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The MICHIGAN GAMING Newsletter



GLOBAL GAMING EXPO 2009: PART II

2009 GLOBAL GAMING EXPO OPENS IN LAS VEGAS, NEVADA

The 2009 Global Gaming Expo (G2E) opened yesterday at the Las Vegas Convention Center. The official opening of G2E 2009 followed the G2E Advanced Gaming Institute, G2E Leadership Academy, Casino Design Conference and Security & Surveillance Institute, four industry educational programs which were held on Monday, November 16. G2E 2009, which is the gaming industry's largest trade show and conference, is expected to draw 25,000 attendees and features 566 exhibitors in more than 258,000 square feet of convention space.

In addition to the trade show portion, G2E 2009 offers over 100 conference sessions and panel discussions regarding current gaming industry issues. These conference sessions include three keynote events. The opening day keynote was presented by award-winning comedian Rita Rudner who entertained the attendees yesterday with a one-hour set. This morning, American Gaming Association President and CEO Frank J. Fahrenkopf, Jr. moderated a keynote session entitled, "State of the Industry: Gaming's New Guard." Panelists for this session included Nick Khin, President, Americas, Aristocrat Technologies; Guillermo E. Gabella, director of Boldt S.A.; Virginia McDowell, president and COO of Isle of Capri Casinos, Inc.; and Keith Smith, president and CEO of Boyd Gaming Corporation. The final keynote presentation, which will cover current tribal gaming issues, will take place on Thursday, November 19th, and will be moderated by Roger Gros, publisher of *Global Gaming Business* magazine, and include comments from Ernie Stevens, Jr., Chairman of the National Indian Gaming

(Continued on page 2)

Commission.

G2E 2009 will run through Thursday, November 19th.

EXPERT PANEL EXAMINES BANKRUPTCY AND RESTRUCTURING ISSUES IN THE GAMING INDUSTRY

As part of the G2E's educational panel discussions, which will run through the end of the conference tomorrow, a group of financial and gaming industry experts met yesterday to discuss bankruptcy and restructuring issues unique to the gaming industry. The panel discussion entitled, "Gaming Bankruptcy and Reorganization: Issues and Strategies," was moderated by Eric Browndorf, an attorney with the law firm of Cooper Levenson, and included Alfred Giuliano, an accountant with the firm of Giuliano, Miller & Company, LLC, Scott Butera, President and CEO of Tropicana Entertainment, and Alex Calderone, a Director with Conway MacKenzie, Inc.

Mr. Giuliano began the discussion by providing a summary of the bankruptcy process and provided suggestions to those entities that are the creditors in a bankruptcy process. He said it is important that creditors get involved in the bankruptcy process to ensure that their interests are protected, and also to find ways where they could possibly get their claims paid sooner, or receive a greater distribution.

In his position with Tropicana Entertainment, Mr. Butera provided his comments from the perspective of a casino operator who is in bankruptcy. He noted that, even though there is still a stigma attached to a bankruptcy filing, the process can be a successful and useful tool in reorganizing a distressed business. He pointed out that Tropicana Entertainment was eliminating approximately \$3 Billion of debt from its capital structure on a tax-free basis through the process. Mr. Butera said that a key for a casino to successfully operate while in bankruptcy is to maintain open communication with its various constituents, including its employees, creditors, and gaming regulators. He also stressed the importance of being proactive with public

relations efforts to address the concerns that patrons may have in deciding whether to visit a casino which is in bankruptcy.

As a business turnaround expert, Mr. Calderone shared his thoughts as to some of the advantages (including gaining the protection of the Bankruptcy Court and the ability to obtain favorable debtor-in-possession financing) and disadvantages (high professional fees and large amount of work for company management) to a company when considering a bankruptcy filing. He also shared his keys to successful bankruptcy reorganization, including the importance of obtaining good legal counsel, basing the reorganization plan on realistic financial projections, and importantly, working closely with the gaming regulators during the process.

INDUSTRY LEADERS DISCUSS CHANGING REGULATIONS IN UNCERTAIN TIMES

On Tuesday, November 17, gaming industry members and regulators gathered to discuss how gaming regulations are adapting to the current state of the credit markets. The panel consisted of Mark Lipparelli of the Nevada Gaming Control Commission; Kevin DeSanctis of Revel Entertainment; Daurean Sloan of WMS Entertainment, Inc.; Larry Gregory of the Mississippi Gaming Commission; and John Sabini of the New York State Racing and Wagering Board. The panel discussion was moderated by attorney Lloyd Levenson of the law firm of Cooper & Levenson.

Mr. Lipparelli noted the need for a better transition to regulations that reflect the creative and nontraditional capital structures. He briefly reviewed the history of industry regulation, specifically noting that the original regulations were operator-centered and were put forth in an effort regulate traditional ownership structures. As the industry changes, there will be a need for more flexible regulations that account for diverse ownership structures. Mr. Lipparelli specifically cited the need to have clear definitions that put forth the guidelines for institutional investors. He

(Continued on page 3)

opined that currently, potential institutional investors may be reluctant to enter the gaming industry due to the fact that their complicated and costly investment arrangements could be nullified by gaming regulators with unclear waiver and licensing procedures. Mr. Lipparelli said that he believed more definite classifications and definitions would provide potential investors with the confidence necessary to enter the industry.

