

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 19, 2004

**HOT OFF THE PRESSES.** PGRI announces two industry conferences. Please mark your calendars now to attend and participate in the Institute's **SMART-Tech 2004** meeting at the Peabody Hotel, Memphis, Tennessee, Feb. 6-9; and our **combined ILAC Congress and Lottery Expo 2004**, June 28-July 2, Loews Miami Beach Hotel, Miami Beach, Florida.

**TELC LAUNCHES THIS WEEK.** The Tennessee Education Lottery Corporation is set to start selling games Tuesday, January 20. As of last week, more than three thousand retailers were deemed ready to begin sales, and more approvals are on the way. Lottery tickets for the first four Instant games are being distributed on Monday, Jan. 19, with retailers receiving extra tickets so they can meet demand in what is expected to be a very heavy first few weeks of sales.

**MINNESOTA HEADED FOR RECORD FY04.** Minnesota Lottery sales from July 2003 through December 2003 total \$199.5 million, a 6.59 percent increase over the same period in 2002. Transfers to the State are up 25.64 percent for the same six-month period. The Lottery has netted more than \$53.57 million (net proceeds, in-lieu-of-sales tax, unclaimed prizes, funding for problem gambling programs), an all-time high for comparable six-month periods. The Lottery had previously forecasted that \$94.4 million would be transferred to the State Treasury by the close of the fiscal year on June 30, 2004. Comparing calendar year 2003 to 2002, sales were up 0.59 percent (\$2.1 million), while State transfers of \$90.33 million (an all-time high) were up 14 percent (\$11.14 million). The numbers reflect increased sales, budget reductions and a shift from instant to online games.

**NY VLT UPDATE.** The Saratoga Equine Center unveiled its new NY Lottery VLTs to the media last Wednesday. The machines are expected to be opened to the public on January 28th.

**18 YEARS FOR WV.** The West Virginia Lottery celebrated its 18th anniversary on Jan. 9 with sales approaching \$6 billion for the period. The Lottery has generated nearly \$2



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billion in profits since the first ticket was sold in 1986; substantially more than the \$8 million a year in profits that was predicted.

**PA'S SUPER 6 TO GO OUT IN STYLE – MATCH 6 TO MAKE DEBUT.** Pennsylvania's Super 6 Lotto game will be going out in style on January 27. All remaining Super 6 prize money will be distributed on that draw, regardless of whether someone hits the jackpot. If no one matches all six numbers, the jackpot money will be shared proportionately by second, third and fourth-tier winners. Tickets for the Pennsylvania Lottery's new Match 6 Lotto game will go on sale for the first time Wednesday, January 28. Live, televised Match 6 Lotto drawings will be conducted every Tuesday and Friday evening. Match 6 features a \$500,000 starting jackpot, 1-in-5.9 odds and 11 ways to win. The new game also will introduce Pennsylvanians to a new style of play. Players will be able to match numbers in the traditional way - on one horizontal line of play - as well as on a combination of lines.

**LOTO-QUEBEC SPONSORS WINTER FESTIVAL.** Loto-Quebec is pleased to be associated with La fête des Neiges de Montreal, a fun-packed winter festival to be held January 24 to February 8 in Jean-Drapeau Park. Loto-Quebec is a contributing sponsor of this event, which enables everyone to experience winter to the fullest by taking part in any number of exciting outdoor activities. The festival fits in with the Lottery's mandate, which involves promoting and supporting events that benefit all of Quebec. In an setting of ice and snow located at the heart of Île Sainte-Hélène, visitors will get to try their hand at skating, skiing, sledding and other activities.

**VLTs HOT WITH MD PUBLIC.** A poll recently conducted by the Washington Post has found that 59 percent of Maryland citizens are in favor of VLTs at state racetracks. A VLT proposal by Maryland Governor Robert Ehrlich has been a hot topic in the Legislature for the last two years.

**TN WARNING LABEL.** A bill in Tennessee would have the TELC printing warning labels on the tickets themselves. The warning, similar to those on cigarette packages, would read, "Gambling, including playing the lottery, can be addictive," and would include 800-numbers for people exhibiting addictive behavior.

**NM GOV SEEKS FINANCIAL AID SCHOLARSHIPS.** New Mexico Governor Bill Richardson has proposed using Lottery revenues to provide financial aid for New Mexico college students. His plan calls for \$2.3 million to be taken from the current tuition program, which does not base scholarships on finances, to help ease the burden upon lower-income students.

