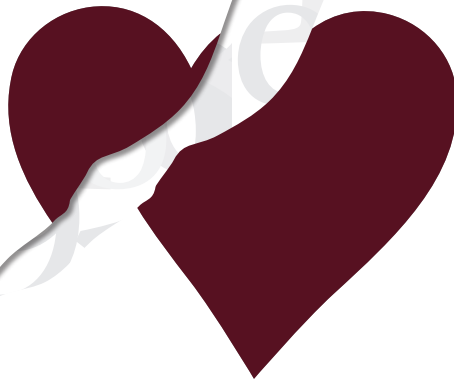




# PROBLEM GAMBLING TOOLKIT

For substance abuse counselors, health  
therapists, primary care physicians, and  
social service workers



Association of Problem Gambling  
Service Administrators



National Council  
on Problem Gambling



## **PROBLEM GAMBLING TOOLKIT**

Substance abuse counselors, mental health therapists, primary care physicians, and social service workers are increasingly confronted with consumers who are in need of services that address problem gambling issues. This toolkit was developed by the National Council on Problem Gambling (NCPG) and the Association of Problem Gambling Service Administrators (APGSA) to respond to requests for basic problem gambling screening, assessment, referral, and treatment information.

The rate of co-occurrence of problem or pathological gambling among people with substance abuse disorders has been reported as ranging from 9 percent to 16 percent. At a minimum, the rate of problem gambling among people with substance use disorders is four to five times that found in the general population. **Therefore, it is recommended that all consumers presenting with substance abuse and mental health issues should be screened for gambling problems.**

The following materials have been assembled to respond to requests for information about problem gambling:

- Excerpts on problem gambling from TIP 42: *Substance Abuse Treatment for Persons With Co-Occurring Disorders*. Excerpts from TIP 42 identify key elements of programming in substance abuse treatment agencies that address co-occurring disorders. The elements described have relevance for mental health agencies and other service systems that seek to coordinate mental health and substance abuse services for their clients who need both.
- *Problem Gamblers and Their Finances: A Guide for Treatment Professionals*. This guide is designed to provide treatment professionals with a basic understanding of the financial issues that confront the problem gambler and potential financial strategies.
- *Personal Financial Strategies for the Loved Ones of Problem Gamblers*. This handbook is designed to help loved ones of the problem gambler. It will suggest ways to deal with personal financial issues due to gambling before they become a major financial problem. It also can help the loved one of a problem gambler recover financially if he or she already has serious money problems.

**It is important to note that this material does not mitigate the need for specific training when treating a problem gambler.**

NCPG is the national advocate for programs and services to assist problem gamblers and their families. The NCPG Web site ([www.ncpgambling.org](http://www.ncpgambling.org)) contains additional information and materials. APGSA ([www.apgsa.org](http://www.apgsa.org)) is a strong, unified voice to support the development of state of the art, publicly funded problem gambling services.

**For nationwide, 24-hour access to confidential information and referral services, call The National Problem Gambling Helpline Network toll-free at 1 (800) 522-4700.**

This toolkit was developed by the National Council on Problem Gambling and the Association of Problem Gambling Service Administrators with support from SAMHSA's Center for Substance Abuse Treatment.



# Problem Gamblers and Their Finances

*A Guide for  
Treatment  
Professionals*



NATIONAL ENDOWMENT FOR  
FINANCIAL EDUCATION



National Council on  
Problem Gambling

# Problem Gamblers and Their Finances

## *A Guide for Treatment Professionals*

This handbook is meant to provide general financial information; it is not meant to substitute for, or to supersede, professional or legal advice.

The people depicted in this publication are professional models and are included here for illustrative purposes only. They are not connected with the subject matter or situations covered in this publication.

Note: The content areas in this material are believed to be current as of this printing, but, over time, legislative and regulatory changes, as well as new developments, may date this material.

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# Introduction

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**T***reatment professionals familiar with the psychological background of problem gambling understand that it is not merely a “financial problem.” It is a chronic, progressive behavior disorder. Financial problems—overdue bills, badgering creditors, and impending bankruptcy—are the usual symptom of an addiction whose statistical odds are stacked against the gambler.*

*Financial difficulties also seem to be the factor that most frequently drives the problem gambler, or a loved one of the problem gambler, to finally seek professional treatment of the gambler’s addiction. By helping the gambler face and cope with the financial pressures and find long-term solutions to money problems, you, as the treatment professional, can provide the gambler and his or her loved ones with several major benefits:*

- You allow the gambler to better concentrate on a meaningful healing program. As long as financial issues are uppermost in the gambler’s mind, effective treatment of the underlying addictive behavior can be restricted, if not impossible.*
- You provide the gambler with an immediate sense of hope, especially if financial problems have reached a crisis stage, such as impending bankruptcy.*
- You offer the gambler viable financial options. Problem gamblers fail to see other options to their gambling; many believe that the only way out of the financial hole that gambling puts them in is to gamble their way out.*
- You can help reduce suicidal tendencies, help the gambler relearn the true value of money, and lessen the chance of a relapse into gambling behaviors.*

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*At first glance, the notion of addressing a gambling client's often complex and disordered financial life may strike you as an inappropriate and overwhelming task. After all, few treatment professionals are specially trained in matters of personal finance, and many may personally feel uncomfortable or uninformed about even basic money management.*

*Moreover, a gambler's financial issues present unique challenges because many traditional money management tools employed by financial professionals don't work well—indeed, may actually be counterproductive—when applied to the household finances of a problem gambler. Finally, you may have your own psychological issues with money or struggles with personal finances. These personal issues may impede your effective treatment of the compulsive gambling client who confesses to betting thousands of dollars a week, of having \$50,000 or \$100,000 or even more in gambling debts!*

*That's why this guide was prepared by the National Endowment for Financial Education® (NEFE®) and the National Council on Problem Gambling. It is designed to provide you, as the treatment professional, with a basic understanding of the financial issues that confront the problem gambler, and what financial strategies can help the gambler and his or her family stabilize and improve their financial situation.*

*The guide addresses such issues as financial warning signs of a gambling problem and ways to identify sources of income and assets that potentially can feed the gambler's habit. It illustrates how to establish a workable household budget, remove household*



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*finances and assets from the gambler's control, and set up a realistic repayment schedule for gambling and other debts. It also looks at bankruptcy, financially stressful life events, taxes, and the controversial issue of investing. You will come away with a better understanding of basic financial terminology and concepts. A list of financial resources is included at the end of the guide.*

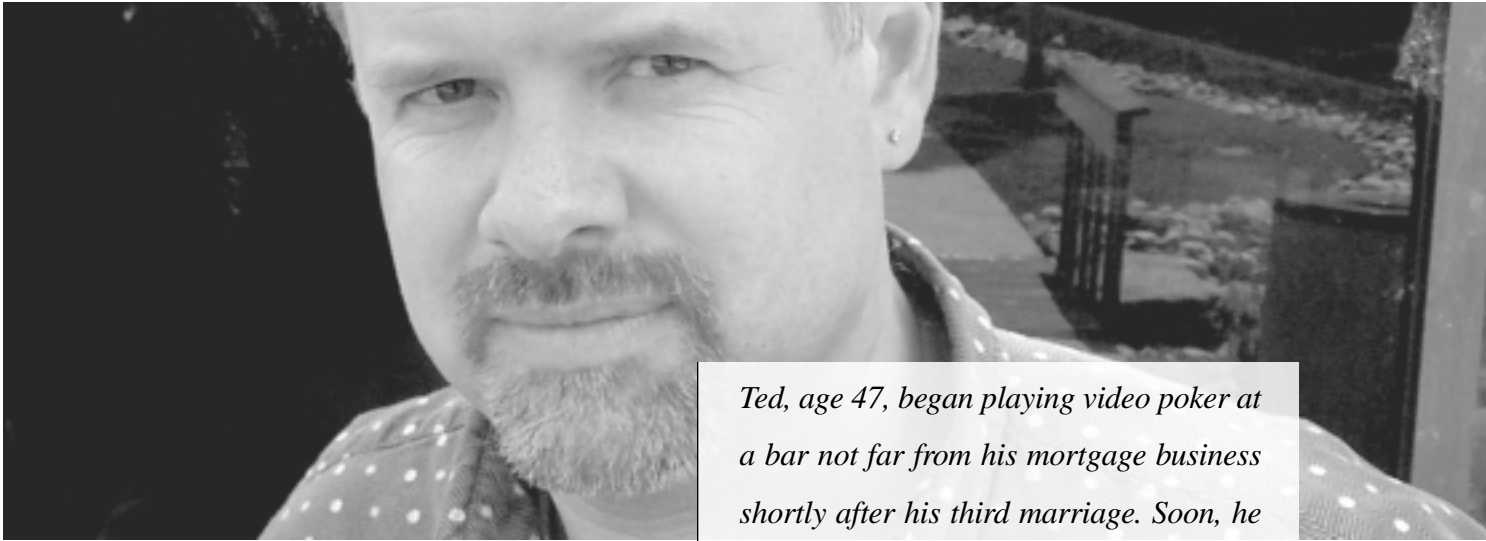
*The material in this guide is not intended to transform the treatment professional into an expert in personal finance, nor to act as a substitute for financial professionals. Indeed, it often is imperative to encourage the client to work with financial professionals such as debt counselors, financial planners, attorneys, or CPAs. However, it also is important that you not merely refer clients to a financial professional and from that point on discuss nothing regarding their financial problems.*

*You should work closely with financial professionals to help your clients, and having a basic understanding of the financial issues involved will enhance that professional relationship. Understanding and addressing the financial issues during your therapy work with clients also will enhance the chances for a positive outcome to this devastating disorder.*

---

**CAUTION:**

**Problem gambling experts recommend that a gambler's financial problems not be addressed until the gambler recognizes that he or she has a gambling problem, has abstained from betting for an appropriate period of time (usually, at least 30 days), and has begun to address the underlying psychological disorder! Otherwise, efforts to recover financially will probably not succeed, and may even prove harmful.**



*Confronted by his wife,  
his children, and his  
employees, he agreed to  
a residential treatment  
program, where he  
turned his life around.*

*Ted, age 47, began playing video poker at a bar not far from his mortgage business shortly after his third marriage. Soon, he was losing \$200 a day. For a while, he was able to hide his losses because he and his wife maintained separate checking and investment accounts. Eventually, his wife found out. He promised he would never gamble again. He went to Gamblers Anonymous meetings for a while, but eventually started gambling again. His wife threatened divorce. Again, he promised to quit, but didn't. With the help of his office staff, his wife searched his financial records. They learned that he'd drained the cash value in his and his children's life insurance policies, cleaned out his daughter's college tuition money, sold off mutual funds, and raided his business accounts. In all, he'd gambled away \$150,000 in one year. Confronted by his wife, his children, and his employees, he agreed to a residential treatment program, where he turned his life around.*

# Gambling Has Gone Mainstream



**T**wenty-five years ago, legalized gambling was rare, confined to the Nevada desert, Atlantic City, a few racetracks, and two or three state lotteries. Today, gambling has gone mainstream, now available at your local convenience store, and often state-run.

Some form of gambling is legal in 47 states, according to the 1999 final report of the National Gambling Impact Study Commission. Gambling has become socially acceptable. A 1999 Gallup poll found that two-thirds of American adults approve of legalized gambling. It is a source of revenue for states and charities, and is viewed as an economic generator for local communities.

New forms of gambling have mushroomed. They include state lotteries, scratch games, casinos, bingo, video poker, slot machines, video keno, sports wagering, pari-mutuel betting on horses and greyhounds, and back-room poker games. Some problem gambling experts even consider investing as a form of gambling.

Gambling outlets also have mushroomed. “Convenience” gambling, such as video poker, has sprouted up in bars, truck stops, supermarkets, and bowling alleys. You can gamble on riverboats, offshore ships, cruise ships, Native American reservations, in casinos, and on international airline flights. Problem gamblers now can bet on bingo, casino-style games, and sporting events from the convenience and privacy of their home PC over the Internet—and charge it to their credit card!

# *Problem gambling often leads to the destructive breakup of close relationships.*

## **Rise in Problem Gambling**

The 1999 National Gambling Impact Study estimates that of the 125 million Americans who gamble at least once a year, approximately 7.5 million have some form of gambling problem, with another 15 million “at risk” of developing a gambling problem. Some researchers claim that problem gamblers pay half of the nation’s \$51 billion annual gambling losses.

## **Social and Personal Costs**

Problem gambling creates immense costs to society, individuals, and their families. Problem gamblers are more likely than the general population to commit crimes such as theft, embezzlement, writing bad checks, or prostitution to pay for their habit. They are more prone to personal health problems, depression, and suicide. The rate of attempted suicides among gamblers is the highest of all psychological disorders. Some problem gamblers have even committed suicide so that a life insurance payout could help their financially struggling family.

Problem gambling often leads to the destructive breakup of close relationships with partners, friends, and family. Families with a problem gambler are more likely to experience divorce, domestic violence, and child abuse. Children of problem gamblers are more likely to do poorly in school, become depressed, have drug problems, or become problem gamblers themselves.

The financial costs also are staggering. A study by the National Opinion Research Center at the University of Chicago estimates that problem gambling costs society \$5 billion in jobless benefits, increased levels of crime and incarceration, and medical treatment. Other experts claim that this number is low.

At a personal level, gamblers are more likely to:

- lose their jobs, be demoted, or be under-employed
- fall deeply into debt and file for bankruptcy
- lose their homes and other personal property (one in five homeless individuals attribute gambling as a cause)
- lose their businesses
- depend on welfare
- accumulate legal fees due to divorce or criminal activities
- run up bills for medical and mental health care treatment



# What Is Problem Gambling?



**D**iagnostic criteria for assessing problem gambling behavior are described in the *Diagnostic and Statistical Manual of Mental Disorders (DSM-IV)*, published by the American Psychiatric Association. Ten behavior patterns are listed, and signs of five or more of these behaviors suggests a compulsive gambling problem. Criteria include:

- preoccupation with gambling
- betting increasingly larger amounts to achieve the same feeling of excitement
- repeated unsuccessful efforts to stop gambling
- lying to family members, therapists, and others about the extent of gambling activities
- gambling to escape other emotional problems, such as guilt or depression

“Problem,” “compulsive,” or “pathological” gambling are terms used to describe a behavior disorder that tends to get worse over time unless it

is treated. Treatment experts use specific clinical guidelines for determining whether someone has this behavior disorder. For consistency, this book primarily uses the term “problem gambler,” which is meant to describe those individuals whose gambling is causing psychological, financial, emotional, marital, legal, or other difficulties for themselves and the people around them. Experts typically view problem gambling as less serious than compulsive or pathological gambling; however, it may lead to compulsive or even pathological gambling.

Other addictive behaviors are commonly found with problem gamblers, and may be a contributing factor. Problem gamblers frequently experience problems with drinking, drug abuse, or addictive sex.

Problem gamblers fall into one of two broad types. *Action* gamblers typically are men and often start when they are teenagers. They prefer “skill” games, such as poker, craps, horse and dog racing, and sports. They believe they are smart enough to win consistently. *Escape* gamblers tend to come to



gambling later in life, usually as a way to escape problems, such as loneliness, depression, or a bad marriage. They tend to be women and they prefer “hypnotic-like” games, such as slots, bingo, lottery, and video poker.

