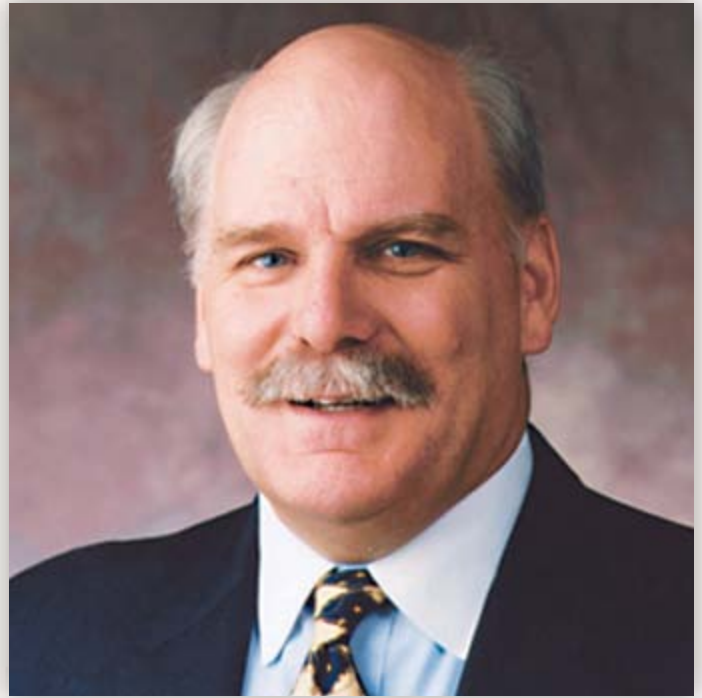


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Features



*On the Cover:
Saratoga Gaming and Raceway
Paving the Way for New York Racinos*

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PUBLISHER'S PAGE

PGRI's NEW FOCUS TO ACCELERATE GOVERNMENT REVENUES



Duane V. Burke,
Publisher & CEO of PGRI

There was a time in the world lottery industry when electronic gaming was considered to be unsuitable for lotteries. The arguments against the games were that they were too much like casino gambling and the games might have negative consequences that lotteries were not experiencing with existing games.

But times have changed – and now some lotteries, racing and local commercial enterprises are reaping the benefits of electronic gaming under the auspices of the lotteries.

This evolution in thinking and practice for lotteries is the outgrowth of three principal developments:

1. After lengthy research, Canadian lotteries were able to get approval for electronic gaming for lotteries several years ago, have run them very successfully since then and have thus become models for other lotteries.
2. The incredible proliferation of electronic gaming on Indian reservations has made gaming machines virtually ubiquitous throughout the US; and, ironically, under the Federal Law that permits gambling on Tribal Lands, it is the states' own lottery and social gaming laws that have opened the door for all of the gaming in Tribal casinos. And yet, most states have not taken advantage of their own laws in this regard.

3. The pioneering efforts by the states of Delaware, Oregon, Rhode Island, South Dakota, West Virginia and, most recently, New York in adopting and operating electronic gaming have made clear the benefits of adding electronic games to the lotteries' game mixes.

Electronic gaming is dynamic, fast-moving, entertainment and as such is an excellent complement to the range of games that the lotteries are already offering – and upon which the success of lotteries have depended for several decades.

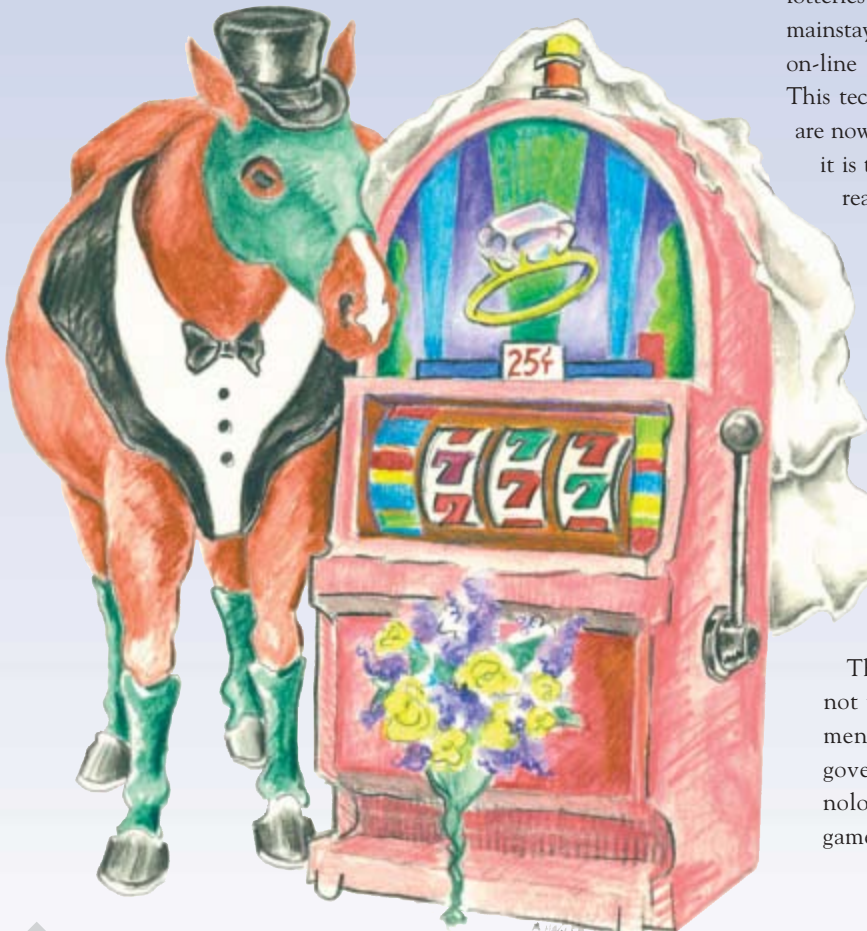
The net revenue impact for lotteries and their jurisdictions can be dramatic, increasing monies available for good causes by a factor of four, in some cases.

Those of us who have been associated with the industry for many years know that it is the adoption of proven, new products that can make the most dramatic differences in revenues for government jurisdictions. In 1974 that dramatic new game for lotteries was scratch-off tickets which were soon adopted by all North American lotteries and lotteries around the world. Today, scratch-off games are the revenue mainstay for most lotteries. A little later, the dramatic new game was on-line lotto and other games delivered via the on-line technology. This technology and associated games have also swept the world and are now the foundation of the revenue success of many lotteries. Now it is the electronic games that can cause lottery sales and profits to reach previously unimagined new heights.

For the past 30+ years, Public Gaming Research Institute has been at the forefront of promoting products and innovations that can help the lotteries be most successful and has used its publications, Public Gaming International magazine, PGRI's MORNING REPORT and its conferences, SMART-Tech, International Lottery Expo and the ILAC Congress for this purpose.

Now it will be electronic-video lottery gaming, racinos, monitor games, electronic pull-tabs, electronic dispensing of games, electronic play stations, electronic drawings, wireless gaming and Internet gaming (and marketing) that will be getting special emphasis in PGRI publications and conferences.

There is no longer a valid excuse for government jurisdictions not to have the incredible revenue, technological and management benefits of electronic gaming. PGRI will help educate government and industry executives everywhere on this technology and will actively promote the rapid adoption of these games and technologies around the world. ♣



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NASPL Standards Initiative



Alan Yandow,
NASPL President

As we approach the end of the second year of the NASPL Standards Initiative (NSI), coming up in October, perhaps it is time to take stock of this unique project. The NSI started as an initial two-year collaborative development effort between lotteries, vendors and retailers. The goal was to develop standards, best practices and certification programs for the lottery industry. Why, you ask?

The NSI set out to design a lottery environment that utilized open technical standards, approved best practices and certification programs that would improve the quality and integrity of lotteries, foster efficiencies, and ultimately result in lower costs and increased profits for lotteries, vendors and lottery retailers. Everyone benefits!

While the NSI was funded by NASPL and vendors, a technology-neutral and vendor-neutral organization, The Open Group, was selected to design and manage the collaborative development processes, and facilitate the creation of best practices, technical standards and the certification programs that followed from that effort. The Open Group brought years of experience and expertise to this project.

While The Open Group designed and managed the collaborative process, the challenge was to bring groups of vendors and lotteries to the Steering Committee and the Working Groups. The lotteries and vendors responded to this challenge, and provided key management and staff people to fill these important positions. The Retail Council was also established, representing the last stakeholder position, to make sure that key constituents were represented in the NSI process. The Council includes representation from chains, independent stores and four Retail Associations.

So, what did these groups decide to identify as the most important areas of Technical Standards and Best Practices? From the Technical Standards side, *Retail Accounting Standard & Standards for Instant Ticket Barcodes* made the cut. From the Best Practices group, *Quality Assurance of Product Development & the RFP Process (Common Profiles and Practices for System Specification and RFP Generation)* were the two selected. Another best practice for later development was *End-of-Shift Accounting*.

The *Quality Assurance Best Practice* is the first product of the NSI. This Best Practice provides a set of processes and procedures that address the quality assurance requirements throughout the hardware and/or software production cycle. The scope of this Best Practice, although general enough for many software and hardware production environments, has several quality assurance aspects that are specific to the lottery industry. This Best Practice includes *Requirements Definition, Development Process and Acceptance Testing*.

The **Requirements Definition** covers the process by which a lottery and vendor define and agree on the requirements for the product to be produced and accepted.

The **Development Process** focuses on the quality engineering practices that the vendor employs to assure that the product is produced in accordance with the requirements, timeframes, and quality criteria defined and agreed upon during the Requirements Definition.

Acceptance Testing is the process by which the lottery verifies the delivered lottery system or system components meet all of the contractual requirements, standards for quality, and are thus acceptable for deployment.

At this point, I would like to point out the participants in this project, the consultants, the Steering Committee (both voting and non-voting members), the Retail Council members, and the list of lotteries who gave valuable staff time and expertise to the project.

