

To: Lottery CEO's, IALS Members, Marketing Directors,  
PR/Communications Directors

**Public Gaming Research Institute Inc.'s**

# INTERNATIONAL MORNING REPORT

Your weekly supplement to  
*Public Gaming International Magazine*  
January 13, 2003

## **SMART-TECH HOTEL ALERT!**

If you have not already done so, please book your SMART-Tech hotel rooms ASAP by calling the DoubleTree Suites at 843-577-2644 or 800-222-8733. For more information on SMART-Tech, please visit us at [www.publicgaming.org](http://www.publicgaming.org).

**WI DIRECTOR SHAKEUP.** Wisconsin Lottery Director William Conway resigned last Monday, January 6, allowing Governor-elect Jim Doyle to appoint a director of his own choosing.

**MICHIGAN TO LAUNCH WINFALL.** Saturday, January 18, 2003 marks the date of the very last drawing for the Michigan Lottery's Michigan Millions game. Sales of WINFALL, sporting a 6:49 matrix, will begin on Sunday, January 19, 2003. The match five prize in WINFALL is \$2,500 and the match four prize is \$100, and there is a \$5 cash prize for matching just three numbers. WINFALL jackpots start at \$2 million, and when the announced jackpot reaches \$5 million and no one matches all six winning numbers all of the prize money, including the cash accumulated in the jackpot, is paid out to the match five, match four and match three winners in that drawing and each of those lower-level prizes increases by approximately 10 times.

**HOOSIER GIVES NOD TO AMBER ALERT.** The Hoosier Lottery has become the fourth Lottery (Florida, Nebraska, and West Virginia) to allow lottery terminals to broadcast information about child abductions through the Amber Alert system. Hoosier terminals will display the information, and retailers will be able to print and post the information in their stores.

**NJ CELEBRATES RECORD SALES WEEK.** The New Jersey Lottery announced a record breaking sales week for its instant ticket products. For the week ending

December 25, 2002, the Lottery reported instant ticket sales of \$19.2 million, surpassing the previous record of \$17.2 million set during the week ending December 18.

**PA SHUTS DOWN 900.** Effective immediately, the 900 phone number for the Pennsylvania Lottery's winning numbers will no longer be available. To obtain drawing results, players are now directed to visit the Lottery's website, [www.palottery.com](http://www.palottery.com), where the information is posted immediately after the drawing.

**NORTH DAKOTA UPDATE.** North Dakota lawmakers are currently discussing a number of issues pertaining to lottery startup. Among issues is a bill that would funnel 1% of profits to gambling addiction programs. Another issue includes a debate about whether players should be at least 18 or 21 years old. An AP survey of ND legislators found that 36 House members favored an 18-yr minimum, 30 favored the 21-yr, and eight were undecided. Twenty-two senators favored 18-yr, 11 favored 21-yr, and five were undecided. When asked whether they would support only Powerball, 31 House members said they would only support the one game, 17 were willing to authorize other games, 20 were undecided, and 6 don't want to allow any lottery. In the Senate, 16 said they would only support Powerball, 8 were willing to authorize other games, 13 were undecided, and one opposed all games.

**ILLINOIS SAYS THANK YOU.** To thank Illinois Lottery players for helping set a new sales record last year, the Lottery is offering players a second chance to win big. From January 6 - February 7, Illinois Lottery players can send in any non-winning Illinois Lottery online or instant ticket(s) to be entered into a special drawing to be held on Valentine's Day, February 14. Twenty participants will each be awarded \$10,000 cash in the Fun for All Cash Giveaway. All entries must be postmarked by February 7, 2003.

**WASHINGTON STATE LAUNCHES PROBLEM GAMBLING PROGRAM.** Washington began its first program to treat Problem Gamblers on November 1. The Legislature funded the new program with a small portion of the revenue from the Lottery's new multi-state game. In the first two months, 148 Problem Gamblers and their family members have been referred for treatment. To receive treatment, individuals will have to test positive for addicted gambling and meet certain standards for financial eligibility.

