

PUBLIC

# GAMING

I N T E R N A T I O N A L

World's most widely read Lottery-Racino-Gaming magazine • Video, Racino, Casino, Internet, Wireless, Online, Scratch-Off

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

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

International

## Morning Report

Your weekly supplement to  
**Public GAMING International  
Magazine**  
November 1, 2004

**GAMING AT THE POLLS.** There are some very big gaming issues being decided tomorrow (Tuesday) in several states.

- Washington – an initiative that would allow up to 18,000 slots in several locations throughout the state (mini-casinos, fraternal org. etc.).
- California – Proposition 68 would force tribes to pay 25% of slot revenues to local governments or risk the state allowing other business to operate up to 30,000 machines.
- Florida – Amendment No. 4 would allow South Florida residents to vote on allowing slots at local tracks.
- Oklahoma – is voting on a state lottery.
- Nebraska – two competing measures to expand gambling.
- Michigan – Proposal 1 would require a statewide vote for any gambling expansion.



**NASPL ELECTS NEW PRESIDENT.** Tom Shaheen, CEO of the New Mexico Lottery, was elected President of the North American Association of State and Provincial Lotteries (NASPL) at this year's annual conference. Tom was formally NASPL's First Vice President, he succeeds Alan Yandow, the Executive Director of the Vermont Lottery Commission, as President. Following is the 2004-2005 NASPL Executive Committee listing: President: Thomas Shaheen (CEO, New Mexico Lottery); First Vice President: John M. Ross (Executive Director, The Hoosier (Indiana) Lottery); Second Vice President:

Gerald Aubin (Executive Director, Rhode Island Lottery); Secretary: Clint Harris (Executive Director, Minnesota State Lottery); Treasurer: Ernie Passailaigue (Executive Director, South Carolina Education Lottery); Immediate Past President: Alan R. Yandow (Executive Director, Vermont Lottery); President - Interprovincial Lotteries: Robert Ayotte (President of Operations, Lotteries, Loto Quebec); Region I Director: Wayne Lemons (Director, Delaware Lottery); Region II Director: Randy



Davis (President, Louisiana Lottery Corporation); Region III Director: James Scroggins (Executive Director, Missouri Lottery); Region IV Director: David Loeb (President, Western Canada Lottery Corporation).

**VIRGINIA LOTTERY HAS BEST FIRST QUARTER EVER.** The Virginia Lottery is following up on a record-setting FY04 with continued strong performance in the first three months of FY05. First quarter sales and profits for July, August and September topped \$304 million, with net profits of \$98 million. Sales in all product categories are strong: scratcher sales are up 11% over last year, daily games are up 5%, and jackpot games are up 17% due to the \$290 million Mega Millions jackpot on July 2. This is the third straight year of record first quarter profits for the Virginia Lottery.

**NH POWERBALL SUBSCRIPTIONS.** Starting Nov. 1, New Hampshire residents will be able to buy subscriptions to Powerball. The subscriptions are available for 26, 52, or 104 drawings. Any subscriptions purchased in November will begin Dec. 29. Any purchased in December will start later in 2005. Wins of less than \$5 will be used to extend the subscription, while prizes larger than \$5 will be mailed to the subscriber (jackpot winners will receive a call from the Lottery).



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**NEW PAC-MAN™ CASH LOTTERY GAME TO MAKE DEBUT IN DELAWARE.** In anticipation of celebrating the 25<sup>th</sup> anniversary of the video game that changed an entire industry in the 1980s, the Delaware Lottery will be the first lottery in the world to debut the new PAC-MAN Cash \$3 Instant Game on December 6, 2004. The PAC-MAN \$3 Cash game will feature a unique maze-type play style that replicates the video game play action consumers have enjoyed for more than two decades. The Instant Game will feature a top cash prize of \$3,000, a three-in-one video

arcade machine featuring classic PAC-MAN®, Ms. PAC-MAN®, GALAGA®, and 64 PAC-MAN® merchandise prize packs. The arcade machine and prize packs will be awarded in a PAC-MAN Cash second-chance drawing. To enter the second-chance drawing, players must complete all the information on the back of a non-winning PAC-MAN Cash Instant Game ticket and send it to the Lottery Office in Dover before July 1, 2005.



