

To Lottery and Video Gaming Executives Interested in
the Growth, Expansion and Success of the Industry
Public Gaming Research Institute Inc.'s

INTERNATIONAL MORNING REPORT

Your weekly supplement to
Public Gaming International Magazine
March 8, 2004

ND STARTS INSTALLING TERMINALS. North Dakota Attorney General Wayne Stenehjem hooked up the state's first lottery terminal Monday, March 1, at the Miracle Mart grocery store in Bismarck. The rest of the lottery terminals will be hooked up across North Dakota in the next couple of weeks. Powerball will launch in the state on March 25.

TELC LAUNCHES CASH 3. Ticket sales for CASH 3, the Tennessee Lottery's first computerized game, began at 5 a.m. CST, 6 a.m. EST, on Monday, March 1. The first of what will be daily, live drawings broadcast throughout the state, began at 6:28 p.m. CST, 7:28 p.m. EST on Monday. The first day of sales was more than \$500,000. CASH 3 ticket prices range from .50 cents to \$1, depending on how a player chooses to play. Prizes range from \$40 to \$500. Odds vary depending on how a player chooses to play.

POWERBALL IN MAINE? One of Maine Gov. John Baldacci's solutions for property-tax relief includes joining the Powerball multi-state game. His estimates state that the game could raise \$9 million for the state. In the past, Baldacci has been opposed to the expansion of gambling.

NH TURNS 40. The New Hampshire Lottery is turning 40! During the week of March 7th through the 13th, the lottery will be awarding coupons worth \$5 off lottery tickets. When players purchase a Megabucks, Heads or Tails, Pick 3, Pick 4, Hot Lotto, or Powerball ticket, they may win instantly. If the terminal wishes the Lottery a happy 40th birthday, a special message will print on tickets and a secondary ticket, worth \$5 worth of tickets, will print. It's the Lottery's way of encouraging its players to have fun during the birthday celebration.

TRUCKIN' IN VIRGINIA. The Virginia Lottery has the home-team advantage with its new \$5 Scratcher – Tough Trucks, Big Bucks. The truck in the game – the Ford F-150 FX4 – is made in Virginia. And from all indications, the Tough Sales during the game's first week were 28% better than the average \$5 game and 13% better than the first week of Corvette Summer (the 2003 summer blockbuster). Virginia will giveaway eight F-150 FX4's, including two in the second-chance sweepstakes that accompanies the game.

REMEMBERING THE FAMILY. There is nothing that can replace our loved ones when they pass on. But those of us who are left can try to ease the suffering of the family with donations to help them through the day-to-day challenges of carrying on without their loved one. *A trust for the George Andersen family has been established for this purpose and to which some companies have already made pledges. This support is deeply appreciated by the family.*

Those companies that have not yet pledged a donation may do so by sending an e-mail to duaneburke@aol.com committing your pledge. You will be sent an invoice for your pledge on behalf of the family fund.

Those companies and individuals who wish to, may send their donations directly to the family fund account as noted below:

**"Darlene Andersen, Trustee" account
Affinity Plus Federal Credit Union
175 West Lafayette Road
Saint Paul, MN 55107**

Please note if the family may publicly acknowledge your pledge or donation --- amounts of pledges and donations will be confidential.

MI INTRODUCES BACK PAIR PAYOUT. Michigan Lottery players will soon have yet another way to win cash prizes with the Lottery's Daily 4 game thanks to the Lottery's newest promotion -- "Back Pair Payout!" Beginning March 1 and running through March 21, 2004, players whose \$1 straight bets match the last two numbers drawn will receive a \$10 payout. \ Daily 4 winning numbers are drawn twice a day and this great new promotion applies to both the midday and evening Daily 4 drawings. The Lottery estimates that roughly \$500,000 more will be paid out in Daily 4 prizes over the course of the three-week promotion to lucky players all over the state.

CON ARTISTS USE POWERBALL NAME. Con artists using the Powerball® name are sending phony e-mails across the country and around the world, telling recipients they have won a lottery prize, and trying to get personal information in return. MUSL said the e-mails claim that the recipient has won a prize in Powerball, Australian Powerball or some other non-existent international version of Powerball. The e-mails include the Powerball name, logo and links to a copy of an old Powerball web page. One version seeks a reply, another asks for \$75 to process the Powerball prize, and a third includes a form asking for bank information and "*next-of-kin*" information, which can turn up a mother's maiden name in a percentage of cases. Of course, the emails are not from MUSL, Powerball or any associated Lottery. MUSL said one phony website has been shut down, but it may appear on other hosting services from the U.S. and abroad. The sender has already hacked into at least one server to send bogus solicitations.

