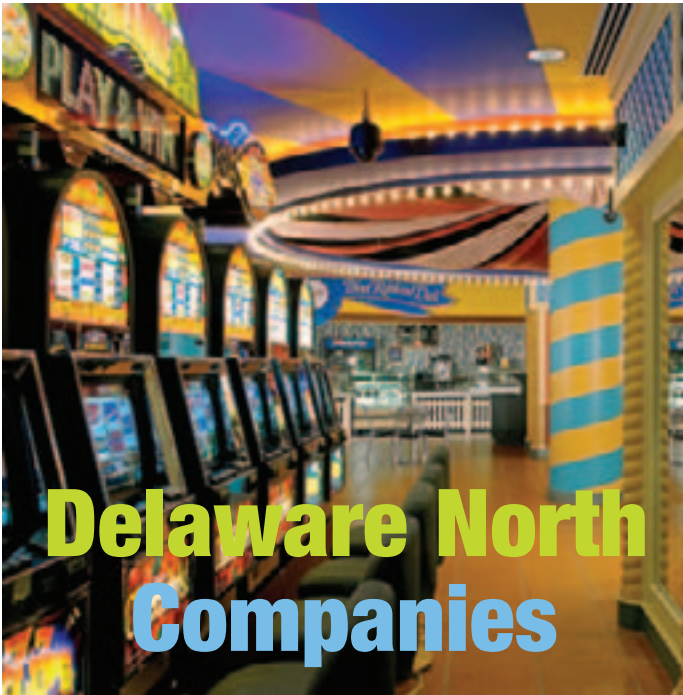


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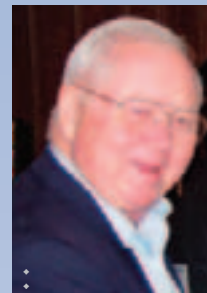
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PUBLISHER'S PAGE

KEEP GOING AND GROWING

By Duane V. Burke, CEO/Publisher



Duane V. Burke,
Publisher & CEO of
PGRI

In keeping with Public GAMING International magazine's commitment to "Go everywhere", this issue will be distributed at conferences in three different gaming venues this month, Toronto, Canada, Atlantic City, New Jersey and Durban, South Africa. The subject matter covered at these meetings is representative of our focus on growth and expansion of gaming around the world.

One major growth area for gaming is racinos, which will be featured at the Toronto conference. In this issue of PGI magazine you will find an interesting feature on one of the leaders in the racino field in the U.S., Delaware North Corporation. This 90-year-old corporation started as a food and beverage supplier to race tracks, subsequently bought several tracks (and manages others) and is now reaping the rewards of being positioned to take advantage of the current trend to add gaming to the race track entertainment package.

Another area of growth featured in this issue is the use of the Internet for selling games by two Canadian Lotteries and its use for distributing

games. In a related story, Martin Owen, Jr. talks about Internet gambling law.

Special Editorial Focus for December

"FOCUS ON THE FUTURE" will be the key, editorial feature for the December issue of Public GAMING International magazine. Key executives from all segments of government and industry will be interviewed for what we believe will be a very insightful and important look ahead.

PGRI Conferences Move to Las Vegas for 2005

The gaming/entertainment capital of the world will be the venue for both of Public Gaming's 2005 conferences - SMART-Tech 2005 in February and ILAC 2005 in July. We hope this move will provide some added inspiration for growth among attendees.

A Philosophical Note

In this time of change, let's remind ourselves again that it is smart, hardworking people who are committed to success that make things work and that change for change sake is seldom productive. Our hats off to these people who are the foundation for continued growth and success.

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Industry News



Scientific Games Activity in Several Jurisdictions

Scientific Games recently saw contract activity in five jurisdictions: New York, Puerto Rico, Iowa, South Dakota, and Vermont.

Scientific Games Corporation announced its contract as a secondary supplier of instant tickets to the New York Lottery has been extended for another two years. The contract is valued at \$8.0 million over the two years.

SGC has also signed the previously announced online lottery contract with Loteria Electronica de Puerto Rico. The contract is valued at \$66.7 million and is for a term of seven years. The online lottery contract includes the installation of 2000 terminals and a new central system with satellite and radio communication technology. The new system is scheduled to launch on March 15, 2005.

SGC has been named the apparent successful bidder for the Iowa Lottery's instant-scratch ticket contract. The initial one-year contract is valued at approximately \$1.4 million, and there are four one-year extension options. The contract commences January 1, 2005, subject to the negotiation of a final contract.

The South Dakota Lottery has extended its online lottery contract with SGC. The contract is estimated at \$8 million over the term of three years. In addition, the South Dakota Lottery is upgrading the entire retailer network to newer, faster technology.

Finally, SGC announced that the Vermont Lottery has extended its online lottery contract. The contract is estimated at \$12.3 million over its four-year term. In addition, the Vermont lottery is adding 175 new EXTREMA® lottery terminals to its network making the lottery more accessible in areas that had no on-line lottery terminals previously.

JCM Chosen as Multimedia's Preferred Supplier

Multimedia Games has selected JCM American Corp as its preferred supplier of bill validators. JCM Vice President of Sales and Marketing, Mark Henderson said, "We believe this enhances JCM's position as the bill validator of choice for gaming. Working with a company like Multimedia allows JCM to expand our business into the interactive, video lottery and wide-area gaming arenas."



MDI Offer Combines Harley and Ford Truck

"Only one truck is tough enough to be the Official Truck of Harley-Davidson®," and that truck, according to the Ford Motor Company's official website, is the Ford Harley-Davidson™ F-250. Well, now, this Super Duty full-size pickup truck, together with the always-popular Harley-Davidson® motorcycle, are the centerpieces of an innovative MDI-licensed product line extension that will enable lotter-

ies to offer this alluring package as a top "non-cash" prize in a lottery game.

Last year, Harley-Davidson® and Ford Motor Company each celebrated their 100th year in business. These powerful iconic brands will remain in the MDI portfolio of lottery licenses at least through December 2006.

Slingo Celebrates Eight Years

Independent game developer Slingo Inc. celebrated the 8th anniversary of the Slingo brand during the month of October. Original Slingo,

the flagship product of the company, was launched on America Online in 1996 quickly winning over players and propelling the company into the online giant that it is today. In just 8 years, Slingo Inc. has grown from having

a single multi-player game into a staple of the entertainment industry.

Slingo games have evolved into casino slot machines, instant-play lottery tickets throughout more than 30 states (and 4 countries), and will soon be coming to both cellular telephone and interactive cable television markets.

EGC Unveils Two New Game Cards

Electronic Game Card unveiled its two latest XOGO GameCards targeting the more than \$150 billion global sales promotion and direct mail markets at the UK's National Incentives Show. The two new XOGO GameCards, Treasure Hunt and Shoot Out, continue the XOGO approach of delivering high and enduring levels of awareness to brands by providing versatile and compelling gaming experiences that fully engage the consumer.

Originally launched in June 2004, the initial range of XOGO credit-card-sized GameCards featured the popular instant win card (Match & Win), a points accumulator based card (Points Mean Prizes) and a destination driver card that lets a specific number of plays occur on a daily basis for up to a month (Play a Day). The newly introduced Treasure Hunt GameCard now brings a skill element to the XOGO range, consumers having to guess where "treasure" is hidden on the touch-pad based, credit-card sized cards. Meanwhile, the XOGO Shoot Out card has been developed by Electronic Game Card to meet the significant interest from brands, sponsors, and media owners for a soccer themed Game Card.

Minnesota Extends GTECH

GTECH signed a three-year contract extension with the Minnesota State Lottery to commence on February 10, 2008. Under the terms of the contract extension, GTECH will install and maintain approximately 112 Expandable Dispensing System Quad Burster™ (EDS-Q) 24-bin ITVMs. The ITVMs will also allow the Lottery and retailers to combine management reporting of both online and instant-ticket vending activity for the first time. In addition, GTECH will install approximately 100 Express Point Plus™ terminals and will continue to provide ongoing services to the Lottery including central system and communications network management and maintenance; terminal maintenance; marketing support; field service; and hotline management.

Scientific Games Acquires German Ticket Company

Scientific Games Corporation has entered into an agreement to purchase all of the outstanding shares of Printpool Honsel GmbH, a German company which is the supplier of instant tickets to all of the 16 lotteries which operate in Germany. The purchase price and other terms of the transaction were not disclosed. The transaction is expected to close before year-end and is subject to the satisfaction of certain closing conditions.