### **Causes of Problem Gambling**

The origin of problem gambling remains unclear. Recent clinical research suggests that some problem gamblers may actually inherit their drive to gamble. The impulse to gamble is the same genetic impulse to “shop until you drop,” incessantly surf the Web, or crave sex with strangers. People with histories of depression, mood swings, and hyperactivity may be more apt to gamble. Upbringing also may play a role. Researchers believe an individual is more likely to gamble if he or she has been raised in a gambling family, or in a family that believes that money can solve all problems. Children raised in families with absent fathers, workaholic parents, abusive parents, or where money is used to show love or anger also may be more likely to become problem gamblers. However, much research remains to be done in these areas.

### **Stages of Problem Gambling**

Many experts believe that problem gamblers go through progressive stages as they fall into the grip of compulsive gambling. Not all gamblers go through all the stages, nor do they necessarily progress in any particular order. They may move

through the stages at different rates. Action gamblers, for example, may go through the stages over 10 to 30 years, while escape gamblers might go through all the stages in a matter of weeks.

Below are brief descriptions of these stages. You may already be familiar with them, but perhaps not with their financial manifestations.

#### **Winning Stage**

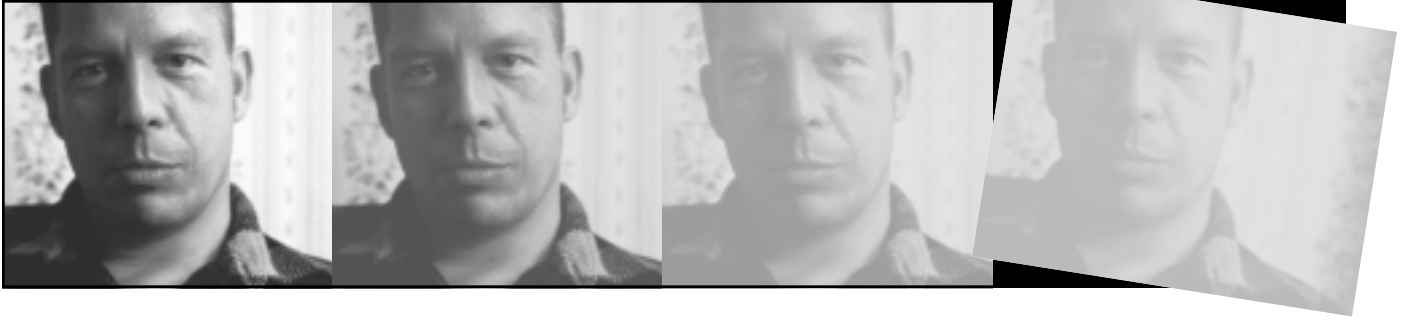
In what’s called the *winning* stage, an individual discovers that gambling is exciting, social, and perhaps sees it as a way to escape the stress of work, family, or loneliness. This excitement may be enhanced by a few wins. At this stage, the gambler still has money and feels in control. Following wins, the gambler may shower family, loved ones, and friends with gifts, take expensive vacations, or live “high on the hog.”

#### **Losing Stage**

However, the winning stage eventually—perhaps very quickly—turns into the *losing* stage. As losses mount, the gambler becomes preoccupied with gambling. The need to make bigger and more frequent bets grows. The financial and emotional stakes get higher. Often, filled with guilt and shame, the gambler starts to “chase” the losses, hoping to make them up by making bigger and more frequent bets.

Here is where the problem gambler begins “maxing” out credit cards, cashing in insurance policies, pawning or selling personal property, dipping into investment and retirement accounts,

## *Gamblers tend to go through stages of behavior...*



and borrowing heavily. The problem gambler may start missing work and begin lying to family and friends about his or her gambling habit. Gamblers who are “jammed up” start looking for “bailouts” from family and friends, sometimes blaming it on a phony financial catastrophe, unexpected expenses, or inadequate income.

This is commonly the stage when the gambler’s spouse, partner, parents, children, relatives, or friends begin to notice signs of a gambling problem. They may directly suffer financial problems as bill collectors and relatives owed money begin knocking on the door. The rent or mortgage payment may be behind, the car has been repossessed, and the power company is threatening to shut off utilities.

More and more gamblers are calling hot lines or seeking professional treatment at this stage. Unfortunately, others progress to the next stage before seeking help.

### **Desperation Stage**

In the *desperation* stage, the gambler may begin to experience health problems, such as insomnia, as debts mount and relationships deteriorate. The

financial problems tend to reach a crisis stage: the problem gambler may face eviction, and all financial resources are exhausted. The gambler may even turn to crime. Emotionally, the problem gambler often feels powerless, hopeless, and depressed. Action gamblers often begin to gamble like escape gamblers, preferring the hypnotic-like slots or video poker to escape their misery. During this stage, the gambler may simply run away from family and debts. Suicide is another common option. Or the gambler may finally reach out for help—including financial help.

While experts commonly cite only three stages in problem gambling, some now describe a fourth stage, the *hopeless* stage. At this point, the gambler no longer believes there is hope or help. Depression is common and suicide is a real risk. The problem gambler becomes more likely to commit crimes.

Again, keep in mind that the problem gambler may not experience all of these stages, or experience them in a distinct, progressive order. A problem gambler may actually have started out losing money, become desperate, then win, and start a new cycle.

# The Gambler's View of Money



**A**s gamblers move from stage to stage, and more and more into the powerful grip of betting, their view of money begins to change. It no longer holds its traditional value as a means of exchange ... a way to accomplish goals ... a measure of security ... a source of freedom ... a standard of accomplishment. Instead, money to the gambler has only one value: to enable the gambler to keep gambling, to stay “in action.”

This corrupted view of the value of money is why problem gamblers may do anything to obtain money to keep gambling—lying, borrowing, even stealing. Gamblers have been known to sell a new television set or a car for a fraction of its value because they desperately wanted the cash to gamble. This irrational view of money is why the financial steps outlined in this guide are so important in stopping the financial

damage and helping the gambler relearn the value of money.

## Financial Signs of Problem Gambling

Problem gambling is sometimes called a “hidden” disease—hidden from those around the gambler, sometimes even hidden from the gambler himself or herself. As a counseling professional, you probably are already familiar with the 20 questions from Gamblers Anonymous and Gam-Anon. (For further reference, they are reprinted in Appendix A.)

Here are some financial warnings at home and at work. It should be noted, however, that some of these warning signs could indicate a problem other than gambling. Therefore, it’s important to discover the cause of the problem.





### **Warning Signs at Home**

- There are overdue or unpaid household bills, or the suspected gambler suddenly wants to take over paying the bills.
- The gambler's loved one reports finding numerous and unaccounted-for cash advances from credit cards, or an increase in the number of active credit cards.
- The suspected gambler is only able to afford minimum payments on credit card bills.
- He or she is always short of money, despite adequate income.
- The individual is secretive about money.
- There are unexplained loans, the use of payday loans, or loans from friends or relatives.
- The gambler's loved one finds high cell phone/pager bills.
- The gambler has large amounts of unexplained cash, especially if household bills are going unpaid.
- The suspected gambler's spouse reports the disappearance of cash (stealing from a child's money jar or a spouse's wallet, for example).
- The gambler is involved in extremely high-risk investing or frequent trading.
- Money is pulled from savings, investment, or retirement accounts for no apparent reason.
- The bank reports frequent bouncing of checks or postdating of checks.
- Bill collectors are calling, or property is being repossessed.
- The suspected gambler is denied credit.
- Needed household items are being sold or pawned for cash.



### **Warning Signs at Work**

- The suspected gambler is missing work, coming in late, or leaving early.
- He or she is taking long lunches and breaks.
- The suspected gambler fails to finish projects properly or on time.
- He or she is organizing or taking an excessive interest in office pools.
- The individual is borrowing money from co-workers.
- The office manager notes heavy telephone use not related to work.
- The gambler is using sick days when not sick.
- He or she is overheard making or taking gambling calls while at work.
- The company notes use of the computer at work to gamble.
- The gambler frequently asks for advances in pay.
- He or she is caught stealing or embezzling at work.
- He or she begins taking cash advances with the company credit card.



*Bill started flying periodically to Las Vegas when he was age 21, gambling away the savings he'd earned from working in his father's equipment rental shop. He also played weekly poker games with friends. It wasn't until a casino opened nearby that he began to go through a lot of money. He borrowed from friends, and when he couldn't do that, he stole from his father's business. At one point, he was gambling \$12,000 a month. His parents persuaded him to go to a 10-day treatment center, but that failed. When his father discovered that his son had stolen a check from work, he kicked Bill out of the business. A week later, Bill shot himself to death.*



*His parents  
persuaded  
him to go  
to a 10-day  
treatment center,  
but that failed.*

# Possible Immediate Financial Actions



**E**ncouraging the problem gambler to take immediate financial steps could help the gambler move toward a sense of personal empowerment and hope. This guide outlines several specific strategies the gambler can take to start to cope with the financial pressures. As a counselor, you are encouraged to:

- 1. Explain the possible financial consequences** of continuing to gamble: decreased ability to meet personal financial goals, rising debt problems, loss of property, potential bankruptcy, and so on.
- 2. Provide an overview** of the strategies discussed in this guide that problem gamblers might take to improve their financial situation, such as shifting asset control and repaying debts. Encourage hope and options.
- 3. Ask the gambler to list his or her creditors** and how much they are owed. He or she may

have no idea how deep the debt load is, and the realization may motivate the problem gambler to stop.

- 4. Have the nongambler hide, cut up, or cancel** credit cards. Calling (888) 5OPT OUT can stop most unsolicited credit card offers.
- 5. Have the nongambler change the personal identification numbers** on bank debit cards.
- 6. Store valuables in a safe-deposit box** to which the gambler has no access.
- 7. Recommend that someone other than the gambler take over paying household bills.** Encourage the gambler to agree to live on a weekly cash budget.

Strongly discourage the gambler from taking any major financial measures, such as loan consolidations or filing for bankruptcy, until the financial situation has been thoroughly assessed by a financial professional or attorney.

*Refusing bailouts not only slows or stops the financial bleeding, but may force the problem gambler to finally confront his or her addiction.*



### **Just Say 'No'**

During the course of working with the problem gambler, you may have an opportunity to talk with a nongambling loved one, such as a spouse, partner, sibling, or parent. These loved ones may have been “bailing out” the gambler on occasion by loaning him or her money to satisfy gambling debts. At some point, the loved ones may come to the conclusion that “enough is enough,” and the bailout must end.

When the loved ones have reached this point, they may need help verbalizing their position to the gambler. One possible explanation they could give is this: “I care about you very much, and I want to help you in any way I can. But if I loan you money to gamble again, it will just delay the day when you must face your gambling addiction and take steps to get help. I’m sorry, but I can’t bail you out again. If you wish, I can help you find a counselor or recovery support program to assist you in overcoming your gambling addiction.”

Loved ones frequently find it difficult to refuse bailout requests. This is especially true if they have already established a pattern of helping the gambler out of his or her immediate crisis. Furthermore, their refusal may exacerbate financial problems for their household or for others who have lent money to the gambler.

In some cases, a nongambling spouse, partner, sibling, or parent may be legally responsible for debts created by the gambler. The gambler’s employer may be threatening to fire the gambler or have the gambler arrested if money stolen at work isn’t replaced. The gambler may plead that his or her bookie is threatening physical harm if gambling losses aren’t quickly covered.

Refusing bailouts not only slows or stops the financial bleeding, but may force the problem gambler to finally confront his or her addiction. As a compromise for loved ones who are hesitant or afraid to stop bailouts, they might agree to a bailout, but only on the conditions that there will be no further bailouts and that the gambler seeks out or continues with a treatment program and/or Gambler’s Anonymous.

# How to Work Financially With the Problem Gambler



One of the biggest challenges in working with a problem gambler is that the gambler cannot entirely avoid the one thing that feeds his or her gambling habit—money. A drug addict can physically avoid illegal drugs. An alcoholic can physically avoid alcohol. A gambler can stay out of casinos and stop buying lottery tickets. But a gambler cannot easily avoid banks, cash registers, and touching money. What can be done—and this is where your financial knowledge learned here can help immensely—is to minimize the gambler’s access to money, teach the gambler (and often the gambler’s family) how to properly manage money, and ultimately help restore their proper sense of value toward money.

The remainder of this guide covers a variety of actions the gambler may take to relearn how to manage money so he or she can regain financial stability in life and begin working toward a sound financial future. These may be areas you’ll talk about directly with the gambler and perhaps with a professional financial advisor, as well. At a minimum, they are financial issues you should be familiar with to help the gambler recover.

These actions include:

- identifying income and assets the gambler can use to feed his or her habit
- establishing a spending plan
- shifting control of the finances to the nongambler
- setting up a repayment plan for gambling and nongambling debts
- avoiding bankruptcy
- deciding whether to have an investment program

Be aware that some of these actions and strategies for the actions run counter to standard money management practices because standard practices aren’t always appropriate for the problem gambler.

---

## **CAUTION:**

**It must be emphasized again that taking these financial actions will not address the gambler’s addiction. Recovery can only come from abstaining from gambling and, ideally, going through a therapeutic program. Consequently, it is strongly advised that you not encourage the gambler to undertake the following recommendations until he or she has not gambled for an appropriate period of time (at least 30 days).**

---

## Identifying Assets and Sources of Income

Money is the lifeblood for the problem gambler. Without it, the gambler cannot continue betting. A key to regaining and maintaining financial stability is to limit the gambler's access to money. To accomplish this, the gambler must first list the sources of income and available assets that can finance the problem gambler's habit.

### Sources of Income

Have the gambler start with the obvious sources of income: paychecks, Social Security and pension benefits, unemployment income, trust income, cash advances from credit cards. Also ask the gambler to identify possible sources the gambler might "fudge" on, such as tips, bonuses, or commissions.

Look into less obvious sources, such as a soon-to-arrive inheritance or a tax refund. You may want to ask the gambler's loved ones if any items are

missing from around the house. These could include furniture, appliances, or other valuables, that could have been sold for cash. Ask the gambler or the nongambling loved one if the gambler is expecting a check from an insurance company to pay for property damage, such as to a roof or a car. (The gambler could skip the repairs and cash the check to pay for gambling.) The gambler also might ignore certain financial obligations, such as quarterly estimated tax payments.

What friends, family members, business partners, or co-workers might lend money to the gambler? Have the gambler or the loved ones ask this circle of people not to loan or give money to the gambler.

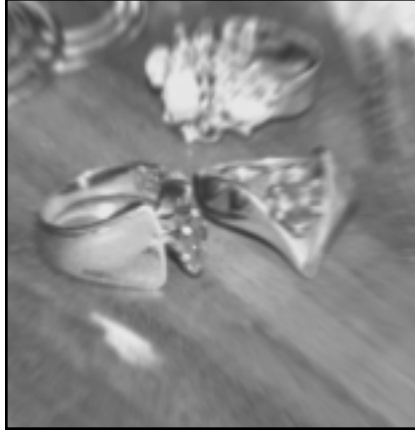
What illegal sources of income could the gambler turn to? Is the person in a position to embezzle or steal funds at work? Is there a risk the gambler might sell drugs or turn to prostitution? Is there a risk that the gambler may attempt to cause a property loss

in order to collect on insurance benefits? Is there a chance the gambler may try to sell personal assets through an on-line auction?

