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On the Cover:

(L to R): Dan Bower, Gordon Graves, Dr. John Koza, Jean-Marc LaFaille, Lothar Lammers, Victor Markowicz, Tim Nyman, Rebecca Paul, Steve Saferin, Guy Simonis, Guy Snowden, Dr. Ed Stanek, Cal Tigner, and Lorne Weil

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Australia

South Australian Lotteries encouraged local players to scratch new Holden motor vehicles, as series 4 of Instant Scratchies' popular Scratch, Match & Drive promotion got underway. Players received three BONUS Scratch, Match & Drive tickets with any Instant Scratchies purchase of \$10 or more. To win one of seven brand new Holdens, players had to correctly match the license plate on their Scratch, Match & Drive ticket to one of the seven winning license plates printed on posters located at point of sale.

China

Tabcorp has entered into a joint venture arrangement for the purpose of providing systems and support services to the lottery market in the People's Republic of China. Tabcorp International No. 1 Pty Limited, has entered into a joint venture shareholders' agreement with China Lotsynergy Limited, a wholly owned subsidiary of Worldmetal Holdings Limited listed on the Stock Exchange of Hong Kong, whereby Tabcorp International No. 1 Pty Limited has a 67% interest and China Lotsynergy Limited has a 33% interest. The joint venture shareholders' agreement, if completed, will provide lottery operating systems, terminals, proprietary intellectual property rights and other technological support services to, and cooperating with, the Keno lottery market operators authorized by the People's

Republic of China.

Czech Republic

Oberthur Gaming announced a three-year contract extension with SAZKA a.s. Under the terms of this contract that was originally signed in 1998, OGT is responsible for manufacturing 100% of the instant ticket volume of the Lottery as well as for providing SAZKA with marketing related services.

In 2004 overall revenues of SAZKA, a.s., approached 8.5 billion CZK, the pre-tax profit was more than 1.38 billion CZK, and the after-tax profit reached 1.32 billion CZK. Number lotteries comprised 85.5 % of the total, odds and sports betting 9.8 %, and instant lotteries 5.6 %; non-lottery activities contributed 9.6 %.

SAZKA has accepted a new "Strategy in the Area of Support Extended to Responsible Gaming and Ethical Principles in the Gaming and Lottery Industries". The strategy is based on the contemporary trends and recommendations supported by international lottery associations, primarily the World Lottery Association and the European Lotteries.

Denmark

GTECH has signed a two-year contract extension with Dansk Tipstjeneste A/S, the operator of the National Lottery in Denmark. The contract calls for GTECH to continue to provide the Lottery with software support and terminal maintenance and repair through August 31, 2007. GTECH expects to generate revenues of approximately \$10 million over the two-year contract extension.

El Salvador

Lotería Nacional de Beneficencia de El Salvador (National Lottery of El Salvador) has awarded a contract to Oberthur Gaming for the supply of 20 million instant lottery tickets. Oberthur has supplied the Loteria Nacional with instant tickets since 1999.

Netherlands

Comtech Holdings announced a Pilot trial of their Wireless Display Messaging solution with De Lotto. The aim of the pilot is to encourage new and non regular players to play the games by having a combination of window and in-store displays to make the lottery more visible.

New Zealand

The New Zealand Lotteries Commission has selected a preferred bidder to upgrade the wide area network linking all NZLC retail outlets. With the selection of Telecom as preferred bidder, NZ Lotteries will now enter into contract negotiations and determine the final specifications of the new network.

Philippines

The Philippine Charity Sweepstakes Office is reportedly ready to agree to a pilot test of jueteng, a vastly popular underground numbers game that has been siphoning money away from the PCSO for years. The Lottery's version of the game will be called Loterya. The current PCSO board will have to confirm approval of the game before the Lottery can begin the pilot test.

Tanzania

Tanzania's Lotto Kitita held its first draw Saturday, May 28. The draw was performed at the headquarters of GAMAT, the licensed Lottery Company, in Dar es Salaam. GAMAT has already installed 500 terminals around Dar es Salaam and eventually expects to have 2,500 terminals selling the 6:49 game.

UK

Camelot announced that U.K. National Lottery sales in the year to March 31, 2005 rose by more than £150 million, to £4,766.1 million, over three times the £40 million increase seen in the previous year.

Not only are sales up across all new channels of distribution, but the new distribution channels are beginning to drive incremental sales.

Current sales via interactive channels are already above £2 million a week. ♦

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Industry News



Portugal, Ohio Sign with Scientific Games

Scientific Games Corporation announced that Santa Casa Misericordia de Lisboa, the only state-authorized lottery of Portugal, has awarded Scientific Games the exclusive contract to supply instant lottery tickets valued at \$3.5 million over its entire term of one year and three one-year options to renew. SCML has 5,000 lottery retailers in its network and generated instant lottery ticket sales of \$60 million out of total lottery sales of \$780 million in calendar 2004.

Scientific Games also announced that the Ohio Lottery has awarded the Company a contract to provide cooperative services including new telemarketing, warehousing and distribution of instant tickets as well as other related services. In addition the Lottery has granted Scientific Games a two-year extension on its existing contract to provide instant lottery tickets. The two agreements with the Ohio

Lottery together are valued at \$48 million over the four-year period.

JCM American Opens Reno Office

JCM American has opened a sales and service office in Reno, Nev. The office, located at 9410 Prototype Drive, Suite 22, in Reno, is staffed by full-time sales and service representatives and serves territories in Northern Nevada, Northern California, and all of Oregon and Washington.

With the office opening, Rob Friedl has joined JCM as Sales Manager. Friedl has an extensive sales background, including a four-year stint in Reno representing pharmaceutical company Merck & Co. Joining Friedl in Reno is Joe Chen as a full-time Service Technician. Chen has an impressive technical background including a degree in electrical engineering. Prior to JCM, Chen worked at NCR in Sparks, Nev., Crime Watch in San Francisco and the Peppermill Hotel/Casino in Reno.

JCM Vice President of Sales Mark Henderson said, "It is absolutely critical to have full-time sales and service personnel in these markets. Rob knows the area extremely well, and Joe is as good as they get in our service department. These territories will be very well served by these gentlemen."

The office can be reached by calling (775) 852-9244. Friedl can also be reached via email at rfriedl@jcm-american.com.

New Zealand to Become Intralot Hub

A \$35 million, six-year gaming machine monitoring contract signed between INTRALOT and New Zealand's Department of Internal Affairs, will provide the base for INTRALOT to make New Zealand its hub to expand into the Asia Pacific region. INTRALOT already has offices in the Philippines and Beijing, but this is its first win in Australasia.

GTECH Files Patent For Pick 'N Play™

GTECH has filed for patent protection of a revolutionary new game concept designed to energize online lottery ticket sales. The innovative game concept, branded Pick 'n Play™, gives players the chance to convert a themed player card into instant online winnings, future draw winnings, or a combination of both.

The Pick 'n Play format can be extended through an unlimited number of branded and traditional themes and styles. Ideas for getting play cards in the hands of lottery customers are endless and not limited by concerns of game security.

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The centerpiece of Pick 'n Play is a vibrant, theme-based player card which, once in the hands of a player, can be used to purchase a Pick 'n Play online game. Once the online ticket is produced, it is matched to the player card to create an instant win experience, or it is used as part of a future drawing. Multiple Pick 'n Play test games are currently in development and will be ready for pilot sales this year. One of the most appealing aspects of the game is that it will operate on any GTECH online lottery system.

Eight Lotteries Launch Bewitched Instant

MDI announced that eight lotteries almost simultaneously launched a licensed instant game tied to this summer's motion picture debut of Columbia Pictures' Bewitched, starring Nicole Kidman and Will Ferrell, debuting in theaters June 24, 2005. Bewitched-themed instant lottery games began appearing in May in Ohio and South Dakota, followed by Idaho, Iowa, West Virginia, and Kansas. The New South Wales Lotteries and Lotterywest in Western Australia will separately introduce a Bewitched licensed scratch-off game in July.

For this particular licensing opportunity, each lottery was able to take advantage of MDI's full array of value-added services, specifically game, ticket and point-of-purchase design. In cooperation with Sony Pictures Entertainment, as part of its comprehensive package, MDI also produced a customized Bewitched themed 30-second television spot.

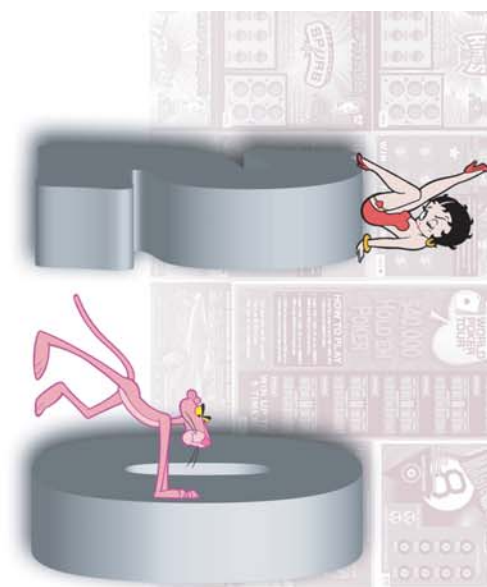
Instant Games will be ¡Muy Caliente! With Newly Licensed Hispanic Culture Icons

MDI Entertainment, a wholly-owned subsidiary of Scientific Games, has signed an exclusive agreement with Star Slots International Corp. to develop instant lottery tickets featuring some of the world's most famous Latin icons. Star Slots International specializes in the marketing of Latin culture icons to the gaming and lottery industries worldwide. The agreement is a result of MDI's efforts to expand the offerings available to its international customers. The worldwide agreement gives MDI the rights to a large portfolio of brands, including Latin music superstars Celia Cruz and Tito Puente, and international soccer star Pele. With the first round of the World Cup beginning in June of 2006, Lotteries still have time to capitalize on the immense popularity of this soccer sensation. Lotteries can also choose from a diverse catalog that includes boxers Julio Cesar Chavez and Roberto Duran, baseball superstar Roberto Clemente, racing legend Emerson Fittipaldi, television personality Susana Gimenez, comedic actor Jorge Porcel and musicians Los Tigres Del Norte, Jose Luis Rodriguez "El Puma" and Palito Ortega.



"Our research has found that companies that customize their marketing efforts towards their Hispanic customers will see those efforts rewarded with incremental sales, not only in Central and South America, but also in areas with highly concentrated Hispanic populations such as California, New Mexico, Texas and Arizona in the US. This has already been proven with the success of these brands as slot type games," said Carlos Barba, founder and CEO of Star Slots. Barba has over 35 years experience in television and was president and co-founder of Univision Group and Telemundo.