**MO LAUNCHES \$2 PULL-TAB.** The Missouri Lottery said players can have triple the fun playing it's first \$2 Pull-Tab game, "Triple Win!" This new game offers THREE top prizes of \$100 in every sleeve of tickets! "Triple Win" features the greatest number of top prizes and the highest payout ever for a Pull-Tab game!

**MA LAUNCHES KIOSK.** Massachusetts Lottery Executive Director Joseph C. Sullivan and State Representative David P.Linsky cut the ceremonial ribbon marking the official grand opening the Lottery's new retail kiosk in the Natick Mall. The new kiosk is a full- service Lottery retail outlet selling Lottery



instant and jackpot tickets. In addition to Lottery games, the kiosk will also offer Lottery apparel and other Lottery themed items. As an added convenience to patrons of the Natick Mall and the public, the kiosk serves as a regional ticket-cashing location. Customers will be able to receive cash for their winning tickets up to \$25 and checks for tickets with winnings up to \$50,000.

**SCEL LAUNCHES "ADD A PLAY!"** South Carolina Education Lottery (SCEL) players now have the chance to win up to \$500 instantly with the lottery's newest promotion, Add a Play! The promotion is only offered with SCCEL's Pick 3, Pick 4, and Carolina 5 online games. To play, when players purchase one or more of SCCEL's Pick 3, Pick 4 and Carolina 5 games, for an extra \$1 per play, the lottery terminal randomly generates a separate "Add a Play" game ticket. Players then need to match the winning symbol to one or more of the "your" symbols and win the cash prize printed directly below the matching your symbol. Players can win up to four times on each "Add a Play" game. Cash prizes range from \$2 to \$500. Players can elect to play up to five "Add a Play" games on one ticket online ticket.



SCS designs and implements everything a State Lottery needs to offer its Players a comprehensive, flexible and state-of-the-art subscription services program.



**JAPAN TO SELL TICKETS ON THE INTERNET.** Japan's Education, Culture, Sports, Science and Technology Ministry will reportedly try to grow sales of soccer lottery tickets by selling them on the Internet, and increasing the odds, beginning April 2006.

## VIDEO GAMING/RACINOS

### OLGC CASINO HOSTS RECEIVE 2<sup>ND</sup> QUARTER

**PAYMENT.** Ontario Lottery and Gaming Corporation has issued \$18,110,513 in second-quarter non-tax gaming revenue payments to 22 host communities of charity casinos and slots-at-racetrack facilities. The second-quarter payment for fiscal 2004/2005 brings to more than \$297 million in total distributions these host communities have received, since these programs were launched. Each charity casino host municipality receives five per cent of the gaming facility's gross slot machine revenue. In addition, host municipalities of slots at racetracks receive five per cent of the gross slot machine revenue for the first 450 machines, and two per cent for any machines above that number. Funds are used at the discretion of the municipality.



**FLORIDA SLOT BACKERS SIGN CONTRACT.** South



Florida's pari-mutuel facilities signed a contract guaranteeing 30 percent of their slot-take will go to benefit education if they're allowed to implement the machines. As a symbolic gesture to schools, the contract was reportedly signed with crayons.

**BCLC WANTS MACHINES IN BINGO HALL.** The BCLC reportedly will ask Kamloops City Council council to approve 50 new slots at a North Kamloops bingo hall that opened this year. The machines will be owned and operated by the BCLC.

**MN GOV TO TRY AND STRIKE DEAL WITH TRIBES.** Minnesota Gov. Tim Pawlenty will reportedly try to convince Minnesota tribes to pay 25% of their casino revenue in return for a promise to not make attempts to break the tribes' casino monopoly. Other potential benefits to the tribes include higher payouts, additional locations for casinos, and new forms of gaming. Gov. Pawlenty has met with representatives from two of the state's eleven tribes.

