

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



# PGRI's International MORNING REPORT

Your weekly supplement to  
**Public GAMING International Magazine**  
December 12, 2005



**SMART  
TECH  
2006** WYNN, LAS VEGAS  
FEBRUARY 27TH - MARCH 2ND  
[click here to register](#)

The image shows a promotional banner for the SMART TECH 2006 event at Wynn, Las Vegas. The banner features a green box with the event name, a white box with the location and dates, and a yellow box with a registration link. Below the banner is a photograph of the Wynn hotel building, a large curved structure with a glass facade, surrounded by lush greenery and a body of water.

## COMPANY ANNOUNCEMENTS

**DELAWARE SIGNS WITH SCIENTIFIC GAMES FOR MORE COOPERATIVE SERVICES.** Scientific Games will continue to provide cooperative services to the Delaware Lottery for at least another three years. Instant ticket services to be provided include warehousing,



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marketing, distribution and installation of game management software. The contract is valued at \$7.1 million over the three years, and includes three one-year extension options. Over the current contract, Delaware Lottery sales have risen more than 46 percent under Scientific Games' marketing programs and the company's web-based management system has been well-received by the lottery's retailers. Games featuring the licensed properties of the firm's MDI subsidiary have also proven popular in Delaware.

**GTECH RECEIVES AWARD IN FLORIDA.** GTECH was recently named Corporation of the Year by the Florida Department of Management Services, Office of Supplier Diversity, for its subcontracting of registered minority- and women-owned businesses in support of the Florida Lottery's operations. GTECH received the award at the Florida Matchmaker 2005 Conference and Trade Fair held in Orlando last month. Matchmaker is an economic development forum for small minority businesses, Florida government purchasing representatives, and private industry to share ideas and develop new business partnerships. Through its minority vendor subcontracts, GTECH is able to meet its supplier diversity commitments to the Florida Lottery and the State of Florida. The products and services provided under GTECH's minority- and women-owned business program include terminal installation, printing, promotional products, travel, office supplies, and temporary personnel.



**Fully  
Loaded  
With  
Awards**  
**MDI**  
A SCIENTIFIC GAMES COMPANY

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**INTRALOT WINS TWO AWARDS.** For the second consecutive year, INTRALOT received the "Best Business Innovation 2005" award, among the listed companies in the Athens Stock Exchange. The "Money Business Awards 2005" took place during the Euro money Conference: "The Year of competitiveness." The awards are the outcome of a voting procedure between sell-side analysts, institutional investors and fund managers, as well as retail investors. INTRALOT also received the an award for "Best Company FTSE-MID/40."

**GLI APPROVES PLAYLINE SYSTEM.** PlayLine announced that GLI has certified the PlayLine Monitor Gaming System and its two monitor games "Thundering Hooves" and "Canine Cup". Gaming Laboratories International Inc. has certified that the system meets the

current GLI-15 national standard for Electronic Bingo and Keno systems.



**SGI SELECTS SPACENET.** McLean, Va., December 5, 2005 -- Spacenet Inc. has been selected by Scientific Games to provide 3,000

Skystar Advantage VSAT terminals for state lottery networks in Colorado, Pennsylvania, North Dakota and South Dakota. Spacenet is also providing SGI with a dedicated hub, which will be used to support the expansion of its VSAT network. Spacenet is the worldwide services group of Gilat Satellite Networks, Ltd. (Nasdaq: GILTF).

**TRANSACT SIGNS WITH WESTLOTTO AND NIEDERSACHSEN.** Transact announced the introduction of electronic top-up (e-top-up) services at the lottery outlets of Westdeutsche Lotterie GmbH & Co. OHG (WestLotto) and Niedersachsen Lotterie. Transact's e-top-up services will be available at a combined total of 4,500 outlets of the two lottery chains. The prepaid service agreements with each of the two lottery chains -- WestLotto and Niedersachsen enables them to offer Transact's convenient e-top-up service to their customers at a majority of their respective lottery outlets across Germany. Transact will offer its e-top-up service on existing lotto terminals at these outlets. Transact has started the roll out process to all WestLotto and Niedersachsen outlets and expects to complete the roll out by the end of the year.

