

PUBLIC

# GAMING

I N T E R N A T I O N A L

World's most widely read Lottery-Racino-Gaming magazine • Video, Racino, Casino, Internet, Wireless, Online, Scratch-Off

To: Lottery, Video Gaming & Racino Executives  
Interested in Growth, Expansion & Added Success

Public Gaming Research Institute Inc.'s  
*International*

## MORNING REPORT

Your weekly supplement to

*Public GAMING International Magazine*

February 14, 2005

**SMART-TECH 2005**

**65 ORGANIZATIONS REGISTERED**

Public Gaming Research Institute is pleased to announce that 65 organizations have registered for SMART-Tech 2005 in Las Vegas at the Bellagio Hotel, February 28 to March 3. Of the 65 organizations confirmed to date, 27 are lotteries and 38 are key companies that supply to or work with the lotteries and other government gaming.

**PARTICIPATING LOTTERIES:** Bolivia National Lottery, Bulgarian Sports Totalizator, District of Columbia Lottery and Charitable Games Board, Delaware Lottery, Florida Lottery, a Guatemala Lottery, Hoosier Lottery, Idaho Lottery, Illinois Lottery, a Lottery of India, Iowa Lottery Authority, Kentucky Lottery Corporation, Louisiana Lottery Corporation, Massachusetts Lottery, Missouri Lottery, Montana Lottery, Multi-State Lottery Association, New Mexico Lottery, Ontario Lottery, Pennsylvania Lottery, South Carolina Education Lottery, Spanish National Lottery, Tennessee Education Lottery Corporation, Vermont Lottery, Virginia Lottery, West Virginia Lottery and Washington State Lottery.

**PARTICIPATING COMPANIES:** A. Rifkin Co., Aristocrat Technology, Inc., Bally Gaming & Systems, BMM Test Labs, Creative Games, Cyberview Technology, Ernest & Young, GamCare, Gaming Laboratories International, G2E (Global Gaming), GTECH Corporation, Guy Simonis-At-Large, I2Corp, International Game Technology (IGT), International Gameco, Intralot USA, JCM-American Corporation, Kopel Research Group, Law Offices of Martin D. Owens, Lottery Technology Enterprises, Inc. (LTE), MDI – A Scientific Games Company, MTR Gaming Group, Inc., New Tech Games, Inc., Oberthur Gaming Technologies, Old West Gaming, Pollard Bank Note, Promo-Travel, Public Gaming Research Institute, Inc. Sande Stewart Television, Inc., Schafer Systems, Scientific Games, Smartplay International, Subscription Club Services, LLC., Sunshine Electronic Display Corp., Szrek2Solutions, Ticker Communications, Vegas Games, Inc. and WinWin Corporation.

### PROGRAM SCHEDULE

#### Monday, February 28

10 AM Registration  
2 PM Orientation for new people  
3 PM Welcome  
Keynote Speech  
Leadership Forum  
5 PM Reception  
7 PM Evening Open

#### Tuesday, March 1

8 AM Coffee & Danish  
9 AM Keynote Speech  
Panel Discussions

1 PM Luncheon  
3 PM Panel Discussions  
5 PM Reception  
7 PM Evening Open

#### Wednesday, March 2

8 AM Coffee & Danish  
9 AM Panel Discussions  
11AM Smart Idea Presentations  
and Voting for Top 10  
1 PM Luncheon  
3 PM Technology Tour  
5 PM Evening Open

## Thursday, March 3

8 AM Coffee & Danish  
9 AM Smart Idea Awards  
Closing Discussion  
Suggestions for Meetings  
11 AM Conference Adjourned

### SPONSORS FOR SMART-TECH



Gold Sponsors: JCM–American Corporation &



Scientific Games,



Silver Sponsor: International Game Technology (IGT);  
Bronze Sponsor:



GTECH Corporation;  
Listing Sponsors:



Bally Gaming & Systems;



Cyberview Technologies, Inc.

