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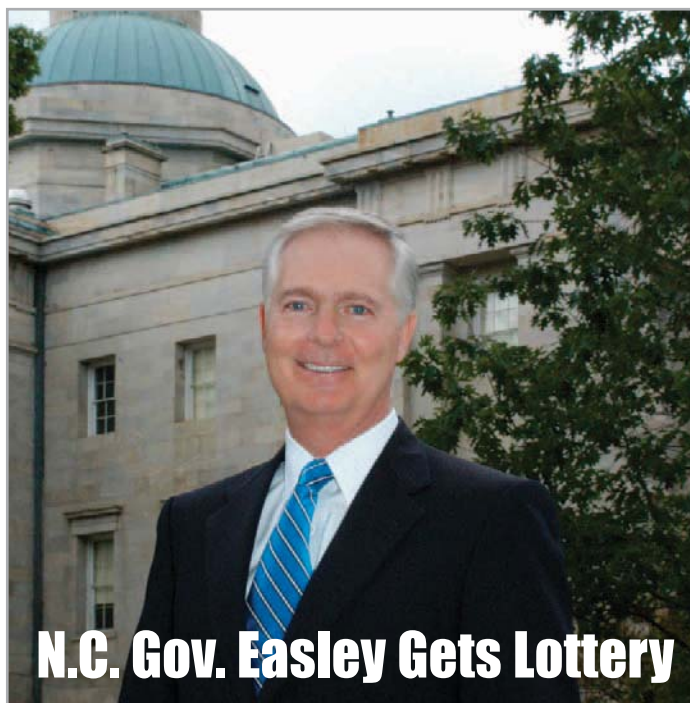
GAMING

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Racino Table Games



N.C. Gov. Easley Gets Lottery



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Kansas to Launch EGC • Pennsylvania/Oklahoma Update



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On the Cover:
 Prairie Meadows racetrack,
 Altoona, Iowa; North Carolina
 Governor Michael Easley.

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Industry News



Offer Made on GTECH

GTECH has received a non-binding preliminary expression of interest from an unidentified third party regarding a potential acquisition of the Company. In light of this expression of interest, the independent members of the board of directors of GTECH are examining the Company's strategic options with the assistance of Citigroup Global Markets as their financial advisor. The Company's board has not concluded that the Company should enter into any extraordinary transaction and, in any event, there can be no assurance that, if the directors determine that a sale of the Company at this time is an attractive option, a transaction will be successfully negotiated or consummated, or as to the form or terms of such a transaction. The Company does not intend to make any further statement regarding these matters until it either reaches a definitive agreement regarding a transaction or determines not to pursue any such transaction.

D.C., Indiana Sign with Scientific Games

The Washington D.C. Lottery has awarded Scientific Games a contract to provide cooperative services including telemarketing, warehousing and distribution of instant tickets as well as other related services. The contract is scheduled to begin in November of 2005 and contains an initial term of one year with four one-year options to renew.

Scientific Games has also been awarded a two-year extension from the Hoosier Lottery worth \$13.86 million. The agreement commences January 1, 2006. Scientific Games is the Lottery's vendor for both instant tickets and online games.

California Orders More from GTECH

GTECH received an order from the California Lottery for a variety of lottery products including additional Altura® terminals, ITVMs, and other self-service lottery solutions. Under the contract change order, GTECH will provide the California Lottery with 550 Altura terminals, adding to the 18,500 Alturas already in operation. In addition, 700 Altura LVTs will be installed, providing a powerful, yet, compact platform for retailers requiring a smaller terminal. The Company will also supply 12,500 Express Point® Plus devices, bringing the total to 19,000. The Express Point Plus terminals facilitate convenient player-activated identification of online winning tickets. The Lottery will also receive 1,000 20-bin Expandable Dispensing System Quad Burster™ (EDS-Q) ITVMs, which will be used primarily as replacement machines. Along with the ITVMs, GTECH will provide 150 GamePoint™ terminals, the Company's new lottery self-service solution, combining the best of the instant ticket vending machine with online self-service capability. Over the next 90 days, the Lottery has agreed to order 200 additional ITVMs or 100 additional GamePoints, or some mix of the two equipment types.

With respect to the contract change order with the California Lottery, GTECH expects to receive approximately \$8 million in product sale revenue, and \$35 million in service revenue over the life of the existing contract which runs through October 13, 2009.

JCM and Transact Sign Letter of Intent

Creating an even more convenient environment for their customers, JCM American Corporation and TransAct Technologies Incorporated

announced a letter of intent which will bring together the sales efforts of the two leading bill acceptor and printer brands. Under the letter of intent, JCM's sales force will begin offering TransAct's gaming thermal printers in North

and South America in combination with JCM's many bill acceptor and currency handling products. In addition, the companies will also work together to offer world-class service and support for TransAct printers by utilizing the network of sales and service centers that JCM already has in place. Under the agreement, JCM will phase out its TSP-02 printer.

Betware Integrates Scientific Games Central System in Iceland

Betware integrated its secure gaming solution to the Scientific Games central system bought by Icelandic lottery companies Islenskar Getraunir and Islensk Getspa on July 4, 2005. The Betware solution was already running on the Lotteries' old system provided by GTECH and the change from the old system to the new Scientific Games one was quick and easy for Betware.

