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The _____ MICHIGAN GAMING _____ Newsletter



A NOTE FROM THE EDITOR:

Regulatory Management Counselors, P.C. has been honored to bring the readers of *The Michigan Gaming Newsletter* a detailed look at the news, events and developments from the 2009 Global Gaming Expo ("G2E"), which was held November 16-18 in Las Vegas, Nevada. The organizers of the G2E, the American Gaming Association and Reed Exhibitions, deserve a thank you for assembling a strong conference program and exhibit hall. For those interested in reading all three *Newsletter* reports in connection with G2E 2009, please visit our archives page at: www.michigangaming.com/archives.html

GLOBAL GAMING EXPO 2009: PART III

G2E KEYNOTE PANELS FOCUS ON COMMERCIAL AND TRIBAL GAMING ISSUES

In addition to the keynote luncheon featuring Michael Johnson, Dean of Hospitality at Cornell University and the keynote performance by comedian Rita Rudner, the 2009 Global Gaming Expo included two keynote panel discussions focusing on the current state of the gaming industry and tribal gaming issues.

On Wednesday, November 18, the G2E keynote session entitled, "Gaming's New Guard" was moderated by American Gaming Association ("AGA") President and CEO, Frank J. Fahrenkopf, Jr. The expert panel included Guillermo E. Gabella, Director, Boldt S.A.; Nick Khin, President, Aristocrat Technologies, Inc.; Virginia McDowell, President & COO, Isle of Capri Casinos, Inc.; and Keith Smith, President & CEO, Boyd Gaming Corporation.

The panel's discussion covered a number of topics, including emerging gaming jurisdictions, the economic recession, and Las Vegas's return to a more value-oriented market. More specifically, the panel discussed the growing possibilities in Brazil and other Latin-American countries. Discussions also centered around the increasing flexibility of operator-supplier deals and how Las Vegas will reduce its focus on luxury options in favor of providing the value-oriented experience that drove the city decades ago.

In addition to the keynote discussion, the AGA also took the opportunity to honor Michael Gaughan's induction into the Gaming Hall of Fame. Mr. Gaughan spent his career managing and operating several Las Vegas casino properties, including Barbary Coast and South Coast. In his acceptance speech, Mr. Gaughan noted the pride of receiving an honor that his father received several years ago and becoming part of only a few father-son pairs to be members of the Gaming Hall of Fame.

On November 19, the final G2E keynote panel discussion, entitled "On the Record: Tribal Gaming Issues and Answers" was held at the Las Vegas Convention Center. This "Meet the Press"-styled discussion focused on the current and future state of tribal gaming. The panel was moderated by Roger Gros, publisher of *Global Gaming Business Magazine*, with introductory comments from Ernie L. Stevens, Jr., chairman of the National Indian Gaming Association ("NIGA"). The panelists included a number of tribal leaders, industry analysts and George Skibine, Acting Principal Deputy Assistant Secretary, Indian Affairs, and Acting Chairman of the National Indian Gaming Commission.

Overall, the panel had a very positive outlook regarding the future of Indian gaming under the Obama administration with Mark Macarro, chairman of the Pechanga Band of Luiseno Indians of California, noting that the President's requirement that all cabinet members develop a plan on dealing with Indian affairs in their department was a notable event. Others, such as NIGA founding member A. Gay Kingman, echoed this enthusiasm.

Mr. Gros allowed for the panel to describe some of the challenges facing Indian gaming. Ms. Kingman noted the continued challenge for tribes to educate members of Congress and the general public as to the virtues of Indian gaming. Kevin Leecy, tribal chairman of the Bois Forte Band of Chippewa of Minnesota, stated that Midwestern tribal casinos have experienced between 3-20% declines in revenues since the economic downturn, but noted that the tribes are doing well because they have been used to operating with less than necessary capital. Mr. Skibine stated that the recent Supreme Court decision in the *Carciere* case and the pending legislation on the issue could provide many tribes with legal hurdles regarding gaming operations. Although there are challenges ahead, the panel agreed that tribes remain optimistic about the future of Indian gaming.