All potential sources must be identified and then tracked on a regular basis. The gambler's spouse, partner, or whoever else is in a position to monitor the gambler's finances should be alert for discrepancies between income and expenses, which might indicate hidden sources of income being used to fund gambling.



*Anything is fair game to the gambler if it can be cashed in, borrowed against, pawned, or sold.*



### Financial Assets

What financial assets can the gambler potentially turn into cash? These might include:

- bank accounts
- certificates of deposit
- mutual fund accounts
- individual stock and bond securities
- retirement accounts
- individual retirement accounts (IRAs)
- home equity
- interests in a small business
- real estate
- cash value in life insurance policies
- trust funds

Have the gambler or a loved one document all personal assets such as cars, a boat, jewelry, antiques, artwork, furnishings, a stamp collection, and appliances.

Anything is fair game to the gambler if it can be cashed in, borrowed against, pawned, or sold. Worse, some of these assets cannot be easily replaced, such as family heirlooms or money pulled out of an IRA or retirement account at work.

### The Gambler's 'Stash'

A "stash" is any source for cash that the problem gambler does not disclose to a spouse, partner, treatment professional, financial advisors, or others attempting to help the gambler recover. It might be cash stuffed in an unknown safe-deposit box, an unreported credit card, pawned jewelry, unreported pay from work, a secret bank account, or individuals such as a loan shark. Income from a business the gambler owns, especially a business that deals a lot in cash, can be easy to hide.

To uncover these stashes, begin by asking the problem gambler to tell you about them. Be firm and blunt. "Jog" the gambler's memory by suggesting places he or she may have hidden money—just in case the gambler "can't remember." Emphasize that lack of cooperation and honesty will only make the financial and psychological recovery efforts more difficult. A loved one familiar with the gambler's finances also may be able to help the gambler remember.

The gambler will probably not disclose every stash, at least not right away. Out of habit, gamblers usually have lied about their betting, often for years. It's difficult for them to "come clean." They may genuinely forget about some stashes. You'll probably need to return to this subject several times to uncover stashes little by little.

It's also important at this stage to encourage the spouse or other loved one financially involved with the gambler to disclose any stashes he or she may have. It's common for spouses, partners, and other loved ones to hide money from the gambler so they can pay the bills or just keep the money from being gambled away. Honesty among all parties is critical here.





*“The husband*

*I divorced*

*was not the*

*husband*

*I married.”*

*Debbie and her husband, John, began making the hour-long drive to the casinos*

*in the mountains of Colorado shortly after the casinos opened. The novelty wore off soon for Debbie, but not for her husband.*

*He continued going to the casinos several evenings a week. Although their combined household income was a modest \$3,000 a month, John managed to*

*lose \$40,000 in three months. When he wouldn't stop, Debbie filed for divorce after 17 years of marriage. “The husband*

*I divorced was not the husband I married,” she said.*



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### **The Monitoring that a Loved One Might Do**

You might recommend to the gambler's spouse ways that he or she could do some double-checking. Suggest that the spouse start with a joint credit report. Such reports show credit-history inquiries and problems of missed or late payments. The reports might reveal unknown debt obligations or credit cards, or show a post office box the gambler is using to hide gambling transactions. Reports can be obtained from one of three credit bureaus:

- Equifax, (800) 685-1111
- Experian, (888) 397-3742
- Trans Union, (800) 645-1933

Depending on the state in which you live, the report may be free (one report a year) or a small

fee (around \$8) may be charged. Some spouses get monthly reports to monitor for suspicious activity.

In situations where the gambler is not married, or where the gambler may have a credit card in his or her own name, the gambler would need to provide a signed release for someone to see a copy of the credit report. As the counselor, you could make this part of the treatment process. Also insist that the gambler bring the report to your office, unopened.

If possible, have the loved one take in all the gambler's mail. This keeps unsolicited loan offers and credit cards out of the gambler's hands, and allows the monitoring of mail from creditors. Also, have the loved one monitor the answering machine for calls from bill collectors, friends, and relatives who may be owed money.

## *A check of Web browsers might reveal on-line gambling.*

Is there a computer in the house that's hooked up to the Internet? Web browsers—the software that allows the user to navigate the Web—contain a record of what Web sites were recently visited. A check of Web browsers might reveal on-line gambling.

Encourage the gambler's spouse or other loved one to involve himself or herself as much as possible in financial roles that the gambler has traditionally undertaken in the past. A good place to start is the household checkbook. Review current and past household bills. They may reveal stash locations, such as payment for a secret safe-deposit box. Be alert for checks to relatives or friends who may be temporarily holding on to gambling money. Or the "friend" may, in fact, be a bookie.

Advise the gambler's spouse or other loved one to review bank and brokerage statements for assets or more funds than the gambler has revealed.

The loved one also should review recent tax returns. They may reveal W-2 forms, which show wages, or 1099s, which show investment income or freelance income, that the gambler may not have revealed. The returns also may show undisclosed tax refunds or refunds for an amount that was different than what the nongambler was told.

The nongambler should be especially alert for tax information related to a business the gambler owns. The return may reflect more income than the gambler has let on about (though gamblers also are known to underreport income to the IRS).



### **Creating a Realistic Spending Plan**

To get the gambler's financial life under control, he or she will need a "spending plan"—commonly called a budget. A spending plan directs money to where it is most needed. It also helps prevent adding to current debt problems by spending more than is earned.

Equally important, a spending plan establishes savings goals. These goals can provide the gambler something positive to work toward instead of

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merely digging out of debt. This positive reinforcement encourages the gambler to stick with recovery efforts. The welfare of the family, not debts, should come first in a spending plan.

Here's how to guide the gambler to set up a spending plan.

- **Write out the plan**, either on paper or on a computer program. A sample plan is provided in this guide.
- **List monthly sources of income**. List only income that can be counted on each month, such as paychecks, child support, interest, and Social Security benefits. Income that varies, such as sales commissions, tips, or freelance income, should be averaged on a monthly basis.
- **Extra sources of income**, such as a year-end bonus at work or an income-tax refund, generally should be put only toward savings or investing goals, or to pay for special needs, such as a new car or vacation. (As noted later in this guide, they should not be used to pay off debts.)
- **List basic monthly household expenses**, such as rent or house payments, groceries, utilities, car, child care, and loan payments. If the gambler has agreed to live on a set cash amount, make sure to include that allowance.

Notice that savings is included as a basic expense. Savings should always be treated as a priority, even if debts are high. Treat savings as a basic expense, similar to the mortgage payment or utility bill.



The spending plan should be calculated first without including the debts. Once basic living expenses are covered, any remaining funds can go toward debt repayment. The section, “Repaying Gambling Debts,” on page 34, provides a better idea of how much the gambler needs to repay each month.

The gambler may need to recalculate the spending plan and debt payments a couple of times to come up with a realistic plan.

The spending habits of the spouse, partner, or loved one who shares the household budget with the gambler should be carefully reviewed. Sometimes people living with a gambler spend recklessly out of anger or because they fear that money they don't spend will be gambled away.

# Spending Plan

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<b>Step 1</b>	<b>Identify Income Sources</b>	<b>Each Month</b>
	Wages after taxes (gambler)	\$ _____
	Wages after taxes (others in household)	\$ _____
	Tips/commissions (average each month)	\$ _____
	Investment income (dividends, interest, etc.)	\$ _____
	Pension/retirement plan benefits	\$ _____
	Social Security	\$ _____
	Unemployment benefits	\$ _____
	Welfare payments	\$ _____
	Food stamps	\$ _____
	Child support/alimony payments	\$ _____
	Trust fund	\$ _____
	Other	\$ _____
	<b>Total Income</b>	<b>\$ _____</b>

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**Step 2****List Expenses****Each Month**

Rent/mortgage payment	\$ _____
Groceries (average)	\$ _____
Utilities (average)	\$ _____
Telephone	\$ _____
Home maintenance/repair (average)	\$ _____
Savings	\$ _____
Clothing (average)	\$ _____
Car payment	\$ _____
Car insurance/gas/repairs (average)	\$ _____
Other transportation	\$ _____
Life/medical insurance premiums (average)	\$ _____
Homeowners/renters insurance	\$ _____
Medical bills (average)	\$ _____
Child care	\$ _____
Gambler's allowance	\$ _____
Loans/credit card payments	\$ _____
Taxes	\$ _____
Entertainment (average)	\$ _____
Cable TV	\$ _____
Meals out (average)	\$ _____
Sports activities/events (average)	\$ _____
Charitable contributions	\$ _____
Gifts (average)	\$ _____
Cigarettes/alcohol (average)	\$ _____
Long distance telephone (average)	\$ _____
Travel/vacations (average)	\$ _____
Gambling debts (this guide will explain later why this should be a low priority)	\$ _____
Other	\$ _____

**Total Expenses****\$ \_\_\_\_\_**

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**Step 3****Compare Income and Expenses**

Total Income (from Step 1) \$ \_\_\_\_\_

Total Expenses (from Step 2) \$ \_\_\_\_\_

**Subtract Expenses from Income** \$ \_\_\_\_\_

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**Step 4****Make Adjustments**

If there is not enough income to cover expenses, you have three choices:

- Earn additional income, such as through a second job or a better-paying job.
- Reduce expenses.
- Reduce expenses and boost income.

Income and expenses change over time. Review the spending plan every few months and make adjustments if necessary.

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### Tips on Cutting Expenses

The average American household loses 20 percent to 30 percent of its money through poor spending habits. That's money the gambler could put toward savings or paying off debts. Magazine articles, books, and suggestions from the gambler's friends can provide tips for reducing expenses. Sample ideas include:

- sticking to a shopping list
- shopping for bargains and sales
- comparing prices
- using coupons
- eating out less often

Additional tips are offered in Appendix B.

### Additional Budgeting Tips

If the household's income varies each month, have the gambler calculate the minimum or average income available to spend each month. In the months the household earns above that amount, bank the extra money. Use the extra income for the months during which income falls below average.

Recommend breaking large periodic bills, such as auto insurance, into smaller monthly amounts. A nongambling spouse or other loved one should put that amount each month into a savings account, or at least as cash in an envelope. If an envelope is used, it should be hidden from the gambler. When the bill arrives, enough money will have been set aside to pay for it.

Advise the gambler to use a small notebook for a month or two to track miscellaneous cash expenses such as coffee or movie tickets. Incorporate this information into the spending plan. It can be shocking



to individuals to see just how much they spend in "miscellaneous" cash.

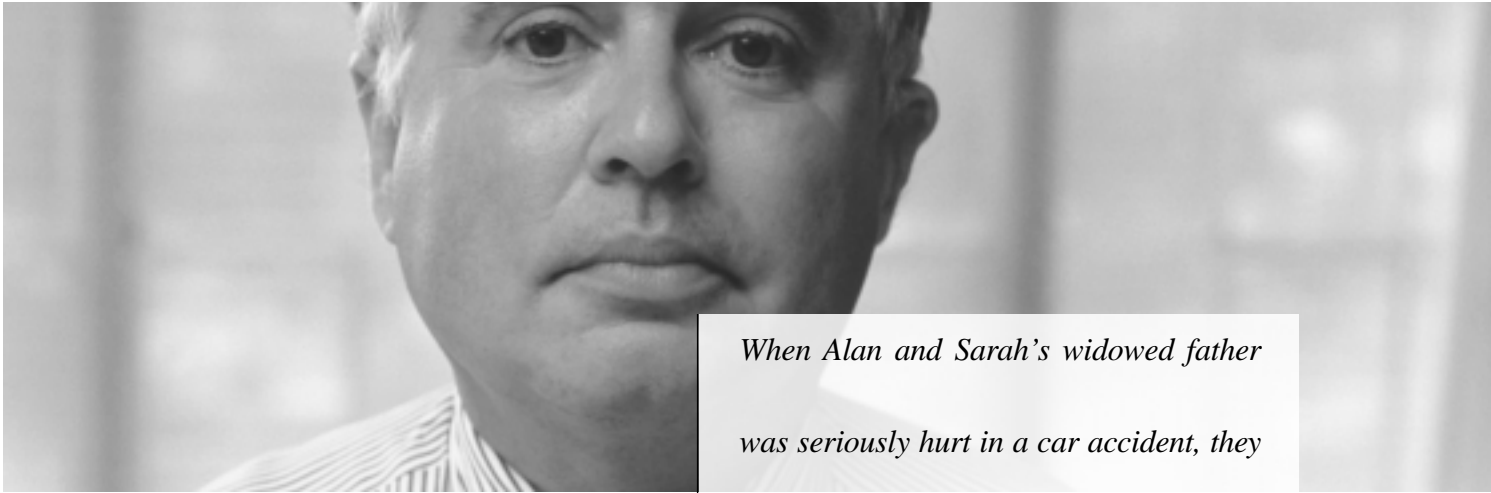
Have the gambler mark on a calendar when bills are due. Bills paid on time improve an individual's credit rating and eliminate the expense of late-payment charges.

### Budgeting Monies for Gambling Treatment

The treatment of a gambling addiction can be difficult, time-consuming, and costly. However, most medical insurance policies and managed care providers don't pay for treatment, according to the 1999 National Gambling Impact Study Commission. Some health plan carriers pay for treatment only if the patient suffers from an additional, and often related, disorder such as alcoholism, drug addiction, or depression. Consequently, the gambler may need to pay for treatment out of pocket, and this must be factored into the budget.

If you are a professional therapist charging for your services, gambling clients may ask you to reduce your fees because of their financial problems. Problem gambling experts commonly recommend that therapists don't reduce their fees, as this is seen as another form of bailout.





*... they learned  
he had gambled  
away most of  
his earnings.*

*When Alan and Sarah's widowed father was seriously hurt in a car accident, they took over his finances. To their dismay, they discovered that although he had been a successful dentist for many years, he had minimal medical insurance and almost nothing in savings. That's when they learned he had gambled away most of his earnings. To help him keep his home and to help pay for a home health aide, they had to dig into their own pockets. They both struggled financially for 10 years, during a time they could have been building their own assets, until their father died. To this day, they remain angry at their father.*

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## Limiting the Gambler's Access to Money

Experts commonly recommend that the problem gambler's access and handling of the household's finances and assets be restricted or cut off entirely. This protects the household and benefits the gambler. The spouse, partner, parent, trusted friend or relative, or a third party all can serve as a "roadblock" to the one thing that fuels a gambler's habit—money. The roadblock can be as simple as putting the problem gambler on an allowance, or as extensive as transferring legal control of all assets—bank accounts, investment accounts, even the home and car—into the sole name of the spouse, partner, loved one, or perhaps a trust. However, before taking drastic financial steps, encourage the family to seek professional financial, tax, and/or legal advice.

### Establish Controls for Paying Household Bills

One of the first and easiest steps is for a nongambler, such as a spouse or parent, to assume management of the daily household finances. This includes the payment of all bills. The gambler may assist in the process, such as signing the checks, but only under supervision.

Encourage the nongambling loved one to pay as many bills as possible automatically through a bank or credit union, as well as payments into savings and investment accounts. Paychecks, Social Security, pension payments, and other income should be automatically deposited whenever possible. For income checks that cannot be deposited automatically, the gambler should be encouraged to hand over the checks to a trusted nongambler to deposit into the appropriate accounts.