MDI President Steve Saferin hopes to duplicate that success with new instant games surrounding these brands. *"Until now, the market potential for lottery products featuring brands preferred by Hispanic or Latino players has been virtually untapped,"* said Saferin. *"We anticipate the universal appeal of these brands will attract a broad range of players worldwide, particularly in Latin America, and will bring even greater international attention to MDI. In particular, with the World Cup in 2006, we believe there is a great opportunity for lotteries with tickets featuring Soccer superstar Pele."* ♣



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Lottery/Gaming Cross Promotion

Gambling themes have been favorites on Instant tickets for several years. Lotteries have leveraged the names and themes of games such as craps, blackjack, racing and more, attracting fans of these games – fans that are typically comfortable wagering a few dollars on a shot at hitting a jackpot.

A few lotteries have even taken this idea one step further and have begun issuing tickets that create cross-promotion strategies with racinos and casinos. Lotteries can approach these games in a variety of ways: offering tie-in prizes on the ticket, in second-chance drawings, allowing non-winning tickets to be used as an admission ticket, having a themed-game promote several tracks/casinos, or even partnering with only one establishment. Whatever the strategy, the track or casino partnering with the lottery gets the benefit of having the Lottery's massive distribution network promote its products statewide, while the Lottery gets the benefit of offering interesting prizes while putting out a new ticket that might appeal to a new type of player.

A number of lotteries have had success offering trips to Las Vegas through games like Caesars Palace or Powerball the Game Show, but the prospect of promoting in-state attractions can truly help build community. Within the last year, three lotteries, New York, Ontario and New Mexico, have launched tickets that cross-promote with other area

gaming establishments. While these are the most recent, they certainly aren't the first instances of such involvement between lotteries and other gaming establishments (*see sidebar*).

LottoSino

In June 2005, the New Mexico Lottery and Santa Ana Star Casino entered into the first joint lottery/tribal casino game in the state and possibly the United States. The two have launched LottoSino®, an instant (Scratcher) game with two distinct playing fields: one for the lottery and the other for the casino.

The traditional New Mexico Lottery portion features 11 ways to win with top cash prizes of \$30,000. Santa Ana Star's portion includes a scratch-off playing field revealing various casino prizes ranging from logo-styled merchandise and free bowling to \$5,000 top cash prizes.

"Four different groups will reap LottoSino's rewards," said Lottery CEO Tom Shaheen. "First, New Mexico Lottery players will enjoy a

Cross Promoting with Tracks

It seems that several Lotteries are open to partnering with other gaming entities – at least in areas where such partnerships are legal. Public Gaming International recently polled North American lotteries about their willingness to cross-promote with race tracks. Of the thirteen respondents, eight said they were at least willing to consider (if not actively involved in) the idea of cross-promoting with tracks. Of the five that were not interested in pursuing cross promotions with tracks, two were legally restricted from such promotions, one didn't have any tracks in-state, one felt there wasn't enough interest among its players to warrant such pursuits, and one didn't comment on the reason(s).

Here are a few examples of past cross-promotions lotteries have run with in-state tracks:

- In 1995, the Missouri Lottery offered a racing-themed game (\$2 Daily Doubler) that featured a second chance draw offering 12 trips for four to the Oak Day Races at Churchill Downs and the Kentucky Derby.
- In 2003, the Ohio Lottery launched a game (\$2 Winner's Circle) that tied a promotion to three in-state tracks: Beulah Racetrack in Grove City; Thistledown Racetrack in North Randall and Northfield Park in Northfield. Meals, promotional items and free passes were offered in second chance drawings. Today, the Lottery runs similar promotions for instant games without the horse-racing theme, with a grand prize drawing for trips to such events as the Kentucky Derby, the Preakness Stakes, the Belmont Stakes and Hambletonian.
- The Montana Lottery has used some of its promotional dollars to conduct sponsorships and events with the racetracks in Montana, but the Lottery did not use its racing-themed ticket, Run for the Money, in the process.
- The Virginia Lottery has not offered any game tied to commercial horse racing, but its one-time-only online game "Gold Cup" promoted the 71st running of Virginia's Gold Cup Steeplechase race in 1996. The race is an annual one-day event held at Great Meadow, a non-commercial event center. Great Meadow is a 501(c)(3) non-profit organization established with the mission of preserving their property in perpetual open space for community activities. The center hosts activities such as horse shows, polo, track meets, etc. It is not a typical for-profit racetrack. ↗

\$3 *New Mexico Lottery* **000**

\$30,000
LottoSino™

GAME 1: In each hand, if YOUR CARD beats the DEALER's CARD, win prize shown for that hand.

GAME 2: Scratch the PLAY AREA. Reveal 3 like symbols for any one PULL, win PRIZE shown for that PULL.

YOUR DEALER'S CARD		GAME 1 PLAY AREA	GAME 2 PLAY AREA	
HAND 1		PRIZE	PULL 1	\$ \$ \$ PRIZE
HAND 2		PRIZE	PULL 2	\$ \$ \$ PRIZE
HAND 3		PRIZE	PULL 3	\$ \$ \$ PRIZE
HAND 4		PRIZE	PULL 4	\$ \$ \$ PRIZE
HAND 5		PRIZE	PULL 5	\$ \$ \$ PRIZE
HAND 6		PRIZE	PULL 6	\$ \$ \$ PRIZE

BONUS TICKET

Santa Ana Star
CASINO
Top Prize \$5,000!

Scratch the Lucky Star for your chance to win casino prizes!

Bring your winning Added Value Bonus Ticket to Santa Ana Star Casino to claim your prize.

CASINO ACTION - CASINO ACTION

new and different game. Second, casino players who normally don't buy lottery tickets may find a new product they enjoy. Third, the game will help raise more money for the Lottery Success Scholarship. And fourth, the Pueblo of Santa Ana will be able to generate needed funds to support its community programs."

Proposed to the Lottery by Vegas Games Inc. (VGI), the LottoSino concept was presented to several New Mexico tribal casinos. Santa Ana Star on the Santa Ana Pueblo not only opted to participate with the Lottery, but also applied to be a New Mexico Lottery retailer. Shaheen noted that the initial proposal presented by VGI would have partnered the Lottery with a Nevada casino promotion. However, he said that it was important that the promotional partnership be offered to a New Mexico Native American casino.

"We're thrilled that Santa Ana Star elected to participate in this revolutionary concept," Shaheen added.

Fast Cash Finish

On June 2, 2004, the New York Lottery launched Fast Cash Finish, another addition to the Lottery's popular series of racing-themed Instant game tickets. The \$1 Fast Cash Finish ticket prominently featured the logos of three of New York's thoroughbred race tracks: Aqueduct, Belmont Park and Saratoga, and offered players an opportunity to win a top prize of \$1,500 and numerous other prizes ranging from \$1 to \$500.

In addition to the cash prizes, Fast Cash Finish Sweepstakes offered New Yorkers an opportunity to experience the thrilling sights and sounds of horse racing at historic Saratoga Race Course. The sweepstakes was open to holders of non-winning New York Lottery Fast Cash Finish tickets or any non-winning New York Lottery tickets on sale or open for redemption during the promotion period between June 2 and June 30, 2004.

Sweepstakes winners received one night accommodation; clubhouse admission for two; seating and lunch for two at the "At the Rail" pavilion; two Post Parade programs; and \$100 spending money.

Ontario Daily Double

On May 23, 2005, the Ontario Lottery launched Daily Double, a three-part, horse racing-themed lottery ticket, born out of a partnership between the Lottery and the Ontario Horse Racing Industry Association, Ontario Harness Horse Association and racetracks across Ontario. The \$2 ticket allows players the ability to win up to \$35,000 instantly.

Another attractive feature of the ticket is a section giving customers a shot at winning a \$2 to \$10 betting voucher at an Ontario track. There is also a portion on the ticket that can be taken to any racetrack for a chance to win a Chevy Avalanche. ♦

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International Lottery Player's Survey

Interactive Multimedia Internet Based Games

By Phil Kopel, President Kopel Research Group, Inc.



There once was a clear distinction between Instant Scratch games and the on-line Lotto and Daily Numbers games. The Instant games had themes and were printed on colorful stock with scratch off latex. The player knew if he/she won or lost, "instantly".

On the flip side, there were the online games. They had the distinction of being connected to a central server which allowed the player to pick his/her own numbers and win or lose based on specific drawings at specified times.

Now, along comes home computers connected to the Internet and the line is becoming blurry. What if there was an Instant game that offered extended play value by combining with a computer game at home? What if it was an add-on feature to an existing Lotto game?

This survey looks to our International Web-based Survey Panel for their perception of interactive multimedia Internet based games.

Current Situation

In the US, Canada and Australia, 14% of respondents said that their jurisdiction currently offers lottery games in which they can enter a code to play an interactive multimedia game on the Internet to determine if they won. In Europe, 23% said their jurisdiction offers such games.

Of those that said that their jurisdiction offers those games, as many as 55% have played them. This percentage was surprisingly consistent across all jurisdictions that carry these games.

Currently Play Non-Lottery Games on Internet

As many as 33% of all respondents said that they have played non-lottery interactive games on the Internet. This percentage was consistent across all countries. It was also consistent across respondents by Lottery play frequency, meaning that even those that play their Lottery less frequently are still as likely to play non-lottery interactive games on the Internet as frequent Lottery players.

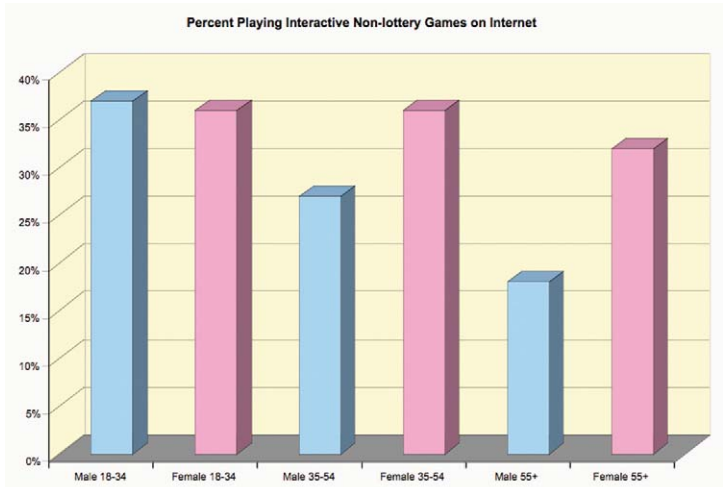
There are differences, however, in non-lottery interactive game play based on gender and age. The following chart shows that males 18-35 years old and all females are more likely to play interactive games on the Internet than 35+ year old males.

Level of Interest in Lottery Multimedia Games

Overall about one-half of all respondents said that they would be somewhat or very interested in playing interactive multimedia games connected to the Internet if they were offered.

Interestingly, those that play the Lottery just a few times per year are just as interested in playing a multi-media interactive game as those that play the Lottery several times per week. That means that this type

Chart 1



of game has the potential to reach infrequent players.

