This kind of crime, when it is linked to gambling, takes time to develop. This kind of crime is associated with problem or pathological gambling. First, the cycle of pathological gambling takes time to develop. Second, as the cycle is

developing, the pathological gambler is using all possible legal means in order to get funds for gambling. Only in later desperation stages will the gambler turn to illegal means for funds. We suggest that arrests for these categories of crime be closely monitored in future years to see if relationships do emerge.

SUMMARY OF CRIME INCIDENTS AND LIKELY COSTS

The survey of serious criminal incidents and Part II crime arrests in all Wisconsin counties for more than a decade leads to the firm conclusion that the introduction of casinos has had a pronounced effect upon the safety and security of Wisconsin residents. We have concluded that an additional 5,277 serious crimes per year cost the public \$16.71 million, while an additional 17,100 arrests for Part II crimes cost the society \$34.20 million each year. The data indicate the sad conclusion that casinos may be responsible, directly or indirectly, for nearly \$51 million each year in societal costs due to crime generated as a result of their existence.

RECOMMENDATIONS

We can offer several recommendations as a result of our findings. Many have been offered before in our two previous reports (Thompson, Gazel, and Rickman, 1995, 1996). For instance, we are still of the opinion that the State of Wisconsin should renegotiate compacts for a renewal of authorizations for the casinos on the 11 reservations of Wisconsin. We are quite aware that Wisconsin probably could, within its jurisdiction — and those of federal law on Native American gaming — attempt to end Native American gaming by refusing to negotiate new agreements. Present compact agreements end in 1998. Even if there were recourse for the Native American tribes to seek to end a negotiation impasse by turning to federal authorities, the tribal position would be very very weak. The state has effectively ended all other casino-type gambling, and the state is mandated to negotiate in good faith for Native casinos, only if casino gambling is permitted in the state. A recent Supreme Court decision, *Seminole v. Florida*, ruled that the tribes could not seek to resolve an impasse over gaming compact negotiations with the states in federal courts. Nonetheless, it is probably within the power of the state to enter an agreement with the tribes on a voluntary basis. We recommend that the state do so.

However, we reaffirm our earlier recommendation that there should be no expansion of casino sites or the extent of gambling on current sites. There is sufficient casino gambling in the state to satisfy the demands of those

Wisconsin residents who would go elsewhere to gamble if the casinos were not in the state. More gambling will only entice greater participation by local residents and lead to greater social problems. It can also be suggested that the tribes of the state — at least collectively — are reaping sufficient economic benefits from the casinos to address their concerns over tribal economic development and self-sufficiency.

As the state grants extensions (in time) of compacts for Native American casinos, the tribes should be very willing to make significant concessions from present-day styles of operation. These concessions should not be adverse to the goals of the Indian Gaming Regulatory Act of 1988 — namely, that gaming should exist on reservations as a tool for economic development and to enhance opportunities for tribal self-governance and self-sufficiency. The concessions should be made to enhance the value of gambling for the entire state and to offset and mitigate the serious social costs attending the gambling.

The tribes now agree to give some funds to the state to cover costs of regulatory mechanisms that ensure that the games played are played in an honest manner and that funds from the games are handled in an appropriate manner. The state should not seek general-fund revenues from Native casinos. However, in future agreements, the tribes should willingly provide funds to the state to enhance law-enforcement activities in the casino counties and nearby counties. The funds should be directed into specific activities that recognize the impacts that we have demonstrated. The amounts of the casinos' contributions should reflect the findings we have made here and in our previous study on problem gambling.

As incidents of burglary and stolen property arrests are associated with casino gaming, casino funds should aid local police and sheriffs for patrols of specific areas in which incidents have increased. Funds should be made available for community assistance in such matters as creating and activating neighborhood-watch programs. Funds should be earmarked for prosecutions of burglary suspects.

Tribal casinos should fund increased road patrols, especially in areas around bars. To repeat an earlier recommendation (Thompson, Gazel, and Rickman, 1996), tribes should not sell alcoholic beverages at their casinos. Even in casinos without beverage service, though, there is a linkage between DWI incidents and casino gambling. No doubt some people head to the nearest bar or tavern as soon as their gambling ends. Increased patrols are necessary. Patrols can also monitor illegal gambling in the bars and taverns nearby the casinos. A promised crackdown on illegal machine games would provide an incentive for tribes to underwrite costs of patrols.

Drug-detection units of state police should be enhanced and made available to sheriffs and police when specific problems appear to exist. As drug possession as well as some of the other crimes identified are committed by younger people, we repeat our earlier recommendation that the age of entrance at all the casinos of the state be at least 21 years old.

Police officers and prosecutors in the state — in all counties — should include gambling screening questions in all arrest reports and in all crime reports in which a possible interrelationship between gambling and the criminal activity may exist. In this regard, we think the crime situation as it might relate to gambling should be monitored in an ongoing manner within all Wisconsin counties.

This study is a first study. In fact, no other researchers have ever taken a similar statewide overlook at the problem of casino gambling and crime. As a first study, we can make no claim to its being the best possible study. We certainly stand by our analysis. Our results have a statistical significance that cannot be easily ignored. Our cost analysis, if anything, is very conservative. Nonetheless, the definitive relationships and costs of crime and gambling require many more replicative studies, including studies with future data as they become available in Wisconsin.

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