WY LOTTERY BILL DIES. Wyoming House Bill 20, which proposed that the state join the Powerball Lottery, was killed in the Senate. The Senator responsible for killing the bill claimed it did not reach a Senate committee in time to give supporters and opponents around the state proper notice of a hearing.

GA REP. CALLS FOR INTERNET SALES. Georgia Rep. Terry Barnard, R-Glenville, is pushing a bill that would see

Georgia launch Internet sales through a Web site called "Georgia Peach Account". The site would allow people to play up to \$5 daily on debit or credit cards. Players would deposit money in their online account first, then let the computer draw off the account.

ISLE OF WIGHT LOTTERY ADDS PRIZES. The Isle of Wight Lottery will be introducing a second prize of £350 and a third prize of £150 to be won weekly starting April 14. The launch coincides with the Lottery's third birthday and improves the odds of winning a prize to 1-in-1,700.

ISRAEL MINISTRY OF FINANCE SEEKS CONTROL OF LOTTERY. Israel's Ministry of Finance's legal counsel, Yemima Mazouz, has put forward a legal opinion that under the Foundations of the Budget Law (1985), the minister of finance has the authority to intervene in Mifal Hapayis' (Israel National Lottery) management, wage policy, as well as appointing and firing directors, etc. Mifal Hapayis and its attorneys are considering measures to prevent the Ministry of Finance's intervention in its affairs.

CORRECTION: ALC NOT LAUNCHING INTERNET PLAY. In last week's Morning Report, we erroneously reported that the Atlantic Lottery Corporation announced that it was launching Internet play. In fact, ALC did not announce plans for launching Internet gaming, but was rather commenting in the media about its ongoing research and discussions on having online versions of existing lottery games, and no formal decision has been made to move forward with this initiative. We apologize for the confusion, and for any problems our report may have caused for the Atlantic Lottery Corporation.

***NEW* RACINO NEWS**

NY RACINO SUCCESS. New York's first racino, Saratoga Gaming and Raceway, has earned \$6.1 million since opening Jan. 28, averaging approximately \$185,000 per day in VLT revenues. Operating from 10am to 2am, the VLTs are pulling in more than \$11,500 per hour. The facility is expected to earn \$100 million per year. From Jan. 28 through Feb. 29, bettors wagered \$81 million in the 1,330 VLTs, leaving \$6.1 million in earnings from the sales to share between the track, horsemen and the state, which received \$3.7 million for education. To celebrate the successful launch, the track held a promotion where the first 5,000 people to come to the racino received a free baseball cap.

OKLAHOMA OKAYS MACHINES AT TRACKS. The Oklahoma House of Representatives passed Senate Bill 553 by a vote of 52-47, paving the way for horse racing tracks to install electronic gaming devices. The approval came eight days after the state senate voted favorably, 30-18. Gov. Brad Henry, who lobbied strongly in support of the legislation, is expected to sign the bill into law. SB 553 allows 650 machines at each of the state's four racetracks, and earmarks a portion of the gaming revenues to overnight purses and the Oklahoma-bred fund.

WV TRACK SEEKS MORE MACHINES. The Charles Town Races & Slots is seeking permission to add 1,000 slot machines (bringing the tracks total to 4,500) as part of a \$25 million expansion plan. The WV Lottery has scheduled a March 31 public hearing for the request. As many as 300 machines may be installed later this year if the commission approves



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IA HOUSE PASSES AMENDED GAMBLING BILL. On a 73-26 vote, the Iowa House passed an amended version of a gambling expansion bill. The bill does not allow any new casinos, but does allow race tracks to have table games. Racetracks will have to pay an up-front fee of either \$3 million or \$10 million to get table games, depending on the size of the track.

KY CASINO LEGISLATION INTRODUCED. Legislation to bring casino gambling to Kentucky was introduced on Feb. 27 in both chambers of the General Assembly; although, two ranking lawmakers immediately expressed doubts about its odds. The legislation envisions nine casinos -- five controlled by the state's horse tracks and four independent casinos elsewhere in the state. The gaming commission would decide what games casinos would offer. The games could include poker, keno, blackjack, craps and roulette. It's been estimated that the casinos could generate more than \$400 million each year for the state. About 60 percent would go to education and Medicaid. Also, the non-track casinos would pay a fee -- equaling 10 percent of revenues -- to support the thoroughbred industry.

SUPREME COURT RULING COULD CLEAR WAY FOR CLASS II MACHINES. The U.S. Supreme Court denied appeals by the Justice Department to review the legality of electronic gambling devices used by Indian tribes in Nebraska and Oklahoma. The court's rejection of the appeals without comment may lead to the expansion of class II gaming (electronic bingo, pull tabs and other forms of Indian gambling that do not require state approval). Fulcrum Global Partners, an independent Wall Street investment research firm, estimated the decision could mean an increase in orders for another 50,000 to 100,000 new electronic bingo devices, or Class II slot machines.