There was no significant difference in level of interest based on the country where they live, or in their gender, however as seen in *Chart 1*, level of interest decreases as age increases:

Gift Idea

Overall about one-half of all respondents agreed to a statement that scratch tickets that incorporate computer interactive multi-media games on the Lottery's website would make a good gift. Once again, there was no significant difference in perception based on the country where they lived, or in their gender, however as seen *Chart 2*, perception of these games as a good gift goes down as age increases:

Chart 2

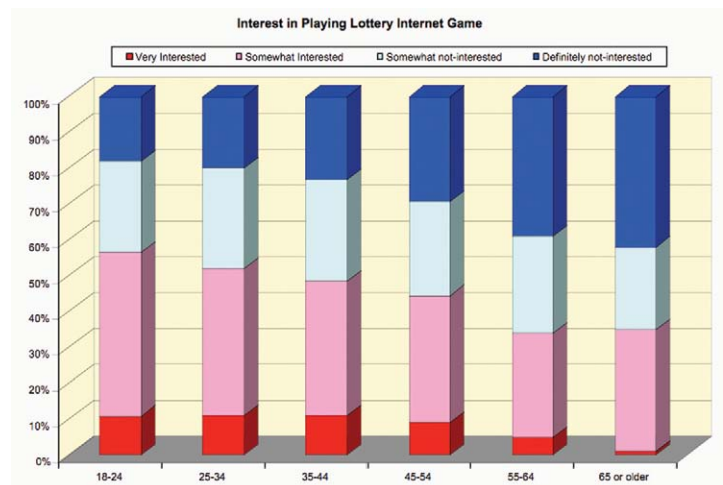
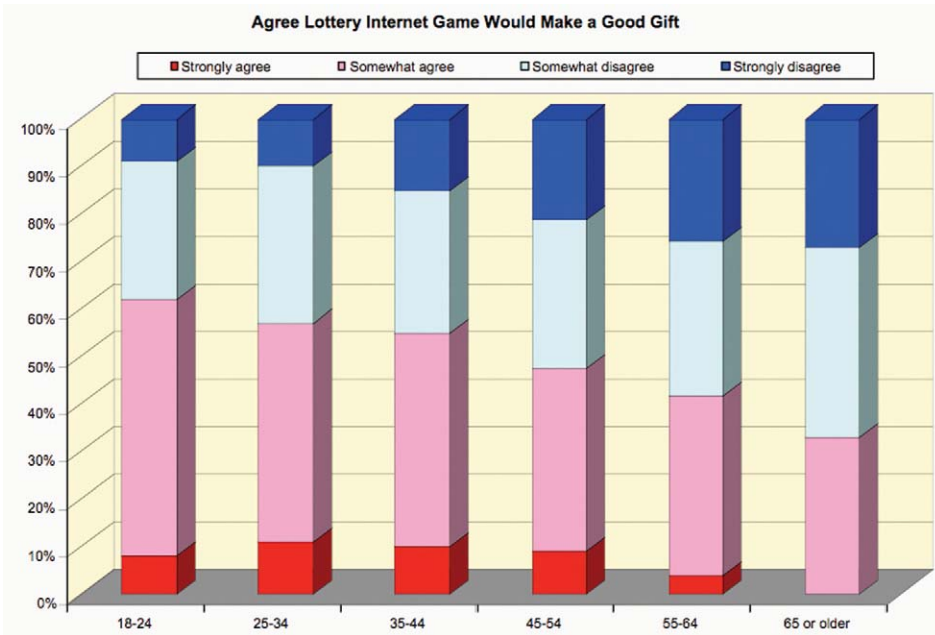


Chart 3



Features

The following is what respondents said about why they like these games (see Chart 3):

- "It's interactive, so it's more fun and exciting to play."
- "I like that you get to have fun whether you win or not."
- "I like the suspense."
- "I'm in my own home with my own computer."
- "It seems to make it last longer."
- "It's almost like getting a second chance to win."
- "Know for sure if you won right away."
- "It takes the game a step further."

Summary

Lotteries are always looking to incrementally grow their revenue; however, since most Lotteries are mature, it is difficult to reach new players. It is especially tough to do so by just modifying payout structures and game themes with the existing game styles.

The interactive multimedia games provide a vehicle that has the potential to appeal to the tangential infrequent and lapsed players, especially those that are often on their home computers and the Internet. These games also appeal to the younger players, which is a player group that is often difficult for the Lotteries to reach. ♦

The Author: Philip Kopel, President, founded Kopel Research Group, Inc. www.kopel.com in 1989. Phil has managed a diverse variety of research projects for many lotteries throughout the United States and Internationally. The company provides comprehensive lottery market research solutions including; benchmark studies, research panel management, game design concept analysis, player segmentation analysis, game mix optimization, sales forecasting and retail agent feedback and satisfaction analysis.

¹For information about the demographic and lottery play distribution of the International Lottery Research Panel please see the April edition of Public Gaming

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Today's Lottery Industry

“Lottery Hall of Famers” share their views on the industry they helped to create.

With the idea of honoring its most important innovators – the people who shaped the industry – Public Gaming Research Institute has created the Lottery Industry Hall of Fame. The fourteen persons chosen for this first year of PGRI's "Lottery Industry Hall of Fame" have all distinguished themselves in the lottery industry over a long period of time and can be credited with helping to make the world lottery industry the great success that it is today. Their individual contributions to the lottery industry will be presented at the Hall of Fame Awards ceremony at the Bellagio beginning at 1pm on July 12 and will be posted at a later time on www.publicgaming.org.

Public Gaming International recently polled the Class of 2005 to get their views of today's industry. Each was asked three questions: What is the most significant change you see in lotteries today? What do you see as the major innovations that will drive lottery sales in the future? And, what are you doing these days?



Cal Tigner

Most significant change: The biggest change I've seen are all the different lottery products. When I started my company many states were selling only one scratch game. Now states have 20, 30, or more scratch games going at a time. I did not see the on-line games coming the way they did. In Oregon the video poker and Keno are more popular than I thought they would

be. I am amazed at how \$200 million dollar jackpots draw in the players but notice that the excitement is not there the way it was several years ago. A \$500 million dollar jackpot will change that.

Driving Innovations: I don't know what the next lottery innovation will be. I think all the easy ones have been found and the younger people will have to have some new products to draw their interest and that will probably be internet related if Washington will let it happen.

Current Projects: These days I spend about 5 minutes on a busy week at the office. Most of the time I'm at home, or the Oregon Coast, or out visiting with friends. Now I can tell them I was one of the first people in the Lottery Hall of Fame.



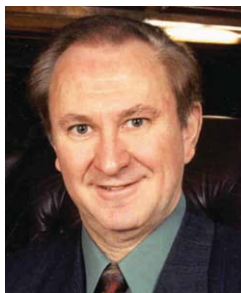
Dan Bower

Most significant change: When I started in the industry I think there were five lotteries and a very small portion of the U.S. population even had the opportunity to play a lottery. The biggest change is the growth of lotteries. It's now grown to more than forty states and covers the majority of the population. Secondly, when I started in the industry there was only one product – a weekly passive lottery. Now lotteries

encompass all different kinds of products, from instants to VLTs and numerous products in between.

Driving Innovations: New methods of distribution. The Internet hasn't been touched yet, and that's going to be a significant force for the lotteries. It's the same thing that made lotteries grow to where they are now – new products and new methods of distribution – giving people more opportunities to play in new locations and different media.

Current Projects: I'm Chairman of Telecom, and we're involved in the race game that we're preparing to implement in Massachusetts and is being tested by the Atlantic Lottery. We've got a number of products that have been developed in front of the people in Powerball and Mega Millions.



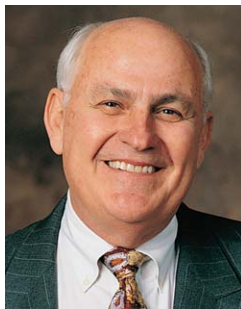
Dr. Ed Stanek

Most significant change: The multitude of games. In 1985 when I started lotteries had one scratch game on sale at a time. When it ended another one was started several months later. All tickets were \$1. Now there are 30 or 40 games on sale with a variety of price points. As a result sales are much higher than in yesteryear. There are also a variety of lotto games and in particular multi-state

games that have revolutionized jackpots.

Driving Innovations: Games with more interactivity that engage and entertain players.

Current Projects: Electronic Game Cards and TouchPlay.



Gordon Graves

Most significant change: The biggest change I see in the lottery industry today from the old days is that it has matured. That is in some ways very good. We don't see as much litigation and as many headlines about lottery controversy and problems as we once did. On the other hand, there is no longer the collective drive to push the political limit with

innovative new games. Scratch tickets and on-line lotto are still the basic products of the lotteries. Video lottery machines have never been easy to sell to legislators, and sports betting has not been well received by the politicians.

Driving Innovations: I think those types of tools that will allow people to play interactive on-line TV games will bring the next revolution to the lottery industry. I think we will see the retailers take the lead in imbedding their advertising into interactive TV games. The craze for poker has been ignited by the hole-card TV camera; interactive technology will allow the home viewer to become a participant in TV poker games that integrate elements of Internet poker, reality TV, and TV poker

Current Projects: I spend most of my time these days managing my family's investments and keeping up with my 19 grandchildren. I am involved in the operation of amusement games centers in Texas. It is a startup operation, which is the type of venture I have always enjoyed.



Guy Simonis

Most significant change: When we started we had many innovations and new games to look forward too. Europe and Australia had games and marketing schemes we didn't. We could copy, enhance, adapt and experiment in instant, lotto and keno. The suppliers experimented along with us. We had the satisfaction of creating major new initiatives in lotter-

ies. I sometimes feel sorry for our current CEO's in the lottery field. Because there are no major blockbuster games in view, the task of today's lottery director is more the role of caretaker and tweaker. However, the continuing battle of resisting and carefully ignoring political meddling still requires the smarts of seasoned administrators. But it can't be as much fun as we had.

Driving Innovations: I don't see major innovations. Instead of one blockbuster that yields a 35% increase, our CEO's and vendors may have to find 35 little corners and enhancements that each yield one percent.

Current Projects: Doing a few Erehon seminars here and there. Polishing the book "Lotteries 101" that Jean Marc Lafaille and I have co-authored. Writing my experiences as a wartime teenager and subsequent immigration to Canada which will segue into the efforts that began in 1969 and led to the building of today's gaming industry.



Guy Snowden

Most significant change: I don't see a terrific amount of change, just packaging. I feel that change has slowed since the 70's thru the 90's but that may be because I now have an outsiders view.

Driving Innovations: I believe that the innovations will be driven by new media and channels like high speed internet and portable devices. Old approaches will be attempted with new channels but eventually innovative new games will exploit the opportunities afforded by technology. This is already underway.

Current Projects: I devote 1/3 of my time to charitable and community work; 1/3 of my time to investing and other business; and 1/3 of my time to

Dr. John Koza



John R. Koza received his PhD in Computer Science from the University of Michigan in 1972. From 1973 to 1987, he was chairman, CEO, and co-founder (with Daniel W. Bower) of Scientific Games Inc. which introduced the rub-off instant lottery ticket to state government lotteries, pushed for legalization of lotteries in numerous states (including by initiative petition in Arizona, California, and Oregon), and served as start-up consultant for over a dozen state lotteries.