**SHUFFLE MASTER TO DISPLAY AT ICE.** Shuffle Master, Inc. and CARD, a Shuffle Master International Company, announced that they will feature several key products at the 2006 International Casino Exhibition (ICE) being held in London, England, January 24 through 26. In addition to exhibiting well-established Utility Products like the one2six™ and Ace® automatic card shufflers and Entertainment Products like Four Card Poker® and Dragon Bonus®, a side bet for baccarat, the two companies will feature Table Master™, Vegas Star® Roulette™, Ultimate Texas Hold'em™, The Easy Chipper®, The Deck Mate®, The MD2® Workstation™, and the Intelligent Shoe.



**PACIFIC LOTTERY APPROVES IBM SYSTEM IN VIETNAM.** Pacific Lottery Corporation recently conducted extensive quality assurance

testing of the proposed IBM Central System Server Technology and approved it for use as the hardware anchor for the operation of the Ho Chi Minh City modern online Lottery program. During the past few weeks, the IBM server hardware has undergone rigorous testing by the Corporation's technical staff and achieved or exceeded all required tolerances for the proper operation of a jurisdiction wide, online real time lottery program. Pacific Lottery Corporation expects to use the IBM central system servers,

subject to satisfactory conclusion of commercial arrangements, to operate its proprietary Lottery software to control the Lottery system network and provide secure real time transaction processing and communications directly between each retail terminal and the central command and control system. The proprietary Terminals (currently under production in Vietnam), when delivered, will be integrated into a continuous uninterrupted closed network expected to utilize the approved IBM central system hardware configuration. The Corporation anticipates the timely conclusion of commercial terms with IBM and facilitating delivery of the equipment shortly thereafter. In other developments, the Corporation announces that it has recently been advised by the Vietnamese manufacturer that all initial internal testing conducted on its prototype proprietary Lottery Terminal has concluded successfully. The Corporation is now in the process of conducting its own quality assurance testing including software compatibility testing that is required prior to final assembly and delivery of Lottery Terminals. The Corporation has been advised to expect this final assembly phase to be concluded within 60 days of satisfactory testing with delivery and installation of Lottery Terminals in retailer establishments to occur shortly there after.



**STARGAMES LIMITED PENDING ACQUISITION.** Shuffle Master has received sufficient acceptances of more than 56% of Stargames Limited shares under its recently announced \$1.55 AU per share, cash takeover offer. The offer is now scheduled to close at 7:00pm on 19 December 2005. Shuffle Master also announced that it has appointed Deutsche Bank as financial adviser in connection with completing this transaction.

## PEOPLE



Kentucky Lottery Corporation (KLC) President & CEO Arch Gleason has announced the

selection of **Gary Ruskowski** as the KLC's new Senior Vice President of Information Technology and Chief Information Officer. His job at the KLC will involve overseeing all aspects of the company's IT functions, including management of the front end gaming systems, sales tracking, back office systems, and all of the desktop office and mobile technology used by the lottery. Ruskowski comes to the KLC from Pomeroy IT Solutions, where he worked for the past eight years. His career also includes 17 years of employment at General Electric where he served in a variety of management positions.



Oberthur Gaming announced that **Drew Svitko** has joined OGT's U.S. Sales team as Account Lottery Executive dedicated to the Virginia Lottery. Drew studied Real Estate Investment at Pennsylvania State University in 1991, and has developed a significant expertise in management and retail, including eight years of lottery experience. Prior to joining OGT, Drew worked for the Pennsylvania Lottery, where he assumed the roles of Interim Security Director and Interim Finance Director, before being promoted as Director of Research and Development. During his time at the Lottery, he directed qualitative and quantitative market research studies, as well as numerous on-line and instant product development projects. Before being appointed at the Pennsylvania Lottery, Drew was Owner/Operator of three Subway franchised sandwich restaurants. This experience gave him a unique perspective and understanding of the small-business retail environment.

