RALPH NADER RADIO HOUR EP 457 TRANSCRIPT

Steve Skrovan: Welcome to the *Ralph Nader Radio Hour*. My name is Steve Skrovan, along with my trustee co-host, David Feldman. Hello, David.

David Feldman: Hello, Steve.

Steve Skrovan: Good to have you here, and it's also good to have the man of the hour, as always, Ralph Nader. Hello, Ralph.

Ralph Nader: Hello, everybody.

Steve Skrovan: Full disclosure, I have been playing in a Fantasy Football League for about 15 years. That's sort of a low end form of sports betting. But in the 15 years since, betting on Major League sports has not only become mainstream, but it has also been sanctioned, endorsed and promoted by the major professional leagues. Once upon a time, the professional sports world eschewed gambling for fear that it would taint their games. What would the ghost of Shoeless Joe Jackson of the 1919 Black Sox say about today's sports-betting world?

According to our first guest today, "Professional sports in the US now are part of a multibillion dollar corporate gambling enterprise."

Captain Renault (from "Casablanca"): I'm shocked, shocked to find that gambling is going on in here.

Club Manager: You're winning, sir.

Captain Renault: Thank you very much.

Steve Skrovan: They have stopped fighting gambling and have instead embraced it. And state governments, as they have done with lotteries, have seen it as a source of tax revenue. Our first guest is *New York Times* reporter Eric Lipton, who in his investigation, the sports gambling world reveals that, surprise, surprise, the tax benefits largely have been promises unmet, oversight has been lax, and even some universities, in an effort to get a piece of the action, have been encouraging their students to bet. And it's all available on your phone. It's called iGaming. What could possibly go wrong?

Yes, the holiday season is upon us. Actually, it's been upon us since the day after Halloween. I wouldn't be surprised if next year we start hearing Christmas music the day after the 4th of July. The holidays have been the climax of the yearlong marketing season ever since Coca-Cola invented the modern day Santa Claus. Sorry kids, you can handle the truth.

Jack Nicholson (from "A Few Good Men"): You can't *handle* the truth!

Steve Skrovan: No, Jack, they can. Our second guest today is Teresa Murray. Ms. Murray is the director of the Public Interest Research Group's Consumer Watchdog Office, which looks out for consumers' health, safety and financial security. And she has a new report from Toyland. Can you believe that about 200,000 people go to an emergency room each year because of toy related injuries or illnesses? She's going to provide us with tips for parents and gift givers and also give us a look at the emerging threat of toys with technology capable of invading our children's privacy.

As always, somewhere in the middle we'll check in with our *Corporate Crime Reporter*, Russell Mokhiber. But first let's get the over under on the reality of sports betting. David?

David Feldman: Eric Lipton is a three-time Pulitzer Prize winner, and an investigative reporter for the *New York Times*. Welcome to the *Ralph Nader Radio Hour*.

Eric Lipton: Thanks for having me.

Ralph Nader: Well, Eric, this time you really hit the jackpot with your colleagues. This is the most detailed exposure of the spread of sports gambling and other gambling, online gambling, that's going to saturate the country and create a lot of addicted users, as your article alluded to. The first article was in November 20, 2022, listeners, *New York Times*. It's called *Cigars, Booze, Money: How a Lobbying Blitz Made Sports Betting Ubiquitous*. Why don't you describe for our listeners the spread of gambling, once it started? I'll give you a baseline. When I first confronted organized gambling, it was in Las Vegas. There were a few big hotels in the desert and what they called Golden Gulch, the downtown gambling casinos. Then we had Atlantic City open up on the East Coast. And all during this period, the churches would oppose it, the social norms frowned on it, and it never got a foothold in the other states. There were the numbers rackets in the back of cigar stores, of course, going on all the time.

Now compare that time and, say the 1950s and '60s, with the spread of it now. What are all these lobbyists – and they hire former state attorney generals, and prominent legislators. The money is spread everywhere to lobby one state after another. What are they heading for? What have they achieved so far in different kinds of gambling? And who are the players, like sports leagues? Give us the picture.

Eric Lipton: What's happened with sports betting since 2018, when the Supreme Court essentially nullified a federal law that prohibited states outside of Nevada from legalizing sports betting, is actually pretty extraordinary. We've had the largest expansion of legalized gambling in the United States history. So, while you have 31 states have sports betting, the thing that really is transformational is that 22 of those states have mobile betting. And so the distinction is that instead of simply having a lottery where you go to the store and buy your lottery tickets or a casino where you go make bets, in 22 states, you can now legally place bets 24 hours a day from your phone, anywhere just about in the state whether or not you're physically there. And there's no limit on how frequently you can bet. And we all know how addictive phones are in terms of social media and other applications. So that's the thing that is most transformative about this.

The end goal for the sports betting industry is not sports betting; it's actually something call "iGaming." Sports betting is a stepping stone towards iGaming. And iGaming is affectively a complete casino package in your phone. It's blackjack, poker, slot machines and other roulette games. The profit margin for the casinos is much higher on iGaming, that is on sports betting, because the casinos are the gambling operators. You can't predict unless it's fixed, which it generally is not, but you can't predict the outcome of games. And so they have a harder time;

their profit margin is lower. But they have a better sense as to how much they're going to make on traditional casino games. And they're pushing states that have already adopted sports betting to move on now to iGaming. And we'll see how successful they are, but already we have witnessed, just since 2018, the largest expansion of legalized gambling in the United States history.