Since leaving Scientific Games in 1978, John R. Koza has been involved in venture capital investing and has taught a course on genetic algorithms and genetic programming at Stanford University since 1988. He is consulting professor in the Biomedical Informatics Program in the Department of Medicine and in the Department of Electrical Engineering at Stanford University. He has served on both the Science Board and Board of Trustees of the Santa Fe Institute. He is author of four books on genetic programming, including the 2003 book "Genetic Programming IV: Routine Human-Competitive Machine Intelligence." Genetic programming is method for automatically creating computer programs. It starts from a high-level a high-level statement of what needs to be done and breeds a population of programs over many generations. Genetic programming now routinely delivers high-return human-competitive machine intelligence. In addition, genetic programming is an automated invention machine. Among the four dozen human-competitive results produced so far by genetic programming, there are 21 instances where genetic programming has created an entity that either infringes or duplicates the functionality of a previously patented 20th-century invention, 7 instances where genetic programming has done the same with respect to an invention patented after January 1, 2000, and 2 instances where genetic programming has created a patentable new invention. These human-competitive results come from the fields of the automated design of analog electrical circuits, controllers, antennas, optical lens systems, mechanical systems, quantum computing circuits, and algorithms. ♠

being retired (whatever that is?). I'm not active in Lottery business though I still get a lot of requests for advice which I attempt to give to people I know.

Jean-Marc Lafaille

Most significant change: The growth and the convergence of all gaming products. The classic division of gaming products between lotteries, betting (horses, sports, etc.), casino, bingos is non applicable anymore. Lottery organizations run casinos, operate slot machines (Video-Lottery) in bars and on racetracks, sell keno games in grocery stores, etc. The gaming industry is one big market.



Driving Innovations: Players want to have access to the games everywhere (home, phone, car, etc.) and they want these games to have the following characteristics: high percentage of return in prizes, high frequency (instant results) and fun to play (entertainment). In the near future, the creativity of the game designers will be more important than any NEW innovation in the technology.

Current Projects: I am working on three different projects. First, I am an active investor in a biomaterial company. Second, I am partner in Belgium in a movie financing business. Thirdly, in the gaming industry, I finished writing a book with Guy Simonis (to be published soon), currently working on a training course for gaming organizations, and looking forward to provide consultant services starting next September.



Lorne Weil

Most significant change: When I came into the industry with General Instrument in the 70's the online market was exploding and instants were considered low tech products going nowhere. Now it's the reverse.

Driving Innovations: The dominant demographic for instants is the 18 to 24 year old; the dominant demographic for

online is 50 to 55. The latter needs to change.

Current Projects: Chairman and CEO of Scientific Games



Lothar Lammers

Most significant change: When Lotto 6 from 49 was introduced in 1955 the times were substantially more modest than today. Gambling was not accepted everywhere yet; the employments and profits were still very straightforward.

The Jackpots with record sums of over 100 millions US\$ from today represent an extreme exaggeration. I assume these extreme gains are neither politically nor

financially durable for the lotteries in the long term.

Driving Innovations: The technological possibilities of today are the biggest factor. It has changed gambling in the past and will also change gambling in the future. Technology is the reason why the classical gambling segments (lotteries, casinos, sports betting, etc.) are beginning to merge. Today's Internet offerings are proving that. For the future I expect that technology and better business policies will totally change the world of lotteries.

Current Projects: I am presently on vacation in the beautiful and pleasant Southern France. Unfortunately the vacation is clouded by some problems with my backbone.

Rebecca Paul

Most significant change: So much of what we do today, particularly with the instant ticket product was all manually done – you didn't make



it easy for a player to get prizes. Certainly, the technology behind the instant ticket product has changed dramatically and you can see its impact with how instant ticket sales have grown in the last twenty years. I think that's certainly been a change for the better which has helped us raise more dollars for worthy causes.

Driving Innovations: I think you've also seen a change in marketing innovation where twenty years ago the technology that you did have drove what you can do. Now you find all kinds of licensed property games and other marketing innovations that are leading the technology rather than the technology leading the marketing.

In terms of innovation, in the future, that's where I would like to see the industry grow so that a marketing concept drives what online product you have as opposed to the capability of the online system driving what games you can offer. I think we're heading in that direction and I think that's a good thing for the worthy causes.

Current Projects: It's pretty simple. I'm in Nashville and happily ensconced at the Tennessee Lottery.



Steve Saferin

Most significant change: The two most significant changes I have seen in the industry since I first got involved in 1987 are the increase in price points of instant tickets and the strong emphasis that lotteries and vendors are now placing on game content. As most of us remember all instant tickets used to cost \$1.00 but today we have seen an ever expanding portfolio of price

points that have reached \$30 in a couple of lotteries with thoughts of going higher. On the content side, I can just point to the growth of the MDI business as pretty fair indicator of the dramatic upswing in third party licensed lottery games. In 2003 MDI brands accounted for about \$365 million in lottery sales. In 2005 we are estimating that the MDI brands will exceed \$2.3 billion in sales. Equally as important is every major vendor is now involved in licensing in one way or another and content is key topic at all lottery gatherings. One final point. Content is more than just third party brands used in conjunction with instant tickets. It is also developed and invented games and game play options for both the instant and on-line products. While the licensing business is fairly mature, the game development efforts of various vendors and lotteries is still a work in progress – but a very necessary one if we are going to find ways to grow on-line sales.

Driving Innovations: In addition to innovative game content which I believe will be a driver of lottery sales, new methods and channels of distribution will be key to us being able to reach new players in different environments. We need to develop business models and distribution hardware and software that allow us to penetrate the drug store, big box and supermarket environments. Much of that development is underway both here at Scientific Games and elsewhere. We need to finally come to grips with potential of the internet to help drive lottery

...continued on page 20.



Smartplay's conceptual rendering of Futura™ equipment.

SMARTPlay Updates V.I. Traditional Draw

The Virgin Islands Lottery, founded in 1957, is the oldest lottery under the US flag. Nearly 50 years of continual service has earned the organization a high profile within this colorful island culture.

A traditional (passive) game, with related instant scratch tickets and video lottery games is conducted bi-weekly. Tickets for this popular game are sold by open-air street vendors.

On June 16, Smartplay International, Inc. of Southhampton, New Jersey, replaced the lottery's traditional draw equipment with a custom made pair of spheres, measuring 52" and 27". The impressive Futura™ set up measures 13' long X 7' deep X 8' high. Designed to mix up to 50,000 balls in the large sphere and 1,000 in the smaller, the Futura is constructed of acrylic, stainless steel and aluminum.

With the press of a single switch, one ball from each sphere is automatically delivered to the draw attendants. The large sphere contains numbers and the small sphere prizes; upon selection, number and prize are paired.

With robust, transparent, agitation, the new spheres effectively mix the thousands of balls. Significantly, the new unit also provides ease of operation via modern electronics while preserving the basic familiarity of the traditional, spherical design.

With 700 prizes awarded at each draw the Virgin Islands Lottery creates a lot of winners. Proceeds benefit the Disabled Persons Special Fund. Smartplay is very pleased to have won the confidence of Virgin Islands Lottery and to play a part in the lottery's continued success.

In 2005, Smartplay has also provided number drawing equipment to seventeen other international lotteries:

- Africa – Lagos State Lottery, Nigeria
- Asia – Beijing Welfare Commission; Shanghai Welfare Lottery; Playwin of India; Mahapola Lottery, Sri Lanka
- Europe – National Lottery, Ireland; Loterie Nationale, Luxembourg; Totalizator Sportowy, Poland
- North America – Arizona, California, Georgia, New Jersey, Ohio, Tennessee, Washington State
- South America – Lotería de Concepcion, Chile; Unipuestas, Colombia



The custom Futura™ is massive, measuring 13' x 7' x 8'.

Source: Smartplay International, Inc., Southhampton, New Jersey, USA
 Contact: Linda Turner, Vice President, Sales +1 609 859-1133
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Loteria do Estado do Rio de Janeiro: Breaking New Ground



The Lottery of the State of Rio De Janeiro (LOTERJ) has existed for more than 40 years, but the Lottery is still breaking new ground with a new president and a new game that is reversing a major setback – the loss of Bingo.

Kelly Mattos, a 35-year-old lawyer, is the first woman president in the history of the Lottery. Mattos, who has two children, took over the head position at LOTERJ on August 13, 2004 and was immediately presented with a difficult task – reorganizing the company in the aftermath of Brazil’s 2003 decision to prohibit Bingo operations – LOTERJ’s biggest source of income.

In 2005, LOTERJ overcame this financial setback with the implementation of the game “Gol de Placa”, a game that costs only one Real and offers, as one of its prizes, the right to attend a soccer match in Maracanã, Brazil’s biggest soccer stadium. The fusion of the country’s most popular sport with a lottery game has been a tremendous success.

In her initial task, Mattos was successful enough that LOTERJ has become a model for other States of Brazil.

LOTERJ

The Lottery of the State of Rio De Janeiro (LOTERJ) was created in 1975 for the Government of the State. LOTERJ manages the games and all fiscal aspects of the Lottery operation in 92 cities, including the City of Rio de Janeiro.

LOTERJ’s commitment is to be transparent and to help fill social needs. The Lottery commits 70 percent of its net revenue for the improvement of the life of the population.

LOTERJ is also a company that helps keeps sports and culture alive, sponsoring 18 athletes, a school (Escola de Mestre-Sala), persons in the Brazilian Carnival, and much more. With the responsibility of a company who thinks about the future, it emphasizes its concern with the young, supplying professional courses designed to form citizens.

From LOTERJ’s launch in 1975 through December of 1990, LOTERJ only carried weekly drawing traditional tickets which were illustrated with national landscapes, personalities, and symbols associated with Brazil. In January of 1991 LOTERJ launched Raspadinhas, a game that made it possible for players to receive prizes within the hour of purchase. The success was thundering. LOTERJ assured Public Gaming International that 2005/2006 will not be lacking in new developments. ♣



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INVITACION

Lotería Nacional de Nicaragua tiene el alto honor de ser anfitriona y organizadora del **X Congreso de CIBELAE**, en ocasión de la celebración de un aniversario más de esta importante institución. Este Congreso se celebrará en el Centro de Convenciones del Hotel Camino Real Managua, del 26 de septiembre al 1 de octubre de 2005.

Les invitamos a compartir con destacados conferencistas internacionales, una serie de ponencias relacionadas con el compromiso de las loterías y el futuro de los juegos estatales, entre otros temas de igual nivel de importancia.

En lo que promete ser uno de los mejores Congresos de CIBELAE, les instamos a inscribirse y a contribuir con sus experiencias y conocimientos en los temas que se van a debatir en dicho Congreso. Como parte del programa, habrá un Concurso de Spots Publicitarios 2004, y una exposición de billetes antiguos de lotería de 12 países miembros.

Nicaragua, país de brazos abiertos, los espera.