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### CAUTION:

**A spouse, partner, or close loved one should NEVER restrict or cut off the gambler's access to a household's financial resources if there is any fear that the gambler will become physically or emotionally abusive in an effort to obtain money. Desperate gamblers have assaulted spouses, partners, or other loved ones. Some have committed murder. Gamblers sometimes threaten suicide if they don't get the money, or use the children as ransom.**

*Just which strategies should be implemented depends on the individual gambler, his or her unique financial situation, and family obligations.*



The problem gambler should be encouraged to close the accounts for all credit cards on which the gambler signs. This includes jointly owned cards and cards used for work. Advise the gambler or loved one to obtain written confirmation of all closures. If a credit card is necessary, the nongambling individual may want to open a new account in his or her name only. However, since gambling households commonly are experiencing financial difficulties, the nongambling spouse may want to delay obtaining a new credit card until the household finances have sufficiently stabilized.

Suggest to the problem gambler that he or she agree to live on a set cash amount each week. The nongambler would administer this amount. The cash sum should be sufficient for items such as coffee, snacks, or other common out-of-pocket needs. The gambler should track even these small

expenses and account for the money to the loved one before the next week's cash is paid.

#### **Legal Transfer of Assets**

Experts often recommend that the gambler transfer legal ownership of some, or even all, of his or her assets to a nongambler. This can raise problems in the event of divorce, separation, physical or mental incapacity, death, or if the nongambler is not a spouse, but it may be a necessary action.

The following are suggestions for ways to transfer ownership or otherwise restrict the gambler's access to the household's financial resources. Just which strategies should be implemented depends on the individual gambler, his or her unique financial situation, and family obligations. **Encourage the gambler to talk over these possible strategies with a lawyer or financial planner before taking action.**

Make the gambler aware that he or she could transfer ownership of assets by taking the following actions:

- Close all joint checking, savings, and investment accounts and reopen them in the sole name of the nongambler spouse, partner, or relative. This should be done even with accounts that currently require dual signatures. (Some gamblers will forge signatures.)
- All paychecks, pension payments, and other income should be automatically deposited in these accounts whenever possible. However, Social Security payments cannot be automatically deposited in accounts that don't contain the name of the recipient.



- It may be appropriate to transfer ownership of a home, cars, vacation property, and other valuable personal property so that the gambler can't convert these assets to cash. However, some treatment professionals feel the transfer of property such as the home is too severe for most problem gamblers, and may be emotionally counterproductive.
- Transfers of ownership are treated as gifts under tax law and may be subject to tax. Generally, gifts between spouses are not taxable. However, property that exceeds a certain value (\$10,000 in 2000) may be subject to tax if transferred to nonspouses such as children, a partner, relative, or friend. This problem can be eliminated by the proper use of a trust.
- Ownership of the gambler's retirement accounts and IRAs cannot be transferred to another person. The gambler can withdraw the money from IRAs and similar accounts under certain circumstances and put it into the name of another individual or trust. However, the funds would no longer grow tax-free and they also would probably be subject to taxation and perhaps penalties (see "Tax Issues" on page 37). This is a drastic action, and potentially expensive, but if there is danger the gambler will blow the money gambling anyway, it may be a step to consider.
- If both spouses or partners are gamblers, they should consider turning control of their assets over to a relative, such as an adult child.



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### **The Use of Trusts**

Trusts are legal entities for controlling property. For example, a gambler might put assets, such as stock or cash, into an irrevocable trust, which means the gambler permanently gives up control of the assets. A spouse, partner, trusted friend, or relative might serve as trustee. The trustee would manage the assets for the benefit of the trust's beneficiary (the gambler's family, for example). A family with a problem-gambling son, for example, might put assets into a trust when they die. The trustee would parcel money out to the son so he couldn't gamble away his inheritance all at once.

Gamblers who have pushed away family, friends, and loved ones could use a third-party trustee, such as a bank trust department, attorney, or financial planner.

Trusts can be complicated and they cost money. However, for some situations, particularly if significant assets are involved, a trust may be appropriate.

### **Problems and Risks of Shifting Ownership**

Transferring ownership and control of financial accounts and other property entails a variety of financial problems and risks for both parties. For example, what happens if the gambler's spouse dies or divorces? What claims, if any, does the gambler have to the property put into the spouse's name? What's to prevent a partner or relative from simply spending money and assets the gambler has legally transferred to them?

That's why it's important to strongly encourage the gambler to discuss any transfers with everyone involved, especially legal counsel, before taking action. A knowledgeable lawyer will understand these risks and may be able to recommend strategies for limiting the risks.

The gambler and his or her loved ones also need to become familiar with the state's property ownership laws. The gambler also should check with his or her bank, brokerage firm, mortgage

*A gambler can “win big” by wiping out his or her retirement nest egg or a college education fund.*



company, insurance company, and other financial institutions regarding their policies toward ownership transfers, power of attorney, and similar strategies.

### **Large Sums of Money**

“Winning” a large amount of money is often very bad for a problem gambler. These large sums of money are seen as a quick way to pay off gambling debts or to feed additional gambling.

Winning doesn’t always happen at the casino, racetrack, or the lottery. A gambler can “win big” by wiping out his or her retirement nest egg or a college education fund, siphoning off the cash value accounts of life insurance policies, raiding business accounts, taking out a home-equity loan, or squandering an inheritance.

The following paragraphs list several potential sources of large sums of money that could be tapped for gambling. The financial consequences

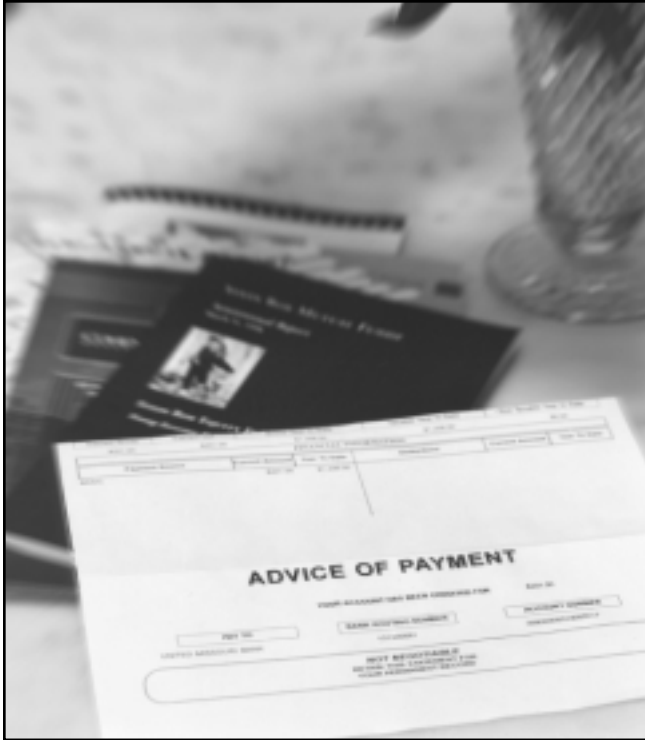
of using these sources are explained, and in some cases suggestions are made for minimizing the gambler’s access to the funds.

#### **Retirement Accounts**

The gambler who raids retirement accounts for gambling funds subjects those withdrawals to income and penalty taxes. In addition, the money taken out can no longer grow tax deferred. Over a long time, these lost earnings could run into the thousands ... tens of thousands ... even hundreds of thousands of dollars. Thus, the gambler may have to face the possibility that he or she can never afford to retire.

#### **Mortgage Refinancing or Home Equity Loans**

If the gambler fails to repay the loan, he or she could lose the family’s home. One way to reduce this risk is for the gambler to transfer ownership of the home so he or she doesn’t have access to loan monies.



### **Traditional Pension Plan**

When leaving a job or retiring, workers with a traditional company-paid pension plan may have the choice of taking the money in a single lump sum, in annuitized monthly payments, or rolling it over into another pension plan or an IRA. For households with a problem gambler, monthly annuity payments usually are the better option if the individual is retiring. That way, only one monthly payment at a time is put at risk, not an entire lump sum.

### **Inheritances**

Several options are available, and the gambler should consult a lawyer. The inheritance could be put into a trust managed by a trustee. Someone else could be named as beneficiary instead of the gam-

bler. Or the gambler could “disclaim” an inheritance. The money would then go to another heir, such as the gambler’s children.

### **Investment Accounts (Nonretirement)**

If the gambler’s name appears on an account or as a joint owner of the account, or even as a custodian of an account, he or she can access the funds in that account. For example, the gambler may have set up a Uniform Gift to Minors Act (UGMA) account for a child. But if the gambler is named as the custodian, the gambler could still raid the funds in the account and harm the child’s financial future.

### **Gambling Winnings**

The problem gambler should no longer be “in action,” so there should be no large gambling winnings. However, if money is still left from previous gambling, it should not be used to pay off debts. It should be put toward household bills, or perhaps into an irrevocable trust managed by a loved one.

### **Lottery Winnings**

Lottery winners can “sell” their annuity payments for a discounted lump sum. Gamblers should avoid this, unless the proceeds are to be placed in a trust. A trustee can then control the use of the funds for the needs of the gambler or the gambler’s family.

### **Civil Settlements**

Lawsuit judgments for such things as injuries or death in a car accident, workman’s compensation, or product claims may be paid out in a lump sum or in periodic payments known as a structured settlement. Structured settlements generally should be preferred for problem gamblers, unless a trust will be used.



### **Repaying Gambling Debts**

The problem gambler is likely to have accumulated gambling and other debts. These debts would commonly be considered “excessive” if more than 15 percent to 20 percent of monthly take-home pay goes toward nonmortgage debt, such as credit cards, car loans, and of course, gambling debts.

The debts may be a major cause of friction and worry in the household. Creditors may be knocking at the door. Mounting debts may be what prompted the gambler to “face the music” and seek a gambling recovery program and financial relief. Relieving the debt burden can help reduce the problem gambler’s anxiety and guilt, and help in the gambler’s recovery efforts.

But, debt repayment must be done in a way that is different from how a nongambling household normally would reduce debt. Otherwise, the debt problems might actually become worse. Here are some guidelines.

### **Determine Amount of Debt and List Creditors**

Have the gambler write down and total all current nongambling debts, such as:

- car loans
- credit cards
- home-equity loans or second mortgages
- furniture loans
- department stores
- payday loans
- bank loans
- medical bills
- utility bills
- back taxes
- child support
- education loans

Also have the gambler list and total all gambling debts. The gambler should list who is owed and how much. Besides bookies and gambling establishments, this might include friends, family members, relatives, employers, co-workers, and business partners.



*The gambler may be reluctant to acknowledge all the debts, or may even have forgotten some.*



The gambler may have raided household funds, such as savings accounts or a vacation fund. These funds are “owed” and should be repaid.

The gambler may be reluctant to acknowledge all the debts, or may even have forgotten some. Try to work with the nongambler loved one to verify all debts as accurately as possible.

Clarify what debts the gambler alone owes, and what debts are owned jointly with a spouse or other party. This will depend on the state’s debtor laws. Generally, if someone has co-signed a loan or contract with the gambler, he or she is equally liable for the debt. In other words, joint names on an account equal joint responsibility to pay the debts on the account—no matter which person ran up the bill. (You may want to remind the nongambler of this point since the nongambler may opt to take his or her name off the account.)

If only one name is on an account, then only that person is responsible for the debt. In the case of joint tax returns, both parties usually are liable for

back taxes (see “Tax Issues” on page 37). The nongambling spouse is liable for all debts incurred as a couple. Separation or divorce does not remove any jointly owned debts, but debts incurred by the gambler after divorce are solely the gambler’s responsibility.

#### **Establish a Debt Repayment Plan**

Start first with the monthly household budget created earlier. Part of that budget should have

tentatively set aside money to repay gambling and nongambling debts, though the amount may need to be readjusted after creating a repayment plan.

Next, work with the gambler (and possibly his or her loved ones) to determine how much the gambler can afford to pay each creditor. Consider involving a financial advisor or credit counselor in this process. The way to do this is to divide the total amount of money that can be put toward debts each month by the total amount of the debt. For example, the gambler can afford to pay \$600 each month toward debts and debts total \$12,000. The gambler can thus pay off 5 percent of the debt each month ( $\$600/\$12,000$ ).

Apply this 5 percent toward each individual creditor. Say \$3,000 is owed on a particular credit card. The gambler would then pay \$150 each month to that credit card (interest charges would continue to accumulate, making the final total more than \$3,000). Calculate this for each creditor (including debts owed to the household).

The gambler should then go to each creditor to explain that there is a debt problem, that he or she intends to fully repay the debts, but that he or she will need to make reduced payments. Creditors usually will be agreeable to this since they'd rather get their money back slowly than to not get it back at all.

The problem gambler should be the person in the household to directly contact the creditors. This is a way for the gambler to take personal responsibility for his or her actions. The exception to this is if they work through a debt counseling service. Typically, debt-counseling services negotiate with creditors for lower interest rates, waived late fees, and a repayment schedule. The gambler makes single monthly payments to the service, which in turn distributes the money to the creditors.

Here are some other points to remind the gambler about when he or she is creating a repayment plan:

- **Avoid quick repayment of debts, especially gambling debts.** Although this means higher total interest payments, slower, lengthy repayment reminds the gambler of the nightmare his or her addiction has created. You don't want the "monkey off their back" too quickly.
- **Avoid loan consolidations or refinancing a home.** They may only embolden the gambler to return to betting and pile new debt on top of old.
- **Some debts may require a higher priority than others.** Some creditors may not accept reduced payments. Creditors with secured loans, such as a car loan, may threaten to repossess the property. The gambler would not want to lose the car that gets him or her to work.

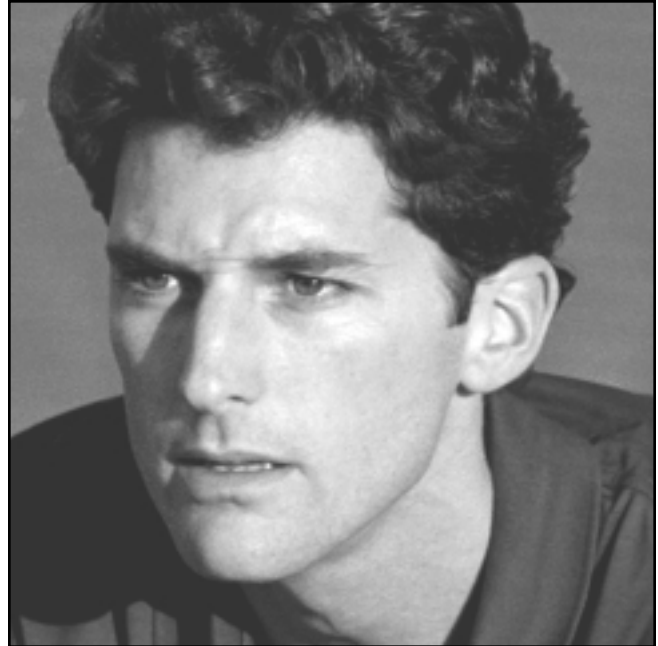
Gamblers and their loved ones often differ over the priorities for paying off debts. The gambler might worry about the loan shark, while the spouse



is worried about the utility bill. A third party, such as a debt counseling service, financial advisor, or treatment professional can provide a neutral perspective. However, a debt counseling service may not understand all of the issues that accompany problem gambling. For example, many gambling experts feel that if debts must be prioritized, gambling debts should be given a low priority. Debt counseling services don't always agree with this approach.