**MD GOV. LOOKS TO UNCLAIMED PRIZES.** Maryland Gov. Parris N. Glendening offered a plan that his aides say will allow governor-elect Robert L. Ehrlich Jr. to take office this week with a clean budget slate. Gov. Glendening is proposing that the \$548.6 million deficit for fiscal 2003 can be overcome with \$174.2 million in spending cuts by state agencies, the courts and the

legislature. He would also take \$189.4 million from the state's rainy day fund and \$89 million from other funds, including \$10 million in unclaimed prizes in the lottery agency's budget.

**SCEL CELEBRATES FIRST YEAR.** South Carolina Education Lottery began with just four versions of scratch-off tickets, and a handful of employees. A year later, the lottery has expanded to include more than 30 scratch-off tickets, two online games and Powerball, and the staff has grown to 130 people. Since the lottery began on January 7, 2002, ticket sales have brought in \$640 million, with about \$400 million going toward prizes, and more than \$151 million has gone to South Carolina's Lottery Education Fund. To commemorate its first anniversary SCEL will launch an informational campaign about where the proceeds go and how they benefit South Carolina. The SCEL is also introducing a new instant ticket, Carolina Riches. This is a revision of one of four inaugural instant tickets, \$100,000 Carolina Riches. In the newer version, if players find a birthday cake in the bonus box, the player wins \$1,000. This game offers a considerable prize structure, with odds of winning at 1 in 2.6.

**INDIANA SEEKS VIDEO PULL-TABS.** The Indiana gaming lobby is trying, once again, to introduce video pull-tab machines. Lawmakers will introduce legislation before January 13 to install 750 VPTM at each of four locations. If the legislation is successful Indiana will become the third state to utilize the machines. The Iowa Lottery will soon be piloting 40 VPTMs, and the machines are active at tribal casinos in Washington State.

**OREGON BILL WOULD CUT VLT COMMISSIONS.** Oregon State Rep. Diane Rosenbaum will be introducing a bill to cut VLT commissions from the current average of 32% to 15%. Supporters of the bill believe it would gain approximately \$70 million a year for state programs.

**EUROMILLIONS!** Camelot has signed a letter of intent with the French lottery operator, La Francaise de Jeux and Spanish lottery, Loterias y Apuestas del Estado to start up the multi-national game, "*Euromillions*" ("*Euromillones*" in Spain). The launch is scheduled for the first quarter of 2004. Lotteries from other countries are invited to join after the launch. The Lotto-styled game will have weekly draws, and a 2 euros price tag. Twelve prize tiers will be funded with approximately 50% of the sales. Jackpots are expected to start around 15 million euros, and will rollover.

**CAMELOT EXPANDS TO DIGITAL TV.** Camelot and Sky Interactive will work together to offer players the ability to buy tickets for the National Lottery draws through the Sky Active interactive television platform

(available in more than six million UK homes) in addition to information on results, games, good cause beneficiaries and winners. It is anticipated that the National Lottery will launch on Sky Active during 2003. The development of the lottery through digital interactive TV is part of a £45 million investment by Camelot which will also see scratchcards launched via the internet in February and full lottery games being available online by the end of the year.

## **COMPANY ANNOUNCEMENTS**

**SGI COMPLETES ACQUISITION OF MDI.** Scientific Games Corporation announced that its wholly owned indirect subsidiaries, Blue Suede Acquisition Corp. and Scientific Games International accepted for purchase all of the shares properly tendered under the previously announced offer to acquire all of the outstanding shares of common stock of MDI Entertainment, Inc. at \$1.60 per share.

**NEW MEXICO LAUNCHES BETTY BOOP.** The New Mexico Lottery launched Betty Boop last week. The New Mexico game features 1.2 million tickets. Each ticket costs \$2 and gives lottery players 10 chances to win cash prizes of up to \$10,000. The Lottery is the 9th to introduce a Betty Boop instant scratch game through MDI.