### ADDITIONAL SMART-TECH DETAILS

Additional details on SMART-Tech, including Keynote Speakers, Special Guest Speakers, Conference Sponsors and other information are included in the news release included with this Morning Report or see [www.publicgaming.org](http://www.publicgaming.org).

### SMART-IDEA PRESENTATIONS NOTICE

Please note that February 14 is the last date for submitting your request to be a Smart Idea presenter at SMART-Tech 2005. Presentations will be seven minutes in length and need to be new but

proven viable in at least one jurisdiction. E-mail name/title/organizations/contact information and very brief summary of idea to be presented to: [susanjason@aol.com](mailto:susanjason@aol.com) Questions, call 425-985-3159.

### COMPANY ANNOUNCEMENTS



**WPT TICKET BECOMES HOOSIER BEST SELLER.** In a span of just 16 days, \$100,000 Hold 'Em Poker® – featuring the high-stakes, high-style excitement of the World Poker Tour™ (WPT) – has become the Hoosier Lottery's best-selling \$5 scratch-off and best-selling licensed property game of all time. MDI owns the trademark for the Hold 'Em Poker® name for lottery tickets and is the exclusive lottery licensor of the World Poker Tour™ brand. The wholly owned subsidiary of Scientific Games already has a patent on one Hold 'Em Poker® play style, with patents pending on similar play styles that leverage the fun and excitement of this remarkably popular brand of cards. Part of the Hoosier Lottery's January 21 quadruple game launch, \$100,000 Hold 'Em Poker topped \$1.59 million in sales in its first full week, followed a week later by \$1.76 million. Week Two sales were comparatively higher than both the combined sales of the Lottery's four \$10 games and the aggregate sales of its three \$20 games.

### ARISTOCRAT NAMES KGM ITS PA DISTRIBUTOR.

In conjunction with its major sponsorship of the first annual Pennsylvania Gaming Congress, Aristocrat Technologies announced that it has named Keystone Gaming Company LLC (KGM Gaming) its exclusive gaming machine distributor in Pennsylvania. Pennsylvania legislation currently requires that gaming manufacturers place products in the state only through Pennsylvania-based licensed slot suppliers.



### CASINO CAREERS WINS USER'S CHOICE AWARD.

Casino Careers Online ([www.casinocareers.com](http://www.casinocareers.com)) has been selected as one of the Top 30 sites for the Weddle's "User's Choice Award" winners in 2005. Over 15,000 people cast ballots for more than 150 job boards in the US, Canada, & UK to select "the elite of the online employment industry."

**CYBER GAMES SOAR IN NJ.** "Since the launch of Cyber Slingo® and Tetris® more than 5.5 million access codes have been played to achieve New Jersey E-game sales of over US \$13,000,000 in 2004. Cyber Slingo® and Tetris® have provided incremental revenues, without cannibalizing any other instant games!" said Foster Krupa, Marketing/Instant Product Manager of the New Jersey Lottery.

**CASH EXPRESS APPROVED IN MS.** Aristocrat Technologies Solution Provider Excellence Award was given to InfoGenesis announced that its industry standout Cash Express Hyperlink progressive game was recently approved by The Mississippi Gaming Commission for introduction into one of the United States' largest gaming jurisdictions. Cash Express debuted in the United States in 1992 and is widely available in Nevada, California, Indiana, Detroit and most Native American casinos nationwide. In Cash Express, a random trigger signals the train whistle to blow during play on Aristocrat's MKVI(TM) base game. The lucky player is transported into the second-screen bonus with five spinning reels. Aristocrat Technologies' Hyperlink progressive suite of products includes Cash Express; Cash Express Penny Train; Jackpot Carnival; and Millionis\$er, which offers players the chance to win up to a \$1 million jackpot on a penny slot.

**ESSNET E6 TO RHEINLAND-PFALZ.** EssNet has finalized a contract under the cooperation agreement signed in 2004 with Lotto Rheinland-Pfalz, Germany. Under the terms of the contract, EssNet will supply 1,150 E6 lottery terminals, including project management and training.