**TN OFFICIALS LOOK TO AGREE ON WHERE TO SPEND EXTRA MONEY.** TELC's early start (three weeks early) will likely mean an extra \$15 million to \$20 million in revenue for the state. The state had already figured that it would get more money than it needed to fund the necessary college scholarships, and the extra income brings projections as high as \$70 million over what is needed. So, Governor Phil Bredesen and Sen. Steve Cohen have reportedly agreed that 80 percent of that money will go to pre-kindergarten programs, and 20 percent to after-school programs. Of course, these numbers are not official, and may change once other lawmakers join the discussion.

**KS LAWMAKER SPONSORS SLOTS.** John Ballou, Kansas's speaker of the state House of Representatives, said he would sponsor a bill allowing slot machines at horse and dog racetracks in the state, as well as state-owned casinos in Dodge City and Junction City. Last year Ballou supported a gambling expansion bill that was approved in the House but lost in the Senate. But, this year, gambling proponents have the benefit of being able to utilize findings from a task force sent out by Governor Kathleen Sebelius that recommended such expansions.

**ALABAMA LOTTERY HOPES.** Alabama legislators are seeking a Lottery vote. When the Legislature starts its regular session on February 3, lawmakers are prepared to address the state's financial problems. A constitutional amendment to legalize a lottery is one of the solutions that will be on the table.

**CAMELOT LAUNCHES AGGRESSIVE INTERNET CAMPAIGN.** Camelot is planning an aggressive online marketing campaign to support its Lotto Online service, which launched in December. The campaign will run for the first few months of 2004, and will include several Internet ads. The Lottery has entered into partnerships with MSN, Yahoo and AOL. The portals will develop lottery channels that will allow customers to buy lottery tickets.

**CHINA WELFARE LOTTERY SALES RECORD.** Welfare lottery sales in China exceeded 20 billion yuan (US\$2.4 billion) in 2003, generating 7 billion yuan (US\$843 million) for the country's public welfare fund. The figures indicate a 3.3 billion yuan increase over 2002 – a 19.05 percent increase. This is the third straight year the Lottery has experienced record sales.

**INDIAN LOTTERY SUSPENDS OPERATIONS.** On January 10, India's DhanDhanaDhan online lottery announced a "temporary suspension of operations". The decision is due to drastic increases in statutory levies, governmental intervention and social unrest. Forbes Infotainment given retailers and distributors the option to have their selling terminal deposit refunded. A spokesman for the company said the lottery would be operational in a new form in a matter of weeks.

**INDONESIA DENIES LOTTERY.** Indonesia's vice president denied reports that Malaysia's Magnum Corporation will be operating a Sport Welfare Game

within the country. He stated that gambling is illegal under both Islamic and Indonesian law.

**FRENCH LOTTERY REVENUES RISE.** La Francaise des Jeux (FDJ), the French national lottery, had sales for of €7.79 billion for 2003, up 4.8% over 2002. Millionnaire, the Lottery's most popular game, posted a 3.3% increase in sales. The French government will receive nearly €2.09 billion in revenue from the Lottery.

**ITALIAN OPERATOR TO DISTRIBUTE PRE-PAID CREDIT CARDS.** Italian lottery games operator Sisal began distribution of the Kalibra credit card on January 12. The pre-pay, throwaway credit card can be bought in all of Sisal's 18,000 lottery outlets.

**POLISH LOTTERY REPORTS A GREAT YEAR.** Totalizator Sportowy, Poland's state lottery, reported another excellent fiscal year in 2003. The Lottery reported a profit of Z117.2 million – nearly the same amount it made in its record-setting FY02. FY04 could turn out even better, as the Lottery is reportedly looking to increase its number of retailers to 10,000.

**PUNJAB SETS ONLINE GUIDELINES.** India's Punjab Government has reportedly finalized its policy for the introduction of online lotteries, and tenders are likely to be issued by the end of this January. The government stressed that it has moved very cautiously on developing these guidelines, looking to avoid the difficulties associated with launches in other states.

#### COMPANY ANNOUNCEMENTS

**MULTIMEDIA PLACES MACHINES IN ALABAMA.** Multimedia Games has expanded its installed base of interactive electronic standard-sequence bingo game player stations with the initial installation of 194 units at the Greenetrack Greyhound Racing facility in Greene County, Alabama. Last month, Multimedia Games entered the charity bingo market with the initial installation of approximately 300 units at the VictoryLand Dog Track in Shorter, Alabama.