Southwest Casino Corporation announced the appointment of four new independent members to its Board of Directors. The appointment of these independent board members, along with the resignation from the board of two corporate officers, creates a five-member board of directors with four independent directors. All board members will be eligible for election at Southwest's 2006 annual meeting of shareholders. **David H. Abramson** joins the Southwest Board of Directors and will chair its Audit Committee. Mr. Abramson is the Chairman and CEO of David Abramson & Associates, LLC, a retained executive search and leadership development firm he founded in 2002. Mr. Abramson has been the Chairman of Board of Directors of the Minneapolis Chamber of Commerce, President and Board member of the Minnesota Society of Certified Public Accountants, Chairman and board member of the Minnesota Cooperation Office for Job Creation, and a member of the Governing Council of the American Institute of CPAs. **Gus A. Chafoulias** is Chairman of the Board of Chafoulias Management Company. Mr. Chafoulias has developed more than 3 million square feet of apartments and commercial space during more than 40 years in the development business. **Jim Holmes** has significant experience on both the regulatory and business sides of the gaming industry. He spent 15 years with the FBI in Missouri as both a Special Agent and Supervisor. In 1985, Mr. Holmes was appointed as the first Executive Director of the Missouri Lottery. Since 1987, he has acted as a national and international gaming consultant for lottery operations, bingo projects, casinos and Indian gaming, specializing in start-up operations and risk analysis. **Gregg P. Schatzman** is the Managing Director of Schatzman & Associates, LLC, which provides consulting services to gaming companies and law firms regarding casino operations and regulatory issues. Mr. Schatzman spent 10 years as a gaming regulator with the Nevada Gaming Control Board and 13 years in casino operations in positions with Trump, Ameristar Casinos and Primadonna Resorts. In connection with Southwest's move to management by an independent Board of Directors, **Jeffrey S. Halpern**, Chairman of the Board of Directors and former CEO of Southwest, and **Thomas E. Fox**, President and Chief Financial Officer, resigned from the Board. Mr. Fox continues as President and CFO and Mr. Halpern will serve

as Southwest's Vice President of Government Affairs and corporate secretary.

**CHURCHILL DOWNS SEES WAGERING RISE IN FALL MEET.** The 21-day Fall Meet at Churchill Downs, the first at the historic track since the completion of its \$121 million renovation and the first since 2002 that was not limited by construction, concluded on Saturday, Nov. 26, with gains in both on-track and total wagering and on-track attendance. Additionally, average daily wagering from all sources topped \$8 million for the first time in Fall Meet history. **Total wagering** on the Churchill Downs meet, which includes both on-track and off-track betting, rose to \$182,214,993, an increase of 11.3% over 2004. Total wagering averaged a record \$8,676,904 per day, which marked the first time that daily average Fall Meet betting from all sources surpassed the \$8 million mark. The daily average in 2004 was \$7,798,867 and the previous record was the daily average of \$7,995,667 established in 2003. **On-track wagering** totaled \$24,483,358 during the meet, an increase of 6% over last fall. **Daily attendance** at the meet averaged 7,820, a gain of 4.7% from 2004 and the highest average attendance figure for a Churchill Downs Fall Meet since 2001.



**NEWPORT GRAND GRANTED MORE VLTs.** Newport Grand has been granted a contract allowing it to increase its number of VLTs by an additional 800. In all, Newport Grand will see its number of VLTs increase from 1,070 to 2,101 once this, and previous machine expansions have been implemented.

**MTR GAMING GROUP RECEIVES MANAGEMENT-LED ACQUISITION PROPOSAL.** MTR Gaming has received a non-binding proposal from a newly-formed entity, TBR Acquisition Group, LLC, which is controlled by Edson Arneault and Robert Blatt, MTR's Chief Executive Officer and Executive Vice President, respectively, both of whom are also directors, to acquire all of the outstanding shares of MTR for a cash price of \$9.50 per share. The management-led group has tentatively proposed a two-step transaction: a first step public tender offer for not less than 90% of the outstanding shares of common stock for \$9.50 per share in cash, followed by a second step "short form" merger in which the remaining public stockholders would also receive \$9.50 per share in cash. The Board of Directors has established a special committee consisting of four independent, disinterested directors to act on behalf of MTR with respect to the proposal or alternatives in the context of evaluating what is in the best interests of MTR and its stockholders. The special committee is authorized to retain independent financial, legal and other advisors.



### FLORIDA SENATE REVISES SLOT TAX PLAN.

A Florida Senate Committee on Tuesday approved a sliding scale tax rate on gaming machines. The Senate plan calls for a 35% tax on the first \$125 million, and slides up to 55% on revenue greater than

\$500 million. The original Senate plan called for a 45% tax rate, and the House bill has a 55% tax rate.

