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The _____ MICHIGAN GAMING _____ Newsletter



SPECIAL REPORT: GLOBAL GAMING EXPO 2012

A Note from the Editors

Regulatory Management Counselors, P.C. is honored to provide detailed coverage of last week's Global Gaming Expo ("G2E"), held October 1-4 in Las Vegas, Nevada. The show, now in its 12th year, continues to provide opportunities for the industry to exchange ideas and develop new and innovative paths to success. The American Gaming Association and Reed Exhibitions, the organizers of the event, are to be commended for the top quality conference events and exhibit hall.

12TH ANNUAL GLOBAL GAMING EXPO CLOSES IN LAS VEGAS

On Thursday, October 4, 2012, the 12th annual Global Gaming Expo ("G2E") drew to a close at the Sands Expo and Convention Center in Las Vegas, Nevada. The event hosted a number of enlightening panel discussions, prominent keynote speakers, and an exhibit hall featuring the industry's latest technologies and products and services. The conference is the world's largest gaming industry trade show and focuses on providing a comprehensive look at the gaming industry by offering opportunities for members in the field to advance the industry in new and innovative ways.

If you are interested in more information on G2E 2012 or would like information on next year's events, please visit

www.globalgamingexpo.com.

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HUMAN RESOURCES EXPERTS DISCUSS PATH TO DEVELOPING LEADERS

On Wednesday, October 3, 2012, human resource experts met to discuss strategies for developing individuals into leaders at the 2012 Global Gaming Expo (“G2E”). The panel discussion engaged the audience by offering a variety of tested methods for identifying talented individuals and helping employees achieve their individual goals in the gaming industry.

The panel was moderated by David S. Schugar, Principal Partner at RMC Gaming Management, a gaming operations and consulting firm. Mr. Schugar has held top management roles at a number of gaming properties and drew on these experiences to guide the panel discussions through a number of pertinent management topics. The panel, which consisted of members of large and small operators and suppliers, offered varying techniques on how to efficiently identify leaders within an organization and to develop those individuals into strong leaders. Panel members included Bob Gerst, Senior Vice President of Human Resources at Boyd Gaming Corp.; Gary Kapral, Senior Vice President of Human Resources at Bally Technologies, Inc.; and Christopher McGivern, Vice President of Human Resources at Hollywood Casino Kansas Speedway.

The panel began by noting the challenges that the current economy has placed on human resources departments to develop talent through inexpensive and efficient techniques. Mr. Kapral noted that, because Bally Technologies is a large, diverse company, the human resources department has been able to develop mentor programs that expose personnel to various work environments. This has allowed employees to develop diverse talents and to identify areas that may be appealing for future career moves while staying within the organization. Mr. McGivern and Mr. Gerst also noted the importance for future leaders to be able to articulate clear steps towards professional goals and to develop a work-life balance that meets these goals. These programs, which also often include mentorships with senior employees, are key to having employees recognize the importance of leadership development programs and to take

full advantage of training opportunities.

“It is not always easy to identify talent and then develop it,” noted Mr. Schugar, as the panel shifted towards a discussion of the key character traits of future leaders. Mr. Gerst stated that leaders are more like great coaches, promoting communication and integrity, and can listen to and incorporate the ideas of their peers. Mr. Kapral concurred, stating that “leaders can set examples without the ego,” and that a leader’s success comes when others work is attributed to their leadership. In recalling the importance of leadership throughout the opening of Hollywood Casino Kansas Speedway, Mr. McGivern noted that individuals who rose as leaders were ones who could adapt quickly, remove barriers, and influence those around them to take pride in their organization.

In closing, the panel agreed that organizational support, a grounding in well-defined corporate culture, and the ability to recognize key areas of issue are the most important aspects of developing a successful human resources department. For more information on the G2E 2012, including detailed biographies of each speaker, please visit the Global Gaming Expo website at: <http://www.globalgamingexpo.com>.

