

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

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

# International Morning Report

Your weekly supplement to  
**Public GAMING International Magazine**  
May 10, 2004

**ME CAN JOIN POWERBALL.** It's official, Maine's Governor Baldacci signed a bill that authorizes the state to join the Powerball Lottery. The game is expected to raise approximately \$9 million for the state in the next fiscal year.

**INSTANT RECORD IN PA.** The Pennsylvania Lottery set an instant game sales record for a fifth year in a row, achieving \$815,262,736 in sales through May 3, 2004. Sales topped last year's record, \$796,596,219, seven weeks and two days before the fiscal year ends on June 30. Instant games sales are about 24 percent above last year's sales through the forty-fourth week of the fiscal year. Instant game sales are expected to reach between \$980 million and \$990 million by the end of the fiscal year. This is the ninth consecutive week that instant games sales have exceeded \$20 million per week. Twenty-four of the Lottery's 30 best sales weeks for instant games have occurred during the 2003-04 fiscal year, including the best week ever - \$25,820,287 the week of Dec. 16-22, 2003.

**TN POWERBALL SALES BOOMING.** Since April 19, the Tennessee Lottery has sold \$8 million worth of Powerball tickets. That number was expected to climb to \$10 million by the end of the weekend.

**CAROLINA MILLIONAIRE.** Players can enter the "Carolina Millionaire Promotion", which started last Tuesday and will end with a drawing at the South Carolina State Fair in Columbia, by turning in \$20 worth of non-winning "Carolina Payout", "Cash Explosion 2<sup>nd</sup> Edition", "Big Bang Boom" and "Beach Music Cash" tickets. Ten semifinalists will be drawn on September 22<sup>nd</sup>. One winner will receive the million, and the other nine will win a Caribbean vacation for two.

**LA LAUNCHES PROMOS.** This spring, the Louisiana Lottery is launching a speakers' bureau and player newsletter, two new public relations programs designed to educate the public about the Lottery and how it benefits Louisiana and their local communities. The corporation also began a new retailer sales promotion in April. The new quarterly player newsletter, Confetti, features six separate regionalized versions distributed through play centers at retailer locations in the Lottery's six regions of the state. Each newsletter contains photos of winners and retailer



[Please click here for more information](#)

events from the area, end-of-redemption dates for Lottery scratch-off games, new ticket releases, a frequently-asked-questions section, as well as other Lottery news and upcoming events. Confetti is the Lottery's second targeted newsletter, after its retailer newsletter, the EXCHANGE. The Lottery's Speakers' Bureau service, which will launch in May, features a 13-minute video and DVD produced by its marketing staff, "Everyone's a Winner." The video gives audiences an overview of the Lottery's beneficiaries and operations. It also answers the public's common questions about how drawing fairness is ensured as well as underage and problem gambling issues.

## 40 Lotteries from 25 Countries Expected

*Co-Hosted by*

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## Intern'l Lottery Expo & ILAC Congress 2004

June 28-July 2

Loews Miami Beach Hotel

**AN EDUCATIONAL OPPORTUNITY**

*For Increasing Sales and Net Revenues*

### FEATURING

*Case Studies for Increasing Revenues*

*Video Gaming – racinos, bars and more*

*Video Pull-Tab Machines*

*“Display and Play” Monitor Devices*

*Wireless Devices and the Internet*

*Exciting Products for POS*

*“Circles of Learning” with key products*

*The Best of Lottery TV Ads*

*Qe Awards – Quality & Excellence*

*Awards for Service and Achievement*

**TO REGISTER for the CONFERENCE**

**Please call 1-800-493-0527 or tel. 425-765-4119**

**FOR HOTEL RESERVATIONS**

**Please call Loews Hotel at Tel. 305-604-1601**

**NE TRAINING FOR SYSTEM CONVERSION.** As the Nebraska Lottery prepares for its July 1 conversion to a new Lotto system provided by Intralot USA, a statewide retailer training effort is underway. The six-week program runs from April 26 through June 3 and encompasses 42 separate sessions in two-dozen cities across Nebraska. Known as The FAST TRACK, the program employs a racing theme to take retailers through four stages. Two training sessions are offered each day, in the morning and afternoon. Retailers are invited to drop in at any time during the scheduled sessions, and completing the four turns of the track takes about one hour. Retailers may send as many employees to the training as they wish. Rather than a static classroom setting where only the agenda changes, The FAST TRACK uses a trade show setting with scenery and agenda topics that change as retailers move from place to place. As retailers enter the track area, they receive a Program folder and a Pit Pass that, when punched as they complete each Turn, becomes their entry card for prize drawings. A Pit Stop provides refreshments, and The Winners Circle provides everyone who attends with a special Nebraska Lottery t-shirt and \$20 in Nebraska Lottery products. In addition to daily door prize drawings, a Grand Prize drawing at the end of the six-week program will award a VIP trip for two to the EA Sports 500 NASCAR race at Talladega Superspeedway October 1 through 4. Retailer attendance during the first week of the training schedule, which covered eight sessions in three cities, exceeded 90 percent.