G2E PANEL EXAMINES THE NEED FOR UNIFORM GAMING REGULATIONS

In a panel presentation entitled, "Small World: The Need for Global Gaming Agreements and Regulations," a group of gaming industry experts discussed the growing need for global agreements and regulations in the gaming industry. The panel discussion was moderated by Kevin Mullally, the General Counsel and Director of Government Affairs for Gaming Laboratories International, LLC, and the panel members included David Waddell, an attorney with the law firm of Regulatory Management Counselors, P.C.; Michael Gross, the Associate General Counsel for the National Indian Gaming Commission; and Julian Harris, an attorney with the London-based law firm of Harris Hagan.

Being a lawyer that practices in the United Kingdom, Mr. Harris pointed out that most gaming jurisdictions, whether they be in the United States, Europe or another international location, have designed their gaming industries, invariably, to meet the following objectives: 1) preventing crime, 2) ensuring a fair and open gaming environment that maintains the public trust, and 3) protecting children and other vulnerable groups from underage and problem

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gaming issues. Mr. Harris then asked, if the goals are the same among nearly all gaming jurisdictions, why then should there not be a global gaming regulatory system? He pointed out that multi-jurisdictional licensing is a costly and time-consuming process that requires applicants to fill out different forms for each jurisdiction, with each jurisdiction utilizing different standards for licensure. Mr. Harris cited the work being done by the International Association of Gaming Regulators in working to develop a single individual licensing form that can be used across multiple jurisdictions. He did note that there will be political issues, and perhaps resistance, to a standardization of gaming licensing forms, but that these are realistic goals.

Mr. Waddell said that the current economic downturn and the significant need to find efficiencies in all areas of the industry, can provide an opportunity to work toward the standardization of gaming regulation. In order to reach this goal, he noted that respective jurisdictions will need to embrace the differences between their regulatory structures, while focusing on the commonality that already exists among them. He also said that, in respect to each jurisdiction's right to govern itself, any such standardized system should be voluntary. Mr. Waddell pointed out that the differing standards across gaming jurisdictions have made it more difficult to get capital investment into the industry as many banks, financial institutions and individual investors balk at the high costs of multi-jurisdictional licensure.

Mr. Gross, who shared the point of view of a gaming regulator, noted that it is in the interest of regulators' to explore a standardized regulatory system. However, he did say that many regulators will question whether it is sufficient for them to accept another jurisdiction's findings, or will they need to perform their own due diligence. Mr. Gross said that the success of the federal regulations which implement the Indian Gaming Regulatory Act, and govern Indian gaming across numerous sovereign tribal jurisdictions, show that standardization is a realistic goal.

The panelists pointed out that there have already been successes in the efforts toward standardization. Mr. Gross cited the increase in

information exchange and cooperation among tribal jurisdictions as it relates to individual background investigations, while Mr. Waddell pointed to the fact that nearly 80% of slot machine standards and regulations are common among the commercial gaming jurisdictions. He also noted that the National Center for Responsible Gaming has developed a model set of college gambling policies that can be applied across jurisdictional lines.

GENERAL COUNSELS DISCUSS THE CHANGING REGULATORY ENVIRONMENT

A panel discussion involving general counsels from a number of the gaming industry's leading companies was held on November 18th as part of the educational conference portion of the G2E. The panel was moderated by Gaming Analyst Robert Russell of Regulatory Management Counselors, P.C., and included Katie Lever, general counsel for Global Cash Access, Inc.; Mark Lerner, general counsel for Bally Technologies, Inc.; and Jeffrey Rodefer, general counsel for Boyd Gaming Corporation.

Mr. Russell noted that the goal of the presentation was to explore the following questions: 1) How gaming regulatory agencies have reacted to the economic climate; 2) How operators and suppliers have worked to assure compliance, despite constraints brought on by the economy; and 3) What are some key strategies for seeking to balance cost cutting with the vital need for gaming compliance.