Advise the problem gambler to revisit his or her budget every few months or so to see if more money can be freed up for debt repayment. Another option may be for the gambler to take a second job specifically to pay off gambling debts. Again, this strategy must be weighed along with the gambler's family obligations, if there are any.

*Gamblers often underreport their income. If the IRS catches them, it will assess back taxes, penalties, and interest.*



It's important to remind a spouse, partner, or other loved one that he or she should never put money toward the gambler's debts! The gambler must take full responsibility. Also, as you monitor the gambler's progress toward debt repayment, be alert to a possible return to gambling.

#### **Tax Issues**

Problem gambling can create a number of tax headaches. A tax specialist, financial planner, or other professionals can provide a definitive picture of your client's potential obligations, but here are some general points to keep in mind.

- Gamblers often owe back income taxes, resulting in additional penalties and interest charges. As a general rule, income taxes are not forgiven by filing for bankruptcy.
- Gamblers often underreport their income. If the IRS catches them, it will assess back taxes, penalties, and interest. The spouse filing jointly with the gambler may not be liable for these charges

if the spouse had no knowledge and had no reason to have knowledge of the underreporting.

- Although the gambler ideally should have stopped gambling at this point, taxes may be owed on previous winnings. Gamblers can deduct losses up to the amount of their winnings if they itemize their tax returns and if they keep acceptable records of their losses (diary, losing tickets, receipts). However, problem gamblers often don't keep good records because they usually try to hide their gambling habit. Unless the gambler has carefully documented losses, he or she won't be able to write off losses against any wins. The result is a higher than necessary tax bill.
- Money pulled out of tax-deferred retirement accounts to pay for gambling or gambling debts is subject to regular income taxes. Gamblers younger than age 59½ probably will have to pay an additional 10 percent early withdrawal penalty.



*Sixty-year-old Mary started gambling frequently at riverboat casinos in Kansas*

*City within a year after her husband died.*

*Despite winning several jackpots, she lost*

*more than she won. Within a short time,*

*she gambled away her husband's life*

*insurance payout, his \$50,000 annual*

*pension, and her Social Security*

*payments. In addition, she racked up*

*\$85,000 in debt on 14 credit cards. She*

*was forced to file for bankruptcy.*



*Within a short time,*

*she gambled away*

*her husband's life*

*insurance payout,*

*his \$50,000 annual*

*pension, and her Social*

*Security payments.*

---

## Declaring Bankruptcy is a Last Resort

A gambler's odds of declaring bankruptcy are significantly higher than households without a gambling problem. Some estimates say one in five problem gamblers eventually file for bankruptcy.

Problem gamblers typically view bankruptcy as an easy way to bail out of their debts. However, as was emphasized earlier in this guide, all debts should be repaid—and repaid slowly—as a way to remind the gambler of the financial nightmare he or she has created.

Also, despite the common public view to the contrary, bankruptcy stains a person's financial records for years, making financial recovery that much more difficult. In addition, studies have shown that four out of five people who file for personal bankruptcy fall back into financial trouble within a few years.

A sensible debt repayment plan should resolve debt issues in most cases. However, sometimes the only realistic way out of debt is to declare personal bankruptcy. Advise the gambler that he or she should not take this route until all other options to pay off debts have been explored and the gambler has talked to an experienced bankruptcy lawyer and other financial advisors.

For your own knowledge, it may be helpful to know that personal bankruptcy comes in two basic forms: Chapter 13 and Chapter 7. Both are filed for and carried out under the direction of a bankruptcy court. Here is a brief description of the two forms of personal bankruptcy.



- **Chapter 13.** This is often called the “workout plan.” It allows you to repay creditors over time while preventing creditors from seizing your property. Experts feel that Chapter 13 works best for people who have regular income and substantial assets. This form of bankruptcy stays on your credit record for seven years.
- **Chapter 7.** This is the more serious form of bankruptcy. It allows you to wipe out most of your debts and start over. Debts it doesn't erase include back federal taxes, child support, alimony, and most student educational loans. Also, in the future, there may be more types of debts that won't be erased by a Chapter 7 bankruptcy. Under Chapter 7, you must sell off much of your personal property. What property you can keep varies from state to state, but typically includes clothing, a car, furnishings, life insurance (but not necessarily the cash value in a policy), retirement funds, and tools of your trade. Usually your home is protected, but not always. Chapter 7 bankruptcy stays on your credit record for 10 years.



### Being Alert to Life Events

Watch out for changing, stressful events in the gambler's life. These stresses can cause the recovering gambler to return to gambling. Below are what some experts consider the top 10 most stressful events in the average person's life. Note that some of these events even are "positive" situations.

1. death of a spouse
2. divorce
3. marital separation
4. jail term
5. death of a close family member
6. personal injury or illness
7. marriage
8. fired from work
9. marital reconciliation
10. retirement

Source: T.H. Homes and R.H. Rahe, "Social Readjustment Rating Scale," *Journal of Psychosomatic Research*, 1967, pp. 213-218.

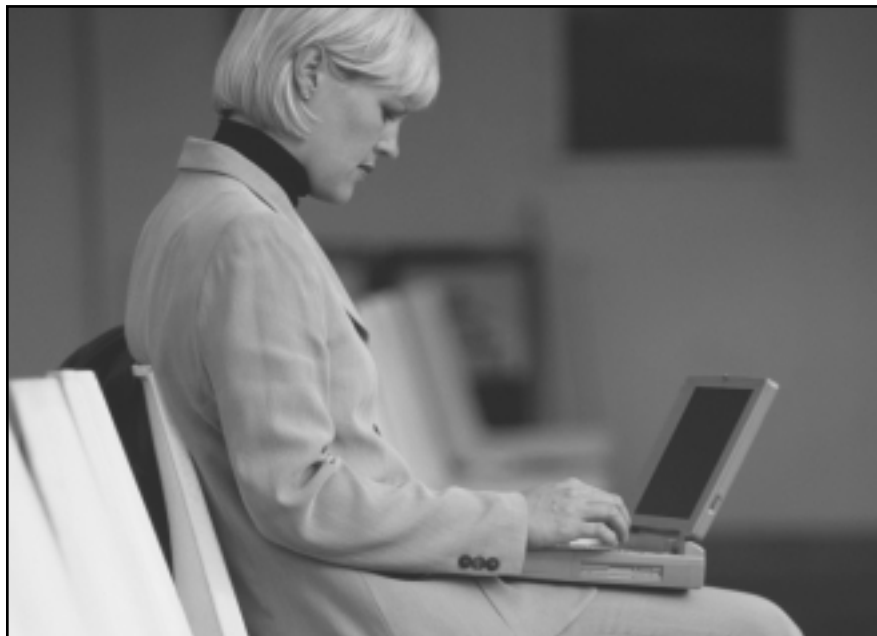
### Working with Family Members

The success of a financial recovery plan will likely depend in part on the cooperation of family members and loved ones, especially a spouse. However, the psychological dynamics of those around problem gamblers can be as destructive as the gambler's, and may sabotage financial recovery efforts.

A few key points to keep in mind:

- Surprisingly, families and relatives often are in the dark about the gambler's problem until finances are out of control.
- Family members aware of a gambler's problems frequently think they can control the gambler's problem, or they may actually enable the gambler to continue his or her addiction.
- Family members may have developed their own bad money management habits in response to the problem gambler.
- Confidentiality must be respected. The gambler's reckless behavior may be financially harmful to other family members, relatives, friends, business partners, or employees. However, you, as the counselor, are ethically obligated not to disclose client information to others without the client's written consent.

*It has become easier today to gamble with stocks, bonds, commodities, and other securities*



### **Wall Street as Riverboat Gambling?**

Not all problem gamblers today play video poker, the lottery, or slot machines. Some “play” the stock market and, unfortunately, approach the financial market with the mentality of a gambler.

All forms of investing involve risk—some forms more than others—and the problem gambler (mainly “action” gamblers) can find this risk as addictive as a game of high-stakes poker. For one thing, it has become easier today to gamble with stocks, bonds, commodities, and other securities than with traditional sources of family wealth—the home and real estate.

On-line access also has made market gambling easier, faster, and cheaper. Day trading is the prime

example, say experts. Day trading is when investors buy and sell stocks dozens, even hundreds, of times a day, often knowing nothing about what they are trading—glued to their computer screens much like a gambler glued to a video poker machine. The vast majority of day traders lose money—in some cases losing their homes and all their financial assets.

Even gamblers who don’t “gamble” on the stock market, but who have investments, are vulnerable. In a desperate need for gambling cash, they may sell investments during a down market, much as they would sell a car for a fraction of its value just to get the cash. This means a double loss—the investment loss and the loss of the money they gamble away.

### Warning Signs of an Investment Gambling Problem

Paul Good, a clinical psychologist in San Francisco who has been studying gambling and investing, has developed 11 warning signs, based on DSM-IV criteria for problem gambling, that may reveal whether an investor is actually a gambler in disguise. Manifesting five or more of these signs may indicate a gambling problem.

1. high volume trading in which the “action” has become more compelling than the objective of the trade
2. preoccupation with one’s investments (for example, excessive studying of investment newspapers or guides, thoughts about the market that intrude on consciousness, constant calls to one’s broker)
3. needing to increase the amount of money in the market or the “leverage” of one’s investments (for example, using options or futures contracts, borrowing on margin) to feel excited
4. repeated unsuccessful efforts to stop or to control one’s market activity (for example, drawing on accounts previously declared “off-limits,” contradicting or changing limit orders on losses or gains)
5. restlessness or irritability when attempting to cut down or stop market activity, or when cash is accruing in one’s account
6. involvement in market activity to escape problems, relieve depression, or distract oneself from painful emotions
7. after taking losses in the market, continuing to take positions or increasing one’s position as a way of getting even—that is, chasing one’s losses
8. lying to family members and friends to conceal the extent of involvement in the market
9. committing illegal acts, such as forgery, fraud, theft, or embezzlement, to finance market activity
10. jeopardizing significant relationships, job, or educational or career opportunities because of excessive involvement in the market
11. relying on others to provide money (bailout) to relieve a desperate financial situation caused by gambling in the markets

Index	Value	Wk. ago	Dec. 31
3923.21	+0.83	+0.78	+4.57
882.16	+0.94	+1.37	+3.66
1687.26	+0.79	+1.29	-6.27
828.47	+2.27	+1.31	+7.17
586.42	+0.16	+0.41	+5.16
2878.11	+0.03	+0.38	+6.38
614.26	+1.37	+1.10	



*Because of the financial risk, the addictive nature, and the easy access to markets these days, some experts believe problem gamblers should never invest.*



#### **Pros and Cons of the Gambler as 'Investor'**

Because of the financial risk, the addictive nature, and the easy access to markets these days, some experts believe problem gamblers should never invest. They view the stock market as a breeding ground for problem gambling and the New York Stock Exchange and the NASDAQ as the largest casinos in the world.

Other gambling experts, and most financial advisors, disagree. They argue that investing, like saving for a vacation or a car, gives gamblers a positive focus for their money. It teaches them to once again “value” money. Perhaps more important, they argue, investing has become a financial

necessity for most households today—gambling households included. Achieving such goals as a comfortable retirement, sending children to college, starting a business, or meeting other major financial goals usually can be accomplished realistically only through a sound investment program.

A person doesn't stop eating just because they have an eating disorder, and gamblers shouldn't stop investing just because they are addicted to risk. Most problem gamblers who have abstained from gambling for a while, and who ideally are in recovery programs, should be able to invest as long as the investing program is reasonable, argue proponents.

# Financial Resources

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**W**hile you can provide valuable assistance to the problem gambler in his or her efforts to recover financially, it may be beneficial or necessary for the gambler to consult with appropriate financial professionals. These professionals might include financial planners, debt counselors, and lawyers who have experience in credit as well as financial transactions and legal issues. Establish a referral list by identifying appropriate financial professionals who are familiar with the dynamics of problem gambling and its unique financial challenges. You can further enhance this list and strengthen the referral process by developing professional relationships with these financial experts in advance.

You may or may not be familiar with the roles that various financial professionals play. It's often confusing, in fact, because the roles are frequently closely related or they may cross over. Here's a brief guide to some of the more likely financial professionals you might work with.

**Tax Accountants.** The accountant can help the gambler with some of the tax issues created by gambling. Some accountants offer additional financial services, such investment advice and other financial planning concerns.

**Estate Lawyers.** The gambler may need to consult a lawyer regarding the advisability and the logistics of shifting of ownership of assets to nongamblers. A lawyer also would be needed to prepare any legal documents required to implement ownership changes and set up trusts.

**Debt Counselors.** These professionals not only can help the gambler construct a realistic debt repayment program, but can help the gambler design a workable budget necessary to free up money to pay off debts.

**Financial Planners.** Qualified financial planners examine a household's overall financial situation—not just one aspect of it—and recommend strategies for improving the situation. The planner might help the gambler set an effective budget, design a debt repayment program, create strategies for protecting assets from the gambler, and help set clear, achievable goals—especially important in a household recovering from a gambling problem. Planners also can provide advice on taxes, insurance needs, investing, and estate planning. A planner will work with other financial professionals to ensure that the gambler's financial recovery goes as smoothly as possible.

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## **Gambling and Financial Resources**

**Gamblers Anonymous.** Programs in most cities. The International Service Office is at P.O. Box 17173, Los Angeles, CA 90017, or call (213) 386-8789. Their Web site is [www.gamblersanonymous.org](http://www.gamblersanonymous.org).

**Gam-Anon.** This organization is for the husbands, wives, partners, relatives, or close friends of the problem gambler. Local groups exist in most cities and local hot lines are available. You can reach the international office at P.O. Box 157, Whitestone, NY 11357 or call (718) 352-1671. Their Web site is [www.gam-anon.org](http://www.gam-anon.org).

**National Council on Problem Gambling.** A nonprofit health agency that provides information on problem gambling and promotes the development of services for the disorder. Their address is 208 G St. NE, Washington, DC 20002, and their help line is (800) 522-4700. Their Web site is [www.ncpgambling.org](http://www.ncpgambling.org).

**State and local problem gambling organizations and hot lines.** Check the Yellow Pages. The National Council on Problem Gambling also provides a list of state councils and affiliates.

**Nonprofit Debt Counseling Services.** Usually their services are free for the debtor. They include the National Foundation for Credit Counseling ([www.nfcc.org](http://www.nfcc.org) or (800) 388-2227), Myvesta.org (800) 680-3328 (formerly Debt Counselors of America) and Debt Relief Clearinghouse ([www.debt-relief.org](http://www.debt-relief.org) or (877) 433-2843).

**Financial Planning Association.** To locate a Certified Financial Planner professional in your area who can help you with your finances, go to [www.fpanet.org](http://www.fpanet.org) and click on the FPA's Consumer Service & Planner Search logo or call (800) 282-PLAN (7526).

**Society of Financial Service Professionals.** Society members include credentialed financial service professionals. Go to [www.financialpro.org](http://www.financialpro.org) or call (800) 392-6900.