The company, which also sells other lottery products such as bet slips and paper rolls, serves customers in approximately 25 countries. As part of the transaction, Jan and Klaus Honsel, the principal shareholders and managing directors of the company, will enter into employment agreements pursuant to which they will continue to manage the company after the closing. ♣



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Chile

Polla Chilena de Beneficencia S.A., the state lottery of Chile, announced that during the first six months of 2004, its sales increased by 29.7%. The company's sales reached US\$63.8 million compared to US\$49.2 million in 2003 due to the sales of LOTO games, which represent 85% of the total sales. Also,

it's worth mentioning the successful launch of the electronic commercial transactions (non-lottery transaction services e.g. bill and tax payments, money transfers etc.) through Polla's Chilena network.

Furthermore, Polla Chilena has successfully launched last August the Fixed Odds Betting, in cooperation with INTRALOT. Currently, FOB players can bet on football matches (half time, full time and final result) and, the last week-end of September, it will include the eliminatory matches for the World Group of the Davis Cup, that will be played in different cities around the world. Xperto, the Chilean name for FOB, has already incorporated tennis matches and other types of bets, like Formula 1, are expected to be introduced shortly.

France

On September 1, La Française des Jeux introduced a new sports betting game formula, Loto Foot 7&15, which replaces the former Loto Foot. Two new formulas are now offered to players: 7 or 15 predictions. With the first one, the player can often win. With the second, the player can win more than before. A player that bets on both game formulas on the same playslip will be given two receipts, one for the 7 and one for the 15. The new game also offers a quick pick feature.

Georgia

Georgian Finance Minister Zurab Noghaideli said that changes would be made to the country's law on lotteries, games of chance and other forms of gambling, to allow a single private company the right to issue lottery tickets. Proceeds from the Lottery would be used to benefit cultural and sporting activities.

Germany

Cape Town, South Africa company Sales Engine won contracts to provide telesales services to two state lotteries in Germany (NKL and SKL). Sales Engine will run a telemarketing campaign selling subscriptions to German citizens in both Germany and South Africa. Sales calls are followed by a control call from an administrator who ensures that the customer wants to proceed.

Korea

Korea's Kookmin Bank has entered into a partnership with SK Telecom Co. to provide a mobile banking service that will not only allow customers to check account balances and transfer money, but will allow them to purchase Lotto tickets through mobile devices.

Morocco

DNV Certification has issued certificates according to the World Lottery Association Security Control Standards® and the BS 7799-2 (information security) standard to Morocco's sports betting operator La Marocaine des Jeux et des Sports. Morocco's sports betting operator is Africa's first WLA member to achieve certification to the WLA Security Control Standards®, the WLA's global security management baseline.

New Zealand

The New Zealand Lotteries Commission celebrated summer by giving

customers the chance to win one of 20 cars engineered for summer fun. For a chance to win one of 10 MINI Coopers or 10 Holden Monaro CV8s, customers had to purchase a Lotto Triple Dip between October 3 and October 16, 2004. The 20 lucky winners were announced on Saturday, October 16.

In September, all New Zealand Lotto players had four extra reasons to buy a ticket with a special Lotto Winning Wheel promotion featuring five winning serial numbers. Four extra serial numbers were drawn on September 18, giving a total of five players a chance to spin and win up to \$1 million on the Winning Wheel.

Nigeria

NSL Lotteries Management Company Limited (NSL LMC), a wholly owned subsidiary of National Sports Lottery Limited, has been established to operate Nigeria's first National On-Line Lottery game - Lotto Nigeria. The company holds a 30-year federal license to operate the game, and lists Tattersall's and Essnet as international technical partners.

The Nigerian Federal Executive Council has endorsed a draft bill to establish a National Sports Lottery Regulatory Commission and a Sports Trust Fund that would generate funds and coordinate the financing of sports activities in Nigeria. The bill mandates the proposed Regulatory Commission to oversee alternative sources of revenue for sports development in Nigeria.

Spain

Spanish Lottery operator ONCE has contracted with Telefonica Moviles for online terminals. ONCE hopes to eventually have 23,000 of the wireless terminals in operation.

Switzerland

Loterie Romande and Swisslos have decided to join Euromillions. The game is now active in nine countries: France, Spain, the U.K., Austria, Belgium, Ireland, Luxembourg, Portugal and Switzerland. The population base for the game is now approximately 200 million.

Thailand

It's been reported that Thailand's Government Lottery Office is working on plans to propose a multi-jurisdiction lottery that would encompass much of Southeast Asia. While no plan has been proposed, speculation for possible partners would include lotteries in Vietnam, Laos, Singapore and the Philippines.

GTECH announced that LOXLEY GTECH Technology Co. Ltd. (LGT), a joint venture in which GTECH is a 49 percent equity partner, was chosen as the preferred bidder to provide equipment and services for a national online lottery in Thailand. Subject to the signing of a definitive agreement, LGT will provide online lottery technology and services to the GLO under a proposed five-year license.

Trinidad and Tobago

Trinidad and Tobago's National Lotteries Control Board recently celebrated its tenth anniversary of on-line gaming. In the past ten years the Lottery has contributed over \$9 billion to the economy. The Lottery is currently responsible for the employment of 2,700 people.

Ukraine

Gilat Satellite Networks Ltd. announced an agreement to supply the Ukrainian National Lottery with a satellite-based VSAT network based on its Skystar Advantage VSAT platform for immediate delivery. The network will serve lottery kiosks across the country. The Ukrainian National Lottery operates a constantly growing network of more than 2,400 lottery kiosks across the country. Hundreds of these existing sites that have been connected by terrestrial communications are now being transferred to satellite technology. ♦

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Delaware North and the Racino Revolution



Finger Lakes Gaming & Raceway

Delaware North Companies (DNC) is quickly becoming one of the most recognizable names in the gaming industry. The company's gaming division, known as Delaware North Companies Gaming and Entertainment (formerly Sportsystems Corporation), owns and manages a total of ten racetracks, and has been popping up on search engines and gaming related press releases since the racino revolution hit stride in late 2003, early 2004.

DNC specializes in racing venues with added amenities, including video gaming machines, poker rooms, full service restaurants, retail shops and lodging. The company oversees more than 5,500 video gaming machines across the country and operates at seven successful racing operations in New York, Arizona, Florida, West Virginia and Arkansas. To date, Delaware North Companies is one of only two operators of video gaming machines at racetrack locations in New York State.

Still, one would be wrong to assume that DNC is merely a gaming company. Delaware North's logo, "From games to gumbo, we do it all" truly sums up the organization. In fact, you've probably run across DNC services and didn't even know it.

DNC, which has been around for 90 years, began as a food and beverage company, managing concessions in stadiums. Eventually the company branched out. They currently manage concessions and hospitality services at a number of tourist frequented areas: Yosemite National Park, the Boston Fleet Center, airports, and Kennedy Space Center, to name a few. As one can see, it's a very big company, and with \$1.6 billion in revenues, it's also a very profitable company.

Running Racinos

DNC has been buying racetracks since the 1960's. Initially, tracks came to DNC to manage concessions in their facilities. As interest in racing waned, track owners began to realize that the concessions were the only truly profitable portion of the facility, and some owners

inquired if DNC would have any interest in buying the property.

Of course, now with the advent of racino legislation, the properties they've purchased have become somewhat of a gold mine – and Wheeling Island, West Virginia, is the 800-pound gorilla of the bunch. The facility features 2,500 machines, a 151-room hotel and several restaurants.

DNC is also involved with three of the New York racinos: Finger Lakes, which they own, and Saratoga and Fairgrounds Gaming and Raceway, which they manage. That's three out of the four operational racinos, and the fact that they were able to get their facilities up and running so quickly says a lot about the company.

"New York is a difficult racino environment," said Jim Rafferty, vice president of marketing for DNC. "It has an 80 percent tax rate. That's pushing the limits. We took a big risk."

The risk factor has been escalated due to the recent questions about the constitutionality of New York's video legislation. A New York court recently found that the law legalizing VLTs was unconstitutional in its current configuration because it allows the horsemen to get a percentage of the take. The VLTs operate under lottery law, which specifically says that all proceeds from Lottery sales will go to education.

In addition to the constitutional issue that must be remedied, and the low-percentage take, the New York racinos are also facing a lot of competition from tribal and Canadian casinos. So how does the DNC manage to operate three profitable racinos in what some feel is a less than hospitable environment?

"The marketing plans for these three New York State properties are each unique in their design," said Rafferty. "In the traditional casino world when you evaluate a customer you talk about average daily theoretical, but my view is that in racinos, or anywhere that you have a tax rate of over 50 percent you have to run your business differently. One of the things we've done, for example, is instead of average daily theoretical we talk about average daily value. So, when we make a judgment on our marketing program, we look at a player and what they're really worth based on the tax rate, not based on how much they play versus how much they lose, or the average daily theo-
...continued on page 26.

Jim Rafferty, VP Marketing, Delaware North Companies



South Africa: A Growth Oriented Public Gaming Market

By Todd Koeppen

South Africa's public gaming market is a very lucrative, state-of-the-art environment. Most people involved in the lottery industry are familiar with Uthingo, the National Lottery operator for the South African market. GTECH is a partner in Uthingo, so the Lottery maintains a top-rate on-line lottery system, they sell instant scratch cards, and they operate a television game show.