#### LOTTERY PEOPLE

The Kentucky Lottery has hired **Anne Doyle** as its newest on-air host for the televised Kentucky Lottery drawings. Doyle comes to the job with extensive television experience, most recently as a morning news anchor and general assignment reporter at WHAS-TV in Louisville. Doyle replaces Chip Polston as a host, since he left the position several months ago to join the KLC's management team. She will be working with long-time hosts Donna Little and Joanne Wolfe on the drawings, which are held nightly at 10:59 EST.

**Humphrey Khoza**, the CEO of Uthingo, which operates the South African National Lottery, has resigned. Khoza is reportedly leaving to pursue new business challenges. Khoza was instrumental in setting up the lottery industry in South Africa and was involved right from the beginning when the proposal was put together to bid for the license. **Oupa Monamodi**, chief operating officer of Uthingo, will act as chief executive for six months.

Submit material for next week's Morning Report by  
Wednesday of this week to [Toddpr2@aol.com](mailto:Toddpr2@aol.com)



December 15, 2003

Dear Lottery Associate:

It is with great pleasure that I invite you to attend SMART-Tech 2004 in Memphis, Tennessee, **February 6-9**. I have co-hosted SMART-Tech conferences with Public Gaming Research Institute in past years, but this year is special for me because we are about to start the exciting, new Tennessee Education Lottery!

As the newest lottery in North America, the Tennessee Education Lottery will have the benefit of the latest and best in lottery products, services and technology and we will be happy to share our experiences with you. But I will also look forward to hearing the experiences and smart ideas that you are willing to share. Probably like yourselves, I always come away from SMART-Tech with ideas that I can apply to increase revenues. So, be sure to take advantage of this great learning and sharing opportunity.

We look forward to seeing you in Memphis for SMART-Tech and to help us celebrate the start of the Tennessee Education Lottery.

Sincerely,

Rebecca Paul  
President and CEO



## Public Gaming Research Institute, Inc.

218 Main Street, Suite 203, Kirkland, Washington 98033 USA  
Home Office: (425) 653-1253 • Fax (425) 378-2748 • Cell (425) 985-3157  
[www.publicgaming.org](http://www.publicgaming.org) • [duaneburke@aol.com](mailto:duaneburke@aol.com)

### **YOUR INVITATION TO SMART-TECH 2004**

Co-Hosts: Public Gaming Research Institute, Inc.  
And the Tennessee Education Lottery Corporation  
February 6-9, 2004  
Peabody Hotel, Memphis, TN

December 15, 2003

Dear Lottery Associate:

PGRI's SMART-Tech is always an important forum for promoting ideas to make the lotteries more successful. Again this year, PGRI will strive, especially, to make SMART-Tech 2004 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.

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 2004.

A SMART-Tech registration form is enclosed with this note. I encourage you to register for the conference and to make your hotel reservations before the holidays begin - the cut-off for hotel rooms is **January 6**. Please complete the form and fax it to PGRI at **800-657-9340** or **425-415-2125**. Or, alternatively, e-mail the information to [sburke@publicgaming.org](mailto:sburke@publicgaming.org). The direct dial number for the Peabody Hotel is **901-529-4000**.

If you have questions or need help with your registration or hotel reservations, you can call PGRI at **800-493-0527** or **425-765-4119** or call me personally at the numbers listed below.

We hope to see you at SMART-Tech 2004 at the Peabody Hotel in Memphis, Tennessee, **February 6-9**.

Sincerely,

A handwritten signature in black ink that reads 'Duane V. Burke'.

Duane V. Burke  
President & CEO

[duaneburke@aol.com](mailto:duaneburke@aol.com)  
[www.publicgaming.org](http://www.publicgaming.org)  
Tel.: 800-493-0527  
Mobile: 425-985-3157



**SMART-Tech 2004**  
**Memphis, TN**

## SMART-Tech 2004 Registration Form

Co-Sponsored by Public Gaming Research Institute and the Tennessee Education Lottery Corp.  
February 6-9, 2004 • Peabody Hotel • Memphis, TN

### Conference Registration Fees and Information:

Complete registration form below and return by fax to **800-657-9340** or **425-415-2125**. Alternatively, you may register via e-mail by providing the same information to the following e-mail address: **sburke@publicgaming.org**. For more information and assistance, please call PGRI at **800-493-0527** or **425-765-4119**. Payment is accepted by check or credit card. Checks must be in U.S. funds made payable to Public Gaming Research Institute, 218 Main St., Suite 203, Kirkland, WA 98033.