NSI Participants

NASPL Executive Committee, NSI Steering Committee, Best Practices Working Group, Technical Standards Working Group, The Retail Council

The Open Group

James Andrews, Cathy Fox, Chris French, Sally Long, Deborah Schoonover

NSI Steering Committee

Tom Shaheen, NM Lottery (Chair); Chris Coyle, GTECH; Norm Day, OR Lottery; Karen Fournet, LA Lottery; Arch Gleason, KLC; Susan, Harris, Scientific Games; John, Hervey, NACS; Daniel Johnson, GLC; Sandra Johnson, MD Lottery; John Kirkland, INTRALOT; Dianne Koelzer, CA Lottery; Jordan McCabe, Spielo; Rich Myers, CO Lottery; Harvey Roberts, KLC; Morten Schjelderup, WLA; Joe Seeley, NY Lottery; Tom Tulloch, NASPL; James Vance, CT Lottery Corp.; Andrew White, NASPL

Best Practices Working Group

California Lottery; Maryland Lottery; Louisiana Lottery; New York Lottery; Kentucky Lottery; Georgia Lottery Corporation; Washington Lottery; Missouri Lottery; Delaware Lottery; South Carolina Education Lottery; West Virginia Lottery; Scientific Games International; GTECH

Technical Standards Working Group

Atlantic Lottery Corp.; California Lottery; Colorado Lottery; DC Lottery; Delaware Lottery; Georgia Lottery Corp.; Iowa Lottery; Kansas Lottery; Kentucky Lottery Corp.; Louisiana Lottery Corp.; Loto-Québec; Maryland Lottery; Missouri Lottery; New York Lottery; Rhode Island Lottery; South Carolina Education Lottery; Washington Lottery; GTECH; Nter; Oberthur Gaming Technologies; Scientific Games International

The Retail Council

Chains: 7-Eleven (Chain and Franchise); Safeway; Conoco-Phillips; Albertsons

Independent Store Representatives

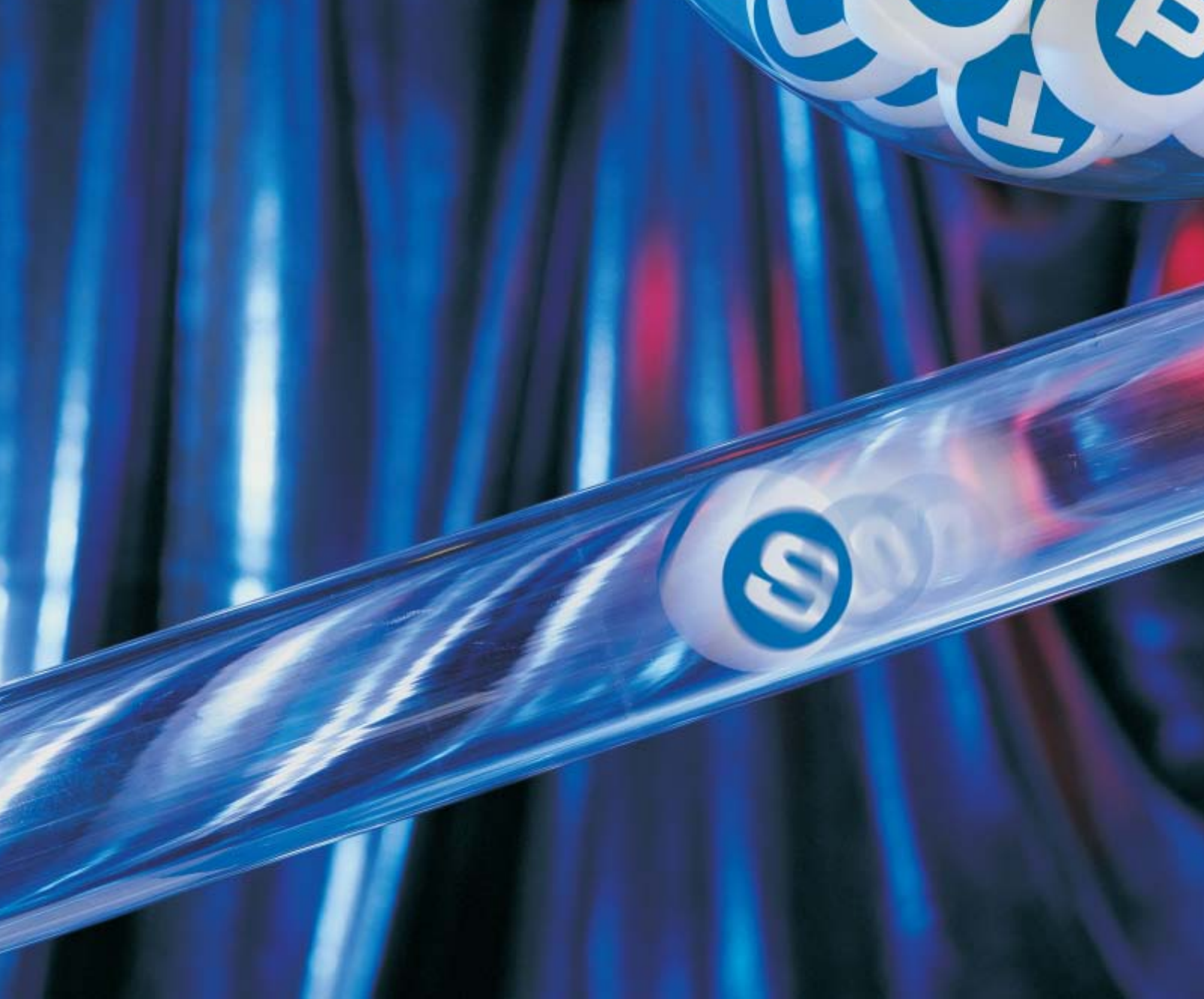
4 Retail Associations: National Association of Convenience Stores; National Retail Federation; National Grocers Association; Food Marketing Institute

I mentioned earlier that everyone benefits. I'd like to describe how some of those benefits occur:

Benefits to Lotteries

Standards will offer lotteries greater control over processes, integrity and profits. Simplifying the RFP process will reduce bid time and costs. Lower costs for system development, testing, installation and maintenance will enable flexibility. Standards-based software and components can be introduced as they are developed, rather than waiting for complete system upgrades.

continued on page 17...



**Guess why one name keeps
coming up in Lotteries?**

Industry News



Intralot Opens German Office

Intralot has established a business office in Germany and appointed Mr Bernhard Knäuper as the Regional Sales Director, in the framework of the company's international expansion and in line with the importance attributed by INTRALOT on the requirements of the German Lottery Market. The business office is located in Kölner Strasse 10, D-65760 Eschborn, and aims to serve the existing and potential lottery customers in Germany and build on new business opportunities in the country.

WinTV in New Countries

WinTV, Editec's drawing machine division, announced the delivery of one Topaze and two Venus Lotto machines respectively to La Libanaise des Jeux in Lebanon, SJC, the new Cameroon Lottery operator and to SNAK in Suriname. Both machines are PC-operated and equipped with WinTV's ARS (drawing balls Automatic Recognition System) and special display Plasma screens.

Iowa 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.

Hasbro Signs With Scientific Games

Scientific Games announced that the Hasbro Properties Group has awarded it the licensing rights to eight classic Hasbro board games for instant scratch-off and pull-tab lottery games marketed in the United States and Canada. The new agreement includes MONOPOLY, the world's most powerful name in board games and the best-selling lottery licensed property of all-time. Other properties in the agreement with the Hasbro Properties Group, the intellectual property development arm of Hasbro, Inc. (NYSE: HAS), include SCRABBLE, YAHTZEE, THE GAME OF LIFE, BATTLESHIP, CLUE, PAYDAY and TWISTER.



New Mexico Awards RNG Contract to Smartplay

Smartplay International, Inc. has been awarded a contract to supply its Origin™ digital drawing system to New Mexico Lottery Authority. Per Tom Romero, Executive VP Security, the turnkey Origin system will enable easy, cost effective introduction of new games. A July installation is planned. New Jersey based Smartplay is gratified to have prevailed in the first domestic bid opportunity, since the Origin's introduction at NASPL 04. Smartplay has been a supplier to New Mexico Lottery since its inception, having provided traditional drawing equipment to serve various games.

MDI Signs with Daimler Chrysler, Extended by GM

MDI Entertainment signed an agreement with DaimlerChrysler Corporation that makes available to lotteries the Dodge and Dodge Ram Head logos, vehicle trade dress, and Dodge's Grab Life by the Horns theme line and shield logo for use on lottery tickets and related advertising. Four popular Chrysler Group Dodge vehicles will be available as instant scratch off prizes, including the sleek, sporty Dodge Viper SRT-10 roadster, voted one of the Top Five Sports Cars of 2003 by Consumers' Research Magazine and winner of Motor Trend's What's Your Favorite Car of All Time poll. MDI will handle fulfillment of all vehicles awarded as lottery prizes, and lotteries will purchase vehicles at the time such prizes are claimed. Other Dodge vehicles featured on lottery tickets are: Dodge Durango, Dodge Ram 1500, Dodge Ram 2500, Dodge Ram SRT-10, and Dodge SRT-4, known as "the fastest car in America for under \$20,000" and Sport Compact Car magazine's Car of the Year award winner.



Lotteries in North America will also be able to choose from a wider variety of popular GM vehicles to build exciting online and instant games and promotions, thanks to a new 15-month contract extension granted to MDI from General Motors Corporation. The new contract, which runs through December 31, 2006: extends MDI's original Corvette license and includes the Corvette convertible with LS1 or LS2 engine and automatic transmission (models years 2004 to 2006, as new models become available); adds the Pontiac GTO with 5.7L LSI V8 engine and automatic transmission; and includes three popular GM trucks (model years 2004 to 2006) – the Chevrolet Avalanche and the Chevrolet Silverado, each featuring a 5.3L V-8 engine and automatic transmission, and the all-new Chevrolet Colorado with a 2.8L inline I-4 engine and automatic transmission. The GM brands now available through MDI license are designed to appeal to a demographically diverse mix of consumers. ♦



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Euromillions

Britain, France and Spain, the original members of Euromillions, may be joined next year in the game by operators of lotteries in Ireland, Belgium, Austria, Portugal, Luxembourg and Switzerland.

Channel Islands

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

Czech Republic

SAZKA has awarded Cyberview Technology a 10-year contract to supply a Central Lottery System in the Czech Republic, comprising of Interactive Video-Lottery Terminals (IVT) and Storeowner's Terminals. Over the coming years up to 10,000 terminals will be installed in thousands of locations ranging from traditional gaming arcades to retail outlets of varying size throughout the Czech Republic. Players will be offered a range of entertaining games.

Leeward Islands

GTECH 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.

Malaysia

Several Malaysian gaming companies are seeking approval to offer football betting for domestic and international matches. Four-digit operators are also asking for operating hours to be expanded beyond 7pm.

Netherlands

De Lotto has deployed Avaya IP telephony solutions at its head office in Rijswijk, the Netherlands. By using the new technology, De Lotto is expecting to increase efficiency and simplify the management of its numerous contacts with consumers and resellers.

New Zealand

New Zealand Keno players now have two chances to win each day. The game increased to two draws daily on May 10, 2004.

South Africa

Players in North Western South Africa will experience first-hand the excitement of LOTTO as Uthingo's biggest game makes its way to Mmabatho. The live LOTTO and LOTTO Plus draws will be conducted in front of an expected five thousand people at the Mmabatho Civic Centre. To mark this special occasion, Uthingo is offering players a guaranteed R20-million Jackpot on Saturday, June 5.

Spain

Spain's ONCE has registered lottery sales in the first four months of the year of almost 800 million, up 4% over the same period last year. An extraordinary March 13 draw, and a rise in the number of players are credited with the increase. The Lottery is currently preparing to launch a new kind of lottery in the fall.

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Saratoga Gaming and Raceway

Paving the Way for New York Racinos

On January 28, 2004, Saratoga Gaming and Raceway (formerly the Saratoga Equine Sports Center) opened its doors to video gamers for the first time. The much anticipated launch saw 10,000 players brave the harsh New York winter to grace the floor of the State's first video gaming entertainment facility.