What is slightly well less known is that the country also has legislation allowing limited payout video lottery to be operated in bars and taverns throughout the provinces, and has had that legislation for more than six years.

A Public Gaming Pioneer

A thriving, innovative National Lottery coupled with a limited video lottery market that is primed to take off sets the forecast for a gaming market that should be doing well for quite some time. Still, the South African gaming market wasn't always picture perfect. Indeed, several lottery pioneers had to cut a path that the rest of us could follow.

Mark Hutchinson, director of public gaming and international sales for JCM American Corporation was one of those pioneers.

In 1992 Hutchinson's company, Games Africa, started up what became the country's largest instant ticket operation, benefiting a charitable trust called Ithuba (the Zulu word for opportunity). During its first

years, the lottery raised the largest single cash contribution for charity in the history of South Africa – 300 million Rand – and in the process blew the multitude of competing games out of the water.

"When I arrived in South Africa in 1991 there were actually 27 different brands of instant tickets on sale in the market," remembers Hutchinson. "We launched, then grew the largest instant ticket lottery in the country. I believe that of the 27 brands that were on sale when we started, none were left after a year except Ithuba, so we pretty much consolidated the whole industry."

The Ithuba experience left an impressionable mark on the South African government as well as the entire country. Hutchinson muses, "Even today, almost ten years later, I get calls from cast, production crew members and the South African public wanting to know why they don't bring back Win n' Spin!" To be a contestant on the weekly Win 'N Spin show players had to be pulled from a second chance draw. The show was extremely popular, remaining in the top 5 of South African TV shows for over five years. The presenter, Mike Mills, was one of the most recognized faces in the country!

"In my opinion, (Ithuba) turned around gaming in that country and actually got the government actively in pursuit of a National Lottery – putting legislation in place for one national lottery which we bid on down the road, many years later," said Hutchinson. "We operated about six years as Ithuba Lottery Operation. Commercially, we were very successful. In fact, we even listed the company on the Johannesburg Stock Exchange."

"We shut the company down when the National Lottery started, by law all the private operators were required to shut down, so that was the end of it."

Enter Uthingo

Eventually Ithuba made way for Uthingo, the winning bidder for the National Lottery contract. Uthingo launched with a bang in March 2 of 2000, seeing R1.8 million in Lotto sales on its first day selling through 4,000 terminals throughout the country (a number which grew to 7,000 within a few months). The Lottery added scratch tickets on October 23, 2000, and by the end of the first year, sales had exceeded R2.7 billion, annihilating the sub-R1 billion estimate released by the government prior to the Lottery's launch.

Ever on the move, Uthingo launched a scratch card game show on October 7, 2004, called iMali Mania. Every Thursday, the show features six contestants (drawn weekly from a pool of non-winning iMali Mania scratch tickets entered via phone or mail) who compete for the grand prize of R250,000.

To generate excitement, the Lottery filled the initial episode with local celebrities that donated their winnings to the charity of their choice.



Mark Hutchinson, JCM

Uthingo CEO, Dr. Oupa Monamodi

In late June, 2004, Uthingo Management Board Chairman, Professor Barney Pityana announced the appointment of Dr. Oupa Monamodi as Chief Executive of Uthingo Management. Dr Monamodi had been serving as acting CEO since January 2004, following the resignation of Uthingo's original CEO, Humphrey Khoza.

"Dr Monamodi comes into this position with outstanding credentials. He has served Uthingo for four years in various capacities, the last of which was as Chief Operations Officer under Humphrey Khoza," says Prof Pityana.

"He is very familiar with all aspects of the lottery and the Board is confident that his competence as Chief Executive, which has showed over the last few months, will take Uthingo to the end of its license period and beyond."

Dr Monamodi, who holds post-graduate degrees in Business Administration and Sociology from Indiana University in the United States, said he looked forward to continue leading the National Lottery during the latter half of its licence-period. He has been an IT professional for the past 20 years both in the United States and South Africa.

"Through job-creation and empowerment, the National Lottery has become the veritable engine of economic growth.

"More significant, however, is that the National Lottery has already proved itself an invaluable national asset – it has generated Good Causes money exceeding R3 billion." ♦

In addition to iMali Mania, the Lottery operates a Lotto-themed game show called Count Yourself Lucky that airs Saturdays at 7:30pm. The show offers exciting games that require strangers (three teams of two) to work as a team to make it to the next round. Team mates then compete against each other in the final round for an opportunity to win R300,000. In order to qualify, participants must possess a non-winning Lotto ticket.

In addition to adding value to its games through entertainment, Uthingo has also mastered the art of maximizing the ease of purchase. In addition to being able to purchase tickets through retailers, Uthingo players can also acquire Lotto tickets on the Internet through the eBucks Rewards Programme (<https://www.ebucks.com/>), and can subscribe to Lotto tickets by filling in and printing an online form, then faxing the form to Uthingo. The tickets can be paid for by check (up to 104 draws in advance) or direct debit order (which will take money out of the specified account each month).

Uthingo's practices have paid off. The Lottery sells more than four million Lotto tickets per week, and in its most recent fiscal year saw R4 billion in sales, a nearly 50 percent increase over the last four years.

Limited Payout Video Lottery

"When I was still involved with Games Africa, we actually championed and helped push video lottery limited payout legislation in the country," said Mark Hutchinson.

The legislation, which passed in 1998, sets a maximum prize of R500 and a maximum stake of R5 per game. Unfortunately, while the legislation has been in place for quite some time, only three provinces have issued a license: Mpumalunga (2003), the Western Cape (2004), and the Eastern Cape (2004).

The slow moving nature of the market has posed some problems for machine vendors. "Companies like Bally, Aristocrat, IGT, they've all opened offices in South Africa years ago waiting for this to happen," said Hutchinson. "I can't even imagine the financial burden that was put on them.

"When I left South Africa in 2000, I came to work in the U.S. for IGT. Because of the experience I've put together with many years with the Lottery, and then many years with the video lottery business in South Africa, I was kind of a natural to go into IGT and work on their public gaming side of life. The first project I did was to go back to South Africa and bid on the central monitoring system, because that whole system had to be centrally monitored. In my opinion, this year machines are finally going to start going out on the streets."

In fact, Vukani Gaming already has 200 live machines in the Mpumalunga province, and the other provinces that have issued licenses are very close – they may have already placed some of the machines. Whenever machines do go live, it should mean a financial windfall for the provinces involved.

Vukani Gaming seems to be taking advantage of the legislation, having secured licenses in all three provinces. The most recent license was awarded to Vukani Gaming in the Eastern Cape province. The license is one of two for the province and allows Vukani to install up to 1,000 VLTs in remote locations in the province. Most sites will receive between one and five machines, but a few sites will become 'mini-casinos' and will house between 20 and 40 machines.

Vukani and GrandSlots (65 percent owned by Tattersall's) each grabbed a license allowing for 1,000 machines in the Western Cape, a province which has reduced the number of machines it will allow from 9,000 down to 2,000. GrandSlots estimated that the operation will create 229 new jobs and breathe life into 225 small businesses. Vukani estimated that 285 sites would benefit from their machines. The province expects to see a financial gain of R56 million from the venture, and the South African government should see roughly R16 million over a five year period. In the Western Cape, 40 percent of the machines have to be placed outside of Cape Town, and none of them can be placed near a school or a church.

Special thanks to Mark Hutchinson for all the help he provided in the creation of this article. Mark is currently director of public gaming and international sales for JCM American Corporation, where he is helping to create an ICB (intelligent cash box) for the public gaming industry. It will allow lottery officials to know where every dollar is every second that it's live through the machine. He claims it will be "the best bill validator on the market". You can reach him at MHutchinson@jcm-american.com

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Atlantic Lottery Introduces PlaySphere to Atlantic Canada



Five years of research and development have resulted in a new way for adult Atlantic Canadians to enjoy their favorite lottery and sport games.

Launched on its corporate website (alc.ca) on August 24, PlaySphere is a completely secure and controlled environment where players have access

to a mix of popular games. In addition to national Canadian draw games LOTTO 6/49 and LOTTO SUPER 7, PlaySphere offers regional draw games Atlantic 49, TAG and Atlantic PAYDAY, and Atlantic Lottery's PRO_LINE and OVER/UNDER sport games.

The launch of PlaySphere follows extensive research gathered by Atlantic Lottery about Atlantic Canadians and how they use the Internet. With more adults indicating that they are comfortable using the Internet for shopping, planning trips, banking and registering vehicles, it was clear to Atlantic Lottery that the time was right to make its lottery products available online.

Atlantic Lottery designed PlaySphere mainly for those players who do not regularly visit its traditional lottery outlets. By focusing on this specialized market, Atlantic Lottery expects that PlaySphere will have limited impact on its retail sales.