Israel Signs with Intralot

Following a tender, Mifal Hapayis, Israel National Lottery signed a contract with INTRALOT S.A., regarding the design, development, supply and maintenance of their new interactive system "E-Pais". The new "E-Pais System" will provide access to Lottery's customers, through alternative channels, for participating in On-Line games. The new system will be based on INTRALOT's innovative platform "B-On". The new system will support 5 main games, Chance, 777, Keno, 123 and Lotto, including its variations (Regular, Subscriber, Group) and will support four languages, Hebrew, Russian, Arabic and English.

JCM Milestone

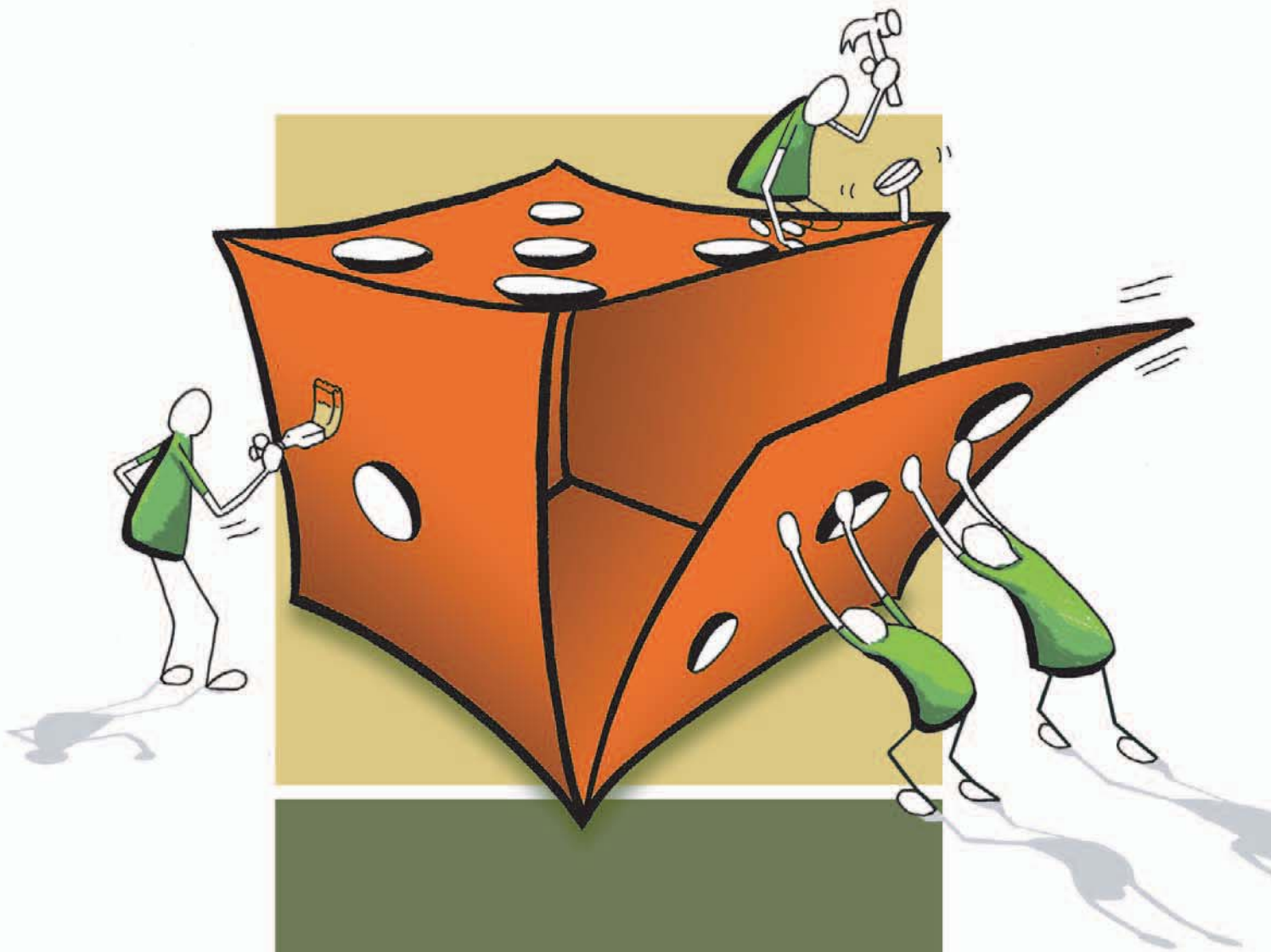
JCM American is approaching a monumental milestone. This year, the company's products will have validated approximately \$4 trillion in U.S. currency. That's more than \$13,500 for every man, woman and child in the United States. The company estimates that since 1995, its products have validated more than \$1.55 trillion in the commercial arena, and more than \$2.28 trillion in the gaming industry. JCM expects its products will validate a combined total of \$4 trillion by the end of 2005.

Oregon, Idaho See Uno Boost

The Oregon and Idaho Lotteries have both seen success with their UNO® instant tickets. The Oregon Lottery launched UNO® in February 2005, and saw sales outpace average \$1 games by 31.5% as Uno outsold more than half Oregon's \$2 games and \$3 games. Sales for Idaho's \$3 UNO® game ranked higher than seven of its nine \$5 tickets, and were 21% higher than the average \$3 game!