With two tracks (a thoroughbred and a harness track), Saratoga is a horse racing town. Before the advent of video lottery the Saratoga Harness Track was commonly known as the "other" track in



The Saratoga Management Team

Saratoga Gaming and Raceway employs 500 people, with 300 of those employees belonging to the gaming side of the facility. The upper management team is composed of eight people, half of which are experienced with casino-style gaming. General Manager Jamie Hartman heads the upper management team and brings twelve years of casino-style gaming experience to the table.

A few years after beginning his casino career in Atlantic City, Hartman was hired to help with Delaware's emergence into the racino environment. He went to a property that hired experienced individuals from the industry who would be able to launch and then manage the racino.

In 2003, Hartman signed on with Sportsystems, the gaming division of Delaware North, the company responsible for managing Saratoga Gaming and Raceway.

The rest of Saratoga's management team consists of Rita Cox director of marketing; Susan Cooper, VGM controller; John Lehmann, Food and Beverages Director; Cage Manager Joe Gentile; VGM Operations Director Joe DeFrancesco; Don Braim Director of Security; Ken King, Director of Surveillance; and Assistant General Manager Patrick O'Such. ♦



Jamie Hartman, General Manager of Saratoga Gaming and Raceway

Saratoga, but the newly renovated video gaming facility is changing that perception.

"Now that we've spruced up the facility and renovated the building the reaction of the folks coming in the door is that they're wowed as to how nice of a facility is now," said Jamie Hartman, General Manager of Saratoga Gaming and Raceway. "They really love it."

Saratoga Gaming and Raceway implemented approximately \$15 million in renovations, including adding on a 25,000 square foot addition which expanded the gaming facility to a total of 55,000 square feet (housing 1,324 video gaming machines). The facility's FF and E (Furniture Fixtures and Equipment) were upgraded, as were the food and beverage offerings. As Hartman pointed out, it's a much nicer looking facility to what it was prior.

Video – An Impressive Draw

When asked for the downside of adding video gaming to his facility, Hartman replied that there wasn't any. "It's really rejuvenated the business," said Hartman. "It is quite possible that the property would not be operational had this not happened."

In the facilities first month of operating video gaming, from Jan. 28 through Feb. 29, bettors wagered \$81 million in Saratoga's machines, 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. During this time period, the machines averaged more than \$11,500 per hour in revenue, generating approximately \$185,000 per day.

What's equally important as the dollars generated is the fact that video gaming has instigated an impressive turn-around in track attendance.

Saratoga Gaming and Raceway runs races three to four days-a-week year round, with the first race posting at 7:10pm. Before video lottery was added, average weekly track attendance was 700.

The video gaming entertainment facility is open 10am to 2am, seven-days-a-week, and has been instrumental in bringing in an average of 50,000 people per week. As good as attendance has been, it's only expected to get better. This attendance figure was achieved during the off-peak season, when weather factors heavily into attendance figures. As the summer heats up and vacationers make their way into the region, Hartman expects a surge in attendance.

Of course, with attendance rising, it's important to know one's customers. Hartman is quick to point out that horse bettors and video gamers are a different breed. "I've worked at two racinos now – this one and Delaware Park – and so far my experience has been that there's very little crossover between the track side and the gaming side," said Hartman. "The people that are coming here to



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game are usually new business. We've essentially converted a few customers from the racing side to a gaming customer, but I wouldn't say that's a significant portion of our business."

What's interesting is that while few video gamers make their way to the track, the racing revenue is still rising. Hartman attributes the rise to "tag-alongs" – friends or family members that come to the track with a video gamer. Some of these people come without the intent of playing video lottery, and may eventually take an interest in the horse-side of the facility.

Game Performance

Like all video gaming entertainment facilities in New York, Saratoga has four different video gaming vendors – Bally, IGT, SDG and Spielo. Currently, each vendor is allotted 25 percent of the available floor space. Every six months the Lottery will run a performance assessment and will reallocate vendor floor space accordingly. Vendors that perform the best will be given a greater percentage of floor space. Saratoga's management team will also make recommendations as to which vendor should be allotted more space, and the experienced management team does bring something to the table in terms of product mix for the floor, but the Lottery will have the final say.

So, how are the vendors performing? As of the end of May, the vendor that seems to be doing the best is IGT, followed closely by Bally, SDG and then Spielo. IGT has an edge in the brand recognition, and their games have garnered more than 125 percent of the total house average.

Currently, there are a few licensed brands on the floor – Betty Boop and Lone Ranger from Bally – and they are doing okay, but they haven't seemed to take off like they have in other jurisdictions.

Of course, the slow start for the licensed games can easily be attributed to the fact that Saratoga is a new market – all of the games are new to this particular clientele. As it is right now, three-reel games are ruling the floor. "It's the games that are the easiest to play that get the most attention from our customers," said Hartman. "Games like Triple Diamond and Double Diamond, Red, White and Blue – those types of three reel games with great brand recognition – tend to do better in this market."

Promotional Efforts

Karen Carpenter once sang, "We've Only Just Begun," and that song, given the newness of the venture, could be the theme song for Saratoga's promotional efforts. Of course, one could make a case for "Anything Goes," because there are very few restrictions on the ways the track can promote video lottery.

Basically, there are three restrictions: the facility cannot comp alcohol; and any marketing has to have representation across the four video lottery vendors and all promotions must be approved by the Lottery. The alcohol restriction and Lottery approval is easy to abide by, but the vendor restriction can complicate matters.

"That sometimes makes it difficult to do effective marketing," Hartman admits, "because we have to worry that we've covered all four vendors first, then design our marketing around that. I wouldn't say it's something we can't do and haven't done but it makes it a little more difficult to do."

Still, considering the restrictions that some states place on marketing video lottery, the New York facilities have it easy. Saratoga runs a direct mail program, a lot of outdoor advertising, radio advertising, and television advertising.

The track also runs numerous promotions, and rolled out its Player's Club in late May. The Player's Club, which was supposed to launch at the same time as the machines but suffered some technological setbacks, rewards customers for playing, and is a big aspect of Saratoga's marketing.

To compensate for the late debut of its Player's Club, the track has been running heavy on promotions to try and drive customers to the machines. The last few promotions have centered around the idea of a grand prize giveaway. The most recent of these giveaways promised a week's stay on a private island (Money Key – off the Florida Keys) for the lucky winner and five close friends – a \$23,000 value. The promotion attracted 18,000 entrants.

Gaming Expansion on the Horizon

New York Governor George Pataki is the main reason why Saratoga Gaming and Raceway was able to implement video lottery. The Governor pressed hard to allow tracks to access the machines, and having won that battle he isn't content to rest on his laurels.

The Governor now has a gaming plan in the works that would allow video gaming machines at other sites in New York. Many speculate that OTB sites would be included in the plan.

Of course, tracks that already have VGMs are concerned that putting machines in OTBs would affect machine revenue at tracks. "There are a couple of big OTB facilities – one in Lake George, one in Albany," said Saratoga Gaming and Raceway General Manager Jamie Hartman. "If they add machines to either of those facilities it will certainly have an impact on our business."

Governor Pataki has tried to take the tracks' concerns into consideration. His plan wouldn't allow machines in OTB facilities within 15 miles of an existing video gaming entertainment facility. ❁



Making Adjustments – Silence is Not Golden

Silence may be a virtue, but it can spell trouble on the casino floor. The noise generated by machines causes excitement among video gamers, and the machines in Saratoga weren't making any of those noises.

"When you walk onto the floor here in Saratoga you don't hear a lot of jackpot bells going off, you don't hear the coins going into the tray, which are all things that get the juices going for the players," said Hartman. "Because it's a strictly ticket-in ticket-out environment you don't have that occurring. When a jackpot hits there's no real celebration of the jackpot, so what we've started to do is look for the signs of people winning and make a big deal out of it so that other players see it and feel good about it."

Adjustments like these are to be expected in any kind of new business venture. Saratoga is also pressing ahead with another adjustment that will be sure to add excitement to the facility.


This summer, the track will be adding an entertainment venue. "It's going to be a nightclub concept to bring people to the property, because Saratoga is essentially a vacation area," said Hartman. "We're not far from Lake George which is a huge vacation area. It will give them another reason to come to the property. We've invested a lot of money into establishing this nightclub concept for the property and we're hoping that it's going to be good for

us throughout the summer."

Overall, the track is off to a fantastic start. Attendance is up and rising (as are revenues) and the track's awareness is off the charts. "We did a market awareness study shortly after we opened and the numbers that came back in terms of awareness of video gaming at the property were much higher than anybody ever anticipated," said Hartman. Nearly 94 percent of the people surveyed had heard that video gaming came to Saratoga – and that's half the battle. ♣

The new name in networked monitor games:

JUPITERS TECHNOLOGY



*Jupiters Technology networked monitor games for social settings include
RACETRAX and Jupiters Keno*

See us at the International Lottery Expo in Miami

*Jupiters Technology Pty Ltd
5 Bowen Crescent, Melbourne, 3004, Australia
Phone +61 419 652 975 Email duggans@jubcorp.com.au*

Picking a Winner with Keno

Several North American lotteries offer Keno in either a daily draw or a quick-draw (every four or five minutes) format. Many lotteries that offer the game have a loyal keno clientele that plays the game regularly, helping to generate millions of dollars for beneficiary programs.

What follows is a short summary of several North American lottery keno programs, including draw and retailer information and information on the demographics of those who play the game.

Kansas

Kansas Lottery Keno drawings occur daily, every four minutes; 5 a.m. to 12:52 a.m. The draw frequency has been in place for more than two years. All Kansas Lottery retailers sell Keno, but social environments have greater Keno sales.

The Lottery actively recruits new retailers and markets the Keno game as a way to increase retailer's customer base. Players will buy food and drinks while playing Keno, thus increasing profits for the retailer.

The Lottery promotes the game at social environment Lottery locations where Keno is popular, and utilizes live radio remotes. In addition to this, the Lottery has a large building at the Kansas State Fair each year, where Keno players can come inside.

Kansas Lottery Keno players tend to be somewhat younger, somewhat more male, and probably slightly more affluent than players of most of the Lottery's other games.

Massachusetts

On March 1, 2003, the Massachusetts State Lottery changed the draw intervals for Keno from every five minutes to every four minutes. To date Keno sales have increased 10 percent. No additional cost associated with the interval change.

Currently all Keno retailers must be a "pouring establishment", which means they must have a license to sell liquor and must be 18 years or older. The Lottery is currently engaged in attracting more Fraternal and Private Club establishments to its Keno agent base. In the past two years the Lottery has added 117 new Keno retailers.

The Lottery holds "Keno Night" promotions at selected Keno retailers. At the promotion Keno premiums are given away as prizes to event attendees. Once a year the Lottery has a sales incentive promotion.

Michigan

The Michigan Lottery recently launched Club Keno, which draws every five minutes, in class C liquor licensed establishments. Class C is licensed to sell liquor for on-premise consumption. The retailer network is still in development (approximately 750 retailers in the first five months – expecting approximately 2,000 by the end of 2004), so no demographic research has been performed yet. Still, in Michigan, Keno is generally reported to appeal to blue collar workers between the ages of 40-55. The game does very well in rural environments.