**NEW JERSEY LAUNCHES PTI's WILD ARUBA STUD™ POKER.** New Jersey has released their latest PTI Partner Promotion featuring the gaming themed Wild Aruba Stud™ Poker. "As a \$2 instant ticket, we expect it to follow in the footsteps of previous PTI games we have launched, including Caribbean Stud Poker®, Bahama Bonus™ and Maui Money™, which have been among the lottery's top selling \$2 games, outselling both standard and license properties," stated Foster Krupa, New Jersey's Marketing Director. Wild Aruba Stud Poker includes 125 exotic vacations packages to the all-inclusive Aruba Divi Beach Resort.

**ESSNET IN INDIA AND HUNGARY.** EssNet signed a contract to deliver an on-line lottery system to ITSPL, a Modi Enterprises company in India. Under the terms of the contract, EssNet will start installation of an ELOS system in January 2003 and approximately 10,000 terminals will be distributed all over India within the first year. Initially, Lotto, Pick 3 and a traditional game will be offered. EssNet also signed a contract with Szerencsejáték Rt, the national lottery in Hungary, to supply new ELOS central system hardware and to upgrade the current software. The contract also includes a five year maintenance agreement.

**Submit material for next week's Morning Report by Wednesday of this week to [Toddpgr2@aol.com](mailto:Toddpgr2@aol.com)**



December 23, 2002

Dear Colleague,

It is with great pleasure that I have the opportunity to invite you to SMART-Tech 2003 in Charleston, South Carolina! It is hard to believe that at this time last year the South Carolina Education Lottery (SCEL) had not sold the first lottery ticket. Almost a year has past and my knowledge of our industry has certainly grown by leaps and bounds. Our lottery's success is due in part to the hard work of our great employees; however, we owe both our fellow colleagues and vendors a debt of gratitude.

The SMART-Tech 2003 conference is filled with educational seminars, panel discussions and new ideas that we trust will be beneficial to you.

As the co-host with Public Gaming Research Institute, the South Carolina Education Lottery invites you to join us in learning, sharing and communicating the cutting-edge issues that will shape our industry.

The southern hospitality and charm of Charleston, SC is the perfect setting to host this conference. Please join us at SMART-Tech 2003 in Charleston, February 9-12.

Sincerely,

A handwritten signature in black ink that reads "Ernie Passailaigue".

Ernie Passailaigue  
Executive Director

# Public Gaming Research Institute, Inc.

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Web Site: [www.publicgaming.org](http://www.publicgaming.org) E-mail: [duaneburke@aol.com](mailto:duaneburke@aol.com)

## **YOUR INVITATION TO SMART-Tech 2003**

Co-Hosts: Public Gaming Research institute, Inc.

And the South Carolina Education Lottery

February 9-12, 2003 • Charleston, South Carolina

January 3, 2003

Dear Lottery Associate:

PGRI's SMART-Tech is always a forum for exchanging ideas to make the lotteries more successful. But this year, more than ever, PGRI will strive to make SMART-Tech 2003 a springboard for lotteries to see new ways to help their states close the gap between budgetary needs and serious shortfalls in traditional state revenues. From cutting edge ideas to better application of well know concepts, SMART-Tech will help lotteries and suppliers look ahead and be more successful.

Increased emphasis will be given in the program this year to discussions that open the way for a broader exchanges of ideas. In addition, we will make a part of each session, an element entitled "From Ideas to Action" in which lottery leaders will be challenged to give their best suggestions on how best to implement the revenue growth ideas being discussed.

Revenue growth comes in many forms including, expansion of product offerings based on successes elsewhere, improved marketing of existing products, improved retailer sales strategies, improved advertising, reduced operating costs and the addition of products new to the lottery industry. All of these strategies for growth will be explored by the experts participating in the program.