SCS designs and implements everything a State Lottery needs to offer its Players a comprehensive, flexible and state-of-the-art subscription services program.



**FTC REQUESTS INFO FROM PENN, ARGOSY.** Penn National Gaming, Inc. and Argosy Gaming Company announced that, as expected, they have received a request from the FTC for more information relating to the previously announced merger of Penn National and Argosy. The companies intend to respond promptly to the information request. This "second request" extends the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 during which the FTC reviews the transaction.

**GAMING TRANSACTIONS INC. ANNOUNCES KENO.COM.** Gaming Transactions Inc. announced its entry into the online gaming entertainment sector with the acquisition of Keno Ltd. (UK), the licensee of www.keno.com. The acquisition, which finalized on September 30th of last year, includes the licensing of gaming transactional software and a number of games. Since then, the Company has built its infrastructure and attracted a management team with depth and experience in e-commerce; specifically, internet gaming and casinos.

**IBM AWARDS INFOGENESIS.** InfoGenesis recently won a Solution Provider Excellence Award from IBM at the seventh annual IBM Retail Store Solution Education Conference in Long Beach, California. This prestigious award is given annually to the top four IBM resellers in North America. InfoGenesis was the only company from the hospitality market segment to win the award for 2004. In addition, a second

Australia for their work in the Asia Pacific market.

## PEOPLE

The Georgia Lottery Corporation has hired **Connie Laverty** as its new chief operating officer. Laverty was most recently the marketing director at the New York Lottery.



The Pennsylvania Gaming Control Board hired two members of its executive staff last week. **Nick Hays**, a deputy director of communications for Governor Edward G. Rendell, becomes the Board's Director of Communications. He will serve as the Board's primary spokesman, overseeing all public-affairs issues. **Michael Walsh**, a special assistant to the Governor, joins the Board as a special assistant and will concentrate on administrative and human resources issues. CES Software plc announced that **Richard M. Weil** has been named President of CES' business operations. Prior to joining CES, Mr. Weil was the Corporate Vice President of International Business Development for Scientific Games Corporation, formerly "Autotote Corporation", which he joined as Vice President of Manufacturing in 1994. During his time with the company, he assisted with numerous acquisitions (including Scientific Games, MDI, Serchi, and IGT On-line Systems), contributed to major international growth and development, and significantly enhanced shareholder value. Prior to his time at Scientific Games, Mr. Weil was a senior management consultant at Monitor Company, a top-ten strategic planning and corporate development firm. Mr. Weil, who has been acting as an advisor and consultant to the CES management team over the past six months, will assume operational responsibilities for all CES business units. This is not a board appointment.



Lionel Sawyer & Collins named seven new partners in 2005. **Hector Carbajal** (Litigation Department), **Emilia Cargill** (Business Law Department), **Lance Coburn** (Litigation Department), **John Naylor** (Litigation Department), and **Elizabeth Brennan** (Litigation Department) are new partners in the Firm's Las Vegas office, and **Shawn Elicegui** (Administrative Law Department) and **Leif Reid** (Litigation Department) are new partners in the Firm's Reno office.

The National Center for Responsible Gaming broadened its board of directors by electing **Jan Jones**, a senior vice president at Harrah's Entertainment, Inc.; **Eileen Luna-Firebaugh**, associate professor of American Indian studies at the University of Arizona; and **Eric M. Turner**, a former lottery administrator, to the NCRG board. The board also at that time established an advisory council comprised of leading



experts who study or work in different aspects of the gaming industry to provide ongoing strategic counsel to the NCRG.

Aristocrat Technologies, Inc. announced that **Melissa Adams** as been promoted to Senior Director, Business Development, reporting directly to President Gavin Isaacs. In this key new role for the Company, Adams will serve as liaison between Aristocrat and external companies and government agencies to build strategic alliances and assist in growing the business. For the past year, Adams has served as Aristocrat's Senior Sales Development Executive, with responsibilities for cultivating and managing new market initiatives. Prior to that, she served three years as a Senior Sales Account Executive, overseeing Aristocrat's sales territories in Arizona, Colorado and Nevada.