The Lottery promotes Club Keno through product sampling coupons (newspaper FSI coupons); terminal based promotions (buy X, get Y); Keno nights – events with "spin the wheel" games to give away prizes with purchase, or second chance drawings to encourage

first time players; and wait staff incentives (every "Nth" ticket generates a free ticket for the bar wait-staff).

New York

New York Lottery Keno draws every four minutes in social environments – bars with 25% or more of sales coming from food, restaurants, and businesses occupying 2,500 square feet or more to allow players a comfortable playing environment. The Lottery is actively recruiting to increase the number of Keno retailers.

The game switched to the 4-minute schedule on March 3 of 2003. When the change was implemented, sales rose approximately 10 - 12 percent initially but have since leveled off to 9 percent. The only additional costs the Lottery incurred included updating its play brochures.

To promote Keno, the New York Lottery executes a number of on-premise promotions. The Lottery also supports substantial promotional merchandise and retail display programs.

The average Keno player in New York is 45-years-old with a household income of more than \$52,000. More than half of all Quick Draw players report having some college, and more than half of all Quick Draw players are male

Ontario

Ontario Lottery Keno games, sold at Lottery retail outlets, draw nightly. The Lottery promotes the game through print and radio ads, as well as POS materials that encompass other "daily draw" games.

Demographically speaking, 58 percent of OLGC's keno players are male aged 25-44 years. They have a lower HHI than the typical lotto player with a slight ethnic skew (South Asian, West Indian over indexed).

Oregon

The Oregon Lottery offers Keno games from 5 AM to 2:30 AM, 7 days per week in any retail establishment that offers on-line games. The Lottery moved from 5 minute Keno to 4 Minute Keno on February 23, 2004, and immediately saw a 10.41 percent increase during the first five weeks of the change. From a technical standpoint, there were no additional costs to support this change which the Lottery supported with a new POP campaign.

The Lottery develops up to three Keno POS campaigns per year. The POS package consists of posters, backlit signs (posters) and how to play brochures.

The Lottery also produces Keno cocktail napkins and drink coasters for retailers.

Also, many retailers display more than one Keno monitor in their establishments. The Keno monitor primarily promotes the Keno game.

The Lottery also promotes Keno via Jackpot LED Signs. Oregon offers rolling (progressive) jackpots on the 6 spot, 7 spot and 8 spot Keno games. The LED signs, which are located primarily in bars and taverns, broadcast the rolling jackpot amounts to customers. Finally, the Lottery is in the process of purchasing Keno lit signs similar to those used by beer companies. These will be installed later this year.

Males comprise 60 percent of the Oregon Keno players; 98.6 percent are high school graduates or have higher education levels, and 76.9 percent have an annual income of \$30,000 or more

The Lottery has been working with its top performing video Lottery retailers to add Keno.

Quebec

Loto-Quebec has offered one daily Keno (Banco) draw, since September 15, 1989. The game is sold in grocery stores, convenience stores, gas stations, and more.

To promote the game, the Lottery conducts advertising

and holds bonus promotions twice a year (see graphic).

Quebec's regular Keno (Banco) players are typically male, 35-64 years old with a high school education and earning \$30,000 to \$50,000 yearly.

Rhode Island

The Rhode Island Lottery Keno Game is drawn every four minutes. The change from five-minute intervals to four-minute intervals occurred on January 23, 2000. The change in draw frequency had a very positive impact on sales, with no additional costs.

The Lottery increases the number of Keno Retailers on a regular basis and monitors their sales performance. Retailers are allowed a 13-week trial period to average a minimum sales amount. The Lottery currently has a waiting list of 40 to 50 locations.

When Keno first started in 1992, there were no restrictions on the type of Rhode Island establishments that could be Keno Retailers. While there are still no formal restrictions on the type of establishments, the Rhode Island Lottery's practice is to install Keno in age-controlled environments.

In addition to P.O.S. materials, the Lottery promotes Keno through weekly "Keno Nights" at various Retailer locations throughout the year. During these two-hour events, Lottery Staff promotes the Keno Game with free plays, merchandise raffles, and special payouts.

West Virginia

The West Virginia Lottery conducts 5 minute Keno draws in adult environment establishments such as fraternal, bars and taverns (establishments that are age restricted and have drinking on premise). In West Virginia, Keno is promoted via POS items, outdoor sig-

nage and periodic print advertising.

The Lottery increased its keno retailer base two years ago after doing a mailing to all licensed alcohol establishments that should qualify for Keno. The Lottery had no set number to add to its base, only trying to expand it more to allow players a better opportunity to find a location near them.

The average Keno player in West Virginia is either male or female, aged 35 to 54, at least a high school graduate, earns between \$10,000 and \$30,000, is part of a two to three person household, and is married and has a professional/technical job or is self employed. ♣

Draw 2004-04-02
01 02 03 04 05 06 07 08 09 10
11 12 13 14 15 16 17 18 19 20

PRIZE STRUCTURE*
(for each dollar wagered)

10/10	\$200,000.00	7/7	\$5,000.00	15 to 20/20	\$1,000,000
9/10	\$5,000.00	6/7	\$50.00	14/20	\$10,000
8/10	\$200.00	5/7	\$5.00	13/20	\$1,000
7/10	\$25.00	4/6	\$1,000.00	12/20	\$200
6/10	\$5.00	5/6	\$25.00	11/20	\$50
5/9	\$50,000.00	4/5	\$250.00	10/20	\$20
4/9	\$1,000.00	3/5	\$25.00	9/20	\$10
3/9	\$100.00	2/5	\$5.00	8/20	\$5
2/9	\$5.00	1/4	\$100.00	7/20	\$3
1/8	\$25,000.00	3/3	\$25.00	6/20	\$2
1/7	\$200.00	2/2	\$10.50	5/20	\$1
1/6	\$10.00			4/20	\$0.50

Daily Bonus at Banco: every day from April 2nd to 23rd a different WAGER will play out "one and a half time it's prize", as described in the above prize structure.

Date	Apr. 2nd	Apr. 3rd	Apr. 4th	Apr. 5th	Apr. 6th	Apr. 7th	Apr. 8th	Apr. 9th	Apr. 10th
Banco: one and a half time it's prize	2	3	4	5	6	7	8	9	10

*Minimum: Loto-Quebec may have some of the prize amount payable, as stated on the selection slip of the game.

The New Name in Monitor Games

By Greg Duggan, business development manager, Jupiters Technology

Jupiters Technology has emerged as a unique specialist supplier of monitor games for the worldwide lottery industry.

The recent merger of Tabcorp and Jupiters has created Australia's premier leisure and entertainment group. With an enterprise value over US \$4 billion, the Tabcorp group is now the 4th largest gambling company in the world, with operations including wagering, network games, gaming machines and casinos in Australia.

Brief statistics on the Tabcorp group are: 566 Wagering outlets; 2,000 Keno agents; 4 casinos & hotels including over 4,000 casino slots; 270 gaming venues with over 13,000 gaming machines.

Jupiters Technology has been created by Tabcorp to market the group's gaming systems and expertise, in particular its fast-draw monitor games; **Racetrax™ & Jupiters Keno.**

Racetrax and Jupiters Keno are network games that have been developed within the Tabcorp group and have a sustained history of successful operation. Tabcorp contributes on-going R&D to these games for its own use, and external customers and potential users get the benefit of this.

Jupiters Keno is a mature, feature-rich, fast draw game with entertaining graphics, which Tabcorp runs in a network across 2,000 social locations. It is also operated by external customers in other states and countries in the region.

Racetrax is a simulated horse racing game that works in some respects like fast draw keno, but looks like real racing. Tabcorp operates Racetrax in Australia, and the Danish lottery, Dansk Tiptjeneste, runs it in successfully in Denmark. In Australia Racetrax and Jupiters Keno have been shown to be complementary games, with little or no cannibalisation.

Beyond the current terrestrial networks, Jupiters Technology is working to implement Internet and Digital Interactive Television solutions for these games before the end of this year. The company is also looking to extend its international presence by forming strategic alliances with business partners in North America & Europe.

Greg Duggan, business development manager of Jupiters Technology, will have the Racetrax and Jupiters Keno systems on display at the International Lottery Expo in Miami. Greg will be pleased to discuss these games with all interested lotteries. ♣

Video Lottery at the Atlantic Lottery Corporation



*Atlantic Lottery machines
in action.*

game is approximately one year. To keep games fresh, ALC has taken a page from its instant product strategy. New games are introduced to each terminal type once a year; however, the game replacements for each terminal type are staggered throughout the year. This means that players are provided with new games every three or four months. ALC works with the video lottery gaming suppliers to identify games to test in the Atlantic Canadian market. Those that players enjoy most are then installed across the region.

ALC has found that regular players, who seek out VLTs as a primary source of entertainment, prefer more traditional games with gambling themes and are more influenced by the game's pay tables. Typically, these players are playing 5-reel, 5-payline games that feature gaming elements such as bells, 7s, and cherries. While casual players also enjoy traditional – and familiar – gaming themes, ALC has found they are more willing to give new game ideas a try. They make their decision to play based on the excitement and entertainment value that a game provides.

A Unique Model

When the Atlantic Lottery Corporation (ALC) began its video lottery program in 1990, it was the first lottery jurisdiction in Canada to do so. The objective was to control and regulate the thousands of unregulated video lottery terminals (VLTs) located in retail locations and licensed establishments across the four Atlantic Canadian provinces.

The provinces chose to adapt the existing wide-distribution model to provide players with the same video lottery experience to which they had become accustomed. Although some provinces initially permitted VLTs in corner stores, legislation was passed within a few years that restricted VLTs to age-controlled locations across the region.

When the program initially began, it didn't operate under the same model in all four provinces. While ALC operated the program in some provinces, others chose private ownership of the terminals with ALC acting as administrator. That changed in January 2003, however, when the remaining province with private ownership of VLTs chose to give ALC responsibility for the operation, maintenance and technical support of their video lottery program.

A Success Story

ALC's video lottery operations have been very successful in regulating the product and generating revenue within the legislative framework of each province. That legislation has provided ALC with some unique challenges, such as limits on the number of terminals and restrictions on their placement. The program has, however, been very successful. Video lottery accounts for about 40% of ALC's annual revenues, which now exceed a billion dollars. This is indicative of the global trend towards entertainment-based gaming; adult Atlantic Canadians are looking for gaming options while out for an evening's entertainment.

Game Replacement

ALC has now turned its focus to its game replacement strategy. ALC's research indicates that the typical lifespan for a video lottery

Meeting Player Preferences

To meet the preferences of both of these player groups, ALC is renewing its focus on games that are more traditional in nature. ALC expects that players will want to try – and will adopt – new games that are familiar and easy to play. ALC eventually plans to provide games that will offer new challenges to current players while also attracting new ones.

ALC does not use mass media to market its video lottery product. Instead, it provides players and retailers with the information they require by taking an approach similar to its marketing of instant games. Point-of-sale materials are prepared for the launch of each new game and video lottery retailers receive a newsletter that highlights new games, terminal maintenance information, security tips, and responsible gaming information. ALC has also distributed a player newsletter, and hopes to produce it on a regular schedule later this year.