In addition to offering consumers the same level of convenience, security and choice they enjoy when making other online transactions, PlaySphere has also been designed with responsible play in mind. Players must first register for a secure account before they can play the games. Each player is required to provide personal information to confirm that they are a resident of Atlantic Canada, and that they have reached the age of majority. All information is confirmed using a third-party validation process, much the same as the process used by banks, stock exchanges and other businesses to verify online transactions.

Players who are successfully verified can then choose one of two options to place funds into their PlaySphere account: WebCash or an electronic fund transfer from their bank account. WebCash vouchers can be purchased from any Atlantic Lottery retailer with a lottery terminal. These vouchers start at a \$5 value, and can be purchased in \$1-increments up to a value of \$80. Retailers receive a five percent service fee for total WebCash sales. Members cannot use credit cards to fund their accounts.

All purchases are automatically validated, and each transaction is recorded in an accessible account statement, allowing

members to fully monitor their PlaySphere activity. Winnings under \$10,000 are automatically deposited into the PlaySphere account, and members have the option to transfer those funds to their bank account, or request a check. Members must claim any prizes totaling more than \$10,000 from an Atlantic Lottery office – just as they would claim a similar prize for a winning ticket purchased at a retail outlet.

Atlantic Lottery has adopted several stringent measures to ensure that PlaySphere maintains the corporation's commitment to, and reputation for, responsible play. In addition to validating the age and address of players, access to the site is password protected, and there is a weekly spending limit of a maximum of \$99 in place for members. Comprehensive information on responsible gaming is available, including details on how to play games of chance in a responsible manner, contact information for provincial help lines, and a tool that members can use to review and assess their play behavior. Members can also choose to exclude themselves from playing PlaySphere games for anywhere from one day to one full year.

Since PlaySphere represents a major new venture for Atlantic Lottery, the decision was made to unveil the service to the region's media using a webcast just a few weeks before the official launch. This proactive approach worked, generating extensive, positive coverage, but also resulting in a high degree of accuracy in media reports on the new service. It has also received a warm welcome from Atlantic Canadians, with initial membership numbers quickly eclipsing Atlantic Lottery's initial predictions. And while most current players say they will continue to purchase their favorite games from retail outlets, many indicated they are interested in experiencing PlaySphere.

PlaySphere's technical briefing and demo can be accessed at Atlantic Lottery's website – www.alc.ca – just select Media Room under the About ALC heading. ♣

The image is a screenshot of the PlaySphere website. At the top, there are navigation buttons for 'PlaySphere', 'eClub Rewards', and 'Sign Up'. Below this is a banner with the text 'THE PLACE TO PLAY ONLINE!' and the PlaySphere logo. There are images of people playing games. Below the banner are logos for various games: '649', '49', 'PAYDAY', 'OVER/UNDER', and 'PRO-LINE'. There are buttons for 'Sign Up Now' and 'More Info'. At the bottom, there is a section titled 'ALREADY AN eCLUB MEMBER?' with instructions on how to sign up and a 'Click Here!' button. In the bottom right corner, there is a yellow warning sign that says 'Keep Your Credit Card Safe'.

British Columbia Lottery Corporation Offers Select Lottery Games Through the Internet

KAMLOOPS, British Columbia, Canada (October 8, 2004)

On October 8, British Columbia Lottery Corporation (BCLC) introduced Internet play and purchase as a new way to distribute select lottery products.

B.C. residents aged 19 and over now have the option to make limited purchases of four BCLC sports-based games – Sports Action Point Spread, Oddset, Over/Under and a new Football Pool. Players go to sportsactionbc.com to access PlayNow, a secure Web site that offers these select games for purchase online.

"The Internet has changed the way we work, communicate and play. More consumers are choosing to use the Internet to shop, bank and access government services," said Kevin Gass, Vice-President, Corporate Communications and Marketing. "By offering select lottery games on the Internet, we are providing an alternate way for our players to buy their favorite games."

The PlayNow site incorporates stringent safeguards, standards and codes of conduct for Internet play. The games are limited to B.C. adults, and have appropriate messages and features in place to encourage responsible play practices, including a \$70 maximum weekly limit on the amount that a player may fund their Wallet Account. The site also includes a visible (on all web pages) session log showing the time and amount spent, and a purchase history for the past 52 weeks.

It's also important to note that while PlayNow is available on the Internet, players cannot purchase the games 24-hours-a-day. A registered player can make purchases from the PlayNow Web site from 6 a.m. to 1 a.m., seven days a week.

"In developing PlayNow, we focused on system integrity and security," said Mr. Gass. "As a result, customers can feel confident they are purchasing lottery products in a regulated online environment they can trust."

Jim Lightbody, Vice-President, Lottery Gaming, said the PlayNow site is another example of BCLC's commitment to player-focused services that satisfy customer needs and expectations.

"Everything is easy to use – just point and click. Players will be excited to learn that there is also a new game in the Sports Action lineup. The new Football Pool game has a \$10,000 guaranteed jackpot each week and can only be purchased through the PlayNow site," said Mr. Lightbody.

In B.C., the Corporation is the provincial Crown mandated to conduct and manage gaming and is the only organization that can lawfully offer Internet gaming in this province.

Revenues from BCLC's Internet sales will combine with revenues from BCLC's traditional lottery, bingo and casino gaming to benefit all British Columbians. Last fiscal year, \$720 million in net income was returned through government programs for health, education, social, community, charitable and municipal purposes.

How do the games work?

Sports Action Point Spread, Oddset and Over/Under games can be played in the same way they are played when purchased from a traditional lottery retailer. The Football Pool game, offered exclusively from the PlayNow Web site, offers a menu of 15 football weekly games with each game assigned a point spread or line. The player predicts the outcome of all 15 games (players decide if the favorite will beat the underdog by the spread or more) for \$5.

Players can win prizes for picking 12, 13, 14 or 15 games correctly. The top prize is won when 15 games are matched. The Football Pool game has a \$10,000 guaranteed jackpot (win or share) each week and grows until it's won.

Revenue Expectations

PlayNow is not only a new experience for BC players – it's a new experience for BCLC. The experience of many European jurisdictions that currently offer lottery games through the Internet and within their jurisdiction shows that sales revenues are relatively modest (5 – 8 per cent of total lottery business). BCLC forecasts that fiscal year 2005/06 revenues from PlayNow will reach \$22 million. ♦



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A Legal Leg to Stand On: Martin Owens Jr. Talks About Internet Gambling Law

Martin Owens Jr. is a California attorney who specializes in Internet and Interactive Gaming Law. He recently co-authored a book with Professor Nelson Rose, the foremost American authority on gaming law.

We caught up with Mr. Owens at G2E, where he conducted a presentation on the legal aspects of person-to-person gaming from the United States perspective.

PGI: *Why the big interest in person to person gaming?*

Martin Owens (MO): The direct interaction with other people is probably the biggest single draw. But also, the games that are played in the P2P mode - poker, fantasy leagues, betting exchanges and action games- aren't thought of as the type of gambling that's 'evil'.

PGI: *How so?*

MO: In the P2P formats there is no house, no professional gambler taking on all comers. The money goes mainly from citizen to citizen, and the authorities are a lot more comfortable with that. That's how card rooms get licensed. Then, too, in something like a Fantasy League, you pay one entry fee, compete for several months, and there's one award of prizes. Even if you're compulsive about your fantasy team, it's hard to go broke with it. So there's much less fear of ruining the "problem gambler" with the P2P formats. Much less call to suppress them in the name of social good. In fact for the "action games" formats, in many cases it's an open question whether they can be considered gambling at all.

PGI: *How can it not be gambling?*

MO: Remember that legally speaking, for gambling to exist you have to have consideration, chance and prize: a price paid for the chance to win something. Now chance, in the legal sense, means you have no control over the outcome. But in a P2P tournament for action games, for instance, there are no side bets. If you're in it, you're one of the contestants, and your actions do matter. It's your hand and eye coordination, rather than chance, that sends the character through the maze, or shoots down the Red Baron, or whatever it is. If skill is the determining factor, there's a very good argument that it's not gambling from a law-enforcement perspective.

PGI: *Are action games becoming a big part of online gaming?*

MO: Yes, faster than we know. That's the great thing about working with Internet gaming - it reinvents itself every six months. The Internet hasn't just lengthened the reach of existing games- it's enabled new formats to evolve. And that's happening faster and faster. There are new frontiers opening up all the time. Eighteen months ago there was hardly any such thing as an online poker room, but now there are hundreds. A year ago action games were only on your kid's PC and Xbox. But just this January there was the first world tournament for "competitive entertainment"- live in Las Vegas, where else? And there are other formats and games coming on that we can't see yet. Cutting edge is an overused term, but this is it.