Ralph Nader: Just to put it at the end game, so to speak, listeners, what they're aiming for is you could be sitting in your living room watching the Yankees play the Mets and you can bet on the forthcoming pitch by the Yankee picture in terms of the speed of the pitch that's registered, whether it's 90 miles, 95 miles an hour, 100 miles an hour; that's the granular micro addiction that they're pushing for. And of course, when you open it up to the mobile phone, you open it up to children. It's very hard to control once it's decentralized to that degree. You mentioned Major League Baseball and the casinos, but who are the major players apart from the lobbyists who are pushing this in state after state?

Eric Lipton: Yeah, there's multiple tiers. And to some extent, one of the things I've observed is that it requires an agreement among the consortium of gambling interests to get legislation passed. When you have defections from any particular piece of it, then they usually sabotage the legislation. It's not like some legislators that are standing up against these bills. For the most part, it's when the industry chooses to fratricide and to kill the bill that it doesn't pass. As I witnessed firsthand in Missouri and has just recently happened in California where two referendums failed because there was disagreements among the different industry sectors. But basically the different levels of players in this space are the professional leagues, the Major League Baseball, the National Football, hockey, all of the professional sports teams, including golf. And then you've got the brick and mortar casino companies, which are very intensely interested in this and see this as a way to change the demographics of their brick and mortar casinos where they've seen ~~kind of~~ older, less wealthy people have become their most common customer and they're pretty upset with this demographic change. And they see the sports bettor as a much younger, more affluent demographic. And once they get them into the sports betting app, then they can try to get them into other types of gambling and they have them in their database. So you have the casino companies, you have the sports leagues, and then you also have the sports betting applications--DraftKings, FanDuel, BetMGM or Barstool Sports with Penn National. So you sometimes have these combinations of these casinos with sports betting apps, and that's the bulk. But the one thing that I also observed is that in states where you have existing casinos, they have a pretty big lobbying operation that is resident in those states and a fair amount of clout because they are significant employers in a state like Kansas where they have a certain number of casinos with all these employees. And so they have already a fair number of lobbyists and relationships with state legislators and their important constituency. So once the sports betting apps and the professional leagues team up with the casinos, they have a fair amount of clout going into this and they use that clout pretty effectively.

Ralph Nader: And there's no end to their reach. Tell us about how they're going into the universities and name some of them.

Eric Lipton: Yeah, that was pretty surprising to me to see. And as part of this series of stories we did, one of our colleagues worked with a group of students at Columbia University in the journalism school. And they examined these contracts at Louisiana State University, Michigan State University, University of Colorado, University of Maryland, University of Denver, Arkansas State University, University of Nevada-Reno, and the University of Nevada-Las Vegas, where the sports betting companies, particularly Caesar's Sportsbook has signed deals with the universities to co-market sports betting apps. And so they pay them millions of dollars and then in exchange they promote the sports betting apps because they have all of these intense college sports fans. But the problem is, of course, that their undergraduates are underage in many cases, and therefore these marketing appeals are often reaching underage people who aren't supposed to be betting. And the universities are getting paid to push these sports betting apps, and there's been a really big backlash against those agreements, including by some of the major companies like FanDuel and BetMGM that have distanced themselves from this, whereas for example a Caesar's Sportsbook or Pointsbet, which is another sports betting platform, are the ones that have these agreements and so far are still defending them.

Ralph Nader: I'm sure some of our listeners are saying how could university administrators – institutions of higher education – open up the campus to this kind of addiction? What are they getting in return?

Eric Lipton: They're getting money. A million-plus dollars is going to these universities. And it has caused, just in recent weeks after our story was published, a fair amount of debate on campuses about such agreements. At Michigan State University, for example, there's been a fair amount of debate on the campus about this agreement. And Senator Blumenthal of Connecticut wrote a letter to Caesar's Sportsbook and asked them to terminate the agreement, saying that it is predatory and that it’s targeting underage bettors. And the American Gaming Association is also examining the issue. So there's a fair amount of debate going on in the industry right now over the appropriateness of these agreements and we'll see how this plays out.

Ralph Nader: Well, these contracts between universities and gambling outfits were really not public until you used the open records laws in state after state. And now they are public. Is that correct? And are the college newspapers reporting it? Is that helping that you burst them into the public limelight?

Eric Lipton: There has been a decent amount of local news coverage of the fact that in many cases, the Caesar's Sportsbooks and others did press releases at the time that they signed these deals. But what they were not willing to release to our colleagues that worked on the story--and there were four stories in this series, and this is a story that I did not work on--but they were not willing to release the specifics of the deals and the correspondence relating to the negotiations with, like, a Caesar's Sportsbook, as to the terms of the deals, and the copies of the contracts, and also the internal discussions in the university whether at times there was some reluctance about the appearance of having this. These are all things that we then got through open records requests because these are state universities for the most part. And now we have the visibility into the negotiations. And yeah, so now there's more being written about this in the campus newspapers and really nationally. And it turns out the *Wall Street Journal* did a story on the university deals after our story came out. So basically the topic is now getting more national attention than it previously had been.

Ralph Nader: Tell us the dollar figure here. How much in billions of dollars are they reaping every month from gamblers around the country? I know the estimates are widely varying, as you say in your article, but give us an idea how big it is.

Eric Lipton: So in the first three quarters of this year, there were $63 billion worth of sports bets placed in the United States. And then if you look at the net revenue after payout of the winnings, because in fact, sports bettors do pretty well relative to casino or lottery--so the net revenue to the operators after all the payouts was $4.9 billion in the first three quarters of this year. But then in fact, one of the things that's happened is many of these sports betting applications have been giving out massive numbers of what they call "free bets" to try to incentivize people to download their apps. And it's almost a billion dollars' worth of free bets and other deductions that we were able to count up that happened in the last 12 months. And so the free bets is reducing their net revenues.