Towards the Future

The future continues to look bright for video lottery in Atlantic Canada, despite competition for the gaming dollar from casinos, harness racing and native gaming centers, and the impact of a smoking ban recently introduced in one of the provinces. ALC is exploring other gaming entertainment options in the social setting, including racing entertainment centers for one of its shareholders.

As new gaming options are developed, responsibility remains paramount. New terminals with pioneering responsible gaming features – that provide players with breaks in play and reality checks – are in place across the region. All retailers receive responsible gaming training, and materials with responsible gaming information and the helpline number are easily accessible. ALC continues to work in consultation with health experts, researchers and its gaming suppliers to ensure that the player base grows with new, casual players. ♦

Who's New in Latin America

Here's a startling statistic – there are 21 new lottery directors in Colombia this year. Public Gaming International thought this would be a good time to introduce you to a few of them.

Lottery of Bogota

Dr. Fabio de Jesus Villa Rodriguez is the newly appointed manager of the Lottery of Bogotá. Rodriguez was a member of the Constitution General Assembly in 1991, City Council Member of the city of Medellin between 1992 and 1997 and Executive Director of the National Federation of Municipalities before accepting his current post.

Rodriguez's main objectives for 2004 are to increase revenue by opening new online sales channels, and to strengthen the sales of Bonos by offering clients new payment options.

Lottery of Boyaca

The lottery of Boyaca is one of the oldest in Colombia, almost 81 years old. The Lottery's new manager, Dr. Julio César Sánchez Acuña, a lawyer, is also the President of FEDELCO, and Association of the Federation of Lotteries of Colombia.

As manager of the Lottery, Acuña relies on programs benefiting the social development of communities and institutions emphasizing the formation and strengthening of the public policies, and regulates the process to expedite results through design and administration strategies for control, austerity and effectiveness.

Lottery of Cucuta

Dr. Alejandro Canal Lindarte was appointed manager of the Lottery of Cucuta on February 1, 2004. He is an architect by training with a degree in company management. His prior experience includes stints as National VP of the Colombian Association of Architects, Manager of the Red de Solidaridad, and General Director of the Postal Services.

Lindarte is implementing new strategies of marketing and publicity, and implementing new techniques in sistematization programs, in the hopes that sales will increase this year. The lottery is also working on reducing expenses in administration, and the positive results are showing.

Lottery of Cundinamarca

With 107 years of operations under its belt, The Lottery of the Cundinamarca is the oldest in Colombia. In May, 2004, after perform-

ing an outstanding job as executive director of FEDELCO and Association of Federation of Lotteries of Colombia, Dr. Luz Marina Restrepo was selected to manage Cundinamarca by Governor Mr. Pablo Ardila Sierra. Before her position as head of FEDELCO, Restrepo was manager of the Loteria de Manizales,

Her immediate goal is to reorganize the social structure of the lottery's sales people and their families, which she believes are not protected by the law.

Lottery of the Libertador

The Lottery of the Libertador, is situated in the city of Santa Marta, in the Magdalena State on the Colombian Caribbean Coast. The current manager, Economist Jose Salas Orozco, who took the position on January 1st, 2004, reports directly to the Governor of the state of Magdalena.

His plan for this year is to increase sales and be the leader in the process of unifying the lotteries of the Caribe Alianza coast.

Lottery of the Nueve Millonaria

The Lottery of the Nueve Millonaria represents nine states in three regions of Colombia, including Orinoquia, Amazonia, and the state of Islas San Andres. The Lottery's new Manager, Dr. Henry Silva Meche, reports to the Board of Directors, which is composed of the Governors of the nine states.

Meche's plan for Nueve Millonaria is for the Lottery to make key alliances to increase revenues and improve the efficiency in the administration; and to improve the marketing, advertising and increase distribution channels.

Lottery of Risaralda

On January 15, 2004, Dr. Carlos Botero, Governor of Risaralda, Colombia, appointed Margarita Gonzalez Moscoso manager of the Lottery of Risaralda. Prior to accepting the post, Moscoso was the consultant for the former Mayor of Pereira, Marta Elena Bedoya. She has also held positions as the State Comptroller, Director of Housing Funding of Dosquebradas and Head of Intern Control of Matecaña Airport.

Her objective for this year is to generate a sharp increase in sales. One of the ways she is planning to do this is to enter other markets, like Bogota and Valle del Cauca. ♦

NASPL Standards Initiative... continued from page 4

Benefits to Vendors

Vendors will reduce their investment on customized development and maintenance simultaneously minimizing costs on software and hardware, which could be standardized. The focus will move to innovation and value-added services rather than multiple interfaces and systems.

Benefits to Retailers

Accounting will become efficient and accurate, creating a reduction in time, labor and materials. Quicker data availability will give retailers the ability to create customized reports that can be migrated into corporate databases.

Where do we go from here? This NSI, this unique collaborative effort between lotteries, vendors and retailers, has shown that it works. Already, a Best Practice (Quality Assurance of Product Development) has gone through the approval process, and the certification program for that scheduled to launch this September. The other Technical Standards and Best Practices initiatives are currently being worked on with tentative launch dates through March 2005. Discussions are currently underway to secure the funding that will continue the NSI through this third year of the project.

We need to continue looking for new ways to improve the industry. The NSI has done just that, and looks to continue the progress. ♦

A Simple Celebration. A Powerful Statement

Massachusetts State Lottery Executive Director Joseph Sullivan set the tone for the 30th anniversary celebration of the instant game when, in his opening remarks, he cautioned: In our celebration, let us not be overly dramatic and full of hyperbole.

His gentle admonition seemed to suggest to the assembled guests at the May 25th event that a simple, low-key celebration can make a most powerful and dignified statement.



Bob Crane, Timothy Cahill and Joseph Malone

• • cut the anniversary cake.

“Most people would not equate the celebration of a scratch ticket as ‘historic,’ and so we should take note of that,” advised Mr. Sullivan. “But that [notion], to me, is too bad for most people because to understand today’s celebration is to understand the history, the experience and the success of our state lottery.”

And what a success it has been for the state that launched the first secure instant game on May 29, 1974, and, as history now shows us, helped ignite a “consumer product phenomenon.” The numbers tell the story:

- \$200 billion in instant ticket sales worldwide since 1974
- Nearly \$33 billion in instant ticket sales in Massachusetts since 1974
- 70% of total Massachusetts State Lottery (MSL) revenue today is a result of instant game sales
- More than \$12 billion in revenue from instant ticket sales for the 351 towns and cities of Massachusetts.

Over three decades, the Massachusetts Lottery’s excellence and its progress, as Executive Director Sullivan put it, “have been captained by four state treasurers, implemented by eight executive directors, and invigorated by hundreds of employees, each having made a contribution, a donation, in some way, toward the success of this important state agency.”

A Hall of Fame Cast of Celebrants

The late Monday-morning gathering in Braintree may go down in Massachusetts Lottery history as the most impressive array of state government, lottery and private-sector individuals ever assembled. The Hall of Fame cast included:

- three of the four esteemed state treasurers who have had the

- enormous responsibility of overseeing all activities of the lottery
- six distinguished state representatives;
- six Massachusetts Lottery executive directors;
- the founders (as well as three key, current staff members) of Scientific Games;
- representatives of the lottery’s longtime ad agency, Hill Holliday;
- several lottery sales agents (retailers), which is expected to number approximately 7,500 statewide sometime in fiscal year 2005;
- the lottery’s first sales manager; and
- current MSLC staff members, including eleven employees who have been with the lottery for the full 30 years.

Snapshot: 30 Years Ago

The event’s opening speaker, Dr. William Perrault, the lottery’s first executive director, provided a snapshot of the Massachusetts Lottery product landscape in 1974.

According to Dr. Perrault, who served as the agency’s director from 1971-83, sales of the lottery’s weekly six-digit passive draw game were falling precipitously, and thus it was no mystery a change had to be made. Their vision was to create a secure, fast-action, high play-value game that gave players the opportunity to win a prize instantly.

Recalled Dr. Perrault: “On January 12, 1973, the lottery ran a full-page advertisement stating, ‘The instant game was coming.’ Kick-off day was scheduled for the spring.

The ticket had zip-open tabs and a Massachusetts printing company in Hudson (Mass.) printed up 20 million tickets. Unfortunately, prior to launch, the tickets were found to be insecure; hence, there was no launch of the instant game at that time.”

If at First You Don’t Succeed...

Still convinced the launch of an instant game was the way to go, Dr. Perrault and top executives pushed on.

“At a later date, I met in a Boston hotel with Dr. John Koza and Dan Bower, of the recently formed Scientific Games, along with Dan Wallace, a potential financier of the extensive development of a secure instant game ticket,” he remembers. “I convinced them that the primary reason for the success of the lottery is a totally dedicated, highly skilled staff, working in cooperation with one another. The end result was the launch of the first instant game on May 29, 1974.”

Sincere Belief. Comic Relief.

It’s one thing to have a secure product ready for the public; it’s quite another to have the confidence of your state treasurer, the individual who in Massachusetts is the engine that makes the lottery go. And no one believed in the Massachusetts Lottery more than Bob Crane, the

Dan Bower, Treasurer Cahill, William Perrault, and John Koza



longest serving treasurer in the history of the Commonwealth.

The distinguished Mr. Crane oversaw the agency for 20 years. He is credited with helping push through the legislation (twice before it finally passed in the Senate by a single vote) that created the Massachusetts Lottery in the early 1970s. He is also regarded as the individual who founded the games that are the bedrock of Massachusetts Lottery online sales: Daily Numbers, Megabucks and Mass Millions.

When he wasn't breaking up the audience with his wry, well-timed humor, Mr. Crane was offering sincere appreciation to lottery employees and legislators, past and present, for believing in the lottery in the early days.

"You have to understand that we were not experts. We knew some things, but we didn't know all things. We had no office. We had no telephone. We had no computer. We had no secretary. We had no cars. We had no trucks. We had no ticket. But the legislature, in its wisdom, gave us a million dollars to get the lottery started. And they also gave us 96 employees."

Ever mindful of the pockets of opposition in the state as well as the intense public and media scrutiny of the lottery, Mr. Crane says the original 96 employees faithfully carried out their mission every day, never forgetting their self-crafted axiom: "The lottery is bigger than any of us."

"For each one of us back then, it was important we did everything right," he said.

And everything right they did, for during Mr. Crane's 20-year stewardship, the Massachusetts Lottery grossed over \$9 billion in revenue. He also established the standard by which his successors would be measured.

Don't Ever Forget: The People Love the Lottery

Joseph Malone followed Mr. Crane as state treasurer. During his tenure (1991-99), he presided over the launch of Mass Cash, the first \$2 and \$5 instant games, Keno, The Big Game (now Mega Millions), as well as the successful launch of the lottery's game show, Bonus

Jim O'Brien, Bud Dacey, Dan Bower, John Koza, Jim Kennedy, and Eric Turner



Bonanza. His bold leadership and vision is credited with helping to generate \$24 billion in revenue during his eight-year tenure.