PGI: *There has been a big increase in regulated Internet gaming around the world, and some is certain to filter into the states. Do you have any insight into when we might see Internet sports bets become legal in the U.S.?*

MO: Well, in point of fact, it's already legal in about 26 U.S. States as far as horse betting goes. Services like You Bet!, TVG and XpressBet are licensed to take this action, and the various States involved have all modified their laws to make sure it's legal. In most of these, you'll see the Internet used to display the odds and races, but the bets are over the phone- I call that semi-interactive. In about ten States, though, it's fully online and interactive.

But really this is nothing new. OTB, when they opened up in the seventies, was the first online interactive gambling format. The big difference between that and Internet gambling is that the OTB uses a private line.

Now for betting on other sports, there's a problem: it's legal in Nevada, but Federal law prohibits the other States from legalizing it. That's got to be changed before they can benefit from online sports betting.

PGI: *What about lotteries?*

MO: Forty-five U.S. States have lotteries, but none are online yet. That's going to change, because it has to. The pressure to compete is terrific. Just because you have the monopoly to sell within a jurisdiction, doesn't mean that anybody has to buy. You have to understand every gaming dollar as an entertainment dollar. They could take that money and go to the movies, or take the kids to Disneyland. So if you want to get that dollar for your lottery, it don't matter if the money is supposed to go for schoolbooks or whatever. You have to stay hot, you have to stay fresh, you have to give Mr. Customer what he wants.

That's why the British National Lottery has been online for about a year; lots of European lotteries already were. Canada is getting into the act with British Columbia and the Atlantic provinces. And right now some of the State lotteries in the U.S. are examining the idea of account betting, that is selling their tickets online. - Georgia for one and Kansas has some Internet elements with its lottery games. New Jersey, Delaware and Iowa have flirted with some of this in the past two or three years as well. I think this is very significant because Kansas, Iowa, Georgia, are some of the most socially conservative states in the Union. But the impact of the Internet in the gambling market simply can't be ignored. I think within the next two years you're going to see more experimentation with using the Internet to boost sales and participation. The heat is on and it's going to stay on.



PGI: *What, in your opinion, are the biggest forces standing in the way of U.S. lotteries being able to sell games over the Internet?*

MO: Two things. First, some States that already have gambling still have a negative mindset about improving their gaming picture. It's the old "gambling is evil" routine. They're so worried about not giving the "bad guys" a chance, they won't give themselves one. And second, they hate to give up control, whether that control makes sense in a market context or not.

PGI: *What do you mean by market context?*

MO: Just what the three smallest states in New England found out: by themselves they were losers, but together they have a viable market. And it's what led to Powerball. There's no reason that Powerball couldn't go online in the areas it covers. There's no reason new games couldn't be set up along regional lines. How about a Wild West online lottery for the Rocky Mountain States? One for Dixie?

While we're on the subject, demographics are a lot better predictors of income and interests than geography, so I'm surprised more attention hasn't been paid, special games set up with themes to attract particular groups of people, specific lifestyles and enthusiasms. Why not one tailored to NFL or NBA fans, or the NASCAR crowd?

PGI: *Wouldn't operating across State lines mean all kinds of political problems? Won't there be a problem with cross border bets?*

MO: Not if the States don't want one. Powerball lotteries are sharing pots between States right now and the Tri-State, for Maine, Vermont and New Hampshire, has been sending ticket purchases – that is, bets – across State lines since it opened in 1985. Don't forget, too, that it would be easy to ask for residence information when setting up account betting for these things. And since most people would pay with credit cards, the information is easy to confirm.

And a successful cross jurisdictional model is already up and running. Look at OTB. It's been working for 30 years without a hitch, sharing the wealth, and U.S. gamblers can bet on horse races across the nation, and in Australia and Canada, too. The States can follow the OTB formula for other most other gaming formats, any time they have a mind. This includes online casino games, I might add.

PGI: *What do you see as the mechanism for change in adopting and permitting online gaming in the USA? How does it compare to reform in the UK and elsewhere?*

MO: There's a big difference between your European model of legal change and the American model. In Europe, everything's from the top down: central government, E.U. regulations, and so on. But in the USA, each one of the 50 states, in large part, is free to make decisions about what sort of gaming they'll allow, and when, and under what circumstances. So what has happened in the U.S. is that we've had a change from the bottom up. It's percolated through format by format and state by state. Similar things are happening in Australia and Canada.

PGI: *Do you work with or advise any Internet gambling entities that operate outside the U.S.?*

MO: Several. They all operate honest games and stay within the laws.

PGI: Tell us a little about the book you co-wrote with Professor Rose.

MO: It's called "Internet Gambling Law," and it's just gone to print at Mary Ann Liebert publishers, it should be out early next

...continued on page 28.

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The Internet: A New Distribution Channel

By Carole Pinsonneault of Ingenio

For many lottery corporations, using the Internet as a means to distribute their products is no longer a question of whether or not to do so, but of when and how.

Downloading games off the Internet

Ingenio, Loto-Québec's research and development arm, has been working for several years on breaking new ground with games in which the Internet plays a major role. Since the February 2000 world premiere of Treasure Tower, the CD-ROM-based instant lottery, the range of multimedia lotteries has expanded considerably. Today, Ingenio's catalogue contains over a dozen titles, including games based on popular trademarks such as Tetris®, Slingo® and StarWars®.

The distribution channels have also branched out: once available only on CD-ROM, multimedia lotteries can now be downloaded reliably and securely off the Internet. The huge success of CyberSlingo® in New Jersey is a prime example of how the distribution of a lottery can be integrated with the Internet without the need for online financial transactions. In fact, the codes providing access to the games are found on the instant lottery tickets sold only by retailers, thereby avoiding any direct selling online. Oregon and Idaho are two states that have recently joined the ranks, and others are on the verge of integrating these avant-garde products with their respective game offers.

A patented multimedia lottery concept with a predetermined outcome

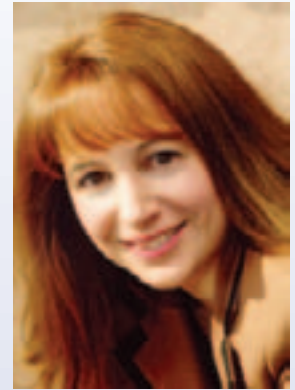
Loto-Québec, through its subsidiary, is the owner of several patents

for its instant multimedia lottery concept. "Many people are under the impression that our patents protect solely the right to use CD-ROMs for an instant lottery," explains Nathalie Rajotte, Managing Director of Ingenio. "But the scope of the patents is much broader." Indeed, every instant multimedia lottery game with a predetermined outcome, which uses a code and a processor to reveal the results, falls under the purview of patents held by Ingenio.

Ingenio has every intention of taking whatever action is necessary to ensure that its intellectual property rights are respected within the gaming industry. To this effect, it has already filed a lawsuit against GTech with respect to its E-Scratch product and is carefully monitoring other similar initiatives by U.S. vendors.

The search for partnerships

The Internet remains a major focus of research and development at Ingenio. Partnerships with other lottery corporations will increasingly be given preference so that we can better understand the clients of today and tomorrow, and in so doing, develop games of chance and lotteries that best suit their needs. To this end, Ingenio is proud to be involved in the launches of a number of joint projects with its industry partners over the coming months. ♦



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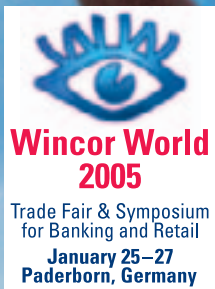
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KEBA: Providing Solutions for All Types of Lotto and Sports Lottery Games

Article provided by KEBA



Highest reliability and versatile connectivity for different central systems combined with high performance are the outstanding features of KEBA's point-of-sales terminals for lotteries, the products of the KeWin family.

The KeWin terminal family provides state of the art hardware and software solutions for all types of lotto games and sports lottery games, for instant ticket validation, for self-service win checking and for customer information.

The KeWin terminal family comprises two highly modular terminals

- the high-speed KeWin multimedia and
- the mid-volume KeWin mini.

Utilizing the same application software and providing the same configurable range of functionality the two terminal types allow the lottery to save investment costs by using a terminal mix in the field. Thus the lottery can decide which is the right terminal for each point-of-sale.

Due to their modular application software the KeWin terminals can be connected to different central systems. This software supports the existing central system communication and enables the lottery to simply replace the existing terminal by a KeWin terminal, starting operation immediately.

The modular hardware architecture allows the terminals to be

configured according to the lottery's specific demands – basically you only pay for what you actually need.

KeWin multimedia

Retail shops with medium to high ticket volumes require a high speed sales machine – the KeWin multimedia. With its high performance, full-surface scanner and with the highest identification rate the KeWin multimedia reduces transaction times to an absolute minimum.