### ARKANSAS GAMBLING EXPANSION

**CHALLENGED.** Arkansas' Oaklawn Park (horse track) and Southland Greyhound Park are anticipating a lawsuit seeking to halt its recently approved "electronic games of skill". Anti-gambling groups were unable to stop the gambling expansion bill at the ballots, but have since filed a lawsuit in Crittenden County and are reportedly planning to continue their offensive with another suit in Garland County. Racetrack officials in both cities said the expanded video game options were necessary to develop the economy and to prevent players from slipping away to nearby gambling meccas like Tunica, Miss. Both tracks already offer a game called instant racing, which allows players to wager on the results of past races from around the country. At Hot Springs, 50.5 percent of voters approved the extra games; at West Memphis, 63 percent approved.



### CBT SIMULCASTING TO SOUTH AMERICA.

Charlson Broadcast Technologies entered into long term agreements with AmTote International, Inc. and BLB Inc./Wembley USA to simulcast into South America. AmTote will provide the gateway necessary to commingle wagers from international simulcasting outlets and BLB will provide content rights to U.S. horse and greyhound racing. Beginning with South America, CBT secured exclusive agreements with racetrack operators in Venezuela and Brazil and will begin simulcast wagering later this month in partnership with Carnegie Cooke and Company, Inc. at the Campos racetrack and its OTB network in Brazil. CBT and its partners will provide horseplayers in these countries the opportunity to wager on international horse and greyhound racing with unlimited wagering, track odds, all available host track wager types with true track payoffs. All foreign currencies wagered will be converted into U.S. dollars before being fully placed into the host track pools. CBT developed its International Wagering Terminal that functions as a point of sale terminal accepting and cashing wagers as well as generating multiple video displays of odds, exotics, results and changes and printing translated licensed Equibase(R) programs from a single PC. The IWT will also interface with popular sports and lottery systems where legal. CBT currently streams more than thirty channels of broadcast quality video to its international locations using a secure VPN over the internet and satellite.

**SONA MOBILE ANNOUNCES mWAGER.** Sona Mobile Holdings announced the debut of mWager(TM), a full-service mobile application that extends the experience of horse race wagering to wireless devices. By using mWager(TM), subscribers can place wagers, watch races in real time, conduct pre-race research, receive immediate access to post-race information and a variety of other tasks on the application and the phone. Sona's Mobile Multi-Threading Technology allows users to wager on the application while still be able to send email and receive voice calls.



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## INTERNET/WIRELESS

**ANTIGUA TO CONTINUE INTERNET GAMBLING DEVELOPMENT.** (AP) Antigua will continue developing its Internet gambling industry despite pressure from the United States to prohibit the practice. At least ten new online gambling companies will open on the Caribbean island next year, joining 14 that already have been granted operating licenses. The new companies are expected to generate some 500 new jobs and more than \$2 million in gambling licenses fees.

**NEWS YOU CAN USE.** Derbyshire's Evening Telegraph website, [www.thisisderbyshire.co.uk](http://www.thisisderbyshire.co.uk), has linked up with Camelot to bring readers the lottery results plus the chance to play the game online. Visitors can check games as far back as August, and can also play as many Lotto lines as they want.

## LOTTERY NEWS

**NORTH CAROLINA UPDATE.** Tom Shaheen began as North Carolina Lottery's first director last week. The initial timetable for Lottery startup is April 5 for scratch tickets and a multi-state by July. More than 3,500 businesses have expressed interest in becoming Lottery retailers. This week Shaheen will begin the process of hiring 200 to 300 employees. RFPs are expected to go out in approximately three weeks.

**IOWA PLAYERS CAN OPT-OUT.** The Iowa Lottery Board voted to establish a player "self-ban" policy designed to address issues related to problem gambling. The policy would allow players to sign contracts stating that they are problem gamblers and wish to enter into a voluntary self-exclusion agreement with the lottery. The agreement would ban those players from the lottery's five regional offices in the state and allow the lottery to deny payment of any prize at a lottery office to those players. The lottery also would remove from any mailing or promotional lists the names of those players who entered into self-ban contracts.

### **PENNSYLVANIA MILLIONAIRE RAFFLE**

**SELLOUT.** Tickets for the Pennsylvania Lottery's groundbreaking Millionaire Raffle game have sold out in less than two weeks. Sales of Millionaire Raffle's 500,000 tickets began on Tuesday, Nov. 22, and were to continue until Dec. 31 at 5 p.m., or until the tickets ran out. The last Millionaire Raffle ticket was sold at 2:42 p.m. on Monday, Dec. 5. The drawing for the game, which features four top prizes of \$1 million, will be held on New Year's Eve. Millionaire Raffle ticket sales generated approximately \$4.3 million for programs that benefit older Pennsylvanians.