**MN LAUNCHES NEW G3 CARD.** Minnesota's new G3 3-Card Bingo is a \$5 game that offers three bingo cards on each ticket and 16 prize levels, including a top prize of \$25,000! For \$5 per play, G3 3-card Bingo players will receive a terminal-generated ticket that will display three Bingo play cards and a series of "call numbers." Players mark the numbers on the Bingo cards that match any of the call numbers. Players can win a prize on each of the three play cards; only the highest prize per play card is paid. Other G3 3-card Bingo prizes are \$1,500, \$1,000, \$500, \$300, \$200, \$100, \$75, \$50, \$35, \$30, \$25, \$20, \$15, \$10 and \$5. The overall odds of winning a cash prize are 1 in 4.12.

**ANTI-LOTTERY CANDIDATE FILES FOR NC GOV.** North Carolina Republican Bill Cobey filed to run for governor last week. Cobey is on record as calling the Lottery "fools gold that can destroy families."

**LOTTERY SCAMS ON THE RISE.** FraudWatch International has warned internet consumers of the growing number of fee fraud Lottery scams circulating via email. The scams are a way crooks obtain personal information used for identity theft. Lottery scam emails are increasing at an alarming rate. In April FraudWatch International received over 1000 variations, double the number received in previous months.

**FRANCE SELLS ONLINE.** French residents can play La Française des Jeux' games "Loto®" and "Euro Millions" through its website [www.fdjeux.com](http://www.fdjeux.com). To do so, the player has to open a personal account with La Française des Jeux on the site by providing his bank details (winnings are directly credited). The Lottery does not allow players under the age of 18 to launch the account.

**UK MAY SELL TICKETS IN SUPERMARKETS.** UK lottery players may soon be able to purchase Lotto tickets at supermarket check-out counters. Tesco, a large UK supermarket chain, is running the test on Camelot's new system. .

**CHANNEL ISLANDS EXCEEDING EXPECTATIONS.** The Channel Islands Lottery new scratch tickets have exceeded expectations, reaching the \$574,900 mark in sales by the end of April.

**MEXICO REVOKES GTECH DEAL.** GTECH has been notified that the Company's selection as the apparent successful vendor to provide equipment and services for a new online lottery system and associated telecommunications network in Mexico to Pronosticos para la Asistencia Publica (Pronosticos) has been revoked. As part of a ruling by Secretaria de la Funcion Publica (Mexican Comptroller Ministry) on a protest filed by unsuccessful competitors, GTECH's bid was declared non-compliant and disqualified. Subsequently, Pronosticos announced that it has disqualified the sole remaining bidder as also being non-compliant and has formally ended the procurement. GTECH's bid was disqualified because it was determined that a section of the proposal concerning the methodology for the calculation of revenues, in the event that the government decided to apply a Value Added Tax to lottery tickets, was deemed to be conditional in nature and therefore not compliant with the provisions of the Request For Proposals. The decision by the Comptroller can be directly challenged. Pronosticos had previously determined that GTECH's proposal was technologically compliant and over the six year life of the contract provided a US\$25 million savings over its nearest competitor.

## **\*NEW\* RACINO NEWS**

**IA TO EXPAND GAMBLING.** Iowa Governor Tom Vilsack signed a bill Thursday which allows the Iowa Racing and Gaming Commission to grant an unlimited number of new gaming licenses in the state. The bill also allows table games at Prairie Meadows (which is expected to generate \$60 million per year in revenue) and prohibits a riverboat casino in downtown Des Moines.

**MI SENATE PASSES RACINO BILL.** The Michigan Senate passed a bill allowing racinos, but the bill passed by the Senate is different than an earlier bill passed by the House. The Senate bill now heads to the House for approval of the changes. If approval is not granted the two bodies will have to go to a conference committee to iron out the differences, after which each chamber will have to vote again.