Carlos Reynaldo Lacayo
Presidente Junta Directiva



Para inscribirse favor contactarse con la Sra. Da Carol Bendaña.
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email: relacionesp@loterianacional.com.ni
www.loterianacional.com.ni

Latin Lottery Products

In honor of the convening of the ILAC Congress, Public Gaming International recently asked Latin lotteries what products they are currently offering and what products they hope to implement in the near future.

Loteria de Bogota

Loteria de Bogota currently sells traditional lottery games, but the Lottery is in the process of launching Loteria en Linea (Lottery Online). In addition to this, the Lottery is hoping to launch Juego de Numeros, Mega Loteria, and Loto Preimpreso.

Before these products can launch, the modifications of law 643, passed in 2001, need to be approved. This law allows the traditional lotteries to diversify the present product in order to offer a better product to the public.

CODES/LOTESC – Lottery of the State of Santa Catarina (Brazil)

The Lottery of the state of Santa Catarina (CODES/LOTESC) operates several different genres of lottery offerings, including: instants, online, video lottery, bingo and Internet games.

In the last two years the Lottery was authorized to run 25 promotional lotteries, 12 numbers games, 150 video lottery establishments, two lotteries of prognostics, two Internet lotteries, 30 traditional bingos and 50 credentials (sports, beneficent and graphical entities).

The vast number of offerings directly provides jobs for approximately 4,500 people, as well as 13,500 people whose jobs are indirectly related to the Lottery.



ETESA (Colombia)

ETESA, Territorial Company for the Health of the national order, operates bingo, gaming machines, a 6:45 lotto game, Superstar (a game combining Pick 4 with signs of the zodiac), and sports betting (soccer and horse racing). The Lottery is in the process of launching a 5:28 Mini Lotto (Mini Lotus).

The Lottery hopes to launch Instant games, and in fact is already conducting studies to do so. Soon the Lottery will be signing the inter-administrative agreement to operate Instants.

Tele Bingo or TV Keno is also in the planning stages. The Lottery's ability to launch these products depends on the results of the studies they conduct to test the economic viability of each product. The benefits obtained by the operation of games relate directly to the increase of resources for the health of the Colombians.

Loteria de Panama:

Lotería Nacional de Beneficencia de Panamá offers four different numbers games. Two of the games are Pick 4's offering three different prize structures for three different sets of numbers. Players who guess the four numbers for the first set win \$2,000. Those who guess all four numbers for the second set win \$600 while those who guess the third set win \$300. The game also offers prizes for players who guess three of four and two of four numbers.

Another game the Lottery offers is called "Gordito del Zodiaco". This Pick 4 is played once a month with the zodiac sign. If players get four of seven signs in the right order they receive \$4,000. Those who get all seven numbers in the right order hit the rolling jackpot which ranges between \$1 million and \$2 million.

The last game is "La extraordinaria." It is similar to the previous two types of games but with different prizes. La extraordinaria plays three times a year.

The Lottery hopes to eventually offer Scratch tickets, and is also studying the possibility of offering its products over the Internet for international customers. The Lottery is interested in speaking with companies that can help them launch these types of products.

Loteria do Estado de Sao Paulo (Brazil)

São Paulo State Lottery sells two kinds of lotteries: Numbers Lottery (traditional tickets) and Instant games (currently with seven games on the market). The Lottery has plans to launch an online real time Keno product

The launch of new products depends on the approval of São Paulo State Government. The launch of new products will bring the possibility of automation of controls of all products of São Paulo State Lottery.

Loteria de Cundinamarca (Colombia)

Loteria de Cundinamarca currently operates a traditional lottery that is distribute throughout the country by retailers utilizing the GTECH system. The Lottery is currently in association with four other regional lotteries in order to offer a draw that they hope will offer \$6.5 million in prizes, with a top prize of approximately \$3 million.

Loteria de Nicaragua

The National Lottery of Nicaragua currently sells traditional and instant tickets. One traditional game is directed to the Lottery's high income market, while the other is aimed at lower income players. The high income product prints 40,000 bills worth US\$18.06 each offering a top prize worth roughly US\$204,658. Players can buy a 1/20th portion of a bill for US\$0.91. The high income game is played out every Tuesday.

...continued on page 20.

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Iowa Lottery Promotion Angles for Success

A partnership between the Iowa Lottery and natural resources officials will mean more fishing trips in the state this year and lots of lottery prize winners.

On April 18, the Iowa Lottery released a \$1 fishing-themed instant-scratch game called "Reelin' in the Cash." Players who didn't win a cash prize could use their non-winning tickets to buy a fishing license at a discounted price through the Iowa Department of Natural Resources (DNR) Web site.

During the "Reelin' in the Cash" promotion period from April 20 – May 31, the number of annual fishing licenses sold through the DNR Web site increased more than five fold. And, after just seven weeks of sales, the scratch game was nearly sold out at lottery retail locations, translating into success for both state partners.

"The number of 'impressions' about fishing that we were able to put in front of the public through the Reelin' in the Cash project were invaluable," said Marion Conover, bureau chief of fisheries at the DNR. *"It kept fishing top of mind at a key time of year. The added emphasis through the lottery campaign came at a perfect time."*

Iowa Lottery CEO Ed Stanek noted that the law creating the lottery declares that lottery revenues are to be used "in support of a variety of programs and services."

"That is how we view the lottery's partnerships with state agencies: In addition to raising money for state programs, the lottery can carry out its 'support' mission through joint projects" Stanek said.

The focus on fishing began in August 2004, when statistics revealed a drop in Iowa fishing license sales and a resulting budget shortfall at the DNR. Sales of resident fishing licenses had fallen nearly 9 percent since 2000, resulting in a budget cut to the DNR's fisheries, wildlife and conservation law enforcement bureaus in fiscal year 2004.

Staffers at the Iowa Lottery, which has supported other state agencies through past games and promotions, began brainstorming with the DNR about ways the two could work together to remind people about fishing opportunities in the state.

DNR director Jeff Vonk viewed the lottery's help as a unique opportunity to spread a reminder message across the state.

"Reaching Iowans through a lottery ticket is an innovative way to spread awareness of Iowa's extensive outdoor recreational opportunities," Vonk said.

Reelin' in the Cash tickets went on sale April 18, featuring playful artwork of a fisherman who had caught a brightly colored fish with a mouthful of cash. Lottery players tried to find three like amounts or a fish symbol to win prizes of up to \$900. A printed message near the play area on each ticket reminded lottery players: *"Buy your fishing license online now at www.iowadnr.com!"*

That message was backed up with a value-added promotion through the DNR's Web site. Players with non-winning tickets could visit the site and use the serial number on the back of their ticket to buy a 2005 annual Iowa fishing license at a special dis-

counted price. The promotion ran from April 20 – May 31, providing a \$3.49 discount on each license purchased. The discount was sponsored by the Iowa Lottery and through the waiving of an online convenience fee of \$2.49 by Central Bank, which processes the license fees for the DNR.

The lottery and DNR scheduled the game and promotion to coincide with the start of warm spring weather.

"It's always the perfect time of year to win some cash," said Joe Hrdlicka, vice president of marketing for the Iowa Lottery. *"It's definitely the perfect time of year to start fishing!"*

During the promotion period, the DNR sold 1,626 annual resident and nonresident fishing licenses through its Web site. That compares to 284 in the same period of 2004. DNR officials were especially pleased with the information gleaned about those who bought licenses online during the lottery discount period. Nearly half of them were occasional anglers – those who haven't bought a fishing license every year – who the DNR has been trying to reach. More than a third of those who used a lottery ticket to purchase a discounted fishing license were women and 65 percent were in the 30-54 age range.

The Lottery supported Reelin' in the Cash with advertising on the radio, in print and on some Internet sites. The DNR asked those making online license purchases to fill out a voluntary survey about how they learned about the promotion. More than 40 percent of those who completed the survey said they heard about it through a radio ad, while another 26 percent said they found information at a lottery retailer.

Other state projects that the Iowa Lottery recently has helped promote include:

- The Iowa Commission of Veterans Affairs. The Lottery's "Beetle Bailey" game released in February 2003 featured a toll-free number that people could call for more information about veterans issues in Iowa. San Antonio-based Oberthur Gaming Technologies Corp., which licensed the game, donated a percentage of the licensing fee for the game to veterans programs. In Iowa, a \$1,200 donation was made to the Commission on Veterans Affairs, with the money going to provide statewide training about veterans benefits and issues.
- The Department of Cultural Affairs. The "Mammoth Cash" instant-scratch game released in the spring of 2004 invited players to visit the Iowa Historical Museum in Des Moines and see an exhibit there featuring the complete skeleton of a mammoth.
- The Iowa State Fair. The "Iowa State Fair 150th Anniversary Sweepstakes" promotion and "Cash On A Stick" instant-scratch game released in the summer of 2004 helped call attention to the 150th anniversary of Iowa's great State Fair. ♦

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Today's Lottery Industry ...continued from page 12.

sales and attract new players with new types of games. I think we all feel some momentum building toward one or more states taking the first step and selling tickets over the internet but we are not quite there yet. And finally, the potential of mobile gaming is very real and available today. It is another distribution channel for us investigate and exploit.

Current Projects: Today I am President of Scientific Games Ventures but do retain my title as President of MDI. In that role I continue to be involved with our MDI subsidiary but I also am heading our game development efforts, new product planning, promotional game business and recently have become involved in our Venue Management Business which runs off-track betting and sports books in various locations.



Tim Nyman

Most significant change: The most significant change I see in Lotteries today as compared to 1977 when I started in this business is product distribution. Whether that be in the instants business or online, product distribution is one of the keys to growth in lottery sales over the last 30 years. In the retail channel instant ticket products are carried in far larger quantities and numbers of games. The number of

online retailers has grown significantly in nearly all jurisdictions.

Driving Innovations: The major driver of Lottery sales in the future will be new content on new channels of distribution.

Current Projects: Currently, my days are filled with travel worldwide fulfilling customer obligations and requests.

Victor Markowicz

Most significant change: A lot has changed since I started when only two lotteries existed in the US – one in New Hampshire and the other in New York. Both were really just raffles with players writing their names and addresses on the entries, which were placed in a big



drum for the drawing. European lotteries were a little more advanced at the time but still lotto coupons were collected by trucks and in most instances manually checked for winners.

There is no doubt in my mind that the biggest change in the industry was brought about by the introduction of the on-line systems – I do not think I need to elaborate why. The other novelty that greatly influ-

enced the lottery industry was the adoption of the commercial scratch-off concept by the State Lotteries in the form of instant games.

Surprisingly enough not much has changed in the last two decades. Video games are making inroads but I have difficulty calling them a lottery. The thing that propels sales nowadays is the ever-growing Jackpots. I consider them an aberration ... there should be enough people out there with the desire to play for a mere \$10 or \$20 million. The huge jackpots are generated at the expense of the frequency of the small prizes. The media hype may wear off... and so may the player loyalty.

Driving Innovations: Well, I am a man of the past... let the young Turks out there try to figure this one out. While traditional lottery players are getting older millions of young people with cell-phones SMS'ing and e-mailing each other have to be considered as the primary market of the future. They have a different life style, different habits and different motivations than my generation. The technology to reach them is here, and lotteries must come out with the formats that will appeal to this group.