Mr. Rodefer provided a general overview of the compliance systems that his company has put in place in order to ensure that gaming and principal applications are sufficiently maintained. He noted that effective compliance plans include four key aspects: 1) that senior management positions are committed to compliance, 2) comprehensive and continued training, 3) a secure and confidential database of corporate and personal information, and 4) a strong working relationship with regulators.

Specifically related to the developing regulation

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in those emerging jurisdictions where gaming is in the process of becoming operational, Mr. Lerner said that operators and suppliers should try to institute an open dialogue with the regulators to discuss the industry's concerns, explain the benefits to all involved in implementing a form of licensing reciprocity across jurisdictional lines, and hope that the emerging jurisdiction regulates efficiently.

There was a common theme among the panelists concerning the importance of building strong relationships with the gaming regulators. Both Mr. Lerner and Ms. Lever emphasized the importance for equipment manufacturers to work with regulators, as well as with operators, to develop technology that provides solutions for all parties involved. Ms. Lever cited Global Cash Access's work developing technology that enhanced the ability for an operator to enforce self-exclusion lists as a technology born out of communication between her company, the operators, and the regulators. Mr. Lerner stated that one of the most important priorities of a supplier is to listen to the regulators goals and try to find an efficient solution to the problems they are seeking to solve or prevent.

THE FINE POINT GROUP PRESENTS FINAL INSTALLMENTS OF ITS "THRIVING IN A CRISIS" SERIES

On Wednesday, November 18, The Fine Point Group, in cooperation with G2E, presented the final two sessions in the G2E Webinar Series, "*Thriving in a Crisis*." These two webinar sessions were moderated by Randy Fine, Managing Director of The Fine Point Group and current Chief Executive Officer of the Greektown Casino-Hotel. The first session, which was actually Part IV in the G2E Webinar Series, was entitled "Applying Analytics to Determine Business Levels," and included a panel discussion with Chris Colwell, General Manager of the Greektown Casino-Hotel and Senior Vice President of The Fine Point Group; Helen MacMillan Executive Director of Marketing at Great Canadian Gaming Corporation; and Marc Oppenheimer, Corporate Vice President of Relationship Marketing with Station Casinos.

Part IV focused on the importance that proper collection and analysis of business data can have on an organization's decision-making processes. Mr. Oppenheimer noted that his company leverages the information gleaned from its business and marketing data on a "full time" basis. Mr. Colwell stressed the importance of not just preparing reports based on the collected data, but deeply analyzing the reports and asking questions about the conclusions that can be drawn. Mr. Fine pointed out that the numbers matter, especially in the gaming industry, which is a numbers business.

Ms. MacMillan stated that her organization uses analytics to optimize every decision it makes, not just those decisions that deal with customer marketing. Mr. Oppenheimer said that his company used analytics to decide the appropriate time of day to start bingo games, while Mr. Colwell said that his organization used analytics to decide upon the number of access points in and out of the casino. Mr. Fine emphasized that analytics can influence a number of business decisions, including human resource issues. The panelists also discussed the reports that they view on a daily basis to measure progress in the gaming operations.

In analyzing the business and marketing data, Mr. Colwell stressed the importance of identifying the questions the organization is trying to answer so that the results and conclusions can be focused in that direction. Mr. Fine pointed out that "more" is not necessarily "better" in the collection and interpretation of data; rather it is important that the figures collected be right.

Following the panel discussion, Mr. Fine presented a case study regarding the use of analytics at Greektown Casino-Hotel as the organization sought to improve operations and measure progress. Mr. Fine discussed how analytics allowed Greektown Casino to benchmark the success of its turn-around efforts, by going beyond raw gaming revenue figures and comparing its adjusted EBITDA figures with certain of its regional competitors. Mr. Fine proceeded to also show how analytics and proper interpretation of data were used to change the

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pricing, operation, and offering of the Casino's buffet, turning what had been a monthly loss into an aspect of the Casino's offerings that broke even, while being a driver of gaming revenue.