But those people are downloading their apps and signing up for sports betting and then they're becoming regular customers or maybe even addicted customers, so it's kind of a loss leader kind of a thing (a marketing strategy that prices products lower than the cost to produce them in order to attract new customers or to sell additional products to customers) like the free bus ride that used to be offered to Atlantic City to go bet at the casino. So basically, we're talking about a market that over the last four quarters about $90 billion worth of bets were placed with the net revenue of about 6.4 billion for the sports betting platforms.

Ralph Nader: And that's just sports betting you're talking about. When you're talking about promotion, they in effect give you free cash or credit to play with so without using any of your money you can start betting and then get addicted to it. And the corporate lawyers have made sure that when these companies pass out the free money in terms of promotion to attract customers, it's deductible under the federal income tax?

Eric Lipton: No. One of the things each state legislature has to choose as they're legalizing sports betting is how much to tax the sports betting companies for the right to be able to offer gaming in the state. So it goes anywhere from 51% tax rate, which is really high in New York and New Hampshire; so 51% of the net revenues in New York go to the state are to as low as 8% of the net revenue. So a couple of the things that the legislatures have to decide is how high would your tax rate be. And then secondly, will you allow the sports betting companies to deduct from taxable revenue all the promotional free bets they're giving out. And something like 18 or so states have offered some form of deductions on free bets. Some of them have offered unlimited deductions on free bets and it has meant a major decline in the tax revenues that they've received.

Ralph Nader: So they're deductible under state income tax but not under the federal income tax?

Eric Lipton: That's right. It's really the state tax of the net revenues of the gaming companies, so it's essentially a cost. They apply a tax so that gambling companies, in exchange for the right to do business, will tax states somewhere between 8% or 51% of their net revenues in exchange for the right to do sports betting in the state.

Ralph Nader: Well, the lures that these gambling companies use saying number one, this will create more jobs, and number two it will create more tax revenue that you can use for public services. Is this being borne out?

Eric Lipton: In our very labor-intensive analysis of this exact question, we took a report that the American Gaming Association had done at 2017 before the Supreme Court moved, and they did estimates in which they essentially pushed out to state legislators that said, here's how much you can expect to see in tax revenues if you can legalize sports betting. And the amount that you'll receive will depend upon the tax rate that you adopt. And so they had various estimates of what the tax revenues would be based on the tax rates that states enacted into law. We took the actual amounts that states enacted as tax rates and then took the number that the American Gaming Association predicted and we looked at how much in tax revenues the 14 states with mobile betting actually received. And we found--in the 14 states with mobile betting with tax rates that were in range of what the American Gaming Association suggested that they use--that most of those states received a lot less tax revenue than the American Gaming Association had predicted; some of them received less than half of the predicted tax revenues. And a good part of it has to do with how much in free bets the states were allowing the gambling companies to deduct. But the thing that was interesting was that we also did the analysis for states that have super high tax rates like New York, New Hampshire, and Rhode Island where we saw that the states that ignored the American Gaming Association advice, which is you better adopt the low tax rate or people aren't going to bet on your platforms, and enacted really high tax rates, like New York, have seen much higher per capita tax revenue. New York, for example, has seen an incredible number, $545 million in the first 10 months of the year. It's a crazy number. Over half of the total state tax revenues that sports betting has produced in the United States is just from one state, New York with its 51% tax rate. So $545 million is a lot of money that New York State has seen.

Ralph Nader: The broader argument counter to that by economists is if the same money that the gamblers spent in the marketplace, would create more jobs and more tax revenue, sales tax and so on, if you just went in stores and bought instead of lost the money in their gambling activities. So in terms of a net, it's considered by most economists just a loser. Just like putting all the billions of dollars in stadiums, the same amount of tax money spent on other things like infrastructure, would be a much more expansive job producer and tax benefit as well.

Eric Lipton: You make the point, that if they don't spend the money on gambling, then they would spend it on retail or other things in the state would still see tax revenue. But the gambling industry argues that there already is a fair amount of black-market sports betting going on and that that's totally untaxed. And that essentially what they say that they're doing is trying to bring sports betting into a regulated space that is also a taxed space. So I mean that's their counter to the suggestion that essentially this money would be spent in a retail place and perhaps still see tax revenues.

Ralph Nader: We're talking with Eric Lipton of the *New York Times*. Do they have any evidence of the extent of illegal gambling that's left? I mean, there's not much incentive anymore to do illegal gambling when there's so much legal gambling.

Eric Lipton: Yeah, that's one of the things we pressed them on is they had all of these estimates as to how much an illegal gambling or sports betting there was and they said it could be as much as $500 billion a year. And we asked them to show us where that number came from, and they couldn't really produce hard data as to where that number came from. So it's hard to know just how much offshore black market sports betting that they're displacing. But what we know is that how much in total sports betting there is and it's pretty considerable. But it's hard to know how much of that is displaced betting that if there's almost $100 billion in handle, how much of that came from untaxed, unregulated.

Ralph Nader: I saw a piece in your article that intrigued me and it wasn't developed very much. I'll quote it. "Even some of the industry's one-time backers now say they paid insufficient attention to the risk that gambling would cause waves of addiction." Well, there is a counterweight here. They're not very big. It's called the National Council on Problem Gambling that sometimes shows up with their limited staff at these legislatures to oppose these bills. How far is this concern about addiction? Because addiction can lead to serious mental health problems, it could lead to unemployment by people, it could lead to suicide. And the gambling industry in their moments of pause, are very worried about uncontrollable spread of addiction, especially among young people and teenagers who get access here. What kind of concern and what are they doing about it?