Current Projects: A fellow comes home late and the wife is complaining: "I think you love golf more than you love me". "Yes darling" he answers "but I love you more than tennis". That somehow fits my profile nowadays. Except that my wife may complain about bridge and business as well. Old habits do not die easily. I am still involved in many business ventures... may be just a bit too many. ♣

Latin Lottery Products ...continued from page 16

La Chalupa is the game marketed towards the lower income bracket. La Chalupa plays every Thursday and players can buy a 1/20th share for US\$0.30.

Raspaditas is the Lottery's instant product which is offered in two price points: US\$0.61 and US\$0.30.

Loteria de Nicaragua is in the process of launching three new products – Combinado de Oro and two Rapsadita tickets (one for US\$0.61 and the other for US\$0.91). In Combinado de Oro (Combined of Gold) players get two chances at a number from 0 to 9 that comes up in weekly drawings. Each ticket costs US\$0.61 and winners receive US\$183.

The Lottery expects the design, prizes and play modalities of these new games to be more attractive to players than current offerings.

Loteria de Occidente (Mexico)

Loteria de Occidente has been producing instant tickets since 1998. The Lottery has been printing its own tickets and selling them

at more than 5,000 retailers throughout Mexico. Occidente currently sells 25 different tickets nationwide, but the best sellers are: Lucky Opener, Millionaire Dream, Powerful Gentleman, Win Me the Game, Scratching the Eggs, The Tombola, Black Gold, Three Wishers, and Lucky Rabbit.

In addition to the games mentioned above, Occidente is launching nine new games on July 15th. The Lottery's policy is to produce at least 12 new games every year, launching roughly four games every quarter.

In the last 12 months internal anomalies and the loss of CEO Don Luis Desentis to serious illness have forced Occidente to restructure. The Lottery expects the new games to be the cherry on the pie symbolizing the end of the restructuring process. Avant-garde designs and attractive prize structures will be the Lottery's distinctive seal in the future.

Loteria de Occidente is currently looking for capital partners who would like to invest in the company. ♣

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Gaming Expansion Update

The last few years have seen several jurisdictions expand their gaming offerings. Here's an update on some of the programs that are currently advancing.

Oklahoma

Oklahoma is actually expanding into two more types of public gaming – lottery and gaming machines.

In its search for a director, the Oklahoma Lottery Commission hired Jim Scroggins away from the Missouri Lottery, and on June 14 Scroggins was given permission to begin hiring employees and planning the Lottery offices.

Scroggins expects to hire approximately 130 employees, and he's already off to a great start. Deputy Director of the Office of State Finance Rollo Redburn has been named the Lottery's director of administration; Jerry Havener, a freelance lottery consultant, has been named director of operations; and Beverly Hughes, part owner of a printing business, has been named director of sales and marketing.

The Oklahoma Lottery will have approximately 3,500 lottery outlets after the statewide game gears up later this year (one for every 1,000 residents). Speaking at the Oklahoma Grocers Association conference, Director Jim Scroggins said about 80 percent of the tickets will be sold in grocery and convenience stores and retailers can expect a return of about 6 percent. The lottery is expected to offer scratch-off tickets in October and electronic tickets a few months later, with a multistate offering coming next year. It is expected to generate \$150 million a year for education when fully implemented. Applications for 621 retail outlets were turned in June 8.

The state is also bracing for the possibility of electronic gaming machines at Oklahoma's horse tracks. The Associated Press reported that the three state tracks have applied for gaming operator licenses and the Oklahoma Horse Racing Commission is establishing infrastructure to support those operations.

The Horse Racing Commission is verifying information it receives regarding personnel, security and other issues at the tracks.

In addition, the agency recently hired three gaming agents, who will conduct the background investigations, check out personal history and financial information provided by the entities and their key executives and owners. They will also be looking at the equipment, quality assurance and a number of other relevant issues.

New York

In a 5-2 decision, the New York Court of Appeals overturned a lower court ruling that declared illegal the state law authorizing the slot machine-like VLTs because it sends a portion of VLT revenues to horse-racing breeding funds and enhanced track purses. It also stated

that the state could participate in a multi-state lottery.

That's good news for the New York Lottery and for state tracks, as more tracks are reaping the rewards of fledgling video programs.

Batavia Downs, the fifth track to begin racino operations in New York reopened in May with 586 new video lottery terminals. The harness racing track has recorded approximately 50,000 customers giving the machines a try (through June 12). It's been estimated that the machines will bring in \$34 million in revenues in their first year.

Mighty M Gaming at Monticello Raceway recently celebrated its one millionth customer. Dora Tomizac was greeted by confetti, streamers, and a plaque and goody bag (courtesy of Mighty M's PR team) after being the one millionth customer to pass through the doors since the racino opened in July 2004.

Tioga Downs is now moving towards VLT operations now that TrackPower has announced that the County of Tioga legislature has authorized (by a vote of eight to one) racing and gaming at the property.

Pennsylvania

While the Pennsylvania Gaming Control Board is still working on the regulations necessary to get its slots program off the ground, members of the Board are still confident the state will begin seeing slot revenue by 2007.

The Board seems to be stuck on the issue of distribution. One member of the board, Jeffrey Coy, is trying to convince the rest of the board that distribution should be divided up into five different regions in order to keep any single distributor from gaining a distribution monopoly. This type of plan is currently in place in two states, New York and Louisiana.

In Pennsylvania, the Board has to unanimously approve the regulations, and Coy has been unable to sway the other three Board members to his way of thinking. Other members of the Board have stated that such a system makes sense in a state like Louisiana that has 2,600 gaming machine outlets, but would be overkill in Pennsylvania which has legislated room for 14 venues.

Florida

The last day of the Florida legislative session (Friday, May 6) produced no action on a bill to tax and regulate slot machines in Broward County. The House passed a bill limiting the four Broward pari-mutuels to Class II machines and a 55% state share of the revenue. But the full Senate never acted on its proposed bill, which would allow the jai alai fronton and three tracks to install Las Vegas-style slot machines and a lower tax rate, ranging from 30 percent to 35 percent. ♣

The Ultimate Lottery Research Panel

The Internet has emerged as the key source of information for this generation of consumers. Lotteries have responded with Players Clubs and Online marketing programs. Lottery research methods have also changed to leverage this new communication channel.

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News

West Virginia Slots Pass \$1 Billion for FY05

Gross revenue from the West Virginia Lottery's nearly 19,000 video lottery machines operating statewide topped the \$1 billion mark for the FY 2005. Through May 21, VLTs at the state's four racinos have achieved \$792.12 million in gross profits, while limited video at bars, clubs and fraternal organizations have reached gross profits of \$275.16 million. With six weeks remaining in FY05, VLT sales were sitting at \$1.067 billion, needing only \$29 million more in sales to beat FY04's record profits of \$1.096 billion. The state's share of racetrack video lottery profits through April is \$298.15 million.

Rhode Island Senate Favors Lincoln Park Bill

The Rhode Island Senate voted 32 to 1 in favor of legislation enabling the state, through the Rhode Island Lottery Commission, to enter into a contract with BLB Investors, the company bidding to purchase Lincoln Park. BLB would be required to invest a minimum of \$125 million in Lincoln Park in return for stabilizing the VLT commission (28.85% for existing machines; 26% for additional machines) for 18 years and adding 1,750 VLTs to the facility.

The legislation also calls for the state to improve roads to and from Lincoln Park from Route 146. Finally the bill would require the Lottery Commission to authorize the addition of any hotels to the property. The bill is currently being considered in the House of Representatives.

Louisiana Slots at Airport

A Louisiana House Committee approved a bill that would allow gaming machines at Louis Armstrong International Airport in New Orleans. The gaming machines would be placed in areas open only to ticketed passengers at the airport, with approval from voters in Jefferson Parish, where the airport is located. The bill now heads to the full House for debate.

AGI Sells to New German Casino

Austrian Gaming Industries GmbH (AGI) has announced that it will supply a substantial order of its broad product range to the new casino Bad Wiessee. The new games and gaming machines that are going to be featured in Bad Wiessee range from the very popular games like Book of Ra™, Riches of India™, Roller Coaster™, Queen of Hearts™, Dolphin's Pearl™, Bananas go Bahamas™, Columbus™, Knight's Quest™ and Venetian Carnival™ to the favored Multi-Gaminator™-machine, on which casino guests can choose between ten different games on one machine, without needing to find another free slot machine for more excitement.

Wynn Chooses Paltronic Display Systems

Paltronics signed an agreement with Wynn Las Vegas Resort to cover 100 percent of the casino floor with its full-color LED Meters. The \$400,000 contract marks the first agreement with a casino to implement the newly designed in machine meter, which showcases over 65,000 colors creating a stronger player attraction than traditional meters. The product's debut in Wynn Las Vegas is expected to facilitate growth in the other properties looking to add a more distinctive look to their casino floor.

IGT Releases SuperSAS

IGT has released the latest version of the SuperSAS gaming machine protocol to more than 200 gaming manufacturers worldwide. The new version of SuperSAS is the first industry-wide open standard protocol to incorporate both download and remote configuration capabilities.

Victoryland Selects MGAM Products

Multimedia Game's Players Passport® player tracking system has been selected by Macon County Greyhound Park, Inc., operator of the VictoryLand dog track in Shorter, Alabama, for use in conjunction with the facility's electronic charity bingo operations. VictoryLand also plans to deploy a second component of Multimedia's MGAM™ Casino Management System, Slot Reporting, which provides the necessary tools to analyze current and historical slot machine performance. In addition, VictoryLand has selected Multimedia's proprietary cashless card system as its currency standard for all vendors' player terminals at the facility.

3M Touch Systems, Inc. Introduces MicroTouch Interactive Surface Technology

3M Touch Systems, Inc. introduced a new touch technology platform – Interactive Surface Technology (IST) – offering the ability to apply a touch interface to nearly any surface, completely expanding the possibilities of where touch can be implemented. The new technology is an evolution of 3M's projected capacitive touch technology. Its unique design is based on the fact that the interactive touch surface is constructed of a flexible, polyester layer that can be laminated to the front of any surface, laminated to the back of any surface, or applied to a contoured surface. The substrate for lamination can be plexiglass, polycarbonate, plastic, glass, laminated glass or any other non-conductive surface. In addition, MicroTouch IST can support "on display" use with LCD panels or "off display" use creating touch pad or button interface designs not using a display. ♣

WWW on the internet

Boss Media and Svenska Spel Sign Strategic Partnership Agreement

Boss Media and Svenska Spel have worked together for several years on various projects in the area of digital gaming. Interest for digital games has increased dramatically, and the two companies have now decided to leverage the extensive experience that they have acquired. This combination, in which Boss Media has been responsible for technical and platform development and Svenska Spel has developed game concepts and handled daily operations, has proven to be very successful. With the partnership agreement, the two companies will now take advantage of the unique platform that the partnership has created.