**National Association of Personal Financial Advisors.** To locate a fee-only planner in your area go to [www.napfa.org](http://www.napfa.org) or call (888) 333-6659.

**Certified Financial Planner Board of Standards, Inc.** This board regulates Certified Financial Planner licensees. To locate a CFP practitioner in your area, call (888) 237-6275 or go to [www.cfp-board.org](http://www.cfp-board.org).

**National Endowment for Financial Education.** Visit their Web site, [www.nefe.org](http://www.nefe.org), for information about improving one's financial situation.

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NATIONAL ENDOWMENT FOR  
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NEFE is an independent nonprofit organization committed to educating Americans about personal finance and empowering them to make positive and sound decisions to reach financial goals. The National Endowment for Financial Education, NEFE, and the NEFE logo are federally registered service marks of the National Endowment for Financial Education. For more information about the National Endowment for Financial Education, visit [www.nefe.org](http://www.nefe.org).



National Council on  
Problem Gambling

The National Council on Problem Gambling, Inc., is a nonprofit health agency whose mission is to increase public awareness of pathological gambling, to ensure the widespread availability of treatment for problem gamblers and their families, and to encourage research and programs for prevention and education. To learn more about the National Council on Problem Gambling, visit the NCPG Web site at [www.ncpgambling.org](http://www.ncpgambling.org).

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Chris Anderson  
James Carroll  
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# Appendix A

## Are You a Problem Gambler or Living with a Problem Gambler?

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### 20 Questions from Gamblers Anonymous

Most problem gamblers will answer yes to at least seven of these questions.

1. Did you ever lose time from work or school due to gambling?
2. Has gambling ever made your home life unhappy?
3. Did gambling affect your reputation?
4. Have you ever felt remorse after gambling?
5. Did you ever gamble to get money with which to pay debts or otherwise solve financial difficulties?
6. Did gambling cause a decrease in your ambition or efficiency?
7. After losing, did you feel you must return as soon as possible and win back your losses?
8. After a win, did you have a strong urge to return and win more?
9. Did you often gamble until your last dollar was gone?
10. Did you ever borrow to finance your gambling?
11. Have you ever sold anything to finance gambling?
12. Were you reluctant to use “gambling money” for normal expenditures?
13. Did gambling make you careless of the welfare of yourself or your family?
14. Did you ever gamble longer than you had planned?
15. Have you ever gambled to escape worry or trouble?
16. Have you ever committed, or considered committing, an illegal act to finance gambling?
17. Did gambling cause you to have difficulty in sleeping?
18. Do arguments, disappointments, or frustrations create within you an urge to gamble?
19. Did you ever have an urge to celebrate any good fortune by a few hours of gambling?
20. Have you ever considered self destruction or suicide as a result of your gambling?

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## 20 Questions from Gam-Anon

People who answer “yes” to at least six of the following questions may be living with a problem gambler.

1. Do you find yourself constantly bothered by bill collectors?
2. Is the person in question often away from home for long, unexplained periods of time?
3. Does this person ever lose time from work due to gambling?
4. Do you feel this person cannot be trusted with money?
5. Does the person in question faithfully promise that they will stop gambling: beg, plead for another chance, yet gamble again and again?
6. Does this person ever gamble longer than they intended to until the last dollar is gone?
7. Does this person immediately return to gambling to try to recover losses, or win more?
8. Does this person ever gamble to get money to solve financial difficulties, or have unrealistic expectations that gambling will bring the family material comfort and wealth?
9. Does this person borrow money to gamble with or pay gambling debts?
10. Has this person’s reputation ever suffered due to gambling, even to the extent of committing illegal acts to finance gambling?
11. Have you come to the point of hiding money needed for living expenses, knowing that you and the rest of the family may go without food or clothing if you do not?
12. Do you search this person’s clothing or go through his or her wallet when the opportunity presents itself, or otherwise check on activities?
13. Do you hide their money?
14. Have you noticed a personality change in the gambler as the gambling progresses?
15. Does the person consistently lie to cover up their gambling activities?
16. Does this person use guilt induction as a method of shifting responsibilities for their gambling upon you?
17. Do you attempt to anticipate this person’s mood? Or try to control his or her life?
18. Does this person ever suffer from remorse or depression due to gambling? Sometimes to the point of self destruction?
19. Has the gambling ever brought you to the point of threatening to break up the family unit?
20. Do you feel that your life together is a nightmare?

# Appendix B

## Spending Tips

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Below are sample tips for keeping down your expenses. Magazine articles, books, and suggestions from friends can provide additional ideas.

- Stick to a shopping list. Don't buy impulse items. Shop for bargains and sales. Compare prices.
- Look for off-season bargains. Buy an air conditioner in January, a winter coat in June.
- Use coupons (they can equal earning up to \$20 an hour). But still comparison shop.
- Shop at grocery stores or food warehouses, not convenience stores. Buy generic or store brands at the supermarket.
- Eat out less, eat home more.
- Buy used clothes or trade clothes with friends.
- Trade baby sitting with neighbors or friends.
- Buy, don't rent, furniture, televisions, or audio equipment.
- Share driving or use public transportation.
- Go to bargain-priced movies instead of first-run. Take your own candy. Rent videos or DVDs.
- Give home-made gifts.
- Compare car insurance prices.
- Use a flexible spending account at work to pay for child care or medical expenses.
- Save, don't borrow, to buy something.

**Substance Abuse Treatment  
For Persons With  
Co-Occurring Disorders  
(Problem Gambling)**

**Excerpts from  
A Treatment  
Improvement  
Protocol**

**TIP  
42**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Substance Abuse and Mental Health Services Administration  
Center for Substance Abuse Treatment  
[www.samhsa.gov](http://www.samhsa.gov)



**Substance Abuse Treatment  
For Persons With  
Co-Occurring Disorders  
(Problem Gambling)**

**Stanley Sacks, Ph.D.**  
Consensus Panel Chair

**Richard K. Ries, M.D.**  
Consensus Panel Co-Chair

**Excerpts from  
A Treatment  
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Protocol  
TIP  
42**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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Substance Abuse and Mental Health Services Administration  
Center for Substance Abuse Treatment

1 Choke Cherry Road  
Rockville, MD 20857

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**Originating Office**

Practice Improvement Branch, Division of Services Improvement, Center for Substance Abuse Treatment, Substance Abuse and Mental Health Services Administration, 1 Choke Cherry Road, Rockville, MD 20857.

## **Pathological Gambling**

### **What Counselors Should Know About Substance Abuse and Pathological Gambling**

The essential feature of pathological gambling is persistent and recurrent maladaptive gambling behavior that disrupts personal, family, or vocational pursuits. Counselors should be aware that

- Prevalence data for gambling regularly makes distinctions among "pathological" gamblers (the most severe category) and levels of "problem" gambling (less severe to moderate levels of difficulty). Recent general estimates (Gerstein et al. 1999; Shaffer et al. 1997) indicate about 1 percent of the U.S. general population could be classified as having pathological gambling, according to the diagnostic criteria below. Cogent considerations regarding prevalence are given in the DSM-IV-TR regarding variations due to the availability of gambling and seemingly greater rates in certain locations (e.g., Puerto Rico, Australia), which have been reported to be as high as 7 percent. Higher prevalence rates also have been reported in adolescents and college students, ranging from 2.8 to 8 percent (APA 2000). The general past-year estimate for pathological and problem gambling combined is roughly 3 percent. This can be compared to past year estimates of alcohol abuse/dependence of 9.7 percent and drug abuse/dependence of 3.6 percent.
- The rate of co-occurrence of pathological gambling among people with substance use disorders has been reported as ranging from 9 to 30 percent and the rate of substance abuse among individuals with pathological gambling has been estimated at 25 to 63 percent.
- Among pathological gamblers, alcohol has been found to be the most common substance of abuse. At minimum, the rate of problem gambling among people with substance use disorders is four to five times that found in the general population.
- It is important to recognize that even though pathological gambling often is viewed as an addictive disorder, clinicians cannot assume that their knowledge or experience in substance abuse treatment qualifies them automatically to treat people with a pathological gambling problem.
- With clients with substance use disorders who are pathological gamblers, it often is essential to identify specific triggers for each addiction. It is also helpful to identify ways in which use of addictive substances or addictive activities such as gambling act as mutual triggers.

In individuals with COD, it is particularly important to evaluate patterns of substance use and gambling. The following bullets provide several examples:

- Cocaine use and gambling may coexist as part of a broader antisocial lifestyle.
- Someone who is addicted to cocaine may see gambling as a way of getting money to support drug use.
- A pathological gambler may use cocaine to maintain energy levels and focus during gambling and sell drugs to obtain gambling money.

- Cocaine may artificially inflate a gambler's sense of certainty of winning and gambling skill, contributing to taking greater gambling risks.
- The gambler may use drugs or alcohol as a way of celebrating a win or relieving depression.
- One of the more common patterns that has been seen clinically is that of a sequential addiction. A frequent pattern is that someone who has had a history of alcohol dependence—often with many years of recovery and AA attendance—develops a gambling problem.

### ***Diagnostic Features of Pathological Gambling***

The essential feature of pathological gambling is persistent and recurrent maladaptive gambling behavior (Criterion A) that disrupts personal, family, or vocational pursuits. The diagnosis is not made if the gambling behavior is better accounted for by a manic episode (Criterion B).

#### ***Diagnostic criteria***

A. Persistent and recurrent maladaptive gambling behavior as indicated by five (or more) of the following:

- (1) Is 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) Has repeated unsuccessful efforts to control, cut back, or stop gambling
- (4) Is restless or irritable when attempting to cut down or stop gambling
- (5) Gambles as a way of escaping from problems or of relieving a dysphoric mood (e.g., feelings of helplessness, guilt, anxiety, depression)
- (6) After losing money gambling, often returns another day to get even ("chasing" one's losses)
- (7) Lies to family members, therapist, or others to conceal the extent of involvement with gambling
- (8) Has committed illegal acts such as forgery, fraud, theft, or embezzlement to finance gambling
- (9) Has jeopardized or lost a significant relationship, job, or educational or career opportunity because of gambling
- (10) Relies on others to provide money to relieve a desperate financial situation caused by gambling

B. The gambling behavior is not better accounted for by a Manic Episode.

*Source:* Reprinted with permission from DSM-IV-TR (APA 2000, pp. 671, 674).

### **Case Study: Counseling a Substance Abuse Treatment Client With a Pathological Gambling Disorder**

Louis Q. is a 56-year-old, divorced Caucasian male who presented through the emergency room, where he had gone complaining of chest pain. After cardiovascular problems were ruled out, he was asked about stressors that may have contributed to chest

pain. Louis Q. reported frequent gambling and significant debt. However, he has never sought any help for gambling problems.

The medical staff found that Louis Q. had a 30-year history of alcohol abuse, with a significant period of meeting criteria for alcohol dependence. He began gambling at age 13. Currently, he meets criteria for both alcohol dependence and pathological gambling. He has attended AA a few times in the past for very limited periods.

He was referred to a local substance abuse treatment agency. Assessment indicated that drinking was a trigger for gambling, as well as a futile attempt at self-medication to manage depression related to gambling losses. The precipitating event for seeking help was anxiety related to embezzling money from his job and fear that his embezzlement was going to be found by an upcoming audit.

During the evaluation, it became clear that treatment would have to address both his gambling as well as his alcohol dependence, since these were so intertwined. Education was provided on both disorders, using standard information at the substance abuse treatment agency as well as materials from Gamblers Anonymous (GA). Group and individual therapy repeatedly pointed out the interaction between the disorders and the triggers for each, emphasizing the development of coping skills and relapse prevention strategies for both disorders. Louis Q. also was referred to a local GA meeting and was fortunate to have another member of his addictions group to guide him there. The family was involved in treatment planning and money management, including efforts to organize, structure, and monitor debt repayment. Legal assistance was obtained to advise him on potential legal charges due to embezzlement at work. He began attending both AA and GA meetings, obtaining sponsors in both programs.

***Advice to the Counselor:***  
**Counseling a Client With Pathological  
Gambling Disorder**

- Carefully assess use and frequency of sports events, scratch tickets, games of chance, and bets.
- Ask if the client is at any physical risk regarding owing money to people who collect on such debts.
- Treat the disorders as separate but interacting problems.
- Become fluent in the languages of substance abuse and of gambling.
- Understand the similarities and differences of substance use disorders and pathological gambling.
- Utilize all available 12-Step and other mutual support groups.
- Recognize that a client's motivation level may be at different points for dealing with each disorder.
- Use treatments that combine 12-Step, psychoeducation, group therapy and cognitive-behavioral approaches.
- Use separate support groups for gambling and for alcohol and/or drug dependence. While the groups can supplement each other, they cannot substitute for each other.

***Discussion:*** The counselor takes time to establish the relationship of the two disorders. He takes the gambling problem seriously as a disorder in itself, rather than assuming it would go away when the addiction was treated. Even though his agency did not specialize in gambling addiction treatment, he was able to use available community resources (GA) as a source of educational material and a referral. He recognized the importance of regular group involvement for Louis Q. and also knew it was critical to support the family in working through existing problems and trying to avoid new ones.

### **Conclusion**

The information contained in this chapter can serve as a quick reference for the substance abuse counselor when working with clients who have the mental disorders described or who may be suicidal. As noted above, appendix D provides more extensive information. The limited aims of the panel in providing this material are to increase substance abuse treatment counselors' familiarity with mental disorders terminology and criteria, as well as to provide advice on how to proceed with clients who demonstrate these disorders. The panel encourages counselors to continue to increase their understanding of mental disorders by using the resource material referenced in each section, attending courses and conferences in these areas, and engaging in dialog with mental health professionals who are involved in treatment. At the same time, the panel urges continued work to develop improved treatment approaches that address substance use in combination with specific mental disorders, as well as better translation of that work to make it more accessible to the substance abuse field.

## Pathological Gambling

### Description

Pathological gambling (PG) has been best described as "a progressive disorder characterized by a continuous or periodic loss of control over gambling; a preoccupation with gambling or obtaining money with which to gamble; irrational thinking, and a continuation of the behavior despite adverse consequences" (Rosenthal 1992). The American Psychiatric Association's criteria for the diagnosis of PG (DSM-IV-TR) (APA 2000) are in many ways similar to those for alcohol and other drug dependence (see Figure D-18).