Eric Lipton: Having spent time this year inside the state capitals in Missouri and Kansas for a fair amount of time. The *New York Times* and all its subscribers who that subscribe to it - although it's really expensive and time consuming to basically take up residence inside these state capitals, and I had a photographer with me as well, that's the kind of reporting (The New York Times with all its resources is capable of) you really have to do to get some visibility on this. Yet when I was inside of those state capitals, there was almost no presence of opposition to these sports betting bills. In Missouri, there was something like 75 different lobbyists registered on this compared to one woman coming in from Washington, D.C. who represented the National Problem Gambling Association in addition to one other local activist lobbyist who was expressing concerns about the potential for addiction, but they were completely overwhelmed by the presence of the industry lobbyists. And even the National Problem Gambling organization, when you look at who their donors are, is funded by sports betting companies. And I think that all you have to do is look at Britain and see there's been news coverage recently in the papers, for example in the *Times of London* there is talk about this. And in Australia and Britain and other parts of Europe, a real appreciation has become much more evident. And the EU government and the individual governments there are seeing the evidence of intense addiction problems, particularly among young people relative to sports betting, and they're starting to move to discuss restrictions on advertising and promotions around sports betting.

And so I think that we're a good number of years away from the saturation of this in American society. But I expect to see further consequences in the U.S. from the constant marketing of sports betting. It's on the TV constantly that people are talking about betting odds constantly. It's become a part of the fabric of sports in a way that kind of has transformed the sports experience in the United States into effectively a gambling operation.

Ralph Nader: Well, I saw in your article the most ominous thing on the horizon, and I'll quote it. "Top NASCAR (National Association for Stock Car Auto Racing) drivers and their teams are paid to promote sports betting. Professional baseball and hockey players recently won their leagues' blessings to sign their own endorsement deals." Do you think this could bring down sports? I mean, betting always is associated with corruption, with crossing the line, even if they've legalized the normal process, envy, whistleblowing, payoffs, behind the table. This is really stunning. I mean, you're going to see someone like Aaron Judge of the New York Yankees signing – I'm not saying he's going to do it – but someone like Aaron Judge of the New York Yankees could, under the new rules, sign an endorsement deal. And what kind of endorsement deal would it be?

Eric Lipton: Essentially the player then becomes a branded part of the marketing campaign can publicly endorse the product. And in certain like in NASCAR, they can wear like a, you know, they can advertise the sports betting platform. I don't know that we're going to see games being thrown because of corruption that has actually infiltrated players and sports teams. And another way I think that it has increased engagement with professional sports because if you have a financial interest in the outcome of the game or that you are more engaged in that game and maybe that's a good thing, depending on your perspective. But I think that the challenge is to try to manage the potential for addiction and over excessive use of available funds in a way that could cause financial harm to individuals. And how do you manage that?

But without question, the thing that is most interesting here is just yeah, it’s true that many people bet on the side or the college basketball betting or Super Bowl betting that’s been around for so long. But now with the institutionalization and the legalization it’s become just such a part of the enterprise of sports. It has fundamentally transformed the relationship we have with such an important part of our culture, which is sports is such a major factor in American society and now it is essentially a part of a gambling enterprise.

Ralph Nader: And it's going to include college sports as well given these deals of universities.

Eric Lipton: Yes, in many states. No, but in many states you're betting on college games. And certain states limit the ability to bet on college games because they're concerned that this is going to then entice students to be betting even if they're not legally allowed to bet.

Ralph Nader: Well, you make an accurate point. I mean, a major-league ballplayer is not going to strike out in a key game in order to collect some hidden gambling bets by the family or friends. But it's terrible for appearances, and it's fertile for suspicions where you're sitting there and you're watching this, and you know there are all kinds of endorsements and entanglements, and you say "Ah, he couldn't have bungled that play! That was deliberate." And so, there's a stench that begins arising by people who suspect that this greed does penetrate the games. Well, we'll see how that spreads out. I want to have you talk about what I think is the arch villain here, the guy who dreamt up all these complex parts of the legislation, techniques of lobbying, dealing with the tax laws, putting in amendments at the last minute in Kansas, saying that 80% of the revenues from this deal that Kansas State legislator John Barker got through will go to build a new stadium for the Kansas City Chiefs.

His name is Jeremy Kudon, K-U-D-O-N. He is a lawyer with a large firm, Orrick firm. I think one of its headquarters is in San Francisco. It used to be a fairly good antitrust law firm started by a former Justice Department official, Mr. Orrick, if I'm not mistaken. Tell us about the brain behind all this.

Eric Lipton: I mean, villain is a pretty strong word and I wouldn't endorse that characterization. And we got to know Jeremy through the reporting on this process. And actually, Kudon didn't play a role in the 80% set-aside in Kansas. He did have lobbyists that were working, and I met his lobbyists there in Kansas. And he had lobbyists in Missouri as well. And so he has a network of lobbyists across the United States that are working to pass this legislation. And what Kudon did was that he started working with FanDuel and DraftKings. What they started was what's called daily fantasy sports in which that you were betting on kind of makeup, imaginary games. And that was the first kind of toe in the water that they started in 2014/2015 that they worked to prevent states from determining that that was an illegal betting. And then they got legislation passed across the United States to defend the daily fantasy sports. And then they transitioned into sports betting. This FanDuel and DraftKings again, they never, I think especially DraftKings never saw daily fantasy sports as the end of the line. They always wanted to expand out to both sports betting and then iGaming.