KeWin mini

KeWin mini is adapted to achieve the demands of retail shops with low to medium ticket volumes. It offers the same features as KeWin multimedia but in a more compact way and at a much lower price.

There is also a stripped-down version of the KeWin mini available which is optimized as a cost-effective instant ticket validation terminal. All presently known instant tickets can be validated in online, offline or semi-online mode.

KeWin check

KeWin check means time saving for retail stores through self-service. Customers can use the terminal to check the status of game receipts themselves. Only winning tickets are processed by the sales outlet personnel. It's designed as an add-on device to online terminals and rounds up KEBA's offer for an economic lottery business.

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'Tis the Season Holiday Instants – Part I



Yes, it's that time of year again. It's time to roll out that seasonal product mix and reap the instant-ticket harvest that only comes once a year. Let's see what kind of holiday-themed products lotteries around the world are offering for 2004...



Arizona

The Arizona Lottery is offering four Holiday Instants in 2004: Secret Santa, Holiday Green, Merry Money, and Holiday Countdown. The tickets range in price from \$1 to \$5 and feature top prizes ranging from \$100 to \$12,000. Of these four tickets, only Holiday Countdown has



been offered in previous years.

Some of the tickets do offer special features – Holiday Countdown is a fold-over ticket, while Secret Santa is a gift-tag type of ticket.

Atlantic

The ALC is rolling out four holiday themed products for 2004. The Holiday Scratch Pack, featuring a top prize of \$18,888, offers \$12 worth of tickets for \$10 and every pack is guaranteed to have a winner.

The Stocking Stuffer ticket, selling for \$2 and offering a top prize of \$20,000, plays off ALC's advertising campaign... The Ultimate Stocking Stuffer.

A new ticket is making its way into the holiday product mix. Super Pack is selling at the \$5 price point and offers a top prize of \$50,000.

Finally, the \$1 ticket, Winter Fun is making a return this year, with a top prize of \$5,000.

Colorado

The Colorado Lottery will offer 5 holiday games for 2004. None of the tickets have been offered in previous years.

- \$1 Snow Dough – \$5,000
- \$2 Bah Humbucks – \$25,000
- \$3 Seasonal Crossword – \$40,000
- \$5 Winter Winnerland – \$50,000
- \$10 Snow Bank – \$100,000.

Dansk Tipstjeneste A/S

For the 2004 holiday season, Dansk Tipstjeneste is bringing

back its Julekalender Quick ticket which sells for DKK 50 and offers three top prizes of DKK 1,000,000 and a second prize of DKK 50,000 each year at Christmas for five years. This is the first year that this particular second prize has been offered.

Each year a new artist decorates the calendar. The theme is always Christmas. This year's artist is Miss Ann Lund Christensen, a self educated artist born 1971. Ann has worked as a social worker since 1997. She has had cerebral palsy from the neck and down since birth. Ann paints with brushes and colour pencils that she controls with her mouth. Her work has been on exhibition all over Denmark, Sweden, Norway, Iceland and Finland.





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Delaware

The Delaware Lottery is offering two new holiday tickets this season: Season's Greetings, offering a chance at \$2,500 for a \$2 investment, and Winter Green, selling for \$5 and featuring a \$7,500 top prize.

Hoosier Lottery

The Hoosier Lottery is rolling out five different holiday-themed tickets, and is also offering a free gift envelope with a purchase totaling \$10 or more. It's a great gift idea.

Tickets this year include the \$1 annual favorite, Christmas

Club – the game features a top prize of \$250 – and the \$2 game Holiday Package (top prize of \$20,000) which has also been a Hoosier Lottery staple for several years. Other instants offered are: (\$5) Deck The Halls, Top prize: \$100,000; (\$1) Holiday Dough, Top prize: \$2,000; and (\$1) Ring In The Holidays, Top prize: \$4,000.

Iowa

Past success with holiday-themed tickets has prompted the Iowa Lottery to expand its 2004 holiday offerings to five instant-scratch games. Sales begin Nov. 1 with: Reindeer Games, a \$1 game with a top prize of \$1,200; Yule Win, a \$2 game with a \$12,000 top prize; 12 Days of Christmas, a \$3 game with a \$30,000 top prize; and Holiday Bonus, a \$5 game with a \$50,000 top prize. Cashing Through The Snow, a \$1 game with an \$800 top prize, will be released Nov. 15. None of the games have been offered in previous years.

Holiday Bonus is a die-cut ticket that features artwork of a welcoming hearth, warmly decorated for the holidays. In addition, a holiday promotion will give Holiday Bonus players the chance to enter a second-chance drawing offering shopping sprees. From Nov. 5 to Nov. 28, Iowa Lottery players can enter the "Holiday Bonus Shopping Spree" promotion by visiting the lottery's web site at www.ialottery.com and entering the serial number from a nonwinning Holiday Bonus instant-scratch ticket. A Nov. 30 drawing will determine the winners of a \$4,000 shopping spree, two \$2,000 shopping sprees, and seven \$1,000 shopping sprees at a new mall in the Des Moines area.

Kansas

The Kansas Lottery is offering eight different holiday-themed tickets, including the \$1 2005 Times 5 (the Lottery's "New Year's" themed ticket) offering a \$5,000 top prize, and the \$10 Holiday Wishes, which folds like a greeting card and offers a \$75,000 top prize.

Other Kansas Lottery holiday tickets include:

- \$1 Holiday Cash; \$5,000 top prize
- \$1 Sleigh Bills; \$2,000 top prize
- \$2 Ho Ho Doubler; \$10,000 top prize
- \$2 Winner Weather; \$10,000 top prize
- \$2 Holiday Crossword; \$20,000 top prize
- \$5 12 Days of Christmas; \$25,000 top prize

Lotterywest (Australia)

Australia's Lotterywest is offering four holiday-themed tickets for 2004.

Seasons Greetings, a \$1 ticket with a gift tag theme, offers a top prize of \$5,000. With a top prize of \$75,000, the \$3

Christmas Bonus Crossword is making a return to the holiday mix. Merry Elfmas, a \$4 ticket offers a shot at \$80,000, and the \$5 ticket Night Before Christmas has a top prize of \$100,000.

Louisiana

The Louisiana Lottery is selling six holiday-themed instants in 2004, none of which have been offered in previous years.

The flagship ticket is the \$5 Louisiana Holidays, which features a \$50,000 top prize and "To" and "From" areas enabling the ticket to be used as a gift. Louisiana Holidays parrots the 12 days of Christmas, but features Louisiana icons: 1 Pirogue on the Bayou, 2 Cypress trees, 3 meat pies, 4 calling cranes, 5 onion rings, 6 pecans a-cracking, 7 pelicans a prancing, 8 Fleur-de-lis, 9 crates of peaches, 10 lights a twinkling, 11 pots of gumbo, and 12 crabs a boiling.

Other holiday-themed tickets include:

- (\$2) Sleigh Bills in the Deaux - Top Prize: \$7,777
- (\$1) Turkey Turkey Turkey – Top Prize: \$1,500
- (\$1) A Wreath of Franklins – Top Prize: \$1,000
- (\$1) Bayou Blizzard – Top Prize: \$1,000
- (\$2) Candy Cane Cash – Top Prize: \$10,000
- (\$1) 2005 Doubler – Top Prize: \$2,005

Maine State Lottery

This year, the Maine Lottery is offering six holiday games.

- \$1 – \$250 Christmas Club - \$250
- \$1 – Sandy Claws - \$2,000
- \$2 – Holiday Bucks - \$25,000
- \$3 – Secret Santa - \$15,000 a year for 5 years
- \$5 – Holiday Wishes - \$75,000
- \$10 – \$250,000 Season's Greetings - \$250,000





The \$250 Christmas Club is seeing its eleventh year in a row this year. Secret Santa and \$250,000 Season's Greetings have also been offered in previous years.

The Sandy Claws ticket has a Maine-styled holiday theme, featuring a lobster dressed in a Santa hat.



Massachusetts

This holiday season, the Massachusetts Lottery is rolling out three holiday tickets. Bah Humbugs – (\$5.00, top prize of \$200,000), Winning Holiday (\$2.00, top prize of \$10,000) and Holiday Cash (\$1.00, top prize of \$2,000). All of this years holiday-themed tickets have been offered in previous years.

Michigan

The Michigan Lottery has four holiday-themed tickets this year:

- \$1 – Jingle Bills - \$5,000
- \$2 – Happy Hollydays - \$25,000



- \$5 – 'Tis The Season - \$250,000
- \$10 – Holiday Surprise - \$500,000

None of the tickets have been offered in previous years.