<b><i>Figure D-18. Diagnostic Criteria for Pathological Gambling Compared to Substance Dependence Criteria</i></b>	
<b>Diagnostic Criteria for Pathological Gambling</b>	<b>Comparable Substance Dependence Criteria</b>
<i>Persistent and recurrent maladaptive gambling behavior as indicated by five (or more) of the following:</i>	<i>Maladaptive pattern of substance use, leading to clinically significant impairment of distress, as manifested by three (or more) of the following, occurring at any time in the same 12-month period:</i>
<ul style="list-style-type: none"> <li>• Is 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)</li> </ul>	<ul style="list-style-type: none"> <li>• A great deal of time is spent in activities necessary to obtain the substance (e.g., visiting multiple doctors or driving long distances), use the substance (e.g., chain smoking), or recover from its effects</li> </ul>
<ul style="list-style-type: none"> <li>• Needs to gamble with increasing amounts of money to achieve the desired excitement</li> </ul>	<ul style="list-style-type: none"> <li>• Tolerance</li> </ul>
<ul style="list-style-type: none"> <li>• Has repeated unsuccessful efforts to control, cut back, or stop gambling</li> </ul>	<ul style="list-style-type: none"> <li>• There is a persistent desire or unsuccessful efforts to cut down or control substance use</li> </ul>
<ul style="list-style-type: none"> <li>• Is restless or irritable when attempting to cut down or stop gambling</li> </ul>	<ul style="list-style-type: none"> <li>• Withdrawal</li> </ul>
<ul style="list-style-type: none"> <li>• Gambles as a way of escaping from problems or of relieving a dysphoric mood (e.g., feelings of helplessness, guilt, anxiety, depression)</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<ul style="list-style-type: none"> <li>• After losing money gambling, often returns another day to get even ("chasing" one's losses)</li> </ul>	<ul style="list-style-type: none"> <li>• The substance is often taken in larger amounts or over a longer period than was intended</li> </ul>



<ul style="list-style-type: none"> <li>Lies to family members, therapist, or others to conceal the extent of involvement with gambling</li> </ul>	<ul style="list-style-type: none"> <li>The substance use is continued despite knowledge of having persistent or recurrent physical or psychological problem that is likely to have been caused or exacerbated by the substance</li> </ul>
<ul style="list-style-type: none"> <li>Has committed illegal acts such as forgery, fraud, theft, or embezzlement to finance gambling</li> </ul>	
<ul style="list-style-type: none"> <li>Relies on others to provide money to relieve a desperate financial situation caused by gambling</li> </ul>	
<ul style="list-style-type: none"> <li>Has jeopardized or lost a significant relationship, job, or educational or career opportunity because of gambling</li> </ul>	<ul style="list-style-type: none"> <li>Important social, occupational, or recreational activities are given up or reduced because of substance use</li> </ul>
<p><i>Source:</i> APA 2000.</p>	

Many clients with PG display what amounts to tolerance, needing to gamble with increasing amounts of money (or make increasingly risky bets with what money is available to them) to achieve the desired effect. For some gamblers, often referred to as "action" gamblers, this effect may be excitement (Cocco et al. 1995; Lesieur and Rosenthal 1991). For other gamblers, thought of as "escape" gamblers, the sought-for effect is relief from painful emotions or stress. Consequently, gambling may act as a stimulant such as amphetamine or cocaine for some clients with PG, while acting as a sedative or tranquilizer for others. (See Figure D-19 for a list of differences between action and escape gamblers.)

<i>Figure D-19</i>	
<i>Comparison of Action and Escape Pathological Gambler</i>	
<b>Action</b>	<b>Escape</b>
<ul style="list-style-type: none"> <li>Gambles for excitement, competition</li> <li>More likely to engage in "skilled" forms of gambling such as poker, horse racing, sports</li> <li>More likely to have early onset of gambling</li> <li>Longer progression from regular gambling to addictive/out of control gambling</li> <li>More likely to be male</li> <li>More likely to present narcissistic or antisocial traits</li> </ul>	<ul style="list-style-type: none"> <li>Gambles for relief, escape from stress or negative affect</li> <li>More likely to engage in "luck" forms of gambling such as lottery, slots, video poker, bingo</li> <li>Later onset of gambling</li> <li>Shorter progression from regular gambling to addictive/out of control gambling</li> <li>More likely to be female</li> <li>More likely to be dysthymic</li> </ul>

Pathological gamblers often report withdrawal-like symptoms when attempting to stop gambling. These may include symptoms such as irritability, problems focusing or concentrating, difficulty sleeping, and even physical symptoms such as nausea, vomiting,

headaches, and muscular pain (Rosenthal and Lesieur 1992; Wray and Dickerson 1981). Currently, there are no DSM criteria for gambling disorders that compare directly to criteria for substance use disorders. However, in practice, the term "problem gambling" is most commonly considered to apply to those individuals who meet one to four of the DSM-IV criteria for pathological gambling (National Research Council [NRC] 1999). Problem gamblers are individuals who do not meet full criteria to be diagnosed as pathological gamblers, but who meet some of the criteria and indicate that gambling is contributing to some level of disruption in their lives.

While there are similarities between PG and substance use disorders, there are some significant differences between these disorders. Research comparing individuals diagnosed with PG to individuals with substance use disorders is still in early stages, but there have been clinical reports on such differences. To begin with, it may be more difficult to define what constitutes gambling than to define a drug or an alcoholic drink. Gambling can encompass a variety of behaviors: buying lottery tickets, playing cards for money (even in friendly family games), investing in the stock market, participating in a charity raffle, betting on a golf game, betting on horse races, or playing scratch-off games to win money at a fast food restaurant.

One of the main differences between PG and substance use disorders is that there is no biological test to screen for PG. The absence of a clear physical sign of the disorder enables a person to hide gambling behavior for longer periods of time. This also may contribute to the severe and entrenched lying and deception that are included in the diagnostic criteria for PG.

Because no substance is being ingested, often it is very difficult for individuals diagnosed with PG and their families/significant others to accept PG as a medical disorder. Research is beginning to establish a biological/genetic predisposition to PG that is similar to that found in severe alcohol and drug addictions, and that gambling may affect the central nervous system in ways similar to substance use (Breiter et al. 2001; Comings et al. 1996; Potenza 2001; Slutske et al. 2000). However, it is still difficult for individuals with PG, as well as the general public, to accept a medical model for this disorder. It is easier to accept that people with substance use disorders may behave badly (become aggressive or violent) while intoxicated than for gamblers to accept that their harmful behavior can be attributed to their gambling. This possibility could exacerbate the gambler's sense of shame and guilt and contribute to the development of rigid defense mechanisms to ward off these feelings and to allow gambling to persist. These hypothesized differences need to be investigated empirically.

### **Prevalence**

Legalized gambling is available in 47 States and the District of Columbia. The great majority of adults (81 percent) have gambled sometime during their life. This compares to recent studies of alcohol use in the United States that estimate 91 percent of adults have drunk alcohol. Between 1974 and 1995, the amount of money spent on legal gambling increased 3,100 percent in the United States, from \$17.4 billion to \$550 billion. A national study estimated the lifetime prevalence of pathological gambling among

adults in the United States to be 1.1 percent, while the past-year estimate for problem or pathological gambling combined was 2.9 percent. This can be compared to past-year estimates of alcohol abuse/dependence of 9.7 percent and drug abuse/dependence of 3.6 percent (NRC 1999).

**In individuals with COD, it is particularly important to evaluate patterns of substance use and gambling.**

Information on the prevalence of pathological gambling among adolescents has been controversial, with reported rates higher than for adults (Shaffer et al. 1997). However, adolescent rates of problem or pathological gambling, which range from 9 to 23 percent in various studies, are comparable to rates of adolescent alcohol use (8 to 23 percent). Also, past-year adolescent pathological gambling rates of 1 to 6 percent are comparable to past-month rates of marijuana use of 3 to 9 percent (NRC 1999).

Gambling prevalence studies also illuminate demographic variables and risk for gambling problems. As suggested above, younger age seems to be a risk factor. Adults under the age of 30 report higher proportions of gambling problems. Men, ethnic minorities, and paradoxically, those with household incomes below \$25,000 also tend to be overrepresented among problem/pathological gamblers. Employment status did not seem to have any relationship to risk for gambling problems. However, educational level had a moderate relationship with problem gambling, with those with a high school education or less being at higher risk for gambling problems (NRC 1999).

The rate of co-occurrence of PG among people with substance use disorders has been reported as ranging from 9 to 16 percent (Crockford and el-Guebaly 1998; Lesieur et al. 1986; McCormick 1993). Among pathological gamblers, alcohol has been found to be the most common substance of abuse. At a minimum, the rate of problem gambling among people with substance use disorders is 4 to 5 times that found in the general population.

People with substance use disorders and co-occurring PG have been compared to people with substance use disorders without PG. While some findings appear contradictory, there is some evidence that people with co-occurring substance use and PG may have higher levels of negative affect, overall psychiatric distress, impulsivity, higher rates of antisocial personality disorder, AD/HD, and risky sexual behaviors (APA 2000; Crockford and el-Guebaly 1998; Langenbucher et al. 2001; McCormick 1993; Petry 2000*b*, *c*). The high rates of co-occurrence of substance use disorders and gambling problems clearly emphasize the need for screening and assessment of gambling problems in substance-abusing populations.

**Key Issues and Concerns**

Despite the high prevalence, treatment services for PG are limited or lacking in many areas. According to a survey conducted by the National Council on Problem Gambling, only 21 States provide some level of funding for addressing problem and pathological gambling. According to the Association of Problem Gambling Service Administrators

(www.apgsa.org), only 16 States provide some public funding specifically for gambling treatment. Additionally, only about 1,000 Gamblers Anonymous meetings are held in the United States, fewer than the number of AA meetings found in some major metropolitan areas.

It is important to recognize that even though PG often is viewed as an addictive disorder, clinicians cannot assume that their knowledge or experience in substance abuse treatment qualifies them to treat persons with a PG problem. Training and supervision should be obtained to work with pathological gamblers, or referral should be made to specific gambling treatment programs.

A second consideration is that clients with PG problems seeking treatment have high rates of legal problems. Research has shown that in most settings, two thirds of people with PG problems report engaging in illegal activities to obtain money for gambling or to repay gambling debts. Pathological gamblers often fail to report such activities as embezzling from their job as an illegal activity. In their own minds they label what they are doing as borrowing rather than stealing, as they are certain that they will make a winning bet and be able to pay the money back. Persons with substance use disorders also have many of these same problems.

Transference and countertransference issues in the treatment of pathological gambling can have a significant impact. Competitive, action-oriented gamblers may attempt to make treatment a competitive sport, and clinicians may become distracted by debating and arguing. Relapsing may become a way for the pathological gambler to "beat" the therapist. The lack of physical signs or biological tests for gambling can contribute to countertransference reactions, such as the therapist becoming overly zealous in trying to "catch" gamblers in their lies or overly accepting of self-reports. Either extreme can impede the therapeutic relationship.

## **Strategies, Tools, and Techniques**

### ***Engagement***

In an initial contact with a pathological gambler, it is important to begin developing rapport quickly. Counselors should remember that when a pathological gambler makes an initial phone call to access treatment or comes in for an initial evaluation, he or she is likely to be feeling a great deal of shame, guilt, anxiety, or anger. To acknowledge gambling problems is to admit to being a "loser," an extremely difficult admission for most gamblers. The gambler whose family and friends have failed to acknowledge that he or she has a legitimate disorder also is likely to be sensitive about being judged, criticized, and condemned. Consequently, the clinician must demonstrate knowledge of the signs, symptoms, and course of pathological gambling; present a nonjudgmental attitude and empathy regarding the emotional, financial, social, and legal consequences of gambling; and convey hope regarding the potential for recovery.

It is also important for the clinician to understand how and when to probe for greater detail regarding the severity of the gambling disorder and its consequences, since as with

substance abuse, the gambling client is likely to minimize the negative impact of gambling. Clients with COD are likely to minimize or deny the disorder for which help is not being sought.

## **Screening and assessment**

There are several valid and reliable instruments that have been developed for the screening and assessment of pathological gambling.

### *Screening*

The South Oaks Gambling Screen (SOGS) ( Lesieur and Blume 1987) is one of the most widely researched instruments. This is a 20-item questionnaire designed to screen for gambling problems and has been found to be effective in substance abuse populations. It can be conducted as a structured interview or a self-report questionnaire in both lifetime and past 6-month versions. The drawbacks are its length and the fact that the items are not specifically based on DSM-IV criteria, which precludes its use as a diagnostic instrument. Someone who scores above the cut-off on the SOGS would then require a more detailed diagnostic assessment.

A brief screening tool, the Lie/Bet Questionnaire, has been found to be effective in identifying probable pathological gamblers ( Johnson et al. 1997). The questionnaire consists of two questions:

1. Have you ever felt the need to bet more and more money?
2. Have you ever had to lie to people who are important to you about how much you gamble?

A "yes" response to either question suggests potential problem gambling. Again, this instrument is likely to over-identify individuals with gambling problems and a positive screen needs to be followed by a more detailed clinical/diagnostic interview.

A computerized problem gambling screening tool that may be particularly useful in criminal justice populations is the Gambler Assessment Index (GAI) which incorporates a problem gambling scale as one of seven scales (truthfulness, attitude, gambler, alcohol, drugs, suicide, and stress). It takes about 20 minutes to complete and includes a descriptive computerized printout of risk levels for all scales (Behavior Data Systems 2000).

### *Assessment*

A more comprehensive problem gambling assessment needs to be part of a broader biopsychosocial and spiritual evaluation. Only two instruments have been studied and used to evaluate issues of problem gambling severity. An addendum to the ASI, the Gambling Severity Index has been developed and validated ( Lesieur and Blume 1991). Another instrument that has been found to be valid and reliable is the Gambling Treatment Outcome Monitoring System, or GAMTOMS (Stinchfield et al. 2001). This is a battery of four questionnaires designed to be used in assessment of problem gambling and in treatment outcome evaluation.

The Gambling Treatment Admission Questionnaire (GTAQ) is particularly useful. A 162-item self-report questionnaire that incorporates the SOGS and DSM-IV criteria, the GTAQ evaluates the range of gambling behaviors and frequency of gambling, gambling debt, treatment history, substance use, and gambling-related financial, legal, occupational, and psychosocial problems.

Structured interviews for the diagnosis of pathological gambling based on DSM-IV criteria currently are being researched and developed, but are not yet publicly available (Cunningham-Williams 2001; Potenza 2001). Most clinicians conduct a clinical interview based on DSM-IV criteria to establish the diagnosis of pathological gambling.

In individuals with COD, it is particularly important to evaluate patterns of substance use and gambling. Among those who abuse cocaine, for example, there seem to be several common patterns of interaction between gambling and drug use. Cocaine use and gambling may coexist as part of a broader antisocial lifestyle. Someone who is addicted to cocaine may see gambling as a way of getting money to support drug use. A pathological gambler may use cocaine to maintain energy levels and focus during gambling and sell drugs to obtain gambling money. Cocaine may artificially inflate a gambler's sense of certainty of winning and gambling skill, contributing to taking greater gambling risks. Cocaine may be viewed by the gambler as a way of celebrating a win or may be used to relieve depression following losses.

Cocaine and pathological gambling may be concurrent or sequential addictions. With cocaine in particular, it often is difficult to have enough money for both disorders at the same time. There is no clear evidence that one addiction is likely to precede another, although one recent study reported that in a population of people with substance use disorders who are in treatment, the onset of gambling behavior was likely to precede the use of addictive substances (Hall et al. 2000).

Several patterns of interaction may emerge for individuals who are alcohol dependent and are pathological gamblers. One of the more common clinically observed patterns is sequential addiction; for example, someone who has had a history of alcohol dependence—often with many years of recovery and AA attendance—who develops a gambling problem. Such individuals often report that they did not realize their gambling was becoming another addiction, or that gambling could be as addictive as alcohol and drugs. It is not uncommon for such individuals to seek treatment only after a relapse to alcohol (or recognizing they are close to a relapse), secondary to the gambling-related stresses. Other individuals have developed alcohol problems only after their gambling has begun to create serious adverse consequences; they begin using drinking as a response to such problems. Since alcohol is readily available (and often free) in most gambling settings, drinking and gambling may simply "go together" for some individuals.