PGRI Chooses Wynn Las Vegas for SMART-Tech 2005 and EXPO/ILAC 2006

The Public Gaming Research Institute, publisher of Public Gaming International, is pleased to announce that it has selected The Wynn in Las Vegas as its venue for SMART-Tech 2006 and EXPO/ILAC 2006. SMART-Tech 2006 will take place February 27 to March 2nd, 2006, and EXPO/ILAC 2006 will take place July 16-19. Get a sneak preview of what you'll see at the Wynn at www.wynnlasvegas.com. ♦



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Australia

Exciting new changes will be made to Australia's Oz Lotto to ensure the game remains attractive to the thousands of players who hope for their lucky numbers to be drawn each Tuesday evening. As Oz Lotto is administered jointly with other Australian lotteries jurisdictions, the changes will become effective Australia-wide from Wednesday, 12 October 2005 with the first draw #609 occurring on Tuesday 18 October. Changes to the national game apply to key game elements, such as the game matrix, prize divisions and jackpot sequence. The principal changes include: 7 balls to be drawn from 45 (instead of the current 6); 7 prize divisions to be offered (instead of the current 5); A new jackpot sequence will be introduced, with the game expected to jackpot to \$10 million approximately twenty times each year.

NSW Lotteries sent out "Lotto Angels" to Western Sydney service stations to give away 1,000 free entries in the big \$19 million Lotto Super Draw held on Saturday September 17. The tickets were handed out to motorists filling up their cars in the suburbs of Lidcombe, Auburn, Granville, Parramatta, Guildford, Cabramatta, Liverpool, Warwick Farm, Yagoona, Bankstown and Chullora between 11am and 4pm on Friday 16 September.

China

The Shanghai Welfare Lottery Distribution Center is now offering Quick Draw Keno at more than 100 restaurants, bars and tea houses around the city. The game, which sells for 2 yuan and operates on a 10:100 matrix (the computer will draw 20 numbers), offers a chance to win up to 200,000 yuan. The game will play every five minutes from 7:45am to 11:45pm. The Keno network is expected to expand to 400 outlets by the end of the year.

France

On September 15, La Française des Jeux launched an innovation in its instant games range with a brand new concept: 7Extra. 7Extra is the first La Française des Jeux instant offered at the 10 price point. 7Extra is presented in a sealed pack and contains a strip with 7 different new scratch games as well as 1 bonus game. Tickets can be separated from the strip to claim prizes independently, but cannot be sold separately. 7Extra offers: a very high winning frequency: 1 pack in every 4 wins 10 or more; every pack guarantees a 3 winning ticket or more; a high prize payout: 70%; a top prize of 100,000; 12 prize levels; and several low and mid-level prizes (in particular 50 & 100).

Germany

Saarland-Sporttoto commenced operation of a new generation of online terminals. The main component of the installations is 468 Xion /Mtop terminals from Wincor Nixdorf. With their touchscreen technology, the new terminals are easier and faster to operate for lottery outlet staff than the old terminals which had keyboard interfaces. In addition, the Xiprint+ thermal printers newly developed by Wincor Nixdorf help serve customers more quickly and offer improved graphic printing capability.

India

Bally Gaming and Systems announced plans to expand its engineering operations by opening a wholly owned offshore development center in India to improve the speed and quality of product enhancement deliverables and customer service levels. The new Bally development center will be located in Chennai, a growing technology hub of India. The new center is scheduled to open in October 2005 and grow to approximately 50 people within the first few months of operation. This new offshore team is expected to augment end-to-end design and development initiatives currently taking place in Bally's U.S. – and European-based development centers.

Malaysia

Shuffle Master received a single order for 125 units of its Easy Chipper roulette chip sorter. The order was placed by Shuffle Master's Asia Pacific Distributor, RGB Limited, for its onwards lease to Genting Highlands Casino in Malaysia.

Mexico

Bally Gaming and Systems has entered into a master development and supply agreement with Codere Mexico, S.A. to provide an integrated systems solution at multiple locations and a minimum of 2,000 Electronic Numbers Draw Gaming Systems for the burgeoning gaming market in Mexico.

Russia

Olympic Lottery, an online lottery game, will launch in Moscow before the end of the year. Yuvenga holds the license to conduct and operate an online lottery in the Moscow city limits and the surrounding territory through 2013. Proceeds will benefit social services and sports clubs in Moscow as well as support the Russian Olympic Committee.

South Africa

South Africa's Uthingo launched SportStake, a Sports Pool game on Monday, September 19. SportStake will be the National Lottery's most affordable game to date – costing only R1 per entry. Soccer will be the initial focus of SportStake, but other games may be considered in the future. Players will have to predict the outcomes of 12 predetermined matches drawn from South African, English and other identified weekend professional soccer fixtures. The prize pool will be set at 50 percent of sales and there will be three prize divisions, for correctly predicting, 12, 11 and 10 fixture outcomes. The rolling jackpot will begin at R500,000.

Spain

CARD, a Shuffle Master International Company, has entered into an exclusive distribution agreement including minimum annual purchase commitments with Machines Games Automatics, S.A. (MGA) to distribute Table Master™, the company's electronic, multi-player table game platform, to arcades throughout Spain. The customized Spanish version will feature "Fortune Card™", a modified version of blackjack.

Thailand

Thailand's Government Lottery Office will conduct a feasibility study into introducing casinos to Thailand. Officials are looking at building four casinos in the country. ♦

Lotto Sino Security Clarification!