COMPANY ANNOUNCEMENTS

CCL LAUNCHES CHINESE SOCCER BETTING LOTTERY ONLINE. Creator Capital Limited announced that its Web site, www.worldwidelotteries-china.com, is now live and able to accept purchases for the PRC Soccer Betting Lottery. "WorldWideLotteries-China" is the only international portal to China's soccer betting. To play, simply guess the outcomes of 13 soccer matches drawn from the British, Italian and German premier leagues. By correctly predicting all 13 outcomes, or 12 of 13 outcomes, players will win first or second prizes.

EGET LAUNCHES NEW BETTING SOLUTION. EGET has made a strategic decision to further enhance its WinOne™ product portfolio with a completely renewed real-time event betting solution. Event betting refers to skill-based wagering. Traditionally this has meant betting on sports events such as football or ice hockey. However, EGET's new solution enables 15 different game variations, which makes it possible to bet practically on any event ranging from song contests to stock

market changes as well as on any aspect or stage of the chosen event. For the gaming operator the new solution offers the possibility of supporting any number of Internet betting sites.

GTECH SIGNS WITH HASBRO. GTECH and Hasbro, Inc., announced a licensing agreement that grants GTECH the rights to develop and distribute select lottery products featuring Hasbro's Monopoly and Battleship brands in the U.S., Canada, and Mexico. Under the agreement, GTECH, which operates government-authorized lotteries, will develop versions of the games to appear on four major online channels: Traditional, Social Space, Interactive, and Electronic Instant Lottery.

MDI ACQUIRES PAC-MAN LICENSE. PAC-MAN™, the animated video game character that became a worldwide pop culture icon, has been acquired as a lottery game theme by MDI Entertainment, a wholly-owned subsidiary of Scientific Games. MDI has entered into a three-year agreement with NAMCO Holding Corp. to be the exclusive provider of PAC-MAN lottery licenses in the United States and Canada. Lottery products covered by the agreement include instant scratch tickets, pull tabs, and online (terminal-generated) games and promotions.

SPIELO TO NEGOTIATE FOR OR VLTs. Spielo has been invited to negotiate a contract to supply the Oregon Lottery with new VLTs. Subject to completion of negotiations, Spielo would provide the Oregon Lottery with approximately 2,000 PowerStation 5™ terminals to be deployed across the state at age-controlled establishments. The 2,000 VLTs will replace a portion of the Oregon Lottery's existing 9,500 VLT base.

THOROUGHbred INTERESTS TO ACQUIRE TOTEMASTER SOFTWARE. Thoroughbred Interests, Inc. has signed a definitive agreement to acquire Totemaster software from Great American Financial Corp. Totemaster software is a pari-mutuel wagering system featuring new technologies aimed at revolutionizing the wagering techniques in the racing industry. Totemaster software which is still under final development will upon completion be marketed to existing US pari-mutuel wagering facilities such as thoroughbred racetracks, greyhound racetracks, Jai Ali facilities and other off track betting outlets commonly referred to as "OTB's."

VIASAT PICKED BY INTRALOT. ViaSat Inc. has been awarded a contract by Intralot to install a LinkStar® VSAT system for secure lottery communication applications. The contract includes both LinkStar satellite communications networking equipment and managed satellite services from the network operations facilities of Immeon, ViaSat's VSAT services group for North America. The multi-year service agreement includes engineering and design services, geographically redundant uplinking services for alternative routing, LinkStar hub equipment, and LinkStar remote terminals for 1200 sites across Nebraska. No financial terms were announced.

LOTTERY PEOPLE

Agenia Clark will reportedly leave her position as the vice president of human resources for the Tennessee Education Lottery Corp. Clark has accepted the position of president and chief executive officer for the The Girl Scout Council of Cumberland Valley.

Chartwell Technology, a provider of gaming software systems and entertainment content to the online and mobile gaming industry, announced the appointment of Mr. **Lee Richardson** as Chief Executive of Chartwell Games Corp., its wholly owned subsidiary. Mr. Richardson will oversee the European operations of Chartwell Games Corp. including sales, marketing, and business development. He will also be responsible for enhancing our corporate presence and expansion in this strategic market. Mr. Richardson's extensive industry experience includes his position as Chief Operating Officer of Coral Eurobet, Managing Director of Totalbet.com, Managing Director of Tote Direct and Marketing Director of the British Horseracing Board.

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

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