## VIDEO GAMING/RACINOS

**OR LOTTERY DELAYS ANNOUNCING LINE-GAME PLAN.** Oregon Lottery Director Dale Penn delayed until Feb. 15 announcing a revised plan for reducing bar and tavern shares of video gambling profits after slot-type games are added. At the same time, he said the rollout of line games will include new steps to lessen chances of creating new problem gamblers. The moves might include putting clocks on machines to remind players how long they have gambled and displaying the money played in dollars and cents instead of as "credits" worth 25 cents each.

**KY LEGISLATOR SEEKS SLOTS.** Kentucky Rep. Tom Burch is planning to file two bills to legalize slot machines. One would add machines at eight tracks; the other would allow the matter to be decided by residents of each county.

**MLC COMMITS \$10 MILLION TOWARD RESPONSIBLE GAMING.** Manitoba Lotteries Corporation (MLC) announced a fund that will see an estimated \$10 million commitment over five years, to enhance its research and programming related to problem gambling and responsible gaming. These new funds and increased commitments in other areas will bring MLC's total spending on Responsible Gaming to an estimated \$27 million over the next five years. Manitoba Lotteries commitment to responsible gaming in the next fiscal year (2005-06) will rise to an estimated \$5.4 million or 2% of MLC's estimated net income. Approving this expenditure level in 2005-06 will enable the Corporation to achieve its 2% goal two years earlier than planned. It represents an increase of 94% over 2004-05, or 242% since 1998-99. As a result, the Addictions Foundation of Manitoba will receive an additional \$500,000 next year, increasing their budget from \$2.0 million to \$2.5 million, an increase of 25%.

## LOTTERY NEWS

**MEGA MILLIONS COMING TO CA.** The California Lottery Commission approved the California Lottery entering a multi-state lottery game and selected Mega Millions. The

Commission voted 3-0 to approve joining Mega Millions. California has been considering joining a multi-state lottery game for more than a year. Exploring joining a multi-state game was an integral part of the Lottery's 2004/05 Business Plan and the California Performance Review also recommended the state join a multi-state game. California chose Mega Millions because they felt it offered more frequent big jackpots including a greater probability of jackpots greater than \$200 million. Also, the other members of Mega Millions are more similar to California as they are also large, urban states that already have a strong in-state Lotto game. The addition of California brings the total Mega Millions population to more than 150 million.

**PAY AT THE PUMP POLL.** In an informal poll between January 28 and February 6, visitors to the Nebraska Lottery website were asked the following question. "*If you pay at the pump for gas, do you go inside to buy Lottery tickets?*" Among the 681 respondents, 14.5 percent said, "Always", and 41 percent said, "Sometimes". The size of Lotto game jackpots (Powerball or Nebraska Pick 5) was a consideration for 12 percent who said they go into the store to buy tickets after paying at the pump, "*If the jackpot is big.*" About 8 percent of respondents indicated that time was a factor (probably why they pay at the pump), and replied, "*Not if I'm in a hurry.*" Apparently 24 percent of players who pay at the pump, but said they "*Never*" go inside to buy tickets after doing so, take advantage of the Nebraska Lottery's many offerings at other times or at other locations.

### MA SALES SOAR IN FIRST HALF OF FY05.

Massachusetts State Lottery's sales for the first half of Fiscal Year 2005 rose 5.9% over the same six month period in Fiscal Year 2004. The Lottery had sales of \$2.2 billion for the months of July through December, surpassing FY04 mid-year revenues of \$2.1 billion. The Lottery enjoyed a record-breaking year in FY04 with \$4.3 billion in revenues. A number of factors have been credited for the successful start in FY05, including an increase in instant ticket sales. So far this fiscal year, instant ticket sales have grown by more than \$183 million. Mega Millions, the new Cash WinFall game, the Numbers Game and Megabucks have also enjoyed robust sales this year.