On page 21 of the August 2005 issue of Public Gaming International, in an article dealing with ticket security entitled "A. Rifkin – Security through RFID Technology", Public Gaming International placed an image of the New Mexico Lottery's Lotto Sino ticket. We in no way meant to imply that Lotto Sino, or any other ticket sold by the New Mexico Lottery, was lacking in security – we simply needed an image for the article. We regret any confusion that our decision may have caused. ♦

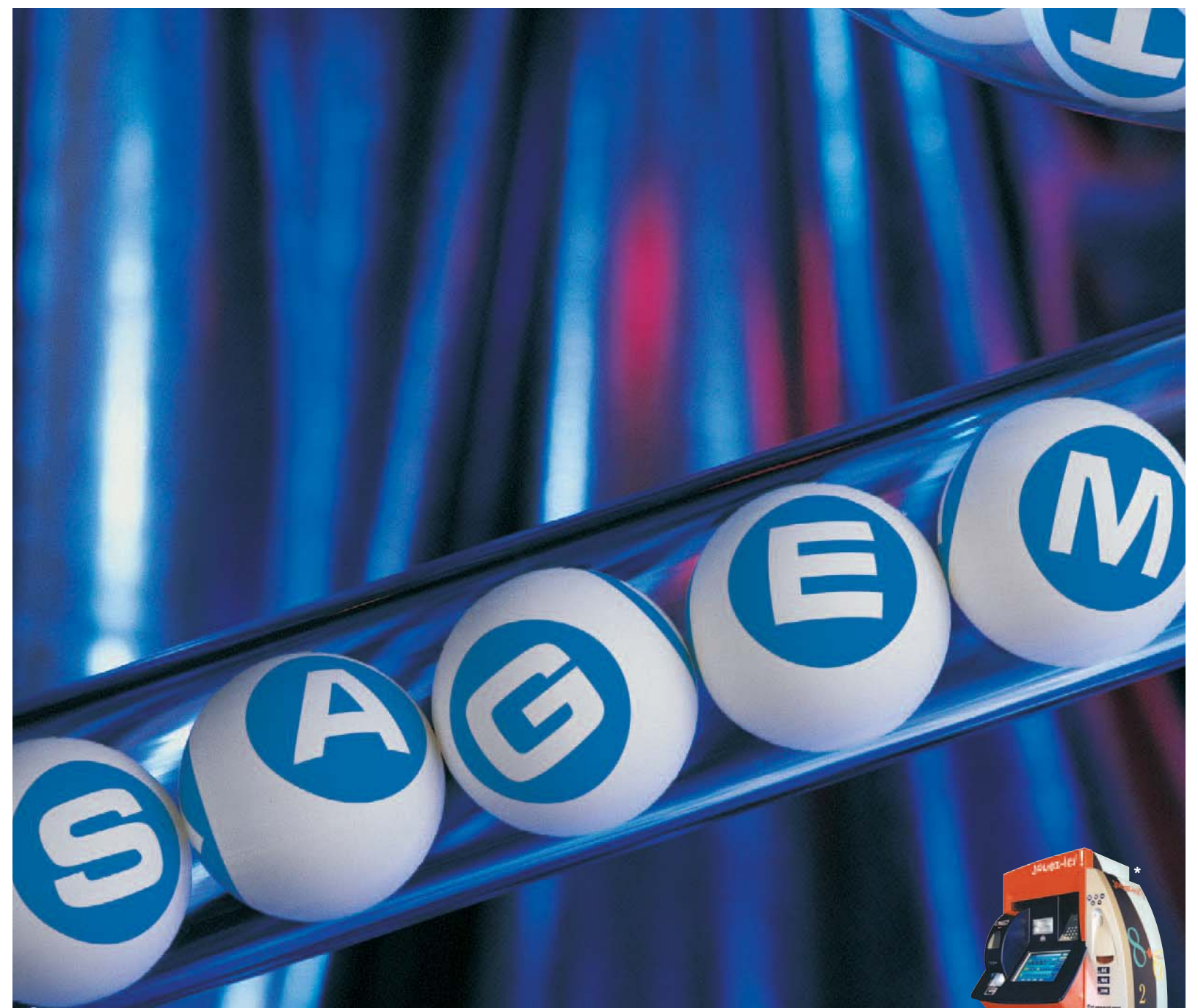


Photo : DANAMI, Photo : Daniel Prodyva - * Photo : Française des Jeux. (11 VA V2)

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How Can Lotteries Achieve Greater Revenue

By: Tim Nyman, Senior VP, Global Services, GTECH; 2005 PGRI Lottery Industry Hall of Fame Inductee



Since joining the lottery industry in 1977, I have seen many concepts designed to increase lottery sales come and go. Today, the attention of the younger demographic is on flashy graphics, instant gratification, and the anytime/anywhere access to the Internet, mobile phones, and personal digital assistants which poses a challenge for many lotteries. Meanwhile, the established players are seeking a broader spectrum of games which lotteries are trying to accommodate without cannibalizing the current revenue generators. When asked the question, "How can lotteries achieve greater revenue?" I define GTECH's approach as matching players with the right games, channels, and delivery devices to increase

revenue and value to our customers.

The three drivers that steer lottery revenue are game content, distribution channels (such as monitor, online, and instant games), and delivery devices (point-of-sale such as the lottery terminal, Internet, or mobile phone). Many hope to find one single method to increasing revenue but a carefully designed combination of these three drivers is best. Most importantly, the amount of contribution from each of the three depends on the jurisdiction when trying to determine the winning trifecta to successfully increase lottery sales.