The \$10 Holiday Surprise game will be packaged in a pouch with four perforated tickets inside (two \$1 and two \$5 tickets). The game will be positioned as a \$12 value for \$10. Additionally, there will be at least one winner in every pouch. ♣

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News

Swedish Casino Hits Landmark Attendance Number

On Tuesday September 21 Casino Cosmopol director Anita Öberg in the Sundsvall casino welcomed Casino Cosmopol visitor number 2,000,000 with a bottle of champagne and a check for a dinner in the casino restaurant. This casino was the first to open in 2001 following the Parliament decision in 1999 to permit international casinos in Sweden. Since then Casino Cosmopol, belonging to the Svenska Spel group, has opened casinos in Malmö, Göteborg and Stockholm. Although the latter did not start until March 2003 it has already had almost half a million visits.

Svenska Spel predicts that net profit this year from Casino Cosmopol will amount to more than US\$35 million.

BCLC Opens Prince George Casino

The British Columbia Lottery Corporation's latest casino, Treasure Cove Casino, opened on September 16 in Prince George. The casino offers 12 table games and 350 gaming machines in a spectacular island hideaway theme to residents and tourists in northern British Columbia.

When the Treasure Cove Hotel opens later this year, the completed project will have injected \$26 million in the Prince George economy. The casino will provide 150 full-time equivalent jobs.

Florida Gambling Group Gets Unlikely Spokesman

Former Florida State Senator Jim Horne has become the spokesman for Floridians for a Level Playing Field, a group pushing to legalize gaming machines at racetracks in Broward and Miami-Dade counties. Horne's acceptance of the position is somewhat unusual given that while in the Senate he was opposed to every gambling expansion attempt that came his way. His change in position reportedly stems from the fact that he now sees this as an issue that will improve Florida schools, and not as a gambling issue.

WORLD POKER TOUR Signs Slot Deal with IGT

WPT Enterprises has signed a long-term agreement with IGT to produce slot and video poker machines based on its WORLD POKER TOUR™ television series. IGT intends to develop WPT-branded three-reel and five-reel slots, as well as video poker and other video games. The company plans to roll out the WORLD POKER TOUR slots globally within two years.

Chippendales® Signs with Bally

Alliance Gaming announced that its Bally Gaming and Systems business unit has entered into a licensing agreement with Chippendales Entertainment for a series of slot machines featuring the trademarks, art and images of the Chippendales male-entertainment brand. Bally Gaming is developing the first Chippendales game as a "Super Frenzy" reel-spinning slot with a unique fourth reel in the top box. Copyrighted Chippendales artwork and photographs will be used creatively to offer a unique slot product that celebrates Chippendales' 26 years of sensual entertainment. Initial sales distribution is expected to begin before the end of the calendar year.

WMS Expands Monopoly Licensed Offerings

WMS Gaming Inc., has expanded its popular series of gaming

devices based on Hasbro Inc.'s MONOPOLY game brand with the introduction of eight new game themes for its participation and progressive gaming product lines. The new themes were shown at G2E. The new MONOPOLY titles include extensions to WMS' recently introduced MONOPOLY Money wide-area-progressive (WAP) product line and WMS' first penny denomination progressive product.

Aristocrat Signs with Norwegian Cruise Lines

Aristocrat Technologies has signed a contract to provide its OASIS™ Casino Management System to Norwegian Cruise Lines Corporation (NCL) to link and monitor activity on 1,000 gaming machines in five onboard casinos. Under the contract, Aristocrat will provide its most advanced technology including the OASIS Quickets™ ticket-in/ticket-out system to enable cashless wagering. When fully implemented on all five vessels by the end of March 2005, Aristocrat's OASIS system will link and monitor 1,000 gaming machines aboard NCL's Norwegian Dawn, Norwegian Spirit, Norwegian Star, Norwegian Sun and Norwegian Jewel with itineraries that take passengers to destinations such as Alaska, Bermuda, Bahamas, Canada and New England. ♦

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Scientific Games and GameLogic Sign Letter of Intent

Scientific Games International has signed a letter of intent to enter into a joint venture with GameLogic to design and develop a compelling portfolio of web-enabled interactive games based on a secure, proven method of displaying predetermined data results.

GameLogic, the Boston-based developer of interactive games and technology will provide its proprietary HomePlay™ service for use as a component within Scientific Games' Internet Lottery Gaming Service. Scientific Games will offer the new content in both instant and online formats to lotteries throughout North America. The initiative will also provide Scientific Games an important web-enabled interactive platform from which the company can transform and extend MDI's (its licensed properties subsidiary) vast library of lottery licensed brands, including, for example, PAC-MAN® and Hold 'Em Poker®.

"This is another phase of an evolutionary process that will allow our lottery customers to reach beyond their core player base to attract the growing number of next-generation adult consumers who enjoy the visually engaging dynamics of interactive environments," said Steve Saferin, President of Scientific Ventures, a business unit established in 2003 to ensure the success of Scientific Games' next generation of lottery products. "We are excited to work with a strategic e-business partner with such tremendous experience, and feel our industry experience combined with GameLogic's HomePlay™ service and technical expertise will propel our web-enabled interactive product offerings to ever-higher, more exciting levels."

The joint venture represents a strategic partnership of unparalleled experience in the area of web-enabled interactive gaming products. Scientific Games, through its wholly-owned MDI subsidiary, has provided Internet support services for lotteries since 2001. MDI currently provides its popular Second Chance Bonus Zone® service to ten U.S. lotteries. In addition, the company has developed and managed more than thirty websites enabling lotteries to offer players a convenient, secure optional method of entry into second chance drawings.

Internationally, Scientific Games also provides a variety of web-enabled solutions for a number of European lotteries through its enhanced AEGIS™ Multi-Channel System.

ROK to Develop Brazilian Mobile Lottery Service

ROK Corporation announced the creation of a Joint Venture with Fingerprint, a lottery ticket and game products provider in Brazil for several State Lotteries. The joint venture company, ROK Brazil Technologies, is to create and operate Brazil's first ever lottery to be played on mobile phones whereby ROK will provide the lottery technology and gaming engine and Fingerprint will provide the business administration and implementation of the partnership in Brazil.

"We're really excited to be entering the Brazilian mobile phone lottery business with Fingerprint" said Jonathan Kendrick, Chairman of ROK "and we believe we'll see a huge response to mobile lottery – as we have done with the Beijing Mobile Lottery we launched earlier this year"

In addition, ROK will also supply the joint venture company in Brazil with an extensive portfolio of content for mobile downloads to include ringtones, 'realtones', wallpapers, logos and JAVA games as well as their library of film clips and animations which the public can buy direct from a new website to be launched later this year.

Veikkaus and Milestone Enter Game Agreement

Veikkaus, the Finnish National Lottery, and Milestone Entertainment announced a cooperation agreement under which Milestone will develop a portfolio of games for Veikkaus' OnNet Internet platform, mobile phones, and television.

According to Risto Rautee, the Development Director for Veikkaus, "Now that we have successfully adapted our existing portfolio of lottery games for our OnNet Internet platform, we need to begin developing games that are specifically tailored for this environment. Milestone's extensive experience in creating lottery games for different electronic environments makes them an ideal creative partner for us."

Chasma Takes Slingo Wireless

Chasma, a wireless entertainment publisher, has signed with Super Happy Fun Fun to develop Mobile Internet Slingo® games. The first two Mobile Internet Slingo games available in January 2005 are: Slingo Millennium, the original Slingo game, and 5 Card Slingo®, a variant in which players form poker hands

Lottery.com Text Alerts

Lottery.com went live with a new text messaging service that distributes nationwide state lottery results to mobile phones. Lottery.com is a service of Games Inc. The new text alert service is being offered to North American cell phone subscribers. Approximately 200 games in some 40 states and Canada are now available for Lottery.com users to sign up for, and receive the lottery results on their phone.

The Washington Lottery Launches MDI Internet Service

MDI announced that the Washington Lottery has become the latest to bring MDI's Second Chance Bonus Zone® drawing entry to the Internet for the convenience of their players. When lottery players in the State of Washington submit second chance entries in the recently launched \$5 Harley-Davidson® Instant Slots scratch game, they have the option of mailing in entries or using the Internet service.

Those who opt for the Internet entry method register at the Second Chance Bonus Zone® website need to establish their username/password, then log in through secure servers each time they wish to submit entries. The website also serves as an Internet-based promotional brochure for the Harley® game where players can learn more about the drawing prizes, drawing deadlines and winners. Prizes to be offered in three second chance drawings include Harley-Davidson® Softail® motorcycles and packages of genuine Harley-Davidson® merchandise.

The service also works to drive traffic to the Lottery's website. Washington is the tenth U.S. lottery customer for whom MDI has provided Internet support services since 2001. ♣

RoundUP

Atlantic

On Oct. 4, 2004, Atlantic Lottery Corporation was named one of Canada's Top 100 Employers as determined by Maclean's News Magazine in its annual survey. The survey graded ALC on its work environment, benefits and value-added programs and services.