### **MEGA MILLIONS SALES CONTINUE IN**

**CALIFORNIA.** At a hearing in Sacramento Superior Court, Judge Connelly decided to take under advisement a lawsuit questioning California's participation in the MEGA Millions game. In the meantime, MEGA Millions tickets will continue to be available at Lottery retailers, and Californians who win prizes will continue to be paid and that proceeds from MEGA Millions tickets will continue to go to public schools in California.

### **NORTH CAROLINA PANEL VISITS TENNESSEE.**

Members of North Carolina's lottery commission visited Lottery operations in Tennessee. The AP reported that in addition to attending briefings from TELC officials on operating a lottery, the commission talked with sales clerks, players and bumped into new millionaires claiming their winnings.

**ILLINOIS CAPS MEGA MILLIONS BONUS.** Illinois officials have placed a \$500,000 cap on the amount of money a retailer can collect from selling a winning Mega Millions ticket. The state used to pay retailers a jackpot bonus of 1 percent for selling a winning Mega Millions ticket. There was no limit on the payout. The 1 percent bonus will remain in effect up to \$500,000



### **OKLAHOMA WINNINGS TO BE CROSS**

**REFERENCED FOR DEBT.** The Oklahoma Commission for Human Services reportedly approved a rule on Tuesday to institute a system of cross-checking winners for unpaid debts to the state. The Department of Human Services (DHS) is also reportedly talking with horse racetracks and American Indian casinos. The DHS has already been trying to capture lottery winnings for back child support, but the new rule will allow greater enforcement and an appeals process.

### **TEXAS RECEIVES FINANCIAL REPORTING**

**AWARD.** The Office of the Controller of the Texas Lottery Commission has been awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for its Comprehensive Annual

Financial Report (CAFR) for Fiscal Year 2004. The prestigious national award is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government agency and its management. This is the third consecutive year that the Texas Lottery Office of the Controller has been recognized by GFOA.

### **MANITOBA GAMES COUNCIL SUPPORTS 2006 POWER SMART MANITOBA WINTER GAMES.**

The Manitoba Games Council and Manitoba Lotteries Corporation are pleased to announce their partnership for the upcoming 2006 Power Smart Manitoba Winter Games in Beausejour, Manitoba, March 6 – 12, 2006. MLC has been a long time supporter of the Manitoba Games and is proud to continue its partnership as one of the Games presenting Sponsors. MLC's contribution of \$30,000 will assist the Games Organizing Committee in providing an opportunity for over 10,000 Manitobans to participate in an "Olympic" like experience that creates life-long memories for everyone involved. In addition to MLC's support of the Games, Manitoba Lotteries will also remain the Title Sponsor of the "Thanks Coach!" program. MLC's contribution of \$4,000 will assist in providing recognition to deserving coaches for their contribution to the development of Games athletes.

**POWERBALL POUNCER.** SA Lotteries joined forces with local radio station Mix102.3 to bring the Powerball Pouncer to the streets of Adelaide. The promotion, which runs from November 28 through December 15 has residents looking over their shoulders, hoping they will be "pounced" while buying a ticket! To win, players must be caught by the Powerball Pouncer as they purchase a ticket for Thursday night's Powerball game. Four prizes of \$1,000 will be won each day by unsuspecting Powerball players at mystery locations across SA Lotteries' network of 371 city-based agencies. In all, the Powerball Pouncer will award \$56,000 in cash prizes to lucky local players.

**NORSK TIPPING WINS TWO AD AWARDS.** Norsk Tipping's most recent Lotto advertisement "Retirement Home" was awarded a gold medal in the international advertising competition Eurobest. The prize went to Norsk Tipping's advertising agency, Try. The agency was also awarded a bronze medal for one of its chocolate advertisements. "Retirement Home" is a feel-good film based on the theme Norsk Tipping has been using for several years: "Lotto millionaires are different to other millionaires".

**PRESENT INTO THE CRADLE.** SAZKA will celebrate its fiftieth anniversary on September 15, 2006. To celebrate the Lottery has launched "SAZKA's Present Into the Cradle". Each baby born on September 15, 2006 and registered by its parents or legal representatives at the corporate headquarters in compliance with conditions, will obtain a financial present of CZK 10,000. One name from among of the registered participants will then be drawn to obtain CZK 50,000 and one to obtain a prize of CZK 100,000.s