Mr. Malone said the best piece of wisdom he received was from his predecessor, who advised him during the transition:

"There are a lot of important facets of the state treasurer's office and a lot of them can either make or break you, but none is as important as the state lottery, because the public loves it. They recognize when it's doing the right things. They recognize if there's anything that affects the integrity of the games. So keep your eye on that."

Mr. Malone said that from that day forward, no matter where he went throughout the state, Mr. Crane's advice followed him — his very words virtually echoing from the mouths of everyday players.

"They didn't want to talk about their pension fund or about bonds, but about the lottery," he said of the people he engaged while traversing the state. "And because of the work of my predecessor and the work of the legislature, employees, agents and vendors, I could always hold my head high because we were the most efficient, most innovative lottery in the country. We were also the lottery that was sending back, on a per dollar basis of sales, the most money to our citizens."

Mr. Malone, now retired and living in Scituate, Rhode Island, said he believes today's Massachusetts Lottery has struck the perfect balance between maximizing revenue and upholding its obligation as a socially responsible state-run agency.

The Tradition of Excellence Continues

Massachusetts' current Treasurer and Receiver General, Timothy Cahill, was the final dignitary to speak. He thanked his predecessors, the 400 current MSL employees and the 7,400 retail sales agents for their work, and spoke of the enormous responsibility of managing the state's cash and of continuing the tradition of lottery excellence Messrs. Crane and Malone established.

Said Mr. Cahill: "One of the great things about taking over the lottery is you have the most successful state lottery in the country. One of the challenges is...it's the most successful state lottery in the country. So your chances of messing it up are probably much higher than making it continued on page 28..."

on the internet

Kansas Lottery Launches Interactive Internet Lottery Game

Kansas Lottery players can now play eScratch, one of the world's first interactive Internet lottery games. Players can purchase eScratch game tickets at any Kansas Lottery retail location. The eScratch game launched on May 3, 2004 and tickets are on sale at Lottery retail outlets statewide.

Kansas Lottery Executive Director Ed Van Petten, is very excited about this new game. "We are very pleased to bring Lottery players this new and exciting game," Van Petten said. "We hope that players enjoy the added entertainment this game brings. We know that all of Kansas will benefit."

To play eScratch, players select the denomination that they want to play at the time of purchase. They choose 10 cent, 50 cent, or \$1 per play. Players choose the amount they want to spend (\$1 through \$50). For example, with \$5 players can choose fifty 10 cent plays, ten 50 cent plays, or five \$1 plays. Once players have purchased their ticket, they access the Internet, and go to Web site www.escratchks.com, which is also printed on the ticket. Tickets are valid for 365 days from the date of ticket purchase.

On the Web site in the designated space, the player enters the ticket number to begin the interactive play experience. A variety of play styles are available to choose from. Players can choose from scratch games, spinning reel, traditional lottery, card games and others. When players are finished with the game, they may return to any lottery retailer to claim prizes up to \$599, or purchase more tickets. If the prize on a winning ticket is over \$599, a claim form is required and the prize must be claimed at a Lottery office.

Quebec Selects Rhythmx5

Loto-Quebec has selected Percussion® Software's Rhythmx™ 5 Enterprise Content Management (ECM) solution. Rhythmx 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.

France Sells Online

French residents can play La Française des Jeux' games "Loto®" and "Euro Millions" through its website 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.

Web Purchasing Made Easy

Valista and Gemplus have launched Gem-eCash, a pre-paid card for making small purchases over the Internet. Gem-eCash cards will enable Web users to make small secure payments by scratching off a panel on a card to reveal a unique code that corresponds to their available pre-paid credit.

Yobet.com Has Record Day at the Races

Yobet.com reported that during the 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 on race day 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%. 38 percent more Yobet customers placed bets on the race card this year than in 2003.

Washington Getting Ready for Online Wagers

The Washington Horse Racing Commission approved rules governing advance deposit wagering that the Legislature and the governor legalized in April. The system allows gamblers to deposit money with an account wagering firm, then bet with that money over the Internet or telephone on races around the country. ♣

Alabama – A bill that would have levied a 16% tax on video bingo machines died in Alabama after the session ended without voting on the bill. The money would have been tagged for public school textbooks and Medicaid.

Brazil – Brazil's senate voted to overturn a 10-week-old ban on gaming machines and bingo parlors. The ban had closed more than 1,000 bingo parlors employing 300,000 people.

Florida – The Florida Supreme Court ruled unanimously that a ballot measure proposed by a group called 'Floridians for a Level

Playing Field' meets the legal requirements to get on the ballot. The measure would ask voters to allow Miami-Dade and Broward counties to hold referendums on whether to authorize gaming machines at existing pari-mutuel facilities.

Illinois – The Illinois Senate is moving ahead with hearings on a gambling proposal that would allow more gaming machines at existing casinos, and would put casinos in Chicago, Waukegan, Rockford and the south suburbs. The proposal could generate \$1.4 billion from casino licenses alone.

Iowa – Iowa Governor Tom Vilsack signed a bill allowing the Iowa Racing and Gaming Commission to grant an unlimited number of new gaming licenses in the state.

Kansas – The Kansas gambling expansion bill backed by Gov. Kathleen Sebelius was rejected 26-14 by the Senate.

Louisiana – Lawmakers voted 63-31 in favor of a bill that would lower the amount of food restaurants have to sell to qualify for video poker machines. The bill, which calls for businesses to make 50% or more of its revenue from food (excluding alcohol)

Arch Gleason 2004 Recipient of the Major Peter J. O'Connell Lottery Lifetime Achievement Award

Public Gaming Research Institute is pleased to announce that PGRI's selection for the 2004 Major Peter J. O'Connell Lottery Lifetime Achievement Award is Kentucky Lottery Corporation Executive Director Arch Gleason.

Gleason was appointed President & CEO of the Kentucky Lottery Corporation in 1993 after having served two separate terms as Director of the West Virginia Lottery, first from 1989-1990, and again in early 1993. He served as President of the Multi-State Lottery Association from 1996-1998, in other offices, and as a member of its executive committee from 1995-2000. Gleason also served as President of NASPL for 2001-2002 and served in other offices as a member of NASPL's executive committee since 1994.

Gleason has left his stamp on every office he's held. Under his leadership during the last 10 years, the Kentucky Lottery Corporation has received numerous awards for outstanding performance in the areas of financial reporting and management, marketing and advertising, minority business development, and human resources practices. The KLC has set numerous annual sales and profits/dividends records during that same period increasing from \$486 million and \$100 million in 1993 to \$674 million and \$181 million in 2003. Individual awards received include the 1998 Business & Professional Women of River City A Good Guy Award, the American Marketing Association Louisville Chapter Marketer of the Year 1995.

In 1996, during a time when MUSL was developing a strategic plan and reorganizing, Gleason became the organization's first President to serve a two-year term and was charged with responsibility of implementing many of the related changes. During his tenure as NASPL Vice President and President, Arch was instrumental in the establishment of the association's subcommittees for finance/accounting and information technology. He has also led and championed the development of NASPL's Standards Initiative since February 2000. Also during his tenure, as a NASPL board member, Arch has encouraged U.S. member lotteries to seek the Government Finance Officer's Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting (CAFR).

Arch is a former Secretary of the West Virginia Department of

Transportation, and also served as Special Assistant to the Governor of West Virginia and Chairman of the Public Port Authority. While West Virginia's Secretary of Transportation, He also served as President of the Southeastern Association of State Highway and Transportation Officials (SASHTO), and as a member of the Executive Committee and Board of Directors/Policy Committee, Association of State Highway and Transportation Officials (AASHTO), and served on the Board of Directors and Executive Committee of the Association for the Development of Inland Navigation in America's Ohio Valley (DINAMO).

A graduate of John Carroll University in Cleveland with a B.S.B.A. degree in Business Administration, Arch is a CPA with 20 years of experience in the public practice of accounting, auditing, tax, and financial planning services.

Arch currently serves on the board of Metro United Way and is Chairman-elect on the board of Bridgehaven, Inc. He previously served in leadership positions on many boards and commissions including: Greater Louisville, Inc. (Chamber of Commerce), Downtown Development Corporation, The United Ways of Charleston, Huntington and Jefferson County (West Virginia); the West Virginia State Employees Combined Campaign; and the (West Virginia) Chambers of Commerce of Cabell, Jefferson and Berkeley Counties; the Eastern Panhandle Chapter and the West Virginia Society of CPA's; and the Martinsburg, Charles Town, and West Virginia Jaycees.

Civic honors received by him include: Outstanding Young Man of West Virginia (West Virginia Jaycees, 1980) and the American Institute of CPA's Public Service Award (West Virginia Society of CPA's, 1981 and 1986), and the Distinguished Service Award from the United Way of Jefferson County (1984), special recognition by the Jaycees for outstanding community service (1977 in Martinsburg, 1980 in Charles Town). ♦



now heads for the Senate. Current legislation calls for businesses to make 60% or more of revenue from food.

Maine – The Maine Senate Appropriations Committee voted 9-2 in favor of a bill that would create a Gambling Control Board and set a distribution formula for revenue from gaming machines. 61 percent of revenues would go to racinos, and 39 percent would be divided between the state and the racing industry.

Michigan – The Michigan Senate passed a bill allowing racino's, 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.

Ohio – A bill that would have put VLTs on the ballot in Ohio passed the Senate but narrowly missed (57-40) the two-thirds majority it needed to pass the House.

Texas – Austin's Baseline & Associates Inc. conducted a survey for the Texas Racing Agri-Industry Council and found that 73% of 600 respondents were in favor of VLTs in race tracks, given that the money is marked exclusively for education. Some state offi-

cials are working on delivering, as the Texas Lottery Commission has reportedly hired gaming law specialists Lionel, Sawyer and Collins to draft legislation for legalizing the machines.

West Virginia – West Virginia's Wood County enacted an ordinance to place restrictions on where VLT operators can set up business. Video lottery establishments can't be within 1,000 feet of any church, school, playground, park, recreation area, residence, hotel, library, state highway interchange or corridor or any other state facility. ♦

Video

News

Iowa Begins Statewide Deployment for Video Pull Tabs

The Iowa Lottery will begin distributing 4,000 video pull-tab machines to taverns and clubs in the next few weeks. Players invest \$1 in the machine, which dispenses the ticket and displays on the monitor whether the ticket is a winner. Taverns will be limited to two machines, while social clubs can have up to four machines. The state's take begins at 36 percent for the first year for machines averaging \$801 or more weekly, and 28 percent for machines averaging \$800 or less during the first year. The state's share will rise to 40 percent by the fifth year.

Expansion Boosts Track's Revenue

West Virginia's Wheeling Island Racetrack & Gaming Center reported a first-quarter profit of \$4.07 million, or nearly \$1 million more than the same period last year. Gambling revenues are up almost 33 percent to \$23.7 million for the period ending March 28. That compares to net income of \$3.05 million on revenues of \$17.9 million for the first quarter of 2003. The growth is attributed to a \$69 million expansion that opened last year and 570 additional machines. There's still room for growth at Wheeling, as the Lottery will allow it to carry 300 more machines.

Nova Scotia Has New VLT Commission Rates

The Nova Scotia government 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%.