**TX BREAKS \$7 BILLION BARRIER.** The Texas Lottery Commission announced that total transfers to the Foundation School Fund, which supports public education in Texas, have topped \$7 billion. As of February 2, 2005, the exact amount transferred to the fund is \$7,012,935,039.

**ARKANSAS LOTTERY PROPOSED.** Arkansas Rep. Buddy Blair proposed a constitutional amendment to authorize a state lottery to benefit upgrades to public school buildings and equipment. If the bill makes it through the legislature it would appear on the November 2006 ballot.

**SVENSKA SPEL INTERNATIONAL.** Following a board decision, Svenska Spel has established a new business area as of this year. Svenska Spel International will focus on commercial cooperation with state controlled or regulated lotteries and gaming operators in Europe and later in other parts of the world. Svenska Spel International will also be responsible for all international contacts and affairs, business

visits and contacts with WLA and EL. The new department will be headed by Mr **Jan Stocklassa**, who at present lives in the Czech Republic. He has previously worked with MTG AB, Metro AB and the Swedish Trade Council. He will be assisted by Mrs **Monica Medvall**, who has more than 20 years experience from the Swedish lottery and gaming business and Mr **Göran Wessberg**, who for many years have been working with international contacts at Svenska Spel.

**SC LAUNCHES PALMETTO CASH 5.** On February 12, 2005, SCEL will begin another chapter for lottery historians with the launch of Palmetto Cash 5! For the first time in lottery history, this five-digit game will be introduced to players as a \$2 price point including the Power-Up option. Palmetto Cash 5 is a new \$1 online game that gives players the "power" to win big. For an extra \$1, the five-of-five multiplier game offers a new style of play and prizes up to \$500,000 with the "Power Up" option. Players have several ways to win. Drawings for Palmetto Cash 5 will be televised live at 6:59 p.m. Mondays, Wednesdays and Fridays. Players can purchase up to 10 consecutive drawings in advance. Palmetto Cash 5, which will replace Carolina 5, joins the online mix of Pick 3 and Pick 4. Carolina 5 is now a \$5 instant ticket, and players still will have a chance to win \$100,000 taxes paid!

**SVENSKA SPEL UP IN 2004.** Svenska Spel, the Swedish National Lottery, had another record year with gross sales of 20,2 billion SEK (2.2 billion Euro) for 2004. This was an increase of 3.5%. The preliminary revenue was 4.8 billion SEK (530 million Euro), up 2.7% compared to the previous year. This increase was mainly due to growth for the casinos (+ 18.6%) and Internet gaming. Internet sales were up from 495 to 777 million SEK (85 million Euro) in 2004 which meant an increase of 56.8%. Traditional retailing was down by 0.8%.

**OK IN OCTOBER.** (AP) Oklahoma Finance Director Scott Meacham says he is confident a state lottery will be in operation on a limited basis this fall. An October 1st starting date was projected when state officials estimated that the lottery would generate \$62-million for the state during the fiscal year that begins July 1st. Meacham says he believes the lottery can begin "around October" by offering only the scratch off lottery tickets. He says online lottery games will begin about six months later and "power ball" games with big prizes tied to lotteries in other states would start about six months after that.

**WY BILL DEFEATED.** (AP) The Wyoming House narrowly defeated a lottery Bill that would have created a state lottery. The vote was 29-29, two votes shy of passage, with two representatives excused. The bill would have allowed Wyoming to join 27 states that offer Powerball, including five of Wyoming's six surrounding states. Oversight of Wyoming's lottery would have come from the state's Pari-Mutuel Commission. Last year, the House passed a lottery bill 32-24, but the measure was killed in the Senate.

## CASE STUDIES

### NEW YORK CASE STUDY: \$250,000,000 PRIZE PAYOUT BONANZA

A trip to the bakery for Italian bread raised a lot of dough for Joseph Nicoletti of Deer Park, Long Island. In search of two things, Italian bread to accompany his pasta dinner and a Lottery ticket, Nicoletti ventured out into a January snowstorm. When he found the bakery was closed he felt lucky that his favorite New York Lottery retailer was open and he purchased a \$250,000,000 Prize Payout Bonanza, an Instant game ticket that Nicoletti refers to as one of the "Big Boys" because of its high jackpot payout.