Lights, Camera, Action

When seeking a solution to bridge the gap between the new and established players, lotteries will have to be agile when negotiating between the two. One way GTECH is vying to capture the hearts and minds of players is to offer familiar brand names. GTECH has just signed an agreement with Universal Studios Consumer Products Group to start a KING KONG game in parallel with Universal Pictures' December 14th release, King Kong, from three-time Academy Award® winner Peter Jackson. The first KING KONG instant game tickets will be available at various times throughout October in New York, Georgia, and California, and online games will be available in New York, the set location for the movie, in November.

Lottery sales promotions are an excellent vehicle to increase lottery revenues. GTECH has a wholly-owned subsidiary, IGI/Europrint, in England that delivers innovative promotional games, contests, and sweepstakes to players around the globe in a variety of media formats. IGI/Europrint specializes in a variety of gaming-type promotions across a wide spectrum of media including magazines, product packaging, television, Internet, and newspapers. For example, since 1996, GTECH and IGI/Europrint together have launched more than 10 television lottery games around the world. Viewers buy interactive game cards from their lottery retail-

er that are linked to popular television shows and play along at home. At-home players use information generated in the show for the chance to win prizes. The dual experience of working in media promotions and producing lottery game content has given IGI/Europrint an edge in creating lottery sales promotions. Associations like these will give lotteries a larger playing field to capture both established and potential new players.

Take a Walk on Boardwalk

Another way to expand sales among lottery players is to fine-tune existing games in traditional channels, giving players more value for their money. One of the newest additions to the GTECH catalog of games is Pick 'n Play™ which primarily targets existing players. Players actually "pick" the game of their choice by choosing a Play Card. This gives players a perceived notion of control over the game with its instant gratification aspect of the game, engaging graphics, multiple themes, various game choices, chances to win more prizes, and better odds. Pick 'n Play will feature MONOPOLY™ and BATTLESHIP™ as part of the game line up in a continued effort to drive impulse and repeat sales while increasing revenue with familiar brand names. GTECH licenses these well-known game brands from the Hasbro Properties Group, the intellectual property development arm of Hasbro, Inc.

A second example of this strategy that has already been successfully implemented is the Minnesota Lottery's G3® games introduced in February 2004 that brought in revenues of \$3.5 million. The G3 instant online games are an example of new content that is successful at a higher price point. G3 games such as Bingo™ and Crosswords are primarily appealing because they combine the online experience with the immediate gratification of an instant win. This exemplifies how new content can be offered through an existing lottery traditional channel, a concept that was not possible with traditional matrix or numbers games.

And They're Off

Social space gaming, played outside of the traditional retail channels, is more appealing to a younger demographic and does not cannibalize existing sales. Since 1991, Keno has delivered more than \$6.1 billion in revenues to 12 jurisdictions in the U.S. Restaurants, taverns, and bars clamor to participate in entertaining games such as Club Keno because it keeps customers in the establishments for a longer period of time.

GTECH propelled monitor-based games to the next level with the launch of HotTrax® in Rhode Island in May 2004, which complements existing products in the social space. HotTrax is an auto racing game that creates a perception of competitiveness by allowing players to place wagers on the finishing order of racecars. The HotTrax technology allows the game face to be easily modified from auto racing to any other type of racing activity. This gives lotteries the ability to customize the game to meet their player needs with technology enabling content. The younger players brought up with video and online games tend to be

drawn to competitive games that are visually dynamic and invigorating. With this in mind, these attributes have made this type of game immensely popular among players in the 21 to 34 year-old age bracket.

The Tennessee Education Lottery Corporation is considering launching the newest addition, HotTrax Champions™ – possibly as early as 2006. HotTrax Champions will feature some of today's top race car drivers. The game will showcase the drivers' names, signatures, headshots, and personal messages from the drivers aired between each game.

This social setting also makes way for new games such as WinWave™, the next generation video lottery terminal, just recently launched by Spielo®, a GTECH Company. WinWave offers a sleek new design, a second LCD screen, and a smaller footprint. Developed in consultation with lotteries to meet the specific needs of venues and players, WinWave offers the same full-bodied features as Spielo's traditional terminals with ergonomic enhancements that improve the overall playing experience.

The Wave of the Future

GTECH advances into the near future with two levels of interactive games, NetWin 2 Go™ and NetWin Direct™. The primary difference between the two is that NetWin 2 Go is purchased at your local lottery retailer and NetWin Direct is purchased from your mobile phone or through the Internet. NetWin 2 Go, also known as eScratch, is currently offered by the Kansas State Lottery. To play NetWin 2 Go, players purchase a ticket at the lottery retailer, and then visit the lottery website to locate the NetWin 2 Go link where they enter a unique account number printed on the ticket. The player clicks the link to choose from a variety of play styles, including scratcher, reel, card, sport, trivia, and even popular board games. Once game play is finished, the player returns to any lottery retailer to collect the winnings and/or purchase more NetWin 2 Go tickets.

NetWin Direct on the other hand is currently offered in Europe, where players have access to Internet-based "wagering." NetWin Direct gives players the ability to play NetWin games anytime, anywhere from personal communications devices of their choice, including PCs, mobile phones, and Interactive TV. Other games supported by NetWin Direct include draw and sports betting games. Several European lotteries using this type of system have seen growth rates of up to 50 percent. Considering the growth rates in Europe, a lottery with a loyal customer base wishing to maximize opportunities should investigate what alternative channels of distribution can add to their lottery.