**BRAZIL LIFTS SLOT BAN.** Brazil's senate voted last week to overturn a 10-week-old federal ban on gaming machines and bingo parlors. The ban had closed more than 1,000 bingo parlors employing 300,000 people.

**NOVA SCOTIA HAS NEW VLT COMMISSION RATES.** The Nova Scotia government has is introducing a new VLT commission structure. The new rate, which will begin on July 1, is expected to generate an additional \$1 million in revenue for the province. Machines earning over \$400,000 will see commissions drop from 25% to 20%.

**TX HOUSE SHOOTS DOWN VLTs.** The Texas House of Representatives passed a revised school finance bill last week. The bill did not allow for VLTs.

**SENATE NIXES KS EXPANSION.** The Kansas gambling expansion bill backed by Gov. Kathleen Sebelius was rejected 26-14 by the Senate.

## COMPANY ANNOUNCEMENTS

**IA APPROVES POLLARD PURCHASE.** The Iowa Lottery Board has approved plans for the lottery to purchase vending machines from Pollard Banknote Limited to dispense instant-scratch tickets and pull-tab tickets. The vending machines will be manufactured in Council Bluffs by Pollard Banknote's subsidiary, American Games Inc. The five-member lottery board approved a recommendation that the lottery purchase approximately 325 instant-ticket vending machines and 1,050 pull-tab vending machines from Pollard Banknote. The Lottery's decision created 75 new jobs in American Games Council Bluffs Facility.

### SPIELO, LILHCo PURCHASES COMPLETED.

GTECH has completed the acquisition of Spielo. The purchase price for the company was an all-cash transaction of approximately US\$150 million. In addition, Spielo shareholders have received an initial earn-out payment of approximately US\$7 million. For the first 12 months of operation post-acquisition, Spielo is expected to contribute revenues of US\$90 million to US\$100 million, and earnings per share to GTECH in the range of \$0.01 to \$0.02.

The company also completed the acquisition of privately-held Leeward Islands Lottery Holding Company Inc. (LILHCo), a lottery operating company headquartered on the Caribbean islands of Antigua and St. Croix. The enterprise purchase price for LILHCo was an all-cash transaction of approximately \$40 million. GTECH expects LILHCo to provide a net revenue contribution of \$6 million to \$8 million, for the current fiscal year ending February 26, 2005.

**MO TO INSTALL TAT DISPENSERS.** The Missouri Lottery will be installing over 1,600 of the new ICM in-counter from Take-A-Ticket, Inc. (TAT). The 20 game ICM uses the same footprint in the counter as earlier 16 game dispensers. A 25 game version with a slightly larger footprint is also available. The ICM's will be provided to the lottery prior to the end of the fiscal year on June 30, 2004.

**QUEBEC SELECTS RHYTHMYX5.** Loto-Quebec has selected Percussion(R) Software's Rhythmyx(TM) 5 Enterprise Content Management (ECM) solution. Rhythmyx 5 was selected to deliver content to multiple Web sites that support Loto-Quebec's corporate subsidiaries and gaming programs. It will integrate easily into the organization's standards-based J2EE IT infrastructure without requiring a significant development effort. It also delivers easy content publishing and reuse, and frees up IT resources by transferring responsibility for Web content updates from Loto-Quebec's technical staff to its corporate communications staff.

### YOUBET.COM HAS RECORD DAY AT THE RACES.

Yobet.com said that during Saturday's Kentucky Derby, its leading online wagering site broke every previous record for daily

handle, concurrent users and service sign-ups by wide margins. Total handle for the day rose to \$3.6 million, 45% over the same event day last year. This year, Yobet's website concurrently served 65% more bettors at peak periods on the afternoon of the first leg of horse racing's Triple Crown than in 2003. During the day, the website logged 37% more unique visitors in 2004 over the previous year. Yobet's site attracted a record number of sign-ups on race day as well. More than 3,460 bettors signed up to wager this Saturday compared to 1,393 last year, an increase of 149%. In terms of Churchill Downs race day totals, Yobet's handle for the 2004 Kentucky Derby day exceeded \$2.2 million, an increase of 49%. Thirty eight percent (38%) more Yobet customers placed bets on the race card this year than in 2003.

## PEOPLE

Alliance Gaming Corp. announced that **Richard Irvine** has been named Senior Vice President of Sales for the Company's Bally Gaming and Systems business unit. Irvine will be responsible for guiding the North American sales operations of Bally Gaming, encompassing both the United States and Canada.