Mr. DeSanctis said that current regulations regarding capital and requirements that investors be “financially stable” force the industry into increasing consolidation. This consolidation, which has led the major operators to take on more and more gaming ventures, has caused operators to make paying back debt the primary focus of their business. Mr. DeSanctis noted that this burden could be eased if regulators adapted a more flexible approach towards international lenders.

Mr. Gregory, a Mississippi Gaming Commission member, noted that the economic downturn has caused many operators to vest more managerial power into fewer individuals. This development has required gaming regulators to rethink licensing procedures and consider adopting more flexible approaches to account for changing organizational structures. He said that greater flexibility will also help to promote more efficient international licensing and allow for more efficient international funding.

Ms. Sloan provided the final remarks for the panel, with a view from the perspective of a supplier which operates in over 300 unique jurisdictions. She noted that manufacturers are focusing on the end user by developing devices in response to direct consumer concerns. The former development model focused on marketing to the casino operator and the new, adaptive gaming model is driving gaming manufacturing. Ms. Sloan said that it was her belief that gaming jurisdictions must have flexible rules for new products in order to better accompany technological advances.

INDUSTRY LEADERS HONORED AT AGA COMMUNICATIONS AWARDS

Yesterday, the American Gaming Association (“AGA”) honored a number of industry members at the ninth annual AGA Communication Awards luncheon. The AGA’s Gaming Voice Awards recognize gaming companies who excel in communications, public relations, and advertising. The ceremony took place in conjunction with the Global Gaming Expo (G2E) held at the Las Vegas Convention Center.

“The advertising and communications efforts we honored today are prime examples of the creative and innovative work that is making customers, employees and even competitors sit up and take notice,” said Frank J. Fahrenkopf, Jr., president and CEO of the AGA, who served as master of ceremonies for the awards presentation. “The fact that our winners came from so many different parts of our industry reflects the trend that sectors like tribal and racetrack casinos are driving much of the industry’s overall growth.”

The biggest award winner was the Barona Resort and Casino in Lakeside, CA who took first place in five different categories: Best Web Site, Best Corporate Social Responsibility Publication, Best Direct Mail Piece, Best Direct Mail Campaign, and Best Web Advertisement.

MGM Mirage also excelled, taking the top spot in four different categories, including an award in the ‘Best Employee Publication’ for “*The Daily Momentum*” and as well as a trophy for ‘Best Communications Campaign’ for its employee benefit focused “*The People Place*.”

Winners of the Gaming Voice Awards came from all different sectors of the casino industry, with two racetrack casinos winning top honors in marketing communications.

In addition to the Gaming Voice Awards, the AGA paid tribute to MGM Mirage’s Senior Vice President of Public Affairs, Alan Feldman, with a Lifetime Achievement Award for Gaming Communications. Feldman has been an active member in the gaming industry for over 20 years and also serves as a board member to the National Center for Responsible Gaming and the Nevada Council on Problem Gambling.

The Gaming Voice Awards were given in 16 different categories by a panel of judges from advertising, marketing, public relations, Internet design, graphic arts and financial communications backgrounds. Over 200 applicants were considered. Below please find a list of winners for 2009:

(Continued on page 4)

Best 2008 Annual Report

WMS Gaming Inc.
(Assisting agency: Access Communications)

Best Broadcast Advertisement – Radio

Grand Victoria Casino – “You Rule Radio – Great Rulers”
(Assisting agency: The Glenn Group)

Best Broadcast Advertisement – Television

Indiana Live Casino – “Indiana Live Obama TV”
(Assisting agency: The Media & Marketing Group)

Best Communications Campaign

MGM MIRAGE – “The People Place”
(Assisting agency: Aon Consulting)

Best Corporate Social Responsibility Publication

Barona Resort & Casino – “The Barona Valley Environmental Sustainability Program”

Best Customer Publication

Silverton Casino Lodge – “Silverton Las Vegas: Welcome to the Future”
(Assisting agency: SK+G)

Best Direct Mail – Single Piece

Barona Resort & Casino – “Randy Travis Spring VIP Concert Event Invitation”

Best Direct Mail Campaign

Barona Resort & Casino – “2009 Club Barona Tier Aspiration and Migration Program”

Best Employee Publication

MGM MIRAGE – “The Daily Momentum”

Best Multi-format Ad Campaign

Silverton Casino Lodge – “Silverton Casino Lodge is Livin’ Lodge in 2009”
(Assisting agency: SK+G)

Best Outdoor Advertisement – Single Piece

Beau Rivage Resort and Casino – “Beau Rivage Airport Baggage Belt”
(Assisting agency: Masterminds)

Best Outdoor Advertising Campaign

Beau Rivage Resort and Casino – “Big Winners Outdoor Campaign”
(Assisting agency: Masterminds)

Best Print Advertisement – Single Piece

Seminole Hard Rock Hollywood – “Kiss the Sky Air Tran Ad”
(Assisting agency: 1 Trick Pony)

Best Print Advertising Campaign

Prairie Meadows Racetrack and Casino – “Camel and Ostrich Races”

Best Web Advertisement

Barona Resort & Casino – “Barona Video Contest”
(Assisting agency: ideawork)

Best Web Site

Barona Resort & Casino – “Speakeasy” – www.barona.com/web-projects/speakeasy
(Assisting agency: ideawork)