And so Kudon had played a critical role both with daily fantasy sports and with sports betting and coming up with creative legal arguments like, for example, in New York State. The Constitution required that the gambling could only take place in certain locations. And so they said, well, if you put the computer server in certain locations where the sports bets will come in, then that should be sufficient to meet the constitutional requirements in New York. And that was something that Kudon pushed to the various state officials in New York State. And initially, Governor Cuomo then at the time said forget about it, that's ridiculous. We're not going to agree with that interpretation. But then Cuomo's people ended up adopting it when the sports betting industry was going to bring a lot of tax revenues to New York State.

Ralph Nader: Then they hired the chief lawyer for Cuomo to be their lobbyist.

Eric Lipton: Right, as an advisor to some of these companies, one of the lawyers for Cuomo. Yes. And so Kudon has played an important role of building what he calls it the Sports Betting Alliance. And the Sports Betting Alliance brought together DraftKings and FanDuel, along with some of the Major League sports operations. And as I said before, what I have seen in the states is that the only time you get this legislation passed is when you have the industry and all of the industry's lobbyists and influencers that have lined up behind a single bill, because as soon as you have them at odds with each other, then that's what takes the bills down. And so what Kudon is doing is building that consortium of special interest to all lobby for the same goal. And they generally succeed when they're all lined up in the same place. And he's done it. He's billed a lot of hours selling this practice across the United States.

Ralph Nader: Yeah, and listeners, Eric is right in not accepting my characterization. He is a reporter. My characterization of Jeremy Kudon as a villain is based on my widespread knowledge over the years about what corporate law firms do and the techniques that they use. In fact, one of Eric's colleagues, David Enrich, was on this show recently with his brilliant and very detailed book on the giant law firm Jones Day, which intertwined itself with the Trump administration and bullied a lot of innocent consumers representing manufacturers of hazardous products, among other things. And the reason why I characterized him as a villain, Eric, is because of the techniques he used. It's one thing for him to try to push these bills through based on evidence and arguments for obviously the public good, because that's what legislators are supposed to be doing. But he connected himself with gobs of campaign money, all kinds of receptions, gifts, as you noted in Kansas, whiskey, and other kinds of emoluments, not to mention corrupting the process by taking former attorney generals, like Attorney General Coakley of Massachusetts, and turning them into lobbyists, feeding the public cynicism among people that all politicians are crooks, they're just waiting to cash in after they leave government. So it's a very seedy operation. And as good a reporter as you are, you must know that there's a lot more seedy stuff that hasn't been made public. A lot of exposes are the tips of icebergs. It's almost impossible to go into the detail of whether these lobbyists are getting jobs for relatives of lawmakers and other techniques that have often surfaced.

Eric Lipton: Kudon is a smart guy who has figured out how to legally – and everything I saw he did was legal – work the system to his advantage and to his clients' advantage. And the whiskey and the cigar party were funded by other sports betting lobbyists, not his sports betting lobbyist. It was pan-national and Sporting KC, Sporting Kansas City, which is a soccer team anyway. That's a legal system that's been set up and he has pursued his agenda through that legal system.

Ralph Nader: Do you think that there is ever an asymptotic curve to the gambling process by people? In other words, is there a time when enough people start losing and the odds are always against them? The odds always favor the House as they say in Las Vegas. Do you think that after a while you'll start to decline? I mean, the frequency of customers at Atlantic City Casinos certainly declined. What was your sense in studying this whole industry? Is this something that people will see as a novelty and they'll love it? And then after they start losing their shirt, they won't have any part of it except for those who are chronically addicted into bankruptcy?

Eric Lipton: One of the interesting things that is happening in sports betting now is FanDuel, in particular, is pushing a way of betting that's called parlay bets. And the parlay bet is something where you do a bet on a sequence of outcomes, and so multiple games. And the odds of winning that are much lower on the multiple games, because you have to have a series of variables that go your way in order to get your reward. But you get a much better payout if you do a parlay bet than if you do a bet on a single outcome of a game. And the interesting thing is that the parlay bets have a much better profit margin. For a company like FanDuel, people end up losing them more frequently because they're pursuing a bigger payout. It's just like lottery is a really bad bet for you because you're most likely going to lose a lottery. But people look at these jackpots and they think, gosh, I'm going to become a multi-millionaire by buying this lottery ticket.

And the point I make is that, for a lot of people, the possibility of winning a lot of money is a pretty big incentive. And even if their odds are really low, there are certain people that are going to continue to make those bets and they're going to increasingly do parlay bets even though FanDuel knows that they have a higher profit margin on them, they're becoming more popular. Look at how long lotteries have been around and people have been buying lottery tickets even though you're most likely going to lose, or slot machines have been around and people have been playing slot machines and the odds are really bad on slot machines. And I think that the new technologies and the increasing accessibility of gambling opportunities is going to mean that more people are going to gamble because it's right in your pocket. You don't have to even go out of your house to bet illegally anymore.

Eventually they're going to have to continue to present you with new scintillating options and that's one of the things that companies are going to work on is bringing a new parlay bets as an example to bring you new fascinating ways to bet your money. And that's up to them to come up with these creative solutions. But I think that we're going to see more and more sports betting and they're already targeting new states like Texas and they just lost referendums in California, but they're certainly not done in California. They're targeting Missouri that hasn't legalized it and other states in the South that have more conservative legislatures that haven't adopted it or still waiting.
Alabama, Georgia, North Carolina, and South Carolina still have not legalized sports betting. So there's still a market for them to pursue. And you can believe that they're going to be out there pushing the state legislators to open up even more states to sports betting.

