

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
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THERE IS STILL TIME TO PARTICIPATE IN PGRI's INTERNATIONAL LOTTERY EXPO.

Mark July 18-21 on your calendars for PGRI's International Lottery Expo which will be held at the fabulous Sonesta Beach Resort in Key Biscayne, FL. Hotel rooms can be reserved by calling the Sonesta at 305-361-2021. For more information, please call PGRI at 425-803-2900 or [click here](#) to visit us at www.publicgaming.org.

POWERBALL PASSES QUARTER-BILLION. Borders were crossed and Powerball sales exploded as the jackpot for the July 9 drawing hit \$261.3 million. This particular jackpot run started on May 10, and included 18 draws before the jackpot was hit.

AZ ENJOYS RECORD YEAR. The Arizona Lottery sold a record \$322.3 million in FY03, beating FY02 by \$27.5 million. It's estimated that the state will receive at least \$94.5 million. Much of the FY03 success can be attributed to the record Powerball jackpot at Christmas, and an all-time high in instant sales -- \$159.2 million.

NY EXPECTS VLTs IN 04. New York State officials are expecting VLTs to be operating in the state on January 1, 2004. The machines will be in eight racetracks around the state. There is a 10-year sunset clause on the use of the terminals.

VT SCORES BIG WITH POWERBALL. Vermont's first week of Powerball sales nearly tripled projections. The state had estimated \$250,000 for the first week, but, thanks in part to a \$250 million prize, sales reached \$654,000.

LA OFFERS RETAILER BONUS FOR POWERBALL. The Louisiana Lottery has implemented a new policy increasing the bonus paid to any Louisiana retailer who sells a winning ticket for a Powerball jackpot. The lucky retailer will receive a sum equal to 1 percent of the Lottery's share of the contribution to the jackpot. Louisiana's share is typically around 7%, so for last week's \$250 million jackpot (which had a cash value of \$141 million), Louisiana's share would

be about \$9.8 million, and 1% of that would be \$98,000.

MA COUNTERFEIT. A website hosted in Nigeria has counterfeited the Massachusetts Lottery website. The site, www.mass-lottery.org, is nearly identical to the real Lottery site, www.masslottery.com -- going so far as to contain the state seal. The counterfeit site has been using email and text messaging to inform players they've won \$30,000, and request their personal information and a \$100 credit card payment for processing fees. While the site is hosted in Nigeria, the operators could be anywhere in the world. If the operators are outside the US, shutting down the site will be the only course of action, which in fact took place on July 9.

THANKS-A-MILLION. In order to thank players for another record setting sales year, the West Virginia Lottery is holding five weekly "Thanks A Million" drawings beginning July 30 in which prizes totaling \$1 million will be awarded to players. To participate, players must send in non-winning tickets from any online game purchased between July 1 -- July 22. Using \$1 million from the Lottery's unclaimed prize fund, the Lottery plans to award five \$100,000 prizes; 30 \$10,000 prizes; 20 \$5,000 prizes; and 40 \$2,500 prizes.

DOG GONE LUCKY. The Missouri Lottery launched three new Scratchers games and a promotion called "Dog Gone Lucky." The instant games are: Lucky the Dog; Hot Diggity Dog; and Summer of Luck. Each game includes perforated game pieces that can be instant winners, or can be attached to a promotional game board to win prizes that include 2003 Chevy Trailblazers, Hawaii trip packages, cruise vacation packages, big-screen TVs, Gateway® computers, \$1,000 in cash, \$50 in Scratchers tickets and T-shirts.

SC CLEAN SWEEP. The South Carolina Lottery is adding value to non-winning tickets, and simultaneously helping to cut down on litter in the state. The Lottery has implemented a Clean Sweep second chance drawing, which gives players a shot at winning one of 100 \$50 prizes each month for sending in five non-winning tickets. The first drawing will be held July 30th and the last Wednesday of each month following that.

MO WINS ANOTHER ACCOUNTING AWARD. The Missouri Lottery's Accounting Program has received the Certificate of Achievement for Excellence in Financial Reporting for a third year from the Government Finance Officers Association (GFOA) of the United States and Canada. GFOA, which has offices in Chicago and Washington, D.C., is a non-profit professional association that serves more than 14,000 government finance professionals.

OLGC OFFERS REWARD. The OLGC is offering a \$10,000 reward for information leading to the arrest and conviction of the person or persons responsible for the 2002 fire that killed 34 racehorses and destroyed two barns at Woodbine Racetrack. The fire, which tore through barns 7 and 7A in the early morning hours of August 4, 2002, caused more than \$4.5 million in damages, including the racehorses, which were worth more than an estimated \$2.5 million -- an average of \$75,000 each.

LOTTERY DISPLAY IN THE UK. Camelot unveiled plans for 10,000 buildings receiving money from Lottery cash to display a cross-fingered plaque on their walls, ensuring that the public knows where profits are being spent.