## MARK YOUR CALENDARS!

**What:** PGRI's SMART-Tech 2005

**When:** February – dates TBA

**Where:** Las Vegas!

## COMPANY ANNOUNCEMENTS

**ABBOTT & COSTELLO JOIN MDI PORTFOLIO.** MDI Entertainment, a wholly-owned subsidiary of Scientific Games, announced it has signed a three-year agreement for the exclusive rights to market to lotteries throughout the United States one of the greatest comedy duos in the history of show business. The new Abbott & Costello lottery licensing agreement with TCA Television Corporation, Hi Neighbor, and Diana Abbott Colton runs through September 2007 and also gives MDI rights to distribute Abbott & Costello merchandise tied to the lottery promotions. "We believe Abbott & Costello's classic 'Who's On First' sketch provides lotteries with a funny and nostalgic baseball theme for a lottery game or promotion," said MDI President Steve Saferin. Abbott & Costello and their side-splitting "Who's On First" Gold Record were inducted into the National Baseball Hall of Fame in Cooperstown in 1956. It was the first time in the history of baseball in which non-baseball-playing celebrities were granted Hall of Fame entry.



**ALC CHOOSES GTECH.** GTECH has been selected to replace the Atlantic Lottery Corporation's existing video lottery central system and provide management services. Subject to the successful completion of negotiations respecting a product sale agreement, GTECH will replace ALC's existing video lottery central system with GTECH's Enterprise Series(TM) Video central system. The new system will monitor the integrity and security of over 9,000 VLTs currently installed in age-controlled establishments throughout New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador.

**LA AWARDS SCI-GAMES.** Scientific Games Corporation has been awarded the instant lottery ticket contract for the Louisiana Lottery. The contract is valued at \$5.7 million over an initial term of three years and contains three one-year options to renew. The contract is subject to final negotiations.

**MDI GETS DICK TRACY AND OTHERS THROUGH TMS AGREEMENT.** Through an exclusive agreement between MDI and Tribune Media Services (TMS), fans of the classic animated comics Dick Tracy®, Daddy Warbucks™ (from Little Orphan Annie™), Broom Hilda®, Brenda Starr®, and Sydney Omarr's Astrological Forecast® will be able to relive the excitement and entertainment in games produced by participating lotteries. The five TMS brands could not have joined the MDI portfolio at a better time. New York Times Magazine writer Charles McGrath wrote in a recent article, "Comics are [also] enjoying a renaissance and a newfound respectability right now. In fact, the fastest-growing section of your local bookstore these days is apt to be the one devoted to comics and so-called graphic novels."

**OGT ANNOUNCES GOLDEN TICKET AWARD.** Oberthur Gaming Technologies ("OGT") is proud to announce that its long-standing client, the Maryland Lottery, received the "best instant ticket" award by NASPL on October 7<sup>th</sup> 2004 in Québec City.

Maryland Lottery's *The Golden Ticket* was launched on April 2, 2004 to coincide with the Baltimore Orioles opening day. The scratch off ticket was valued at \$10 with a top prize of \$100,000. With every Golden Ticket Scratch off purchase, the player received a free foil pack of collectable baseball cards commemorating the 50<sup>th</sup> anniversary of the Baltimore Orioles. The first 100 players to collect the entire set of 50 anniversary cards were eligible for cash and prizes, including tickets to the Orioles 50<sup>th</sup> Anniversary Bullpen Party in September. The next 1,000 people who collected all 50 of the anniversary cards were entered into a drawing for a Grand Prize of a brand new Corvette, \$50,000 cash or one of ten wide-screen Plasma TVs.

**POLLARD – MORE DOUBLE PLAY IN MD.** In response to the record-breaking success of Pollard Banknote's patented Double Play® ticket in Maryland this summer, the Maryland Lottery has entered into an agreement with Pollard to produce a minimum of five more Double Play® games over the next four years. Break The Bank broke the instant game mold. It combined scratch-off and pull tab games in one ticket - three scratch areas on the ticket front and a separate, four-window pull tab game on the back - while offering full front and back validation off of one barcode. The Maryland Lottery is the latest lottery to see first-hand how a Double Play® game from Pollard Banknote boosts instant sales. Double Play® has also been launched in Atlantic Canada, Michigan, New Jersey, Ohio, Israel and the Netherlands.