Ralph Nader: On that note, thank you very much, Eric, for your time and for your laborious work on this subject, as well as other prior Pulitzer Prize-winning and other journalistic articles awards that you have earned over the years, and good luck on your next project yet to be disclosed.

Eric Lipton: Yes, thank you so much. I appreciate it. And thanks for speaking with me about this.

Steve Skrovan: We have been speaking with Eric Lipton. We'll link to the series on sports gambling at ralphnaderradiohour.com. Up next, the holiday season is in full swing. If you want to buy toys for your kids, your grandkids, nieces and nephews, you won't want to miss what our next guest has to say. But first, let's check in with our corporate crime reporter, Russell Mokhiber.

Russell Mokhiber: From the National Press Building in Washington, D.C., this is your *Corporate Crime Reporter* "Morning Minute" for Friday, December 9, 2022. I'm Russell Mokhiber.

"A Delta Air Lines captain has won a complete legal victory when Delta finally threw in the towel on a six-year dispute that one judge said "weaponized" a mental health investigation against her," that's according to a report from AVweb.

Karlene Petitt was awarded $500,000 by a Labor Department tribunal. The airline was also forced to reinstate her as an international captain after determining airline executives plotted to use a bogus bipolar disorder diagnosis to bar her from flying. The action came after Petitt, who was working on a doctoral thesis, submitted a 43-page report critical of Delta's safety culture. Delta vowed to appeal the award in the name of safety but made a "business decision" and folded its case last week. For the *Corporate Crime Reporter*, I'm Russell Mokhiber.

Steve Skrovan: Thank you, Russell. Welcome back to the *Ralph Nader Radio Hour*. I'm Steve Skrovan, along with David Feldman. As you do your last minute holiday shopping, our next guest wants you to know there is trouble in Toyland. David?

David Feldman: Teresa Murray is a Consumer Watchdog with the US Public Interest Research Group Education Fund, and she directs US PIRG's Consumer Watchdog office, which looks out for consumers' health, safety and financial security. Welcome to the *Ralph Nader Radio Hour*.

Teresa Murray: Thanks for having me.

Ralph Nader: Welcome indeed, Teresa. We're going to focus now on your brand new report titled *Trouble In Toyland 2022*, an investigation that shows dangerous recalled toys are easy to buy. Meanwhile, parents need to do more to check toys and adhere to warning labels. We've been giving some attention over the years to dangerous toys. There's a section of the American Museum of Tort Law in Winsted, Connecticut devoted to dangerous toys. A lot of visitors wonder how a toy can be dangerous. Well, there's Attorney Swartz in Boston really started this whole field. He would sue toy manufacturers. Many of these toys came in from overseas and were unregulated without any safety standards, and there were chemistry sets that would explode, and loose parts of toys would be swallowed by children. And children would be injured in a variety of ways because the labeling was not accurate to warn the parents. And so there's a whole display of his work at the American Museum of Tort Law.

And he would go on to the *Today Show* before Christmas every year and talk about the 10 most dangerous toys on the market. And he made a lot of progress. In fact, even the statistics that you point out, Teresa, in your report indicate that while it's still a problem that needs serious attention, it was considerably worse in terms of death and injuries in past years. And the Consumer Product Safety Commission (CPSU), which we got through Congress back in the early '70s, started paying more attention to that. First of all, how do you define a toy?

Teresa Murray: Well, that's an interesting question. We define a toy as really anything that anybody of any age would play with. My husband has toys. But for purposes of regulation, the CPSC generally looks at children's toys aimed at children 12 and under.

Ralph Nader: And you say that about 200,000 people, including 70,000 children four years and younger, go to emergency rooms at hospitals or clinics each year because of toy related injuries or illnesses, according to the Consumer Product Safety Commission. Obviously that's just based on reports that emergency room doctors and others send to the Consumer Product Safety Commission in a systemic way, but there are a lot more injuries that don't get reported. Give us some examples of some of these dangerous toys.

Teresa Murray: Sure. Well, and you're absolutely correct that there are more injuries than are serious enough for somebody to go to the emergency room. I mean, think about it. For you to go to the emergency room or you to take your child to the emergency room, you have to be hurt or pretty sick. So that's a higher level. And there are all kinds of injuries that happen at home and are taken care of at home, and the kids are just fine. But those are still injuries as well. The kinds of injuries that rise to the level of sending somebody to the emergency room with, particularly with children, usually involve choking hazards and in some cases toys that have broken and the child has gotten a severe cut. And then with older kids, sometimes it's accidents involving scooters, the kids aren't wearing a helmet, things like that.

Ralph Nader: You have a section on recalled toys. What's the problem on recalled toys?

Teresa Murray: Well, of course toys can get recalled because they're dangerous. So toys are recalled for a reason, because they've been found to be dangerous. Maybe they were put on the market a week ago, or a month ago, or even years ago, and there have either been enough complaints that have been filed with regard to that toy or some kind of testing by the CPSC or perhaps by the company itself indicating that there's a problem with that toy, so it gets recalled. Now what we found, which of course and you probably know, it's illegal to sell recalled toys. Illegal and yet it is still happening. And so we launched this investigation and we set out this year, or actually during the month of October, we set out to look at all of the toys that have been recalled during this calendar year and to see how many of them that we could buy. Now we didn't try to buy all of them because some of them were like super huge and they would be really cumbersome to ship. And some of them, there were only a handful of 50 or 100 that were recalled but just didn’t quite rise to the level of being a concern or something we could probably get our hands on. A couple of the recalls were kind of offbeat things, like a kite string.