Chicago Casino Causing Commotion

The City of Chicago and the State of Illinois seem to be at odds over the prospect of a casino in Chicago. Illinois Senate Democrats would like to see a state-owned casino inside the city, but Chicago's Mayor Daley and state Senate President Emil Jones (D-Chicago) insist that the City of Chicago owns the keys to the casino. One plan being considered would give Chicago a bigger portion of the gambling revenues than other casino towns – current estimates have the figure as high as \$350 million annually.

Louisiana to Reissue Gaming Machine Monitoring RFP

The Louisiana State Police are reportedly planning to reissue an RFP for a gaming machine monitoring system to monitor

video poker machines. The state's contract with IGT is set to expire, but IGT has reportedly offered to keep the system going until a new one is in place.

Penn Schedules Improvements at Charles Town

Penn National Gaming, Inc. announced that the track at Charles Town Races & Slots, located in West Virginia, will be undergoing upgrades and renovations, including a new surface, banking the turns, replacement of the lighting system and other significant improvements, to further enhance live racing at the historic track. Work on the track is scheduled to begin on August 2, and will be completed on August 25. During this period, live racing will not be conducted at Charles Town. Charles Town Races will continue to offer simulcast racing and wagering, and there will be no disruption to the facility's slots operation, food court or other amenities. ♦

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Trusted Draw™ Auditable Electronic Drawing System

by Irena Szrek, Szrek-2-Solutions

Abstract Lotteries have been introducing computerized drawing machines for new games with frequent draws and to reduce costs. Currently used computerized drawing machines are vulnerable to insider attacks. In this article we present Trusted Draw, an auditable computerized drawing system based on modern cryptographic technology. Numbers drawn cannot be predicted but can be verified to prove that no fraud took place. This solution is designed to detect any insider attacks. Trusted Draw is based on a patent-pending method of generating Unpredictable Auditable Random Numbers.

Security Threats against Computerized Draws

The security and integrity of draw data, drawing equipment and process is critical to conducting games of chance. The lottery industry has seen many cases of manipulation of mechanical drawing devices. Even more tampering attempts should be expected against computerized drawing equipment, due to the high availability of computer technology. A problem facing the gaming industry is not how to generate unbiased random numbers, but how to do it securely, in an auditable fashion. A few publicized cases of defrauding computerized drawing machines could have a disastrous effect on the whole industry as they currently have limited audit capability.

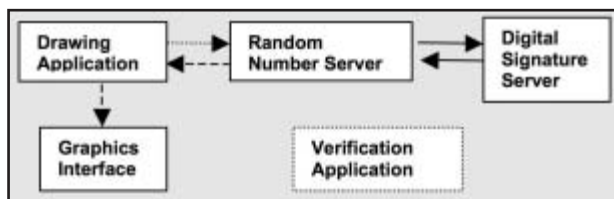
Electronic drawing machines are exposed to many threats from the environment. Physical security and access authentication, which are the primary methods currently used, may not always be sufficient. Even if a machine is supervised in a locked room, protected by enclosure and connected through a private network, the environment could be insecure. Insider attacks are especially dangerous where internal system knowledge and cooperation with co-workers may enable entrusted staff members to circumvent the system. Furthermore, the lack of fool proof verification methods may make such fraud undetectable.

Given all this exposure to threats, how can we protect computerized drawing systems from insider fraud? Assuming that a skilled attacker has all possible tools to attack the drawing system: access to software, hardware, data or algorithms stored in the drawing device, means to change code, can integrity of the draw be preserved and any tampering attempts detected? Surprisingly, the answer is YES. Trusted Draw provides a provably secure environment for computerized draws.

Security Elements in Trusted Draw

Digital Signature Server is the main Trusted Draw component responsible for security. It is a tamper evident cryptographic processor protecting secret data. The cryptographic processor generates a pair of keys, Private Key and Public Key. When data is digitally signed with Private Key, it can be verified by the corresponding Public Key. Private Key is kept secret within the cryptographic hardware and never exposed. Public Key is generally available and used for signature verification.

Digital signatures are not predictable and have the characteristics of random numbers. Because of these features they are a good source of randomness and can be used for generation of draw numbers. Trusted Draw



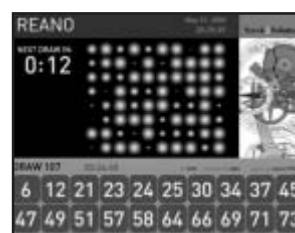
uses signature of both user data and time to generate draw numbers. Generated random numbers have cryptographic strength of 1024 bit RSA digital signatures – not breakable during next 20 years.

Strength of this solution is utilization of proven hardware and standard publicly scrutinized algorithms. No proprietary algorithms or secret data are used which could compromise the drawing when exposed. This avoids any weaknesses of private algorithms, methods, or specialized hardware. The only “secret” element in the process is Private Key. Without it draw numbers cannot be recreated, however they can be verified using a Public Key.

Verification Application audits the signatures, draw time and generated numbers. Draw integrity can be verified immediately after the draw or later on an independent system. Auditor does not have to participate in the draw event.

Trusted Draw System Features

Trusted Draw provides ultimate computerized draw security and verifiable integrity at a low cost. This is possible thanks to the system design focused on security and cost reduction. Lowering system overheads is obtained by using standard components and single Trusted Draw engine supporting multiple games. Other important factors are flexibility and configurability – adding and changing games is done via parameters, not code modifications. The only software changes required are for the graphics display to provide desired logos, themes, promotions, etc. Trusted Draw Bubbles® Graphics offers captivating designs, sound effects and special event themes. The display is TV and Internet ready to further reduce drawing costs and add value.



The PC-based Trusted Draw system works stand-alone or connects to a Lottery system. It is simple to run and its interface is user-friendly. Overall simplicity and flexibility, multiple games support, luring graphics and built-in audit offer a robust, secure and unique state-of-the-art draw system with a low cost of ownership.

Trusted Draw™ provides unique technology for electronic draws, designed to protect against fraud. It can be used for any game of chance: lotto, keno, bingo, numbers, card games, etc. It provides provable security for the draw process using modern cryptography. The numbers drawn are not predictable and have desirable statistical properties. The audit capability is unique and essential – it verifies the draw time and numbers drawn; it certifies draw integrity. By introducing Trusted Draw lotteries will be able to conduct draws securely with significantly reduced risk of attack, as any such attack would be detected, at a fraction of costs of current systems. There are no other drawing systems with as effective and conclusive tamper detection solutions.

More information about Trusted Draw, Szrek2Solutions and Trusted Play™ secure on-line instant betting can be found at www.szrek.com. ♣

Michigan Launches Fourth-Straight Harley Game

MDI Entertainment, a wholly owned subsidiary of Scientific Games, announced that the Michigan Lottery has become the first to launch a licensed Harley-Davidson instant game in four consecutive years when a \$3 game called Harley-Davidson® Instant Slots went on sale April 27, 2004.

In addition to cash prizes up to \$50,000, the new game gives players the chance to instantly win three new Harley-Davidson FLSTC Heritage Softail® Classic motorcycles. Players will also have the chance to win another motorcycle and close to 1,000 prize packs of officially licensed Harley-Davidson merchandise products in a series of second chance bonus drawings.

Canada Changes Lotto 6/49

Canada's LOTTO 6/49 implemented changes on May 30 in response to consumer tastes and trends. The changes to LOTTO 6/49 were first announced last November. The 22-year-old national game is still based on the popular match-six-of-49-numbers format, but it will now offer bigger jackpots more often, a new \$5 prize category and better overall odds of winning a prize. Each LOTTO 6/49 selection will be priced at \$2.

About 90 percent of LOTTO 6/49 jackpots this past year were either \$2 million or \$5 million. With the changes, Canadian lotteries anticipate that about half the jackpots will be in the \$10-million range or higher.

Ohio Launches, Then Doubles Order For, Hold 'Em Poker

The Ohio Lottery became the first to introduce an instant lottery game featuring MDI's patented Hold 'Em Poker, and the result was astounding. The \$2 game, \$25,000 Hold 'Em Poker®, went on sale April 23, 2004, and demand immediately began outpacing the supply. Measured against other instant games at this price point, Hold 'Em Poker posted more than \$1 million a week in sales and was indexing at 154 against the average for Ohio Lottery \$2 games. Soon after launch, the Lottery had to place another order.

As many as six other U.S. lotteries are expected to follow Ohio's lead with similar games this year. The patented play style is based on the poker game known as Texas Hold 'Em, which has exploded onto the pop culture scene and become one of the hottest reality themes on TV, thanks to televised tournaments like the World Poker Tour, which has become the top-rated show in the 17-year history of The Travel Channel and one of the most popular programs anywhere on cable.

Rhode Island Lottery Heats Up With HotTrax®

The Rhode Island Lottery celebrated its 30th anniversary by launching HotTrax®, an auto race themed monitor game. The official game launch took place on Friday, May 28, 2004 at 50



Your Rhode Island Lottery

Retailers across the Ocean State. Rhode Island is the first state to offer the game.

Developed by GTECH, HotTrax® mixes the popularity of auto racing with the gaming style of Keno to create animated speedway action, complete with passing and occasional spinouts.

Similar to Keno, ten numbers are randomly drawn by a central computer. Spectators watch the monitor as animated cars, numbered one through ten, travel three laps around a racetrack. After the minute long "race," the cars cross the finish line in the order that the numbers were drawn by the computer and the order is displayed on the HotTrax® monitor.

Players may select various wager options on the order of the draw for the top three positions or choose all ten spots for the Super Progressive option. A new draw occurs every four minutes, opposite Keno draws.

As part of the launch event held at a local Lottery Retailer, players were invited to enter their non-winning tickets, purchased and played on that day, into a drawing for two tickets to an upcoming NASCAR race at New Hampshire International Speedway.

The Rhode Island Lottery expects HotTrax® to complement its popular monitor, on-line and instant ticket games.

MDI Entertainment Inks Three-Year Extension for "I Love Lucy"®

MDI Entertainment has signed a three-year extension through December 2007 with Desilu, too, LLC and CBS Entertainment for the names, marks and images associated with "I Love Lucy," the world's all-time favorite sitcom.

In addition to instant scratch tickets covered in the initial agreement, the new agreement enables lotteries to license "I Love Lucy" for use on pull-tab tickets and in association with terminal-generated matrix lottery games marketed in the U.S. and Canada. Rights include use of the famous heart-shaped "I Love Lucy" logo as well as images of classic scenes from the funniest "I Love Lucy" episodes that include the show's legendary stars.

"I Love Lucy" lottery games also include special promotional opportunities like second chance drawings and customized media events. The Pennsylvania Lottery and MDI collaborated on a media event in which an actress bearing an uncanny resemblance to TV's Lucy visited lottery retailers around the State, attracting widespread TV coverage.

In addition to its promotional pull, 'I Love Lucy' matches the typical lottery player profile. Thirty-three percent of the show's viewers are women between the ages of 18 and 49, while another 25% are men in this same age group. Broken down further, 25% of the show's viewers are young adults, between the ages of 18 and 34. ♣



Good Financial Times for Many Lotteries

In the first month of North Dakota's Powerball membership, more than \$2 million worth of Powerball tickets have been sold at the state's 400-plus participating retailers. The total is nearly one-fifth of the \$11 million that organizers had projected North Dakota would sell in the game's first 15 months.