OPAP SEES GROWTH. Greece's OPAP reported revenue growth of 25.6% to 1,176.3 million euros in the first half year-on-year. Sales in the second quarter grew 15.2% to 540 million euros. This success can be attributed to the sports-betting game Stichima and two new games, Super 3 and Extra 5, launched in November.

SCOT-LOT. News of a proposed revamp of the UK National Lottery has caused some leaders in Scotland to call for a lottery of its own. The UK revamp would allow customers to choose which charities would receive funds from their purchase, and many Scottish charities are afraid that they will lose millions of pounds because of the change.

NETHERLANDS BANS INTERNET SITES. A Dutch court has sided with De Lotto and ordered the operators of 21 international Internet gambling sites to ban Dutch visitors. The companies risk fines of 10,000 per day for non-compliance, up to a maximum of 200,000.

NORTH KOREA LOTTERY ON THE INTERNET. North Korea began selling lottery tickets on the Internet on Sunday, July 6. To boost sales the Lottery took out an ad stating that there are many lotteries that fail to award 50% of the prizes, and that many governments often deduct 40% of the winnings for taxes. The North Korean game, on the other hand, will award half the accumulated sales money to the person who correctly guesses all eight winning numbers. So the ad says...

COMPANY ANNOUNCEMENTS

INTRALOT AWARDED ISO 9000:2000. Intralot has been awarded ISO (International Organisation for Standardization) 9000:2000 certification, which is the latest standard of the ISO 9000 family. The ISO certification provides a tested framework that guarantees a systematic approach in the process management, as well as, is conforming to the customers' expectations. The ISO 9000:2000 certification assures the highest quality standards of Intralot's products, systems and services provided to its international clients, since it follows the ISO 9001:1994. The new standard focuses on: Managements responsibility, concerning customer and legal requirements as well as internal communication of the organization; Resource management, concerning organization information, infrastructure and work environment; Product and/or service realization, concerning identification of customer requirements and communication with the customer; Measurement, analysis and improvement, concerning system performance, customer satisfaction and analysis of data for improvement

POLLARD IN MULTI-YEAR DEAL WITH ILC. Pollard Banknote will continue to produce Celebration, an annual pouched game overseen by Canada's Interprovincial Lottery Corporation (ILC). A new three-year contract that began in March includes an option for a one-year renewal at the ILC's discretion.

GTECH RECEIVES FINAL APPROVAL. The Providence City Council voted to accept a deal giving

GTECH \$8.3 million in tax breaks over 20 years in return for building its corporate headquarters across the street from the Providence Place mall. Approval from the Council was the final requirement needed before GTECH could start the relocation process.

OLNL, SAZKA SIGN WITH ESSNET. EssNet signed a contract with On Line National Lottery (Pvt) Ltd (OLNL), based in Colombo, Sri Lanka, for delivery of an on-line lottery system and retail terminals. OLNL was recently established as a fully-owned subsidiary company of the National Lotteries Board to operate the new on-line system. For the first time in Sri Lanka, a rapid draw Keno game will be introduced, after which other on-line games similar to Joker and Lotto will follow. EssNet's agreement with OLNL includes delivery, installation and system integration of an ELOS lottery system, including central system hardware, software and 500 E5 terminals. The number of terminals may increase to 3,000 within a couple of years.

EssNet also finalized the negotiations and signed a contract with SAZKA for the delivery and installation of a betting system for Internet and mobile phones. Sazka's Internet, WAP and SMS betting channel will be implemented in two steps, starting with a test phase in order to give players the possibility to familiarize themselves with the new betting channels. It is anticipated that the second phase will start when SAZKA receives the license from the Czech government to use the new betting channels in full operation.

NZLC SIGNS GTECH. GTECH signed a five-year contract extension with the New Zealand Lotteries Commission, commencing July 1, 2003, through June 30, 2008. Under the terms of the extension, GTECH will provide the NZLC with a non-exclusive software license to operate the Lottery's central system, and to provide central system and terminal maintenance, game development, and software support. The NZLC and GTECH have the option to extend the contract for an additional three years beyond June 30, 2008.

LOTTERY PEOPLE

The Colorado Lottery announced the appointment of **Tom Kitts** to the position of Deputy Director effective immediately. Kitts, who worked for the Lottery in the marketing department from 1985 to 1991, moved to Gaming when the agency was created in 1991. He had been the director of gaming since 1999, overseeing the regulation of Colorado's 43 casinos.

Mr. **Dimitri Karagounis** has joined Intralot and has been appointed as CEO of Intralot de Peru. Before joining Intralot, Mr. Karagounis held the CEO position of Atento Peru, a subsidiary of the world leading telecommunications Telefonica Group. He has worked for multinational companies like Societe Generale de Surveillance, Bureau Veritas and Socotec and has successfully managed and developed subsidiaries acting as Chairman/CEO or Regional Director in Europe, USA and the Caribbean, Latin America, Asia and Africa.

**Submit material for next week's Morning Report by
Wednesday of this week to Toddpgr2@aol.com**