We look forward to your contribution to helping the lotteries grow by participating in SMART-Tech 2003.

Sincerely,



Duane V. Burke  
President & CEO

# SMART-Tech 2003

Co-Hosts: Public Gaming Research Institute, Inc.  
And the South Carolina Education Lottery  
February 9-12, 2003  
Charleston, South Carolina • Doubletree Suites Hotel

## PROGRAM OUTLINE and SCHEDULE

**Theme:** *Lotteries Helping States Close the Gap in State Finances*  
**Special Feature:** *New Lottery States & New Lottery Directors Forum*

The pressing financial needs of most states are causing state lawmakers to look to lotteries to supplement lagging traditional state revenues to a degree never before seen. Lotteries are now in the position of considering expansion to games previously deemed unacceptable by their governments. This opportunity to help their states even more, however, brings with it the challenge of what is best done and how best to proceed.

SMART-Tech 2003 is the annual opportunity that lotteries have to discuss such challenges with their peers and to share ideas on how best to rapidly grow lottery revenues. A key concept for this years meeting will be turning ideas into revenue producing action.

Special emphasis will be on discussion formats for the program topics to ensure the broadest possible sampling of good ideas and most successful experiences. Principal topics for the SMART-Tech 2003 program are listed below:

**THE SOUTH CAROLINA SUCCESS STORY:** The South Carolina Education Lottery is the newest in operation in the US. The lottery benefited from the experience of the established lotteries and suppliers in the US. So, with that background, we can expect that the South Carolina Education Lottery has the “best of the best” in many aspects of its implementation. This session will be devoted to hearing about what has worked best for the lottery that, in turn, might be applied to some of the other operating lotteries as well as the lotteries about to come on-line.

**MULTI-STATE GAMES:** Multi-jurisdictional games are the “stars” of on-line game sales and are bringing increasing revenues, increasing excitement and nationwide publicity to the lotteries. This session will examine what is happening with on-line games with special emphasis on the multi-state games and will look at the opportunities for growth from them. The Spanish “el Gordo” with the world’s largest prize pool and its unique prize distribution system will also be covered for what ideas that it may evoke.

**VIDEO LOTTERY:** Video Lottery is the single best producer in most states where it is implemented. This session will be devoted to reviewing the revenue benefits; getting beyond the political obstacles; choosing the best business model for your state; planning implementation, staffing, oversight and management.

**INSTANT GAMES & LICENSED PRODUCTS:** Instant tickets are a cornerstone to lottery revenues but more can be done. This session will explore what more can be done and what the prospective pay-offs of improvements may be.

**ON-LINE GAMES:** Single jurisdiction on-line games have become a disappointment in terms of revenue growth over the past several years. This session will examine what is happening in game development, marketing strategies and sales strategies to increase sales.

**INTERNET & eCOMMERCE:** Most of the “world changing” benefits of the Internet have yet to come to lotteries in North America with no lotteries yet using this incredible tool to sell lottery tickets. Current financial circumstances may cause that to change in 2003. This session will review the current uses of the Internet by lotteries and project the benefits of expanded usage.

**MAXIMIZING RETAILER PERFORMANCE:** As the near-exclusive outlet for selling instant and on-line lottery tickets, lottery retailers are in a powerful position to influence levels of lottery revenue. This session will be devoted to examining the latest and greatest lottery retailer programs to see which are most effective in increasing ticket sales.

**INSTANT TICKET DISTRIBUTION:** With the vast number of instant games that the lotteries are now selling each year, distribution is a critical element in the success of the games. Appropriate ticket inventories at the appropriate retailers can have a significant impact on sales. This session will be devoted to discussing the best ways to keep retailers supplied with instant tickets and will assess the impact of “doing it best”.

**SMART-IDEAS:** Each year for SMART-Tech, PGRI solicits ideas that key lottery personnel have contributed to their lotteries that have, as a result, made the lottery more successful. All presenters of SMART-Ideas at SMART-Tech 2003 will receive a “Golden Idea Award” trophy to take home and display in recognition of their unique contributions to their lotteries.