**Stephanie Interbartolo** joins Electronic Game Card, Inc., as VP of Sales and Business Development where she will be responsible for all marketing and business development of the company's proprietary interactive game platform and formats - excluding the Sports and Interactive markets. Stephanie was previously Director of Marketing, Promotions and National Revenue Development at Ticketmaster where she developed marketing and promotional plans and sales opportunities for major brand clients and partners..

Meanwhile, **Dan Manco** joins EGC as VP of Sports and Interactive. For the past three years Dan Manco has been Marketing Director of Topps Internet Group, the interactive arm of The Topps Company developing and implementing the eTopps sports trading card, directing product licensing, promotional approvals and trade and event show promotions with all leading sports groups.

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June 28-July 2

Loews Miami Beach Hotel

## HOTEL ALERT

Please call the Loews Miami Beach Hotel directly to make your room reservations.

**FOR HOTEL RESERVATIONS**

**Call Loews Hotel at Tel. 305-604-1601**

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



# Public Gaming Research Institute's

INTERNATIONAL LOTTERY EXPO & ILAC CONGRESS 2004

Loews Miami Beach Hotel, Miami Beach, Florida

June 28-July 2

## ***INVITATION TO PARTICIPATE***

***Theme: Revenue Growth Through Innovation & Expansion of Products***

Please check (✓) the subjects of interest and indicate those which you would like to actively participate.

Note any date or time constraints regarding your program participation. Thank you.

Fax completed form to PGRI @ 1-800-657-9340 or 206-232-2564. Tel: 425-985-3157

### **PARTICIPATION PREFERENCE (Please Check)**

<b>TOPICS</b>	<b>SPEAKER</b>	<b>PANELIST</b>	<b>OBSERVER</b>
<b>New Products</b>			
<b>New Innovations</b>			
<b>New Licensed Properties</b>			
<b>New Strategies for Video Gaming</b>			
<b>New Scratch-Off Game Innovations</b>			
<b>New On-Line Game Innovations</b>			
<b>New Internet –Uses for Lotteries</b>			
<b>New Wireless Delivery Systems</b>			
<b>New Innovations in Marketing</b>			
<b>New Innovations in Advertising</b>			
<b>New Innovations in Public Relations</b>			
	<b>Suggested</b>	<b>Topics</b>	

# CONFERENCE REGISTRATION FORM

## Public Gaming Research Institute's INTERNATIONAL LOTTERY EXPO & ILAC CONGRESS 2004

**June 28-July 2, 2004**

Loews Miami Beach Hotel, Miami Beach, Florida

Loews Hotel Tel. 305-604-1601 Fax 305-604-3999

PGRI Tel. 425-985-3159 or 800-493-0527; Fax 206-232-2564 or 800-657-9340

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

First Name to use on badge: \_\_\_\_\_; Spouse, if attending \_\_\_\_\_

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

Street Address: \_\_\_\_\_ City: \_\_\_\_\_

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

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_ Web Site: \_\_\_\_\_

### INDIVIDUAL REGISTRATION FEES (check one):

Non-government US\$895;  Extra Exhibitor: US\$795;  Government: No charge\*

\*Note: confirmation of government employment status required

### PAYMENT:

All payments are due in advance. Space is confirmed when payment is received.

Refunds are available until May 27 but not after that date.

**Credit card authorization** for US\$ \_\_\_\_\_ Date of purchase \_\_\_\_\_

**Please circle credit card type:** American Express    Visa    Master Card

**Card Number:** \_\_\_\_\_ Expiration Date \_\_\_\_\_

Cardholder's name if different than above: \_\_\_\_\_

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

Alternative payment methods available upon request

Call Susan Burke Jason at PGRI for assistance: 425-985-3157 or 800-493-0527

## HOTEL RESERVATIONS

**Please call directly to the Loews Miami Beach Hotel for room reservations.**

Discounted room rates for Expo/ILAC attendees: US\$199 single or double

**Telephone: 305-604-1601 or 877-563-9762    Fax: 305-535-5218**

**BE SURE TO MENTION NAME OF THE CONFERENCE**

**Loews Hotels Web Site: [www.loewshotels.com](http://www.loewshotels.com)**

**FAX COMPLETED FORM TO PGRI AT: Fax 206-232-2564 or 800-657-9340**