So we focused on the toys that we thought were relevant, that would be something that parents would buy for their preschoolers or their older kids, and that there were hundreds or thousands of the items that were recalled. So from our list, we were able, in the month of October, to buy half of the recalled toys that we tried to buy, which I found to be stunning. That's just shocking because again, it's illegal to sell recalled toys yet we had no problem doing so.

Ralph Nader: Do you have a list of the recalled toys by brand name on your website?

Teresa Murray: It's actually in the report in the appendix.

Ralph Nader: And what's the website?

Teresa Murray: Well, in our *Trouble in Toyland* report it's under the PIRG Education Fund website. Or you can go to toysafetytips.org.

Ralph Nader: Toysafetytips.org. You also talk about counterfeit toys. Why are toys subject to counterfeit and by whom?

Teresa Murray: Well, in a lot of the cases, the toys are manufactured overseas and you could have a really hot item that's hard to find. And so it's an opportunity for a bad guy to try and make a counterfeit version that looks like the regular version. And it may or may not actually have the brand name. It may not say Barbie; it may not say Fisher-Price or whatever. But it's meant to exactly mimic what the toy looks like with the same colors and everything like that. The counterfeit toys, like I said, they're seizing an opportunity. Either there's a popular toy that they know they can sell, or it's a hard to find toy. And so what happens is merchants in this country will either knowingly or unknowingly buy counterfeit toys, usually from international sellers. And of course the problem is if these toys are coming from other countries and they're counterfeits, they're not going to comply necessarily with US safety standards. There are more than 100 safety standards that toys must comply with everything from toxics to small parts and everything in between. And so these counterfeit toys are dangerous. They're unsafe, they're unregulated, they're under the radar, and they should not be able to be sold. Now, I will say that customs manages to seize a lot of the counterfeit toys that do attempt to be shipped into this country, but they don't get everything.

Ralph Nader: What is the Consumer Product Safety Commission website on toy safety information, because they have information over the years that you wouldn't have on your own website. Can you give that?

Teresa Murray: Yes, I can. There's two websites that I'll give you. One is cpsc.gov/recalls. And that's a good place for consumers to go to check whether toys that they're thinking about buying or that their kids got as a gift, or maybe you've had it for years. Maybe your kid got it last year and it's been recalled since and you won't necessarily know unless you heard about it on the news or if you go check. So people should go check. So it's cpsc.gov/recalls. And the other website that's important that's also under the CPSC is saferproducts.gov. And if you go to that website and type in a couple of keywords, you can see not only recalls of products, but you can also find complaints that have been filed. So you could have dozens of complaints that might be filed about a particular toy and it hasn't been recalled yet, but the CPSC looks at those complaints and that's part of what they use to determine whether a product should be recalled. Even if it hasn't been recalled yet, it might be a heads up to you that you know what, hey, maybe this toy isn't right for my child.

Ralph Nader: In your report *Trouble in Toyland 2022*, you have an intriguing statement that says “toys that violate our children's privacy.” What do you mean by that?

Teresa Murray: Well, technology is a great thing, except when it's not. And of course, just like we all have, phones and computers and Alexa and all kinds of things in our homes, and a lot of people like them, there's a downside when it comes to our kids. So we have an increasing number of smart toys, which, on some levels, can be good. Maybe it keeps the kid’s interest, maybe there’s an educational value. But in a lot of cases, these smart toys come with microphones or Bluetooth enabled, or even cameras, and then sometimes there’s data collection that goes on. And it can be with little doll babies that are aimed at five-year-old children. So the problems are when these toys are invading our children’s privacy, collecting information about them, maybe without the parents’ knowledge, and then in some cases the information can be used to market to the child, which is wrong. Or spy on the child, which is creepy. Or in some cases perhaps even stalk the child. And this happens to all of us, but as adults it's a little bit different.

But when you have information being collected about a young child and it's being sold to who knows who in what corner of the world, it’s very upsetting. And really parents need to read the terms and conditions of any kind of smart toy that they get or that they get as a gift, because if you don't read it, you don't know. And there are a lot of things that parents can opt out of by turning off settings and doing this and that. And then there are other things that you may just decide, hey, this toy is just way too much trouble and I don't want my child to play with it or I don't want my child to play with it unsupervised.

Ralph Nader: Well, when my sister Laura was raising her three children, she sidestepped all these problems by encouraging the children to make their own toys. They made very interesting toys themselves and never had to go into the marketplace at all. Do you know anything about the make your own toy efforts around the country?

Teresa Murray: I honestly don't know on any kind of formal basis. My boys sometimes made their own toys and it's certainly good, because whether you're trying to do it to save money or because you're trying to avoid going out into the unknown marketplace, I found that it kind of enhanced creativity. It allowed them to be able to think, gee, how would I design a toy? Now some people might say, yeah, my kids made toys. They dug the pots and pans out of the kitchen cupboards and banged on them. I don't think that's what you're talking about. It's not what I'm talking about. But there are plenty of websites and family groups that have ideas for how families can make their own toys, and I think that's an idea that's worth looking at.

Ralph Nader: We're talking with Teresa Murray, who is the principal author of this report on *Dangerous Toys 2022*. Steve? David?