PANEL PROVIDES INSIGHT ON FUTURE OF IGAMING REGULATION

On Monday, October 1, 2012, the G2E held a session on the future of online gaming regulation. The panel discussion was led by AGA President and CEO Frank Fahrenkopf, Jr. who noted that although “[w]e have to be lucky to have online gaming this year,” the prospects of legalized online gaming in the United States is real and “it is not if, its when.”

Panel members included a diverse mix of domestic and foreign online gaming regulation experts including D. Brett Hale, Senior Vice President of Corporate and Government Relations for Churchill Downs, Inc.; James Kilsby, Americas Editor for Gambling Compliance; Alen Lang, Director of Development with bwin.party digital entertainment; and Mark Lipparelli, former

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Member of the Nevada Gaming Control Board.

Mr. Kilsby noted that Nevada and Delaware are the key jurisdictions for the industry to watch in the United States, along with New Jersey which passed a law that was vetoed by Governor Christie that would have allowed existing casinos to operate online wagering sites. Mr. Kilsby also noted California, Iowa, Illinois, Massachusetts, Michigan, and Hawaii as states that may introduce legislation on the issue in the near future.

Mr. Lipparelli then summarized the current state of online gambling regulation in Nevada, which recently put forth new rules allowing for online gaming licenses to be issued by the Nevada Gaming Control Board. Thus far, around thirty online gaming applications have been submitted and the board expects a steady stream of new applications over the next six months. Mr. Lipparelli also noted new challenges from a regulatory perspective, noting that internal controls, technical issues, audit requirements, and dispute resolution procedures will all require a new method of thinking about gaming regulation in a digital space.

Mr. Lang, whose company operates one of the largest online gaming sites in Europe, stated that it would be difficult for existing foreign operators to obtain licensure for online gaming in the United States as the current regulatory trend is to only allow existing, land-based operators to operate online wagering sites. Because of this, Mr. Lang anticipates that many European companies will partner with domestic operators when more jurisdictions authorize forms of online gaming.

Mr. Hale provided the unique perspective of the horse racing industry, which has operated online since 2001. Mr. Hale stated that horse racing generates approximately \$800 Million in wagers per year online under existing regulatory structures. He further noted that any expansion of online gaming at the state level will likely generate some form of litigation from tribal interests.

Overall, the panel was confident that online gaming opportunities would continue to expand in the near future, however, the specific path for legalization and regulation is unclear.

STATE OF INDUSTRY REGULATION DEBATED AT G2E

On Wednesday, October 3, 2012, a panel of industry members and regulators met to discuss the current state of regulatory reform in the industry. The panel was moderated by David O. Stewart, Counsel for Ropes and Gray, LLP, and provided an overview of current reform efforts and the ongoing relationship between the regulatory community and the industry.

Panel members included a mix of industry and regulatory experts including Susan Hensel, President of IAGR and Director of Licensing with the Pennsylvania Gaming Control Board; Mark Lerner, Senior Vice President and General Counsel for Bally Technologies, Inc.; Mark Lipparelli, former Member of the Nevada Gaming Control Board; and Erik Pedersen, Deputy Director at the Michigan Gaming Control Board.

Mr. Pedersen noted that regulators are sometimes in a difficult position to make significant regulatory changes because of statutory constraints placed on state gaming agencies. Though gaming regulatory agencies may suggest paths for changes, there is a general reluctance to reopening any enabling statute to make changes on a statutory level. Mr. Lipparelli and Ms. Hensel echoed these concerns, but Ms. Hensel noted that there has been some success in obtaining statutory amendments in Pennsylvania related to renewal license terms. The panel agreed that reform is easier in established jurisdictions and that a key to reform is giving flexibility to gaming commissions to adapt quickly to new challenges.

Technology also provides a path towards reform, though Mr. Lerner noted that budget constraints are often a barrier to adopting new methods of utilizing current technology. Two areas suggested where technology can be better utilized were in the areas of electronic filing and through the use of video conferences in lieu of personal interviews of applicants.