One day we all hope to find that magic answer to continuously grow sales. In reality, there is no single solution to bridge the gap between players, channels, and devices. It's a work in progress. Lotteries and, most importantly, their vendors will continue to research and develop how best to combine innovative game content, sales channels, and delivery methods to achieve the optimal mix. GTECH's mix is what keeps us "Ahead of the Game."

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Today Kansas, Tomorrow the World Electronic Game Card is Catching On

After a phenomenal first run with the Iowa Lottery, the Electronic Game Card (EGC) is now branching out. In late September, the Kansas Lottery announced that it will be the second U.S. lottery to embrace and launch this fast-action product in November.

Kansas Lottery Director Ed Van Petten said that the Lottery had previously reviewed the product and liked it, but decided to see how it sold in Iowa and

how it was received by retailers before offering it to Kansas players.

"The Kansas Lottery is always looking for innovative and entertaining games for our players, and Scientific Games has certainly provided both with this product," Van Petten said. "We are glad to be bringing the future of lottery to Kansas citizens."

Modeled after Iowa's Quarter Play EGC game, the Kansas version will be called Super 7's and will feature a \$500 top prize.

"We are extremely thrilled that the Kansas Lottery has decided to include this pioneering product in its already impressive line up," said Steve Saferin, President of Scientific Games Ventures. "As new content becomes increasingly important to a maturing lottery marketplace, innovative games such as these will be fundamentally necessary for attracting new demographics and offering fresh options to existing lottery players."

Meantime, the Iowa Lottery is introducing its second Electronic Game Card, Pocket Poker, this month and is planning still another variation of the EGC for launch in early 2006.

Scientific Games markets and promotes the EGC to the global lottery market under a joint venture arrangement with Electronic Game Card, Inc. The EGC is a pocket-sized digital lottery ticket. Each card, about the size of a driver's license, is battery powered and loaded with 80 random plays. In the case of the EGC, an electronic play replaces the traditional scratch play of a paper ticket. LCD screens on the front of the card display the symbols in a particular play and show whether it has won a prize.

It may come as a surprise to some, but the mechanics behind the Electric Game Card have been around for a long time. In fact, almost 20 years ago, innovator John Bentley teamed up with a friend to invent the game. Mr. Bentley is now president and CEO of Electronic Game Card, Inc.

"The idea we were using was actually on an Atari box way back in 1986," said Bentley. "The trouble with the Atari box was that it could be easily hacked...but it all worked. We worked backwards to find out how we could develop a secure product that could make money.

"It was very expensive to produce. In those days you had to produce a chip – it was a \$100,000 investment just to produce a single game. We put it in a drawer and came up with it again a couple of years ago."

Eventually, EGC fell into the hands of Scientific Games, which loved the idea.

"Unique is a word that companies often throw about indiscriminately to describe their products and services, but in this particular instance, the word appropriately characterizes the Electronic Game Card," said Saferin. "This product is ideal for the emerging generation of consumers who are drawn to visual imagery and who are also comfortable with digital technology."

Dr. Ed Stanek and the Iowa Lottery – perennial champions of lottery innovation – conducted a test of the game in October of 2004. During the test EGC flew off the shelves, outselling the Lottery's traditional higher price point game, Pinball Wizard, in similar retail locations by a three to one margin.

The first six weeks of statewide sales in Iowa, which began in May of this year, have been equally impressive. Quarter Play was among the top selling instant games across all price points.

The success of the EGC in Iowa has captured the attention of the lottery industry. Not only was the EGC recently named a PGRI Product of the Year,



but Iowa's Quarter Play EGC was also most recently voted the best new instant game at the NASPL 2005 conference, and several U.S. lotteries are taking a long look at the device.

"We have at least half a dozen lotteries now in various stages of looking at the card," said Bentley. "Some pretty large states are involved."

EGC Obstacles

One of the big obstacles to introducing any new type of game to the Lottery market is legislation. One lottery has already tried and failed to get the EGC past the legislature. "We did have a place that should have had [the card] on the market two months ago," said Bentley. "They were in the early stages and they loved it. They took it to the government and the government threw it out. The big thing was that they hadn't sold a scratch card for more than \$10, so to push the price up to \$20... [Bentley shrugs]"

The EGC can work at any price, but Bentley emphasized that after the manufacturing, the administration and the promotion of the card, it makes a lot of sense for lotteries to charge at least \$20 for it. The excitement built into the card and the longevity of play that comes with each purchase more than make up for the \$20 price tag. In fact, consumer interest with this product seems so strong that Bentley indicated one lottery is considering the possibility of introducing a \$50 card.

Non-Lottery Applications

The universal appeal of the Electronic Game Card has also drawn the interest of non-lottery entities. The device was used in a promotion for Chicago Classic Rock radio station 93XRT. In an effort to promote the station's new website, 4,000 game cards, each with 28 plays, were passed out to the general public.

The response was incredible – 38 percent of the card users visited the station's web site, with 85 percent of those visiting multiple times. The average number of visits for responding card holders was 4.2. For the duration of the program the radio station received zero complaints in relation to the card.