**NEW LOTTERY PRODUCTS:** In addition to all of the lottery products which have already been proven in the marketplace, there is always the need to be looking for that next new product that can make a difference in lottery revenues. This session, along with the Circles of Learning supplier exhibits, will demonstrate some of the new ideas that may help your lottery.

# PROGRAM SCHEDULE

## **February 9, 2003 (Sunday)**

- 8am-3pm Circle of Learning Exhibit Set-Up
- 2pm-4pm New Lottery States & New Lottery Directors Forum  
*(Limited in attendance to lottery personnel)*
- 4pm-5:30pm Opening Session
- Welcome to SMART-Tech 2003  
Speaker: Duane Burke, President/CEO PGRI
- Welcome to South Carolina  
Speaker: Ernie Passailaigue, Executive Director,  
South Carolina Education Lottery
- SMART-Tech Leadership Forum
- 5:30pm-7:30pm South Carolina Education Lottery Welcome Reception  
in the Circles of Learning

## **February 10, 2003 (Monday)**

- 8:30am-9am Coffee and Danish in the Circles of Learning
- 9am-12:30pm General Session II
- 12:30pm-2:30pm Buffet Lunch in the Circles of Learning
- 2:30pm-5:30pm General Session III
- 5:30pm-7:30pm Salute to SMART-Ideas Reception in the Circles of Learning

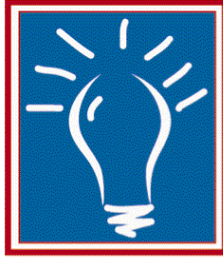
## **February 11, 2003 (Tuesday)**

- 8:30am-9am Coffee and Danish in the Circles of Learning
- 9am-Noon General Session IV
- Noon-2pm Buffet Lunch in the Circles of Learning
- 2pm-4pm SMART-Ideas Presentations

## **February 12, 2003 (Wednesday)**

- 8:30am-9am Coffee and Danish in meeting room
- 9am-11am General Session V
- SMART-Idea Awards Presentations
- 11am Meeting adjourned

**NOTE: Program topics, along with speakers and panelists,  
will be assigned to General Sessions in the next release of the  
SMART-Tech Schedule & Program**



SMART-TECH 2003  
Charleston, SC

## SMART-Tech 2003 Registration Form

### Conference Registration Fees and Information:

Complete registration form below and return by fax to **425-803-6830**. Payment is accepted by check or credit card. Checks must be in U.S. funds made payable to Public Gaming Research Institute, 4020 Lake Washington Blvd. NE, Suite 100, Kirkland, WA 98033-7862. **No refunds after January 9th.**

### Fax back to Public Gaming Research Institute at 425-803-6830

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Title: \_\_\_\_\_ First Name for Badge: \_\_\_\_\_

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State/Province: \_\_\_\_\_ Zip/Postal Code: \_\_\_\_\_ Country: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_ Spouse's Name, if attending: \_\_\_\_\_

Category (check one):

- Vendor **\$795**       Exhibitor **\$695**       Lottery/Government (**No Charge**)

Method of Payment:       Check     AMEX     MasterCard     Visa

Credit Card #: \_\_\_\_\_ Exp.: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name (as it appears on card): \_\_\_\_\_

### Hotel Reservations:

Make room reservations directly with the DoubleTree Guest Suites at **843-577-2644** or toll free in the U.S. at **800-222-8733**. Mention SMART-Tech for discounted room rates of \$133. **Deadline for discounted hotel rate is January 10, 2003.**

### Public Gaming Research Institute

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E-mail: [publicgam@aol.com](mailto:publicgam@aol.com) • Web site: [www.publicgaming.org](http://www.publicgaming.org)

**Fax back to Public Gaming Research Institute at 425-803-6830**