California

The California Lottery announced estimated record sales for FY '04 – over \$2.9 billion! More than \$1.090 billion was transferred to public schools. The Lottery achieved Scratchers® sales of over \$1.338 billion, increasing the previous year's sales by over \$127 million. Also, contributing to the record-breaking sales was the \$3 "Bingo" game and the \$5 "Red, Hot & Blue 7's" game which yielded \$78 million in its initial five weeks of sales.

Iowa

The Iowa Lottery launched an electronic version of the scratch ticket, known as the electronic game card (EGC), last month. It will be marketed under the name "Quarter Play," which aptly describes it – with 80 plays on a card sold for \$20, each play costs 25 cents.

Kentucky

The KLC launched a new scratch ticket that offers more trips to

Vegas! That new game is called "Pyramid Cash". Players can win a top cash prize on the ticket of \$50,000, or they can win a Vegas trip. The trip will include round-trip airfare for two to Las Vegas, four days and three nights at the world-famous Luxor Hotel and Casino, ground transportation, and \$500 in cash.

Louisiana

Six convenience stores in the Lafayette area received a total of \$6,000 from the Louisiana Lottery Corporation in bonus incentives for increasing their scratch-off sales during the Lottery's Spring Splash for Cash promotion, which ran April 4 through June 26. All six stores received incentives of \$1,000 each.

Massachusetts

Cash WinFall, the new \$2 jackpot game from the Massachusetts State Lottery, roared out of the starting gate with impressive first-week sales of more than \$1.3 million. Additionally, the game produced over 130,927 total winners of prizes ranging from \$4,000 to free bets for future games.

Minnesota

Another exciting game has been added to the Minnesota Lottery's G3 Games™ lineup – G3 Crossword, a \$3 game with a \$20,000 top

...continued from page 9.

retical. So it's a drastically different way to do it, and if you do it that way religiously you're not going to give the kind of player reinvestment that is common."

Pennsylvania

Of course, Pennsylvania is currently the talk of the industry. Certainly, most people in the racino/casino world (and that's including anyone bucking for racino legislation in various jurisdictions) will be keeping an eye on the state. With legislation in place that allows up to 61,000 machines at tracks, Pennsylvania is poised to become the gaming giant of the east.

Numbers like that would garner the interest of anyone in the gaming facilities management realm, and DNC is no different. The Company doesn't own any tracks in Pennsylvania, but is very interested in continuing to evaluate potential opportunities. What's more, with a statewide racino tax rate of approximately 55 percent, DNC sees itself as a perfect candidate to manage any of the facilities.

"We're a good development and operating partner candidate given our breadth of experience," said Rafferty. "For example – this is the scenario I've been talking about a lot – the inclination that Philadelphia Park is going to hire guys from Atlantic City to do their programs. The guys from Atlantic City are going to say that you have to have the same player reinvestment as they have in Atlantic City. Atlantic City is a 12 percent tax environment. Pennsylvania is a 55 percent tax environment. The big difference is these tax rates, and how do you reinvest in the customer. How much capital do you spend? What's the equation? We're practiced at that equation. It's a different equation."

The Forecast Says...Racino

From the looks of things, Pennsylvania will not be the end of the

racino revolution. In fact, it will likely be the catalyst for legislation passing in a nearby state like Maryland or Massachusetts, continuing the domino effect that began when New York passed its racino legislation. No state likes to see potential revenue passing over its borders into a neighboring jurisdiction. Lost revenue aside, the racino model is simply an easy solution to implement.

"It just makes so much sense from a public gaming standpoint," said Rafferty. "I think it's good public policy for people to convert these facilities that are really appropriate for gaming. They have great parking. They have limited access, meaning they can control who's coming in and out. The gates are set up right. They have large open spaces for these pari-mutuel areas which are fairly easily converted into slot space. I think it's a great use of a facility, and it provides great employment."

Maryland legislators are already agreed that racinos should be implemented. At this point it's merely being held up by a disagreement over how the legislation should be passed. Should it be with a mere stroke of the legislative pen, or should it be taken to a vote of the people? However they decide to do it, the state, the five horse tracks, and the state's entire horse industry will all see a financial windfall.

New Hampshire is another state that would convert easily. Three years ago the state had a bill – HB 1375 – that would have converted the state's two horse tracks and three dog tracks into racinos. The legislation narrowly missed, but the New Hampshire numbers may tip back in favor of racino legislation once Bangor Raceway in Bangor, Maine converts into a racino with 1,500 machines. No state wants to see its revenue dollars crossing over into another state. ♣

RoundUP

prize.. To win a prize playing G3 Crossword, players must complete three or more words in the crossword puzzle printed on the ticket by using the "call letters" printed on the ticket. Players simply mark the letters in the crossword puzzle that match the call letters.

Missouri

Last month marked the one-year anniversary for the Missouri Lottery's My Lottery on-line player membership program. Since the launch, more than 35,000 players have created accounts and participated in many of the program's services, and a reported 83% of these have chosen to receive occasional promotional mail from the Lottery.

New Jersey

Daytime Soap Star Michelle Stafford (Phyllis Rimaldi) recently stopped at the Menlo Park Mall in Edison to help promote the New Jersey Lottery's newest instant game – The Young & the Restless. Ms. Stafford signed more than 300 autographs, posed with fans and helped hand out free scratch tickets. The Young & the Restless ticket sells for \$2.00 and offers a top prize of \$30,000.

New Mexico

The New Mexico Lottery Authority launched a new drawing game on September 26. "4 This Way" is designed as a game unique to New Mexico with a \$4,000 nightly top prize. Players select four numbers that must be matched in order from first to last. That way, players still have a chance of winning a prize on the final number drawn. Players who match four numbers in the order drawn will win \$4,000.

New York

The New York Lottery launched its new Livin' Large game at the Carnegie Deli. The game offers players (and diners) a chance to win \$5,000,000. Lucky Carnegie Deli patrons were given the opportunity to receive a free Livin' Large Lottery ticket with the purchase of one of Carnegie owner Sandy Levine's cured meat concoctions. The Livin' Large ticket retails for \$10.

North Dakota

The North Dakota Lottery has passed another milestone. Less than six months after the Lottery's launch, Powerball and Hot Lotto

ticket sales passed \$10 million. The figures will only continue to climb, as the Lottery recently launched a new game, Wild Card 2.

Ohio

The Ohio Lottery's Buckeye 5 game has been replaced by Rolling Cash 5. The \$1 5/39 game will draw Monday through Saturday evenings, with jackpots starting at \$100,000. Any night a jackpot isn't won the pot will grow by \$10,000.

Pennsylvania

The Pennsylvania Lottery announced a new online game, LUCKY FOR LIFE LOTTO, with a top prize of \$3,000 a month for life and an instant-play feature. Live, televised LUCKY FOR LIFE drawings will be held every Wednesday and Saturday evening. LUCKY FOR LIFE, which operates on a 6:38 matrix, costs \$2.

Texas

Fiscal Year 2004, which ended August 31, was the second-highest sales year in the history of the Texas Lottery, with unaudited sales figures of all products totaling nearly \$3.5 billion. These sales resulted in a contribution of \$1 billion to the Foundation School Fund. The transfer is \$115.1 million, or 11.4% higher than last year's.

Virginia

When the Virginia Lottery sold its first ticket on September 20, 1988, there was no guarantee that a lottery in Virginia was going to succeed and benefit the Commonwealth. But succeeded it has. In the sixteen years since the first ticket was sold, the Virginia Lottery has sold \$14.3 billion in tickets and turned over more than \$4.9 billion to the Commonwealth.

Washington

Washington's Lottery announced a \$102 million contribution to the state's Student Achievement and Education Construction Accounts for K-12 and higher education in FY '04. This is a 17% increase over the Lottery's FY '03 contribution of \$87 million. The boost in contributions is due to strong sales: fiscal year 2004 was the second best sales year in the Lottery's history, with overall sales totaling \$481.4 million. The Scratch game category was responsible for the largest sales spike, a \$36 million increase over fiscal year 2003. ♦

...continued from page 15.

year. I want to take this opportunity to thank Professor Rose for including me in his project and letting me be the co-author. He's the only lawyer in America who understands gambling within the conceptual framework of changing social policies and the impact of technology. It's that grasp of the future that makes him the dean of U.S. gaming law. Privilege to work with him.

PGI: What was your contribution?

MO: Well, my Dad's a thoroughbred racing trainer, you see, so I always understood gambling from the point of view of the people

who make a living at it. That's what I tried to add: the perspective of a real business, involving real people. I think lawyers can always use more of that.

Mr. Owens looks forward to receiving inquiries and feedback about this article and online gaming in general. Interested parties may contact him at: Law of Martin D. Owens, Jr.; 372 Florin Rd #309; Sacramento CA 95831; PH 916-391-8113 (PST); cell 916-716-7274 (PST); email mowens@trade-attorney.com. ♦

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