Mr. Stewart then asked the panel to name one or two reforms that each speaker would like to see put in place immediately. Mr. Lerner noted that manufacturers would like to see an extension of

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the licensing and renewal terms in order to decrease costs related to completely new applications on a regular basis, in multiple jurisdictions. Also, increased adoption of the Multijurisdictional Personal History form for individual applications could create efficiencies for qualifiers of gaming businesses. Ms. Hensel agreed and added that increased use of technology could help reduce many filing issues.

Mr. Pedersen noted that license applications should be updated after an assessment on how the information in the form is used in practice. Also, he noted that regulators may be able to move away from requiring pre-approval of certain operational matters by regulators, and instead rely on audits of processes to ensure compliance. He noted that the pre-approval process at times creates a burden on both the operator and regulators that could be avoided.

Mr. Lipparelli also stated that the gaming machine shipping notice policies can be revisited due to the increased shift towards server-based gaming. New technological advances can also help to streamline the testing and game approval process.

The panel discussion was a continuation of discussions at the 2011 G2E, which provided an overview of the American Gaming Association's regulatory reform efforts. To view the AGA's current regulatory reform efforts, including the 2011 white paper titled "Improving Gaming Regulation: 10 Recommendations for Streamlining Processes While Maintaining Integrity," please visit the AGA website at www.americangaming.org.

AMERICAN GAMING ASSOCIATION AWARDS ROGER GROS WITH LIFETIME ACHIEVEMENT AWARD

On Wednesday, October 3, 2012, the American Gaming Association ("AGA") held its 12th annual AGA Communications Awards Luncheon to announce the winners of the Gaming Voice Awards. The event is hosted each year to recognize outstanding achievements in communications, marketing, and advertising work in the gaming industry. The event was hosted by Judy Patterson, Senior Vice President and

Executive Director of the AGA.

2012 Award for Lifetime Achievement

The hallmark of the event was the presentation of the Award for Lifetime Achievement in Gaming Communications, presented to Roger Gros, publisher of *Global Gaming Business Magazine*. Mr. Gros has been publishing materials on the gaming industry for nearly 30 years and has played key editorial roles at *Casino Journal*, *National Gaming Summary*, *Atlantic City Insider*, and other industry trade publications. In addition to his magazine and newspaper work, Mr. Gros is the author of the 1995 best-selling book *How to Win at Casino Gambling*. Mr. Gros has also been recognized beyond the publishing field, receiving the Greater Atlantic City Chamber of Commerce's Businessman of the Year award in 1998.

2012 Gaming Voice Awards

This year's awards saw a diverse group of companies nominated for their outstanding work in the communications field, including 23 different companies across 12 different jurisdictions. A total of 233 entries were reviewed and 47 finalists were chosen for the awards. The winners are listed below:

Best Annual Report

- WMS Gaming – "WMS Annual Report 2011" (Assisting Agency: Curran & Connors)

Best Communications Campaign

- High 5 Games – "Establishing the H5G Brand"

Best Customer Publication

- MGM Resorts International – "M Life Magazine" (Assisting Agency: Custom Publishing Group)

Best Digital Direct Mail

- Bally Technologies, Inc. – "Elite Bonusing Suite/iView DM PURL Website"

Best Direct Mail

- Seminole Casino Coconut Creek –

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“\$200K Blackjack Tournament Invite” (Assisting Agency: RPM Advertising)

Best Employee Publication

- Bally Technologies, Inc. – “Your Voice”

Best Mobile Marketing

- Bally Technologies, Inc. – “UC9 App”

Best Multi-format Advertising Campaign

- Bally Technologies, Inc. – “Michael Jackson Marketing Campaign” (Assisting Agency: G Creative)

Best Outdoor Advertisement

- Caesars Entertainment – “Escape to Total Rewards” (Assisting Agency: Mr. Youth New York)

Best Television Advertisement

- Ameristar Casinos, Inc. – “Fortune Firecracker” (Assisting Agency: Cannonball)

Best Website

- Northern Quest Resort & Casino – www.northernquest.com (Assisting Agency: Hanna & Associates)