"The response was incredible," said Bentley. "The result is that major media owners are now taking real interest – EGC having signed a deal with a key TV station in Alabama. However, the promotion was meant to break at the beginning of September – but had to be delayed because of Hurricane Katrina - the station concerned was badly affected. But it's all now set to go."

Bentley also made it clear that several developments from EGC are forthcoming: new types of game cards, online and wireless games, and an emphasis on signing up lotteries outside the U.S. Also, the EGC has been cleared by the NIGC and the GLI to be marketed to tribal casinos under the Tribal Numbers name. Whatever endeavor the EGC gets involved in, Bentley seems sure it will succeed because it's an excellent product.

"We know how to make a rewards-based game interesting," said Bentley. "We've got so many prize levels on the game, you could put 250 people on one table, give them all the same format game and they'll all come up with different results by the end. That makes it more interesting." ♣

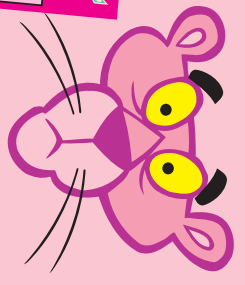
GET	POINTS (Pt)	GET	POINTS (Pt)
7-7-7	1,000	2-2-2	10
5-5-5	200	1-1-1	5
4-4-4	100	ANY TWO 7s	2
3-3-3	20	ANY 7	1

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Racino Table Games: West Virginia Waits, but Prairie Meadows is Reaping the Benefits



Prairie Meadows' Table Game parlor overlooks the racetrack.

What racino wouldn't want table games? Table games mean not only additional money that can be used to bolster horse or dog quality, they also help bring in a different clientele than would track wagers or slots, meaning that cannibalization of existing products would be minimal at worst.

Table games also offer the hope that, after being exposed to the excitement of the track, these new customers might become interested in placing a few bets on the races. Some of the more adventurous may even begin to study the intricacies of racing and eventually fall in love with the sport.

Current lobbying efforts:

West Virginia seems to be the current lobbying epicenter for table games at racinos. With slots looming in Pennsylvania, threatening to divert a major source of revenue, gambling interests in the state are trying to push table games through in order to give Pennsylvania gamblers a reason to keep coming to West Virginia racinos.

Pro-gambling lobbying efforts have looked promising at times, but hopes were stymied in late-summer 2005 when Governor Joe Manchin decided to not call a special session of the legislature in order to vote on table games. The Governor's decision not only killed efforts for a 2005 decision, it may also mean that table games will have to wait until 2007 to be passed. With 2006 being an election year, gambling fence-sitters may feel uneasy about jumping down onto the side of expanded gambling.

Prairie Meadows

While lobbying efforts may be strong in West Virginia, the first implementation of table games at a racino occurred in 2004 at Prairie Meadows in Altoona, Iowa.

Prairie Meadows complemented their 1,500 slots in December of 2004 by launching 33 table games, increasing that number to 44 in May of 2005. At the present, the racino can't add any more tables until the facility grows, but construction is currently underway and Prairie

Meadows expects to add 24 more table games and 500 slots in 2007.

While they've been there only a short time, table games have already delivered at Prairie Meadows. Month on month attendance has climbed steadily over 2004 (see table 1), and FY '04/'05 table take was \$1.4 million.

In implementing table games, Prairie Meadows has taken a good deal of business back from their nearest competition. Lakeside Casino Resort Osceola, a riverboat featuring 900 slots and 40 table games, saw its table game revenue cut in half (from approximately \$950,000 to less than \$500,000) in FY '04/'05. When asked about the amount of business his racino was taking from Lakeside, Prairie Meadows President, CEO and General Manager Bob Farinella commented that the vast majority of the business they've taken from Lakeside are merely people that live in the Prairie Meadows market but, until recently, have been going to Lakeside for table games.

In adding tables, the track's main goal was to increase the quality of racing. It has done so by achieving related secondary goals: increasing purses (see table 2), increasing overall attendance, and

TABLE 1	
Attendance Increase by Month (2005/2004)	
April	+14.7%
May	+11.3%
June	+16.1%
July	+14.8%
TABLE 2	
Purse Figures (millions) (conservative estimates)	
2003	– \$15
2004	– \$15
2005	– \$15
2006	– \$16.8 (as high as 18)
2007	– \$17.6
2008	– \$18.5

Do Tables Cannibalize Slots?

While some who lobby against the addition of table games at racinos may argue that adding tables will merely shift players on the slots to the tables, thereby cannibalizing slot revenue, one merely has to look at the rise in attendance at Prairie Meadows, which is clearly from the addition of table games, to see otherwise.

Still, even in the absence of the Prairie Meadows attendance figures, research shows that while table games can, in some instances, cannibalize slot win, the combination of the two always spells increased revenue.

Richard Thalheimer, President of Thalheimer Research Associates said, "Table win goes up as slots are added. While slot win goes down as tables are added, the overall win goes up – even though slot win goes down." Professor Thalheimer went on to explain that while the slot/table combination always produces increased revenue, the cost of slots relative to table games must be considered to determine the effect on profit of adding table games to the mix. ♣

yes, getting new attendees (from the gaming side) interested in racing, thereby increasing the live racing handle. This is the first year that live race handle has actually increased in many years.