Svenska Spel is selling its expertise and Boss Media's technical platform to members of the WLA with a focus on Europe. Currently the WLA has about 140 members, of which there are some 60 in Europe that are potential customers.

"I believe that Svenska Spel is the world leader in developing digital gaming. That expertise and Boss Media's widely regarded profitable technology creates a combination that will be a strong offering in the market," says Peter Bertilsson, president of Boss Media.

"We see this as a significant opportunity to strengthen the regulated gaming market," says Jan Stocklassa, manager of the International business area at Svenska Spel. *"If more companies within the WLA sphere increase their level of technical competence and improve their product offering, they will have significantly better ability to withstand competition from Internet companies and other competitors."*

Nevada Governor Signs Law Permitting Wireless Gaming in Public Areas at Nevada Casinos

Nevada Governor Kenny C. Guinn has signed AB471, which authorizes the use of mobile communication devices for gaming in public areas in Nevada casinos. An online interactive WifiCasino GS system preview is available to all interested persons at <http://www.diamonditech.com>.

Veikkaus Launches Internet Instants

The product family of Veikkaus instant games was extended in May with the introduction of Internet instant tickets: 'Nature Instant' and 'Horoscope Instant.' The tickets are scratched by clicking on the icons.

SMS Lottery in Nigeria

The first SMS based lottery scheme has been launched in Nigeria on the Glo Mobile Network by Fortune Games Limited. This was launched in Abuja on June 2, 2005. The game commenced almost immediately as live demonstrations were successfully carried out during the launching. The first draw was held on the 18th of June 2005 live on the NTA network.

The system entails a subscriber selecting six numbers between 1 and 49 on their phones. The numbers are sent by text to 35400 short code dial on the Glo Mobile. This code will be used for the other networks as the same short dial code has been approved on the Vmobile network. Players also have the option of computer pick on their telephones.

The rolling jackpot starts at N5,000,000. This may involve a loss to the promoters for the first few draws if there is an immediate jackpot winner since it is expected that the game will pick up after the

players get used to the idea of lotto on GSM phones.

Wieners vs. Winners in Delaware

As part of an integrated, ongoing effort to create winner awareness, the Delaware Lottery launched the second in a series of web-based, interactive games developed as a fun way to educate players and have fun. "Wieners vs. Winners" is a memory game that offers lively animations, including happy winners and hotdog-wieners, to match within a specified timeframe.

As part of the launch strategy for the games, Players Club members are given a sneak peak at the new game, with an exclusive time period to play. This select group got to play the game and enter to win a variety of prizes. During the two-week promotional period, over 34% of the audience played the game and entered the contest, which was a significant increase in participation from the first web-based game which garnered 11% entry.

To try the Wieners vs. Winners game, visit <http://www.delottery.com/wieners.html>.

Lotterywest Launches Grant Website

Lotterywest has proudly launched its 'new look' Grants website – Grants Central at www.lotterywest.wa.gov.au/grants. The new and improved site is designed to provide customers with all the information they need to find out about Lotterywest grant opportunities and how to apply for a grant. Color coded areas, simpler and faster navigation and a checklist to help people negotiate the grants process are just some of the improvements.

EGET Launches WinOne™ Upgrade

EGET announced the latest release of its WinOne™ Mobile Gaming Platform, giving gaming operators a compelling reason to expand their businesses into the mobile channel. EGET has joined forces with Finnish mobile marketing technology provider, Add2Phone, to offer player profiling, mobile CRM capabilities and advanced mobile marketing tools on the WinOne™ Mobile Gaming Platform.

Bingo.com Launches Cash Games

Bingo.com has launched cash-based gaming on its website, www.bingo.com. The new cash gaming software has been provided under license by Chartwell Technology Inc. Both 90 and 75-ball bingo games are available.

Kayak to Bring Slingo-2-Go to Mobile Users

Kayak Interactive plans to ratchet up the Slingo phenomenon this summer by creating the largest mobile to Web community in the world with the launch of Slingo-2-Go.

Kayak will offer two mobile multiplayer versions of the Web's most popular game that combines the fun of Bingo and the thrill of Slots. The Web version of Slingo has more than 2 billion recorded games and 3 million registered users creating an incredibly dedicated player base that's constantly looking for more fun and competition. In 2004, Slingo.com was rated the stickiest Website on the Internet by Nielsen NetRatings, with Web surfers spending an average of four hours on the site per month.

Kayak will deliver 24x7 mobile accessibility by connecting wireless Slingo-2-Go players with each other and to the avid Slingo.com community, allowing fans to kick-off Slingo excitement anytime, anyplace. ♦

RoundUP

California

Mega Millions tickets went on sale in California on Wednesday, June 22. The event was celebrated by the state's first Mega Millions draw being held live in Hollywood, CA on Friday, June 24 at 8pm PST. Californians wasted no time asserting their Mega Millions presence. Golden State players purchased a record \$2.4 million on the first day of Mega Millions sales, surpassing the old first-day record of \$1.7 million set by New York in 2002. The game went ahead despite a last minute opposing opinion from the Legislative Counsel calling the game illegal.

Delaware

Sports wagering would come to Delaware under legislation introduced in the General Assembly. The bill places no limits on the number of gambling parlors allowed. Only three states, Nevada, Oregon and Delaware are allowed to operate sports betting, due to a grandfather clause in the federal law banning the activity. The new Delaware bill does not specify the state's portion of proceeds, nor does it specify criteria the state lottery should use to determine eligibility for a gambling license.

Florida

The Florida Lottery will soon be able to boost payouts for its online games due to a bill signed into law by Governor Jeb Bush. Up until now, the Lottery has been required to stick to a 50% payout. The new legis-

lation allows for payouts to go as high as 60%. Lottery officials have not determined how these increased payouts will be handled, but it's been estimated that increasing the payouts to 54% this year could boost sales by as much as \$400 million.

The Florida Lottery received a Davis Productivity award for their contributions to education and improved sales strategies since 1999 at the 2005 Prudential Financial – Davis Productivity Awards Luncheon. The Lottery received the award for its two-fold strategy of increased sales and reduced operating costs. Florida Lottery sales and profits are at an all-time high and operating costs are near the all-time low. With 38 percent fewer employees, the Florida Lottery generated approximately \$243 million more in profit during fiscal year 2003-2004 than it did five years ago. The amount of net profit generated per employee, \$2.35 million, has more than doubled during this period.

Illinois

Illinois lawmakers voted to create scratch-off lottery games to raise money for veterans programs and breast-cancer research. Lt. Gov. Pat Quinn proposed the veterans game based on a similar lottery program in West Virginia. He says it could generate \$10 million a year to help soldiers dealing with post-traumatic stress disorder, health insurance troubles and homelessness. Meanwhile, supporters of the "Ticket for the Cure" hope their game will provide \$3 million a year for cancer research. The veteran's game passed 49-6 in the Senate. The version for breast cancer was approved 93-12 in the House. Each game had already

People



The Oklahoma Lottery Commission hired three administrators to help new executive director **James R. Scroggins** get the state's education lottery up and running by October. Named director of administration was **Rollo Redburn**, a 29-year employee of the Office of State Finance who currently serves as the agency's deputy director. Redburn has served as a liaison between the commission and state government since commission members were named in February. **Jerry Havener** of Cape Coral, FL, was named director of operations. A freelance lottery consultant, Havener has been involved in starting up 23 lotteries worldwide, the last one in Tennessee. **Beverly Hughes** of Atlanta was named director of sales and marketing. Hughes, part owner of a printing business, has experience in printing lottery tickets and with online lottery operations.

Name plates and business cards changed at IGT Europe in anticipation of welcoming a new Managing Director. **James Boje**, formerly of IGT's South African office, will take over the European operation responsibilities of **Kurt Quartier**, now Vice President International Casino Markets. James Boje brings 20 years of gaming experience to the office – experience gained in both operations and distribution.

Lottery Dynamics LLC has announced the hiring of seasoned lottery operations executive **Andrzej Surmacz** as Vice President,

Operations. Surmacz joins Lottery Dynamics with 20 years experience in domestic and international sales and operations, most recently as Vice President of Lottery Systems with IGT. In his role at Lottery Dynamics, Surmacz will be responsible for the timely implementation of the company's patented Lotto Gold+™ and other proprietary programs as the company accelerates its worldwide marketing efforts. He is fluent in English, Polish and Swedish.

Yobet.com shareholders have elected **R. Douglas Donn** and **F. Jack Liebau** to serve on the company's Board of Directors. The addition of the two racing executives – Donn was CEO of Gulfstream Park Racing Association for more than two decades and Liebau is currently President of Bay Meadows Racing Association – Yobet's Board now has eight members, six of whom are "independent" according to the corporate governance rules of the Nasdaq Stock Market. Mr. Donn will serve on the Board's Compensation and Strategic Planning Committees. Mr. Liebau will be a member of the Audit Committee. Yobet shareholders also re-elected six incumbent directors: Chairman and CEO **Charles F. Champion**, Vice Chairman **David M. Marshall** and independent directors **Gary Adelson**, **Joseph F. Barletta**, **Robert E. Brierley** and former Illinois Governor **James Edgar**. ♦

been approved by the other chamber earlier in the session. They now go to the governor.

Louisiana

This spring, the Louisiana Lottery debuted a million-dollar scratch-off game, \$1,000,000 Spectacular, offering players a chance to win a \$1 million annuity prize through a second-chance drawing once the game is closed. The ticket marks the reintroduction of the \$10 price point for the Lottery. Besides the opportunity to participate in the \$1 million second-chance drawing, players have 20 chances to win up to \$200,000 instantly on the ticket. The game features over \$13 million in prizes with over 500 prizes that range from \$1,000 to \$200,000. Five finalists for the \$1 million second-chance prize will be chosen in a preliminary drawing. The five finalists will then participate in the "Spectacular Drawing," date to be announced, to determine the winner of the \$1 million prize. Each of the other four finalists will win \$5,000. To promote this new \$10 game, the Lottery launched a multimedia campaign featuring E! Entertainment personality Todd Newton and a 50's "red carpet" motion picture premiere theme produced in black and white. Television, radio and outdoor ads were complemented by special in-store POS and winner awareness initiatives. The television ad that announced the game can be viewed on the Lottery's web site, www.louisianalottery.com.

Maine

On Sunday, June 26, 2005, The Maine Lottery launched a new on-line game called "Tri-State Triple Play" replacing "Heads or Tails". Draw times for the game are Tuesday and Friday at 6:50 p.m. Cost per play is \$2.00 for 3 sets of numbers. The rolling top prize for the 5:45 game starts at \$30,000. Each player receives three sets of numbers for the \$2 play, and has the option of choosing his or her own numbers for the first set of numbers. Players can "Win in a Line" by matching three, four, or five numbers straight across on any one of the three lines of numbers (players can win on more than one line); "Combination Win"

– combining at least four number matches from all three lines; "Win Both Ways" by winning in a line and combined match of at least four numbers from the three lines; and even win \$2.00 by matching zero numbers on all three lines.