**No refunds after January 6th.**

**Fax back to Public Gaming Research Institute at 800-657-9340 or 425-415-2125**

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 **\$895**       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 Peabody at **901-529-4000** or **1-800-PEABODY**. Be sure to mention SMART-Tech for discounted room rates. **Deadline for discounted hotel rate is January 6, 2004.**

### Public Gaming Research Institute

Phone: 800-493-0527 / 425-765-4119 • Fax: 800-657-9340 / 425-415-2125

[publicgam@aol.com](mailto:publicgam@aol.com) • [www.publicgaming.org](http://www.publicgaming.org)

**Fax back to Public Gaming Research Institute at 800-657-9340 or 425-415-2125**



# SMART-Tech 2004

Co-Sponsored by Public Gaming Research Institute and  
THE TENNESSEE EDUCATION LOTTERY  
February 6-9, 2004 • Peabody Hotel • Memphis, Tennessee

## Program Schedule and Outline

### FEBRUARY 6, FRIDAY

8 am-3 pm Exhibit Setup  
11 am-7:30 pm Registration Open  
3 pm-5:30 pm OPENING SESSION

#### **Welcome to SMART-Tech 2004**

Speaker & Co-host: Duane Burke, CEO, Public Gaming Research Institute

#### **WELCOME TO TENNESSEE!**

##### **THE TENNESSEE LOTTERY START-UP STORY**

Sharing the story of the newest lottery in North America – an application of the latest technology and a wealth of lottery experience

Speaker & Co-host: Rebecca Paul, CEO, Tennessee Education Lottery

#### **GUEST SPEAKER – To be announced**

#### **SMART-TECH LEADERSHIP FORUM**

An open-format panel discussion on what is happening, what is important and trends in the lottery industry today.

Panelists:

The Leadership Forum is invariably one of the most popular features of SMART-Tech. Here lottery leaders share their views on topics important to the industry. Panelists will be comprised of some of the most knowledgeable people from lottery and supplier organizations in North America.

5:30 pm-7:30 pm **“CONGRATULATIONS TENNESSEE EDUCATION LOTTERY!” RECEPTION**  
Sponsor: To be announced

### FEBRUARY 7, SATURDAY

8 am-4:30 pm Registration Open  
8:30 am-9 am **“GOOD MORNING” COFFEE & DANISH**  
Sponsor: To be announced

9 am-12:30 pm GENERAL SESSION II  
**VIDEO LOTTERY/RACINOS TO EXPAND**

The lottery industry's most profitable product, in the locations where it is implemented, is headed for major expansion into new jurisdictions.

Presentations and a panel discussion.

#### **INSTANT GAMES & LICENSED PRODUCTS – THE PRODUCT LEADER**

Instant games with licensed product themes are becoming the hottest growth games for lotteries. Instant games continue to lead others in sales for most lotteries.

#### **THE VALUE OF COOPERATIVE TYPE SERVICES**

Products aren't enough. To be most successful today, lotteries need the range of support services available from lottery suppliers.

#### **GROWING REVENUES WITH MULTI-STATE GAMES**

Multi-State games continue to be key to on-line game revenues with Texas just starting, Tennessee set to decide on which multi-state game to choose and North Dakota preparing to start with Powerball.

Presentations and a panel discussion.

### **EXCITING NEW PRODUCTS WITH PROMISE**

The new game card being implemented in Iowa shows definite promise. Other new products are expected to be highlighted, also. Presentations.

12:30 pm-2:30 pm **“WELCOME TO MEMPHIS” BUFFET LUNCH**  
Sponsor: To be announced

2:30 pm-4:30 pm GENERAL SESSION III

### **STRATEGIES TO IMPROVE RETAILER PERFORMANCE**

With the added emphasis on the need for higher revenues, added emphasis has been given over the past year to new strategies for increasing sales with the help of the retailers.

Presentation and panel discussion.

### **REVENUE RAISING INNOVATIONS IN ON-LINE GAMES**

Although on-line games have been in the doldrums, new strategies are showing promising results.

Panel discussion.