Following Part IV, Mr. Fine moved on to present Part V, the final session of the G2E Webinar Series, entitled "Leveraging the Present to Build the Future." This final session included panelists Steve Dahle, Senior Vice President of Relationship Marketing and Database Analytics Practice with The Fine Point Group; Scott Kreeger, Senior Vice President of Corporate Operations with Station Casinos, Inc.; and Steve Marshall Vice President of Marketing with Legends Gaming.

Mr. Fine began this final session by asking the panelists if the industry is still currently in an economic storm, or whether it is moving into a new phase. Mr. Marshall said he believed the industry was still "weathering the storm," though he did point out that there were opportunities to be had for those who can provide value. Mr. Dahle described 2010 to be a year of being in "survival mode," while hoping that things will get better in 2011.

Given this outlook, Mr. Fine asked the panelists what they have been doing to prepare for the future. Mr. Kreeger said that his organization spent the last year looking at their operational systems and analytics, and evaluating their loyalty program, casinos hosts, CRM, and player development. Mr. Marshall said that his organization decided to focus on bringing value to their patrons, re-engineering their product offerings, and looking to further leverage their food offerings. The panelists also discussed mistakes they have seen in the marketplace in trying to deal with the current economic climate. Mr. Dahle pointed toward those organizations that engage in "irrational spending" to try to exceed a competitor's marketing efforts. Mr. Marshall also pointed out that there is also a danger in not spending enough to efficiently generate business.

For those interested in the entire five-part series, *Thriving in a Crisis*, please visit The Fine Point Group website, where you can download podcasts of select sessions:

<http://www.thefinepointgroup.com/events/G2E---The-Fine-Point-Group-s-Webinar-Series.aspx>.

GLOBAL GAMING BUSINESS GAMING AND TECHNOLOGY AWARDS ANNOUNCED

On Thursday, November 12, *Global Gaming Business Magazine* announced the winners of the 8th Annual Gaming & Technology Awards. The 2010 Gaming & Technology Awards are an industry standard which recognizes excellence in innovation and practical application through product and technology development.

The awards were presented to the winners at last week's Global Gaming Expo (G2E) in Las Vegas, Nevada.

Judges for the awards were: Claudia Winkler, president, GHI Solutions Inc. in Las Vegas; Robert Russell, Gaming Analyst, Regulatory Management Counselors, P.C.; Israel Posner, executive director, Institute of Gaming Management; Richard Stockton College of New Jersey; Charles Lombardo, consultant and former vice president of slot operations for Caesars Palace and Seminole Gaming; and Peter Johns, director of slot operations, casino division for MGM Grand Macau.

"In these difficult economic times, it's clear that the technology providers to the gaming industry have not taken a breather," said Roger Gros, publisher of *Global Gaming Business Magazine*, which administers the awards program. "The quality and quantity of this year's entries surpassed any previous year, once again validating that the Gaming & Technology Awards are the 'gold standard' in the casino industry."

The winners of the 8th Annual Global Gaming Business Gaming Technology Awards are listed below.

Best Consumer Service Technology

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1st IGT Tournament Manager with Real-Time Scoring
2nd Bally CoolSign Media Management
3rd Aristocrat Content Delivery Manager CDM

Honorable Mention
Alvin5 Mobile Gaming, Entertainment & Hospitality Solution
TCSJohnHuxley e-FX(TM) Insignia Display

Best Productivity-enhancement Technology

1st Bally Biometric Recognition
2nd FutureLogic TableXchange printer/scanner
3rd Bally Business Intelligence

Honorable Mention
Bally Live Floor View
Shuffle Master i-Verify House Way Verifier

Best Slot Product

1st Bally Cash Spin
2nd IGT MegaJackpots Center Stage platform
3rd WMS Star Trek Episode 4: The Enterprise Incident

Honorable Mention
Bally Reel Image Video Slot
WMS Monopoly Grand Hotel Big Event

Best Table Game Product or Innovation

1st Shuffle Master i-Table for Specialty Games
2nd TCSJohnHuxley TouchTable MultiPLAY Roulette/SicBo/Craps
3rd Cantor Gaming eDeck Wireless Mobile gaming product

Honorable Mention
Casino Technology Dueling Piano
IGT DTS-X Table

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