**SINGAPORE POOLS, 27TH ASIAN FIRM TO CONTRACT WITH SMARTPLAY.** Smartplay International Inc., of Southamptn, New Jersey, has recently installed its high end Halogen™ and Magnum™ models at Singapore Pools, and provided maintenance training. Singapore Pools is the 27th Asian firm to contract with Smartplay. The firm has also provided equipment to organizations in China, India, Korea, Malaysia, the Philippines, Taiwan and Vietnam.

## PEOPLE

**Eric "Rick" Pullman** has been named president of Autotote Enterprises, Inc., a subsidiary of Scientific Games Corporation. For the last two-and-a-half years, Pullman served as Director of Business Development at Autotote Enterprises Inc., and is credited with launching Autotote's Connecticut cable-based "Racing Live" daily racing show currently broadcast to over 400,000 Connecticut cable households on Cox and Cablevision networks. He has also expanded AEI's venue management operations to markets outside of Connecticut. Pullman has more than 25 years of experience in operations management, business development, and finance/audit, in pari-mutuel and technology services, consumer products, investment banking, Internet commerce, and customer relationship management.

## CASE STUDIES

### NEW YORK CASE STUDY – TAKE FIVE PROMOTION

The New York Lottery launched its annual Trick or Treat TAKE FIVE bonus last week. This limited-time bonus gives players an additional opportunity to win on the TAKE FIVE game which already offers players a 1 in 8 chance of winning a prize, making the odds during the bonus 1 in 6.

From October 25<sup>th</sup> through October 29<sup>th</sup>, the New York Lottery conducted its nightly *TAKE FIVE* drawings, however in addition to drawing five numbers, an extra number was drawn giving players a chance to win on four additional prize levels. *TAKE FIVE* players select their usual five numbers from 1 to 39 on their play cards. No additional number needed to be selected. To win one of the Trick or Treat *TAKE FIVE* bonus prizes, players had to match the extra number and one to four of the *TAKE FIVE* winning numbers. Players who matched two to five of the *TAKE FIVE* winning numbers without the extra number won one of the regular *TAKE FIVE* prizes.

“Our players love the *TAKE FIVE* game!” said New York Lottery Director Nancy Palumbo. “Since it was introduced, *TAKE FIVE* has been one of our most popular games because it offers players greater odds of winning a prize. We like to reward our loyal *TAKE FIVE* players every once and awhile by offering special bonus payouts and creating more winners”. The *TAKE FIVE* game produced more than 49 million winners in the past year alone (including free plays). That works out to more than 134,000 winners every day.

The first “Cinco de Mayo *TAKE FIVE*” promotional drawing caught players’ attention in May 2003, accounting for an additional \$996,000 or 18.6% increase over the prior 10 week Take Five sales average. New York repeated the Cinco de Mayo *TAKE FIVE* promotion in 2004 and recorded similar results, \$868,000 or 16.7% over the prior 10 week average. Anticipating a summer slow down in sales for the *TAKE FIVE* game, New York opted to further expand the bonus concept and introduced a month-long “*TAKE FIVE* Bonus Thursdays in June” promotion that resulted in an additional \$586,151 in sales, a 14.2% increase over the prior 10 week average. This past week for the first four days of the five-day promotion, our Take Five sales were 20.51% ahead of the Monday through Thursday sales over the previous 10 weeks thanks to the Trick or Treat promotion. Promotion works to drive sales.

Sales for the game for New York’s last fiscal year ending March 31, 2004 totaled \$500 million or 9% of the Lottery’s total sales for the year. Even more importantly, the game accounted for \$152 million of the Lottery’s \$1.9 billion contribution to help support education statewide for the same time period. Considering the numbers generated by this one game, New York takes great care to maintain player interest in the game.

Since its inception in 1967, the New York Lottery has generated more than \$25 billion in revenue to help support education statewide, including a record \$1.9 billion in fiscal year 2003-2004 on sales of \$5.84 billion.



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**Submit material for next week's Morning Report by Wednesday of this week to [Toddpg2@aol.com](mailto:Toddpg2@aol.com)**