The Virginia Lottery continues to break sales records in FY2004! March will go down in history as a record for monthly scratch sales, with a total of \$67.9 million in issues-based sales. But scratch sales aren't the only thing growing in Virginia – through the first three quarters of FY2004, sales in all product categories are ahead of last year's record pace (+11%) and ahead of the forecast (+5%). Scratch sales are experiencing the strongest growth (+16%), but daily games (+3%) and jackpot sales (+15%) are also solid. Through the first three quarters of FY2004, unaudited sales totaled \$928.2 million. Profits are also on the rise, with year-to-date earnings of \$304 million that are 10% ahead of last year's record and 8% ahead of the forecast. All Virginia Lottery profits go to support local public education, grades K-12.

Nine months into the fiscal year, the New Hampshire Lottery is \$14 million ahead of last year's pace. Sales through the third quarter were at \$199 million. Powerball sales have shown the greatest increase, with a 22.5% spike over last year's sales. More than \$59 million in revenue has been generated by the lottery for education.

The Georgia Lottery saw a 6 percent growth rate in sales during the first three months of 2004, keeping the Lottery on course for a record setting FY '04. Through the first three quarters of FY '04 sales are up more than \$100 million over last year. The games have transferred \$589 million to the state so far this year, up \$53 million from the same period during a record setting fiscal 2003.

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.

Nebraska 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.

Pennsylvania Installs Player Activated Terminals

Lottery players throughout Pennsylvania will soon be able to play the Pennsylvania Lottery's online and instant games using state-of-the-art, touch screen terminals, as the Lottery unveiled the first of the new self-service Player Activated Terminals (PATs) at a retailer in Harrisburg.

Pennsylvania is believed to be the first state to offer self-service units that sell both instant and online games. The Lottery will install 1,000 of the machines statewide in coming months. The PATs are user-friendly, touch screen terminals that offer all Pennsylvania Lottery online games and 24 instant games. In addition to selling Lottery games, the PATs also validate winning online tickets and pay prizes up to \$500 in the form of vouchers. Vouchers can be inserted into a PAT to purchase more Lottery tickets, or they can be cashed at an online Lottery retailer. Instant tickets must be processed and paid by a clerk at a Lottery retailer.

Minnesota to Make Cuts

The Associated Press reported that the Minnesota State Lottery will cut 15 jobs and close its offices in Brainerd and Eagan in a move intended to save \$1 million beginning in July. According to the AP report interim lottery director Mike Vekich said that the moves will make "the lottery more efficient and effective."

The restructuring was a response to a legislative auditor's report released in February. Since the auditor's report, Vekich has ended the lottery's sponsorship of a bass fishing tour and canceled the "Environmental Experience" semi-trailer truck and radio and television promotional shows, all done under contract with Media Rare of St. Paul. Those moves, along with the layoffs and closings, are expected to save \$4.3 million. ♦

Atlantic

On May 30, Atlantic Canadian lottery players received the option of playing the regional Atlantic 6/49 on its own, allowing players to choose their own numbers. The game will continue to be offered alongside LOTTO 6/49. The regional \$1-million jackpot game is being re-branded "Atlantic 49". The product will continue to be \$1 per selection.

During March and April, Atlantic Canada Scratch'n Win players collected and mailed in non-winning tickets for a chance to win a \$100,000 grand prize. The promotion culminated into an event held in Atlantic Canada's biggest movie theater – the Empire IMAX theatre in Halifax. Ten finalists will be competing for the prizes by taking turns scratching a giant ticket. The ticket is so big that ALC will be submitting a registration for this ticket to the Guinness Book of World Records to confirm that it is the largest Scratch'n Win ticket in the world.

Louisiana

One year after the Louisiana Lottery Corporation expanded its niche on-line game, Cash Quest, annual sales for the game increased about 50 percent. On May 12, 2003, the Lottery increased Cash Quest drawings from two days a week to five, and launched a statewide mass media campaign featuring comedienne Phyllis Diller and Jimmie "J.J." Walker. The premise behind the campaign was that the game would increase in popularity if people better understood how to play it.

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. 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.

Illinois

In an effort to enable the Lottery to rotate advertisements for Mega Millions, New Little Lotto and the Appreciation Celebration promotion in the same location, the Illinois Lottery is removing advertising from 15 of its 35 billboards located throughout the state and buying space on a digital billboard located in Chicago. The billboard is seen by an estimated 420,000 people per day. In addition to rotating advertisements, the digital board allows the Lottery to advertise jackpots for two games, while the other billboards could only display one jackpot amount. It's been estimated that each driv-



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er will see at least two advertisements, which makes it an excellent deal for the Lottery.

Maine

Tickets for Powerball will go on sale in Maine starting July 30. Maine will become the 30th Lottery jurisdiction to offer Powerball.

Maryland

On May 23, the Maryland Lottery began offering Sunday afternoon draws for its Pick 3 and Pick 4 games. The state is hoping that the new drawings will generate \$5 million to \$8 million annually.

Michigan

Beginning June 7, 2004, the Michigan Lottery will add a Monday drawing to its current Wednesday and Saturday WINFALL drawing line-up. To kick the Monday drawings into high gear, the Lottery is offering players a chance to drive the summer away in their choice of a 2004 Ford Mustang convertible, Chrysler Pacifica, Buick Rendezvous or Dodge Ram 1500 during its 'Dream Drive' promotion!" Beginning June 7, players who purchase a single \$3 WINFALL ticket will automatically receive an entry coupon for the "Dream Drive" promotion. Each week through July 12, in four separate drawings, the Lottery will award not one, but three dream cars!

Five lucky Michigan Lottery players will be one step closer to becoming an instant multi-millionaire on Friday, June 11, 2004. That is when the

Michigan Lottery will be conducting a drawing to select five finalists who will participate in a grand-prize drawing for the "Casino Millions" instant game. The "Casino Millions" game is different from most other Michigan Lottery instant games because the \$2,000,000 top prize will be awarded through a drawing. Winners of \$1,000 prizes in the "Casino Millions" instant game are automatically entered into the finalist drawing.

Minnesota

The Minnesota Lottery'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 receive a terminal-generated ticket that displays 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.

New Jersey

Duane Reade, one of the fastest-growing drugstore chains in the industry, has bolstered its community presence in New Jersey by registering all twelve of its locations in the state as Lottery retailers.

Pennsylvania

Pennsylvania Secretary of Revenue Gregory C. Fajt announced that more than 6,700 Lottery retailers will be able to electronically check the ages of customers through online Lottery terminals using a new age verifi-

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PA Director, Ed Mahlman demonstrates the new terminals.

education system. Age verification software will be downloaded, free of cost, to all Lottery terminals across the Commonwealth. The new terminal capability will not only allow retailers to check the ages of Lottery customers, but could also be helpful in verifying the ages of those who want to purchase other age-restricted products, such as cigarettes and alcohol. When a retailer swipes a PA driver's license or ID card through the magnetic stripe reader on the Lottery terminal, the card owner's age in

years and days will appear on the terminal screen. Retailers can then print the screen if they want to maintain a record of an age verification procedure. Scientific Games developed the software that enables Lottery terminals to read the magnetic stripes on PA driver's licenses and ID cards. The Department of Transportation assisted in developing the technology by providing information about PA licenses and ID cards.

Rhode Island

On May 15, the Rhode Island Lottery's popular Keno game reached its 1,000,000th draw. Rhode Island began offering Keno in September 1992, with drawings occurring every five minutes during game hours. In January 2000, drawings were increased from five minute to four minute intervals. As an added bonus to mark the 1,000,000th draw, all non-winning Keno Plus tickets purchased for play on May 15, 2004 could be

entered into a second chance drawing for cash prizes. Winners of the 'second chance' drawing received one of two \$500 cash prizes or one of five \$100 cash prizes.

South Carolina

South Carolina players can now enter the "Carolina Millionaire Promotion", which 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 2nd Edition", "Big Bang Boom" and "Beach Music Cash" tickets. Ten semifinalists will be drawn on September 22nd. One winner will receive the million, and the other nine will win a Caribbean vacation for two.

West Virginia

The West Virginia Lottery's seventh "Veterans Cash," instant game designed under special legislation to provide funding for a skilled care nursing facility benefiting West Virginia veterans, is now available at lottery retail locations statewide. Designed on an oversized ticket, the new "Veterans Cash" game includes more than \$2.3 million in cash prizes.

Western Canada

The Western Canada Lottery Corporation is working on a new definition of a winning ticket. In early May, a judge awarded a Calgary woman a \$100,000 jackpot from a ticket she had lost, on the basis that her photocopy of the ticket offered enough proof of her claim. The judge felt the tickets contained no clear rules about what constitutes a winning ticket, and that stronger wording was required to render a copy of the ticket invalid. ♣

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better, which means you really have to work very, very hard to make it better because the bar has been set so high."

Apparently, he and the lottery have extraordinary spring in their step. With Fiscal 2004 set to end June 30, 2004, the lottery is on pace to return over \$900 million in revenue to the Commonwealth, which again will surpass all previous revenue records.

"The lottery is easy to play, and that's our mantra, but it's not easy to run," he said. "The fact it has run so well for over 30 years now is a testament to all of the fine people who have played a major role in making the lottery what it is today."

What is also a testament to the MSL's success is its willingness to change and to keep improving. Shortly after assuming his role as treasurer and receiver general last summer, Mr. Cahill reviewed the lottery's game structure and price points to identify ways to increase sales and revenue. Among the key changes flowing from this analysis:

- the rollout of a Harley-Davidson instant game, which became the state's fastest-selling \$5 game, and which alone generated \$19 million in local aid;
- small changes to Keno, including reducing the time between games from 5 minutes to 4 minutes, and increasing the hours of operation at retail (the result has been a 12.5% increase in sales);
- a new jackpot awareness campaign, funded from the MSL's recently

reinstated \$5 million ad budget. As Mr. Cahill pointed out: "The state legislature's investment of \$5 million was paid back in just one month, when, in December 2003, net sales reached \$75.4 million, a \$5.4 million increase over December 2002 sales.

- the dedication of \$100,000 for outreach efforts to increase awareness of compulsive gambling, and offer assistance to those affected by it.

Mr. Cahill also used the 30th anniversary occasion to introduce the state's first \$2 online game, which, interestingly enough, will emulate many of the attributes that have made the instant game the success it is today. Scheduled to go on sale September 13, Cash WinFall will feature increased odds of winning (one-in-six) and a jackpot that once it reaches \$2 million without being hit, the money will be distributed to thousands of lower tier prizes. The start of Cash WinFall will also mark the end of Mass Millions sales.

"Just as we did when we introduced the instant game in 1974, Cash WinFall is a result of listening to our players," said Mr. Cahill. "And it behooves all of us – the executive director, lottery employees and me – to build on the success of our games and to give players what they say they want, because it is all about local aid and making sure that local communities can pay for the programs and services they need the most." ♣

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