Nicoletti, a retired bus driver living in a senior home, became the first \$2 million jackpot winner on the brand new \$250,000,000 Prize Payout Bonanza Instant game ticket. He will now buy a condo and "pay someone else to mow the lawn and shovel snow." He also plans to pay off all of his bills and continue to eat good Italian food with his newly acquired dough.

"It's wonderful to see the impact that winning such a prize will have on Joseph Nicoletti. He is someone who has worked all of his life serving others," said Lottery Director Nancy Palumbo, "now he will have the chance to have others serve him."

\$250,000,000 Prize Payout Bonanza is a \$10.00 Instant game ticket that offers players 15 chances to win up to \$2 million. Overall odds of winning on this ticket are 1 in 3.7 Nicoletti will receive his \$2 million prize in 20 annual payments of \$100,000, less required tax withholdings.

Ten dollar Instant Game tickets are popular among New York Lottery players although not the best revenue generators for Education. They currently generate about 25% of our instant business and consistently rank among the top sellers. The prospect of winning a huge sum of money "in an Instant" is appealing, particularly because the game is designed with lots of lower prizes incorporated into the prize structure. When a player spends \$10 on a ticket, they expect to have at least some return on their investment, which dictates a higher prize payout in the 75% percentile.

The higher payout percentage on \$10 games creates a marketing dilemma whereby sales sometimes grow at the expense of revenue. A lottery needs to balance their product mix by price point to maximize revenues to the bottom line, not just increase sales.

\$250,000,000 Prize Payout Bonanza has generated an average of \$6,000,000 in weekly sales since its debut on January 5, 2005 at our leading retail location in New York City, in front of Hudson News located in the Port Authority. Winner awareness is a significant component of making this and every other \$10 product offering a continued success.



# SMART-TECH 2005 – Bellagio Hotel

## February 28 – March 3, 2005

### CONFERENCE REGISTRATION FORM

Please fill out this form and fax back to 206-232-2564. Please mail original and payment to:

Public Gaming Research Institute, 218 Main Street, #203, Kirkland, WA 98033, or charge to American Express, MasterCard, or Visa (see below).

Each Registration is \$895.00

Conference registration includes all events, cocktail parties, continental breakfasts, luncheons, exhibit hall, all conference seminars, off-site events.

**\*\*\*THERE IS NO CHARGE FOR LOTTERY, GOVERNMENT, CASINO, RACING OR RACINO EXECUTIVES \*\*\*\***

Contact/Title: \_\_\_\_\_  
 Company: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_  
 State/Prov./ \_\_\_\_\_ Zip/Postal Code: \_\_\_\_\_  
 Tel.: \_\_\_\_\_ Fax: \_\_\_\_\_  
 Signature: \_\_\_\_\_  
 Email: \_\_\_\_\_

Number of Registrations \_\_\_\_\_ Total \$ \_\_\_\_\_

#### Payment Terms and Options:

Please charge to my credit card \_\_\_\_\_ Please invoice me \_\_\_\_\_

Payment is accepted by American Express, MasterCard or Visa credit cards.

Fill-in below for charges.

Amount: \_\_\_\_\_  
 Card Number: \_\_\_\_\_ Exp. date: \_\_\_\_\_  
 Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Name on Card: \_\_\_\_\_

**HOTEL RESERVATIONS: CONFERENCE ROOM RATE \$159/ ROOM**  
**Bellagio Hotel, 3600 S. Las Vegas Blvd., Las Vegas, NV 89109**  
**Contact Room Reservations Department at (888) 987-6667, (702) 693-7444**  
**or on the website at www.bellagio.com under the PUBLIC GAMING /**  
**SMART-TECH 2005 to get special room rate.**