Steve Skrovan: Yeah, Teresa, personal question, in your family, are you or your extended family, are you especially during the holiday, birthday seasons, are you the go to person where they say check with Teresa if we could buy this toy or you go to your brother's house and you see a toy and you go, uh-uh, not now, got to get, got to get rid of that. Are you that person?

Teresa Murray: Yeah, I oftentimes am because my kids are grown.

Steve Skrovan: Does that make you popular or unpopular?

Teresa Murray: Usually popular because if I stop somebody from buying something that could be dangerous or at least that the toys should be used in a way that wasn't obvious, then they're appreciative of it. So sometimes they make a different choice. If it's a gift that they've gotten and they're not quite sure about it, then they may decide to return it or they may decide that it's just appropriate to play with it under supervision.

Steve Skrovan: Very good.

Ralph Nader: David?

David Feldman: Teresa, I wanted to ask you about the questionable provenance of these toys we buy for our kids. If toy stores are closing around the country, does that make it more dangerous when parents are trying to purchase toys because they have to buy these toys online? And do they know where they're getting their toys from?

Teresa Murray: Yeah, you make an absolutely great point. There are a lot of things that are tragic about toy stores, local toy shops closing over the years, just like local bookstores and other types of small businesses. But particularly in the case of toys, it takes away the opportunity of parents to go in and touch and feel and look at toys and talk with the store owner who probably is pretty knowledgeable, and make sure they're making the best selection for their child. And you're absolutely right. If you're buying things online, which a lot of us end up having to do with whatever it is, oftentimes there's not transparency about the seller or where the product came from. There are lots of question marks. And it might be okay if you're buying shoes or a CD or something, or even perhaps electronics. But if it's something for your child, it can be very scary.

Ralph Nader: Is there anything in closing, Teresa, that you want to mention that we didn't ask you about?

Teresa Murray: Yeah, a couple of things that I think are important are that we are advocating for a couple of pieces of legislation in Congress, 1) the Inform Act and 2) the Shop Safe Act, both of which target merchants and not just suppliers when it comes to counterfeit goods, stolen goods, and those kinds of things. Because bad guys who are supplying dangerous products may not care about breaking the law, but the merchants do. So that'll be a good step to help protect families from counterfeits. And then the other thing that I think is just a big takeaway here. Families should realize and remember that just because a toy is for sale, doesn't mean that it's necessarily safe. It could be a recalled toy; it could be a counterfeit toy; it could be a toy that's just not appropriate for your child, particularly if your household has kids of different ages. You might have a two-year-old, and an eight-year-old, and the eight-year-old's toy is great, but not if that child isn't responsible enough to keep it away from the two-year-old. So parents need to make not just quick decisions; parents need to consider whether everything is right for their child.

But just because something's for sale, people should not automatically assume that, hey, this is great, I'll buy this for my kid or for my niece or my grandchild or whoever. And the other thing we stress in our report is this: whether your child has gotten a new toy for Christmas, Hanukkah, or Kwanzaa or if it's a toy they've had for a while, parents really need to check out the toy, especially if you have a young child, a preschooler, who might be at risk for a choking hazard. But if there are pieces, parents need to look at them and make sure that nothing is loose that could break off. If there are battery compartments, make sure that they're secure; they're required to be secure, but maybe they got jostled loose in shipping. So whether it's a new toy or a toy your child has had for six months or a year, check and make sure that that toy is still as safe as when you got it.

Ralph Nader: Well, your report ends on a very broad note of responsibility. You say, "Everyone (including) retailers, toy manufacturers, regulators, lawmakers, consumer advocates and families need to do more to protect children." And in this report, you have in living color 10 of this year's recalls and you named the brands like 2600 Koyo Bounca "The Squig" plush toys. The pompoms can detach from the toy posing a choking hazard to young children, the Consumer Product Safety Commission said. So the report gets very specific in that way. And thank you very much for doing this work and thank the US PIRG Education Fund for supporting it. And I hope that listeners will be more alert in buying these toys. An ounce of prevention is worth a pound of cure here. Just be more alert and get the information that's now available to you free that we discussed on this program. Thank you very much, Teresa Murray.

Teresa Murray: Nice talking with you. Thanks for having me.

Steve Skrovan: We've been speaking with Teresa Murray. We will link to her work at ralphnaderradiohour.com. I want to thank our guests again, Eric Lipton and Teresa Murray. For those of you listening on the radio, that's our show. For you podcast listeners, go to our Substack page at ralphnaderradiohour.com for bonus material we call "The Wrap Up." A transcript of this program will appear on the *Ralph Nader Radio Hour* website soon after the episode is posted.

David Feldman: Subscribe to us on our *Ralph Nader Radio Hour* YouTube channel. And for Ralph's weekly column, it's free, go to nader.org. For more from Russell Mokhiber, go to corporatecrimereporter.com.

Steve Skrovan: The American Museum of Tort Law has gone virtual. Go to tortmuseum.org to explore the exhibits, take a virtual tour, and learn about iconic tort cases from history.

David Feldman: To order your copy of the *Capitol Hill Citizen*, "Democracy Dies in Broad Daylight," go to capitolhillcitizen.com. The producers of the *Ralph Nader Radio Hour* are Jimmy Lee Wirt and Matthew Marran. Our executive producer is Alan Minsky.

Steve Skrovan: Our theme music "Stand Up, Rise Up" was written and performed by Kemp Harris. Our proofreader is Elisabeth Solomon. Our associate producer is Hannah Feldman. Our social media manager is Steven Wendt.

David Feldman: Join us next week on the *Ralph Nader Radio Hour*. Thank you, Ralph.

Ralph Nader: Thank you, everybody.