Evening Open

## **FEBRUARY 8, SUNDAY**

8 am-3 pm Registration Open

8:30 am-9 am **“GOOD MORNING” COFFEE & DANISH**  
Sponsor: To be announced

9 am-11:30 am GENERAL SESSION IV

### **SMART-IDEAS THAT CAN IMPROVE YOUR LOTTERY**

These SMART-IDEAS will be presented by lottery and supplier representatives to help lotteries be more successful.

11:30 am-1:30 pm **“NEW PRODUCTS FOR GROWTH” BUFFET LUNCH**  
Sponsor: To be announced

1:30 pm-3:00 pm GENERAL SESSION V

### **MARKETING & OTHER USES OF THE INTERNET & eCOMMERCE**

The Internet is becoming a common tool for all commerce, except lottery. 2004 will see expansion in the use of the Internet by lotteries.

Panel discussion

3:00 pm-on OPTIONAL TOUR OF GRACELAND  
Details to come

Evening Open

## **FEBRUARY 9, MONDAY**

8:30 am-9 am **“GOOD MORNING” COFFEE & DANISH**  
Sponsor: To be announced

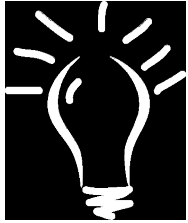
9 am-10 am GENERAL SESSION VI

### **OPEN FORUM ON IMPROVING LOTTERY REVENUES**

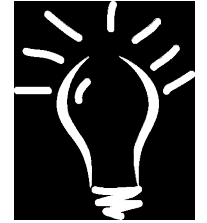
All additional ideas are welcome from lottery and supplier representatives alike on how lotteries can best improve revenues.

### **SMART IDEA AWARD PRESENTATIONS**

10 am MEETING ADJOURNED



# SMART IDEAS



**SMART-Tech 2004**

February 6-9, 2004 • Memphis, TN • The Peabody Hotel

## ***Do You Have One?***

The lottery industry has honored people, advertising and promotions. At SMART-Tech, we honor ideas and the people who have them.

There will be **THREE** categories:

- 1** To the person, department, lottery or lottery supplier with the most effective **cost-saving** idea. How did you save money for the organization and still do the job effectively or perhaps better?
- 2** To the person, department, lottery or lottery supplier with the best **revenue-enhancing** idea. A promotion? A game? A technology? Or just a simple change that took something you had and made it a better revenue generator.
- 3** To the person, department, lottery or lottery supplier using a **new technology** that led to revenue generation, enhancement or savings and/or better service. A new communications system, a new POS piece, a new way to distribute or sell your products. The key word is **NEW**, and you're the first on the block to have it.

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The SMART IDEAS will highlight the creativity of lotteries, lottery suppliers and their staffs. The actual dollar amount is not as important as the originality of the idea and its effectiveness.

All presenters of SMART IDEAS at SMART-Tech 2004 will receive a "**Golden Idea Award**" trophy to take home and display in recognition of their unique contributions to the lottery industry.

Presentation of SMART IDEAS will be on **Sunday, February 8, 2004**. Awards will be presented at the end of the General Session on **Monday, February 9, 2004**.

To present SMART IDEAS, please fill out the below form and fax to Duane Burke at **425-378-2748** or e-mail to [duaneburke@aol.com](mailto:duaneburke@aol.com). The deadline for participation in SMART IDEAS is **January 30, 2004**. Additional SMART IDEAS presentations in multiple categories is allowed.

Name: \_\_\_\_\_ Title: \_\_\_\_\_

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

Phone: \_\_\_\_\_ E-mail: \_\_\_\_\_

Title of Presentation: \_\_\_\_\_

Category:     cost-savings     revenue-enhancing     new technology

**Fax this form to 425-378-2748 or e-mail above information to [duaneburke@aol.com](mailto:duaneburke@aol.com).  
For more information, please call Duane Burke at 425-985-3157 or visit [www.publicgaming.org](http://www.publicgaming.org).**





**SMART-Tech 2004**  
Memphis, TN

# HOTEL ALERT!

In order to receive the discounted hotel rates of \$149 (government) / \$169 (corporate) at the Memphis Peabody Hotel, please make your hotel reservations directly with the hotel by **January 6**.

Be sure to mention  
**SMART-Tech** when calling:  
Tel.: 901-529-4000 or 1-800-PEABODY  
[www.peabodymemphis.com](http://www.peabodymemphis.com)

**For more information on SMART-Tech,  
please contact Public Gaming Research Institute**  
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