Massachusetts

Taking an active role in helping Massachusetts residents with gambling problems, State Treasurer Timothy P. Cahill and Lottery Executive Director Joseph C. Sullivan announced that the Lottery will donate \$100,000 of its \$10 million advertising budget, as well as 1,000 short-length radio spots in all major media markets across the state and one million on-line advertisements – both from the Lottery's multimedia ad campaign – to the Massachusetts Council on Compulsive Gambling. The funds will be used to build public awareness around the issue of problem gambling in the state, and promote available resources to those seeking help.

Massachusetts Treasurer Timothy Cahill is also studying a proposal to launch a weekly televised bingo game as a way to boost lottery revenues. Before moving ahead, Cahill says he wants to make sure the new televised version wouldn't hurt participation in more traditional bingo games.

Michigan

The Michigan Lottery has become the first Lottery to launch Pollard's newest licensed property, Match Game™. The unique play format of the game is a natural tie-in to the Match Game™ television show. Match Game™ was launched on March 21st and is currently available for the suggested retail price of \$3.00.

New Jersey

Players throughout New Jersey were encouraged to "give their dreams a chance" after the New Jersey Lottery unveiled its new tagline and website redesign. Players can see the changes by logging on to www.njlottery.net. The new logo treatment features the classic New Jersey Lottery ball adorned with a rainbow of colorful stars and the



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RoundUP

tagline, "Give Your Dreams a Chance." The logo and tagline were developed by the Lottery's advertising agency, Brushfire. The new logo also will be prominently featured on the lottery's website redesign:

Additional enhancements to the site include an overall layout redesign, color scheme and more straightforward navigation system. Many of the website's more popular features now can be accessed without leaving the main homepage. The addition of flash drop-down menus, rollover images and jackpot amounts aligning the top of the website add an interactive twist. What's more, new additions to the homepage also include one of the Lottery's most popular features, the VIP Club, giving members the inside scoop on games, drawing results and the chance to win tickets to sporting events and concerts. With a login dialogue box on the front of the lottery website, accessing and signing up for the VIP Club is as easy as typing "njlottery.net" into a web browser. With over 100,000 VIP Club members already registered, this feature will surely increase membership and ease logging in.

Ontario

What would you do with an extra \$1,000 a week for the rest of your life? Ontario lottery players now have a chance to answer that question every Thursday with PAYDAY, a new weekly lottery draw game launched by the OLG. PAYDAY is a \$2 game with an annuity top prize paying \$1,000 a week for life. Other prizes of up to \$50,000 are also available. The odds of winning the top prize are 1 in 1.35 million, while the odds of winning any prize are 1 in 6.1.

For \$2 per play, consumers select a set of four numbers from a field of 1 to 77 either by selection slip or by Quick Pick. Fourteen additional sets of four numbers are then automatically system generated for a total of fifteen sets of 4 numbers, which are printed on tickets in various prize categories: 1 player selection or Quick Pick selection for the \$1,000 A Week For Life prize category (or an optional, one-time lump sum of \$675,000); 2 sets in the \$50,000 prize category; 4 sets in the \$20,000 prize category; 8 sets in the \$1,000 prize category; and Subsidiary prizes include \$25 for matching three numbers in any set and \$2 for matching any two numbers in any set.

Oregon

In a move designed to lure the NCAA basketball tournament back to Oregon, the Oregon House voted 51-0 to pass HB 3466, a bill that would abolish state-run sports lottery games. The NCAA has said that it would not conduct any NCAA tournament games in any state conducting sports betting games. If the bill passes the Oregon Lottery's Sports Action and Scoreboard games will end.

The Oregon House voted in favor of a constitutional amendment that would set aside 1% of the proceeds of the Oregon State Lottery for veterans services. The bill now goes to the Senate. If approved, it would be placed on the primary election ballot next year.

Pennsylvania

The Pennsylvania Lottery has set a new sales record. Lottery sales from July 1, 2004, through May totaled \$2,358,906,572.50, topping 2003's annual sales of \$2,352,071,452.50 by \$6.8 million. Total sales for the 2004-05 fiscal year are expected to reach \$2.6 billion, resulting in the third consecutive year of double-digit sales growth for the Pennsylvania Lottery. Of the 30 best instant games sales weeks in the history of the Lottery, 27 of those weeks occurred in FY04, including

the best week ever - \$41,881,775 during the week of Dec. 21 - 27, 2004. No single secret is credited with the Lottery's recent success. Rather, everyday attention to detail has made the sales growth possible.

Tennessee

Lottery players are revved up for the Tennessee Lottery's newest game, in which winners can hit the road with their prize, literally. "Corvette Cash," one of the Lottery's new instant-ticket games gives players a chance to win one of three C6 2005 Corvette Convertibles instantly. In addition to those top instant prizes, the game offers other instant cash prizes and a chance to win the choice of \$100,000 or a fourth C6 Corvette Convertible in a second-chance drawing. Players also have the chance to win one of the 1,200 Corvette Prize Packs that will be given away through a series of four second-chance drawings. Each Prize Pack includes: Corvette Logo 100 percent leather jacket; Corvette Leather Bag; American Classic Car Coverlet (throw); Corvette Embroidered Polo Shirt; Black Leather and Brass Corvette Key Ring; and an embroidered Corvette Logo cap.

Virginia

It was coincidence that the Virginia Lottery began filming a commercial with a stuffed alligator a few days after a live alligator was spotted inhabiting a local reservoir. Area citizens thought they saw an alligator being captured and immediately began calling police, animal control and media. The buzz eventually reached the Lottery and fears were soon eased. What citizens actually saw was the filming of a commercial for the Lottery's new instant game, Set for Life, which involved "Rex Danger" thrashing around the water with "Stuffy", a nine-foot-long foam-rubber alligator prop. The Set for Life game was released on May 23, 2005, and has a top prize of \$2,000 a week for life. While "Stuffy" has moved on, the live alligator is still on the loose.

Wisconsin

It's summer, and that means big fun and big prizes for the Wisconsin Lottery. New tickets this summer include "Bucks and Trucks," which features a drawing for three Ford F-150 XLT Supercrew trucks and a \$10,000 top cash prize and "Set For Life," a \$3 game with a grand prize drawing for \$1 million! The Wisconsin Lottery has also partnered with the Wisconsin State Fair for "Cream Puff Cash," a \$2 ticket highlighting the sweet treat for which the fair is famous.

The Wisconsin Lottery events team will hit the road this summer for the Wisconsin State Fair and several other events across the state, including Summerfest, Brat Fest and the Lumberjack World Championships. Summerfest is the world's largest music festival, located on Milwaukee's lakefront, Brat Fest in Madison holds the unofficial world record for the most brats consumed (nearly 190,000 in one weekend!), and the Lumberjack World Championships in Northern Wisconsin attracts athletes from all over the world each year.

Wisconsin Lottery players recently had a chance to win with Wisconsin's Very Own Megabucks without matching a single number. During "Mega Play Days," anyone who purchased a \$5 Megabucks ticket had a chance to win \$1,000 instantly and be entered into a drawing for \$50,000. Retailers selling the \$1,000 instant prizes received a \$100 incentive and those who beat their Megabucks sales goals for the period had a chance to win up to \$5,000 in a special retailer drawing. Mega Play Days was very successful- Megabucks sales increased 23% during the limited time offer. ♣

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CHOICE OF
Arizona Lottery
New Mexico Lottery
Washington's Lottery

Automatic Number Recognition



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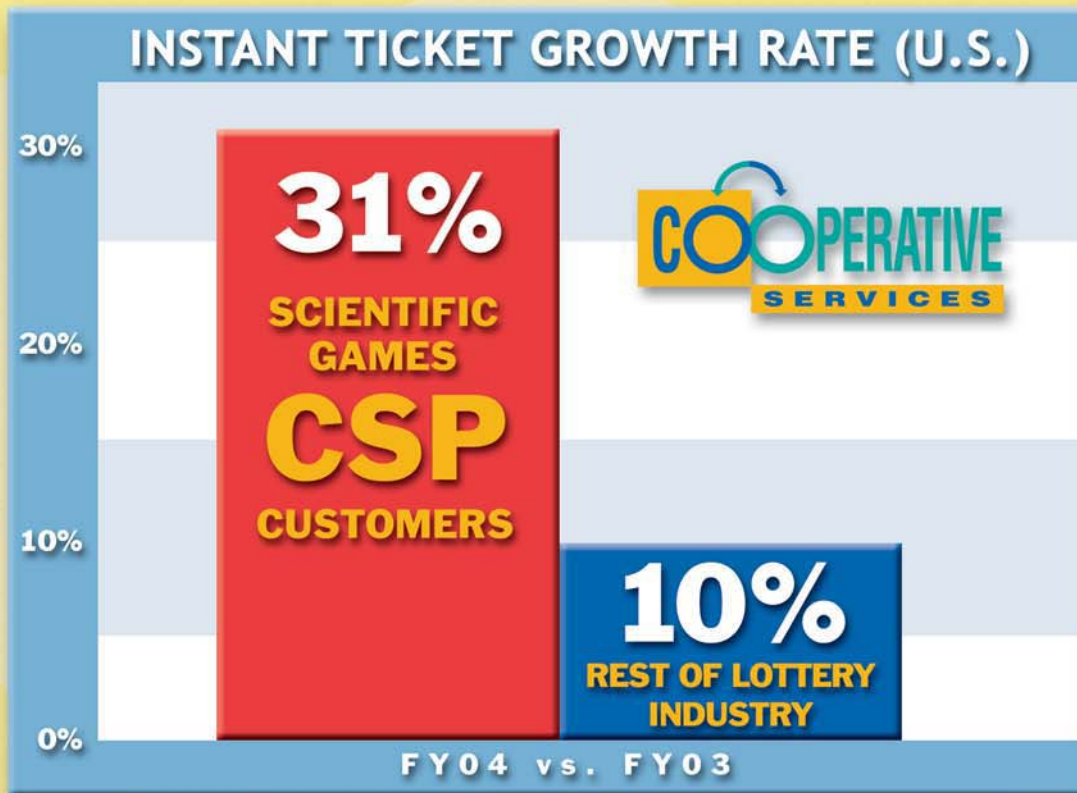


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When in doubt follow your chart

A Cooperative Services Program (CSP) is an efficient, effective solution to help lotteries grow sales and revenue. If you're considering this popular performance-based business model for your lottery organization, consider this:



Scientific Games is the one supplier with a 20-year track record of delivering Cooperative Services and proven results.

- Six of eight (75%) of SG's established CSP customers are among the Top 14 in U.S. instant per capita sales (not including Ohio, our ninth and newest CSP customer)
- Two-thirds of U.S. lotteries reporting the highest instant per capita growth between FY01 and FY04 were Scientific Games' CSP customers
- This remarkable success is not a U.S.-only phenomenon. In Italy, our CSP model has helped increase instant lottery sales over the past year from €165 million to approximately €1.5 billion.



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