It often is helpful, if not critical, to obtain collateral information from family and significant others. One scale that is helpful in this process, the Victorian Problem

Gambling Family Impact Scale, is undergoing validation (Research Evaluates Gambling's Impact 1998).

Obtaining collateral information often can be challenging, as the gambler may want to control both what the clinician knows and what the family knows. The gambler may not want the clinician to know how angry and devastated the family is feeling, or the gambler may not want the family to know the extent of his or her gambling and gambling debt. Also, the gambler may give specific instructions to family members about what to tell or not to tell the clinician. This may be related to gambling or finances, but it also may relate to substance use.

Therefore, while it is advisable to involve family members as early as possible in the assessment and treatment process, it may take time to develop a trusting clinical relationship with the gambler before he or she gives consent to family involvement. The clinician needs to consider carefully the best way to involve family members or significant others in the assessment and treatment process. Initial sessions with both the gambler and family present may help to alleviate the gambler's anxiety. Such sessions can be followed up with meetings without the gambler present. It is essential that the therapist not be viewed as taking sides in this process.

### ***Case Study: Pathological Gambling Assessment***

A 36-year-old, married male, Andy J. entered treatment for pathological gambling. An initial assessment involving questionnaires and structured diagnostic interviews found indications of excessive alcohol use and use of cocaine. On a family assessment interview, Andy J.'s wife denied knowledge of any excessive alcohol use or any cocaine use on her husband's part.

As treatment proceeded, it became apparent that Andy J.'s substance use was more extensive and problematic than first presented. Staff members were particularly concerned about his apparent hiding of his substance use from his spouse. Andy J. became angry and agitated, threatening to discontinue treatment when staff indicated that the issue of his substance abuse needed to be addressed at the next family session. Andy J. was given the choice of communicating the extent of his substance use to his wife prior to the session or waiting until the session.

Andy J. initially withdrew consent to communicate with his wife. However, after intensive group and individual work focusing on relapse potential, dishonesty as a relapse risk factor, and assessment of further negative consequences, he decided to tell his wife. In the next joint session, his wife expressed relief and reported that she had been aware of and concerned about his substance use. She had lied at the initial assessment at her husband's request, as he had convinced her that it would be best for his treatment not to get the therapist distracted by his substance use so that he could fully focus on his gambling problem. Andy J., once the initial anger and anxiety had subsided, acknowledged that he was holding onto his substance use for fear of living life without an

addiction to fall back on. He realized that continued substance dependence would continue to maintain all the problems he was attributing only to his gambling.

### ***Crisis stabilization***

Pathological gamblers frequently come into treatment in a state of panic and crisis. The attempted suicide rate among gamblers in treatment is high (20 percent) (NRC 1999), which makes a careful evaluation of suicide potential essential. A common suicide plan for PG clients is to have an automobile accident so that family can collect life insurance to pay off gambling debts. Concurrent substance use adds to the risk potential for self-harm, so it is important that the gambler who is at risk for suicide contracts not to use any mind-altering substances in addition to not endangering him/herself or others. (However, as noted in the discussion of suicide, counselors should not rely solely on such contracts.) Placement in a structured environment, inpatient, or residential setting may be necessary in some cases.

### ***Addressing financial and legal issues***

Financial crises may involve eviction and homelessness; inability to pay for food or utilities; or families discovering that savings accounts, college funds, and so on are totally depleted. It is important in handling financial crises to make sure the basics of food and shelter are met for the gambler and his family. This may mean referring the family to homeless shelters or finding temporary living quarters with extended family. Resolving the entire extent of financial problems takes more time; however, in the crisis situation it is essential to convey to the gambler and family that coping with financial stress is a part of treatment, and to outline the process for addressing the problems. It is important to help the gambler and family prioritize immediate needs (i.e., food, shelter) separately from those that can be managed later to relieve the feelings of being overwhelmed. The counselor can help the client make specific lists of what can be done now and what can wait until later. For example, if the family is being evicted, the clinician could provide a list of shelters to call or have the client call shelters from the clinician's office.

### ***Case Example: Counseling a Pathological Gambler***

Michael B. was a gambler who relished the competitiveness of card playing and had developed a reputation as a tough player and as a winner early in his gambling career. His gambling gradually became out of control and it was clear that he was unable to stop gambling until he had lost all his money. However, when he attempted to abstain from gambling he would feel depressed. In treatment he confessed to feeling increasing anxiety when he was winning, and to feel relief only when he had lost everything.

Michael B.'s father had been a successful business executive who had been very demanding and critical of Michael B. throughout his life. Michael B. had been determined to "beat his father at his own game" and become even more successful. While Michael B. had developed many businesses, they always seemed to collapse after an initial success, a pattern that mimicked his gambling. In therapy, it became clear that Michael B. felt guilty at thoughts of "beating" his father, which contributed to the



destructive pattern of his gambling and of his unsuccessful businesses.

Treatment helped Michael B. let go of his guilt-producing fantasy of spectacular success and focus on how he could enjoy his life without feeling a need to compete with his father. He was able to set more realistic goals to achieve a sense of accomplishment and was able to abstain from gambling without feeling depressed and inadequate.

Legal issues can create an additional crisis for the pathological gambler and the family. Embezzling from an employer or writing bad checks are two common illegal practices of pathological gamblers. When facing potential legal charges for such activities, the gambler often is in a state of panic, looking for money to borrow from family or friends to pay off the checks or pay the employer back to avoid legal consequences. It often is difficult for the family or friends of the gambler to refuse such requests when they fear the result will be sending the gambler to jail. In such cases, the clinician needs to direct the gambler to obtain legal counsel prior to making impulsive decisions. The clinician needs to work with both the gambler and potential "bail out" sources to explore other options.

Financial and legal issues also can trigger domestic violence. The pathological gambler may face physical violence from a spouse or significant other when he or she confesses to the extent of gambling debt. Alternatively, a spouse or significant other may face violence if he or she attempts to withhold money from the pathological gambler. The clinician needs to assess the history of domestic violence or potential for violence very carefully before suggesting any plan for dealing with money management or financial disclosure.

### *Self-banning*

To assist a client with a PG problem to abstain from gambling, some gambling venues (mainly casinos and some race tracks) offer "self-banning." This is a process of completing a written document indicating a desire to be prohibited from entering a casino or race track. Some States have made this a legal process with criminal consequences if a gambler who has self-banned is found gambling at the banned location. Information on this process can be obtained from the gambling venue's responsible gaming office, from State Councils on Problem Gambling, or from State-funded problem gambling treatment programs.

### ***Short-term care and treatment***

This section will first discuss specific treatments that have been used in the treatment of pathological gambling, then explore how this knowledge can be applied to the pathological gambler with a substance use disorder. Although a broad range of treatment modalities have been applied to the treatment of pathological gamblers, to date there has been little research to support one type of treatment over another.

### *Psychodynamic therapies*

Some of the earliest clinical writing on the successful treatment of pathological gambling was based on psychodynamic approaches. Such approaches emphasize identifying the

underlying conflicts and psychological defenses that contribute to addictive gambling. Therapy involves helping the gambler gain insight into the psychological meaning of his or her gambling (Rosenthal and Rugle 1994), decreasing defenses that support denial and irrational thinking, and developing more adaptive coping skills to resolve internal conflicts. Such dynamic therapies generally are incorporated into a comprehensive treatment approach with the therapist taking a more active and directive role than in traditional dynamic approaches.

### *Cognitive-behavioral treatment*

While early reports of behavioral treatment of pathological gambling focused exclusively on gambling behaviors using aversive conditioning and systematic desensitization, more recent approaches involve a range of cognitive as well as behavioral interventions. Similar to approaches to substance use disorders, these include relapse prevention strategies, social skills training, problem solving, and cognitive restructuring (Sharpe 1998).

A component that is specific to pathological gambling in this strategy involves modifying irrational beliefs about gambling and the odds of winning. Research repeatedly has shown that gamblers hold beliefs in "the illusion of control," biased evaluation, and the gambler's fallacy (Ladouceur and Walker 1998).

- The illusion of control is the belief that one can control or influence random or unpredictable events, such as picking winning lottery numbers or controlling the fall of the dice by how they are thrown.
- Biased evaluation involves attributing wins to one's special skill or luck, while losses are blamed on external circumstances.
- The gambler's fallacy is the misunderstanding of independent probabilities. For example, if a coin is tossed 10 times resulting in 10 heads, one would think it more likely to get a tail on the next toss, rather than realizing the odds of a head or tail is the same for any one toss.

Cognitive-behavioral interventions are targeted at identifying and correcting such irrational thinking and erroneous beliefs.

As with substance abuse, relapse prevention includes identifying gambling-related internal and external triggers. Money is a common trigger and interventions generally involve removing money from the gambler's control. This can include removing the gambler's name from joint checking and savings accounts, limiting the amount of cash the gambler carries, discontinuing credit cards, and choosing a trusted family member or friend to become the gambler's money manager. As might be anticipated, this can be a difficult and conflictual process; successful use requires creativity and sensitivity to issues of power and control. The goal is not only to remove the trigger of money from the gambler, but also to protect the gambler's and the family's finances. It can be helpful if this is explained as a process of assisting the gambler in regaining financial control of his or her life. Negotiating a workable and tolerable system of financial accountability and safety is a key therapeutic task in the treatment of pathological gamblers, regardless of therapeutic approach.

### ***Case Study: Counseling A Pathological Gambler***

Jan T. is a 32-year-old divorced, single parent with a history of cocaine and marijuana dependence, alcohol abuse, and two prior treatments for her substance use disorders. She entered treatment following a bout of heavy drinking resulting in a citation for Driving Under the Influence (DUI). During assessment, she screened positive on the SOGS for probable pathological gambling. She had been going to casinos several evenings per week, losing on average \$200 to \$500 per week playing video poker. Her rent and utilities were past due, and she feared losing her job due to tardiness and inefficiency because often she would go to work after staying up all night gambling. She had begun drinking while gambling after a 2-year abstinence from substances, and her drinking had increased as her gambling problems progressed.

Jan T.'s DUI occurred while driving home from an all-night gambling episode. Her gambling had begun to increase following her first substance abuse treatment and she acknowledged that her alcohol relapse after her first treatment was related to her gambling, as was her current relapse. She reported having increased her gambling due to feelings of stress and loneliness. As her gambling increased, she discontinued going to continuing care and AA and Cocaine Anonymous meetings. However, in her second substance abuse treatment, no one had asked her about her gambling and she did not recognize it as a problem at the time.

Current treatment emphasized her gambling problems as well as substance abuse. She attended gambling-specific education and therapy groups as well as AA, Cocaine Anonymous, and GA meetings. Due to serious, continuing financial problems and debt, Jan T. moved in with an older sister who had a 12-year history of abstinence from alcohol and attended AA meetings regularly. This sister also agreed to be her money manager.

With clients with co-occurring PG and substance use disorders, it often is essential to identify specific triggers for each disorder. It also is helpful to identify ways in which use of addictive substances or addictive activities such as gambling act as mutual triggers. Increasing evidence supports the effectiveness of treatment approaches with the goal of reduced or limited gambling, particularly for problem gamblers who do not meet all criteria for a diagnosis of pathological gambling or who are low-severity pathological gamblers. This approach generally involves money management along with cognitive-behavioral interventions to set and achieve goals for controlled or limited gambling. Manuals are available to guide this type of treatment, and a self-help manual also has been published (Blaszczynski 1998).

#### *Psychopharmacological treatment*

Two main types of medication have been reported to reduce gambling cravings and gambling behavior: SSRIs, such as fluvoxamine (Luvox), and opiate antagonists, such as naltrexone, which has also been found to be effective in treating people with substance use disorders (Hollander et al. 2000; Kim et al. 2001).

As people with co-occurring substance use and PG disorders may be more likely to experience a broad range of additional mental disorders, psychiatric medication to address affective disorders, anxiety disorders, and attention deficit hyperactivity disorder may sometimes be needed.

#### *Integrated multimodal treatment*

Treatments combining 12-Step, psychoeducation, group therapy, and cognitive-behavioral approaches have been found to be effective in the treatment of pathological gamblers with co-occurring substance use and mental disorders ( Lesieur and Blume 1991; Taber et al. 1987).

#### *Gamblers Anonymous*

It is advisable for persons with substance use and PG disorders to attend separate support groups for gambling *and* for alcohol and/or drug dependence. While the groups can supplement each other, they cannot substitute for each other.

It may be difficult for some individuals to adjust to both types of groups, as Gamblers Anonymous (GA) meetings can be different from AA. It is not uncommon for people with substance use disorders who have had extensive experience with AA, Narcotics Anonymous, or Cocaine Anonymous to find fault with GA groups. While GA often places less emphasis on step work, sponsorship, and structure than other 12-Step programs, it still provides a unique fellowship to address gambling issues. GA also can be useful in helping gamblers and their families cope with money management, debt, and restitution issues through a process called "Pressure Relief." Clinicians new to the treatment of pathological gambling are advised to attend open GA and Gam-anon meetings in their area to gain a better understanding of this support system.

The experience of some clinicians is that initially, limited gambling may be an approach for those with substance use disorders and gambling problems who are willing to work on abstinence goals for their substance use, but who are less motivated to abstain from gambling. Rather than distracting from the substance abuse treatment, the clinician can suggest either a limited gambling approach or a time-limited period of abstinence from gambling. These may be presented as experiments. Cravings for both gambling and substances can be monitored in either approach to help clients understand the potential interactions of both disorders and to make better informed decisions about whether they can gamble at all. The same can be done with the client who is motivated to abstain from gambling but more ambivalent about the need to reduce his or her substance use or abuse. This approach may help minimize a client's defensiveness toward treatment in general and reduce the risk of dropping out of treatment or denying a problem altogether.

#### *Longer term treatment*

PG, like substance use disorders, may be conceptualized as a chronic, recurring disorder. Potential for lapses and relapses must be recognized for both disorders—and perhaps particularly for people with both disorders. It is important to educate clients about this possibility, if not likelihood, and to develop a plan for re-engaging in treatment if a lapse or a relapse occurs. Professionally facilitated continuing-care groups that focus on

recovery maintenance skills can be effective, particularly in combination with mutual self-help groups.

Continuing-care groups often can be facilitated by peer counselors or treatment program alumni with several years of abstinence. Such continuing-care groups particularly may be useful for clients with COD to maintain contact with therapy resources, to help "catch" a relapse in the making, and to supplement limited availability of GA in many communities. Development of a treatment alumni network also can be a useful strategy to maintain contact with clients over longer periods of time and to increase the likelihood of using supportive resources in times of stress, vulnerability, or crisis.

Since Gam-anon groups are even less prevalent than GA groups, continuing-care groups for family members or for family members and PG clients jointly particularly can be useful to provide support for coping with financial issues that may persist for many years despite gambling abstinence.

Resolving financial problems and accomplishing debt repayment also can be a relapse trigger for pathological gamblers, so often it is important to schedule a "check up" visit around the anticipated time when gambling debts may be paid off. In general, it may be advisable to attempt to maintain therapeutic contact beyond the gambler's 1-year anniversary of abstinence, since often this seems to be a time of vulnerability, overconfidence, and complacency regarding recovery.

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