Why are gamers at Prairie Meadows crossing over to the track side when many other jurisdictions are not reporting noticeable cross-over? While there's no definite answer to this question, it could be the well-planned location of the table game parlor. Prairie Meadows table games overlook the racetrack, giving gamers a glimpse of the excitement of racing. ♦



JCM Conducts A Successful Field Test of Its Trident Table Safe System

JCM American forever changed the face of gaming when it introduced the embedded bill validator into slot machines. Now, the company is preparing to spark another revolution – this time in table games – bringing the accuracy and accountability of the slot floor to the pit with its remarkable Trident Table Safe System.

JCM has recently successfully completed the first phase of a live test of the Trident system at the Tuscany Suites & Casino in Las Vegas. The field test, conducted on two blackjack tables in the pit at Tuscany, was the first live test Trident has undergone. The test was closely monitored for speed of game, cash collection, data, ease of drop and speed of count, all with amazing results. Based on this success, the test has been expanded to five tables, including four blackjack tables and a Three Card Poker table.

Tuscany Director of Casino Operations Kevin Beaton said, "Trident is a great system. My pit bosses love it because now they have exact numbers that are in the box. Our accounting department loves it because it reduces the amount of labor hours for the count team. I love it because, for the first time, we will be able to market to our pit customers in the same way that we market to our slot customers, with coupons and cash offers. There's information everywhere, there's savings everywhere. It's good stuff."

Tom Nieman, VP of Gaming Solutions at JCM, said, "The opportunity to trial Trident at Tuscany was fortunate for JCM. The management team there is very progressive, and they have given us invaluable feedback."

The Trident Table Safe System is a solution to automate table games. Trident combines JCM's proven currency validation technology in a new design for a rapid and trackable deposit system that accomplishes the results casino operators asked for, namely a faster, more secure and more accurate system.

Through automation, Trident minimizes processes and reduces support time, resulting in a reduction in operating overhead costs and an increase in profitability from table game revenues. Trident is a complete table management system that tracks assets from the table to the pit to the soft count room, and to the back office; gives live drop information to the pit manager/shift manager; has an automatic identification of the drop with its asset; and provides an audit of each asset dropped for the entire revenue day. ♦



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• OUR TWENTIETH YEAR •

North Carolina Passes Lottery

After 20 years of effort, North Carolina is finally going to get a lottery. While the Lottery bill wasn't officially signed into law until Wednesday, August 31, the fate of the Lottery was decided in a surprise turn of events in the Senate on Tuesday, August 30.

Only a week before, after seeing the Lottery bill pass soundly through the House of Representatives, it seemed inevitable that the Senate would force the pro-lottery contingent to be put-off for another year. But a tense, last minute special session pushed the legislation through after a 24-24 tie was broken by the Lieutenant Governor Beverly Purdue's vote in favor of the Lottery.

For North Carolina Governor Mike Easley, who campaigned on a Lottery platform, seeing the Lottery pass on his watch was not only a political victory, it was a victory for education in the State of North Carolina. "Establishing an education lottery for North Carolina means securing much needed resources for our state's school children and public schools," said the Governor. "It means hundreds of millions of dollars for smaller classes in early grades, pre-kindergarten for at risk 4-year olds, school construction, and college scholarships for needy students."

Indeed, the estimated \$400 million-plus that the Lottery is expected to generate annually for education will benefit many programs. At least 35 percent of Lottery sales will be directed toward education, with 50 percent going back to prizes, 7 percent to retailers, and 8 percent being used for administrative costs.

Governor Easley went on to explain exactly what will happen to the money directed towards education: "All net revenues will be transferred to the Education Lottery Fund, a fund separate from the General Fund. Fifty percent of the Education Lottery Fund will go to support class size reduction and pre-kindergarten programs for at-risk 4-year-olds. Another 40 percent is dedicated to public school construction with emphasis on low wealth counties. And the remaining 10 percent will be used to fund college and university scholarships for needy North Carolina students. Additionally, we have created a lottery reserve fund to ensure stability of revenues from year to year. Before any funds are allocated to the three education areas, 5 percent of the prior year's net revenues are placed in this reserve fund to avoid any issues with revenue availability."

Strict Advertising Guidelines

The Lottery Commission has some strict guidelines to adhere to when setting rules for advertising.

"As required by statute, advertising expenses are restricted to no more than one percent of total annual lottery revenues," said Governor Easley. "All advertising will be presented in a fair and tasteful manner. This means that there will be no ads intentionally targeting specific groups or economic classes of people. No advertising for the North Carolina lottery will be misleading, deceptive, or present the lottery game as a means to relieve a person's financial or personal problems. In addition, we are going to include resources for responsible gaming information on all lottery advertising." ♣

What's Next?

Of course, everyone's first question is, "When will game sales begin?"

The answer to that is fairly vague. If all goes well, game sales could begin roughly six months after the passage of the bill – somewhere in mid-March. Whether that's a realistic goal depends a lot upon the early completion of the most immediate task – appointing the nine member lottery commission. Governor Easley wasted no time in making his five appointments, including the Chair (see "COMMISSION" sidebar).

House Speaker Jim Black and Senate President Pro Tem Marc Basnight each pick two members, rounding out the nine member commission.

Now in place, the commission has the very important job of defining nearly every aspect of the Lottery, including hiring the Director. The Director will then have the responsibility of navigating the start-up process as quickly as possible, as each day of sales is expected to bring in an estimated \$1.5 million.

When asked what qualities he would hope the Commission would look for in a director, the Governor answered, "Of course, the citizens would expect honesty and integrity in a lottery director. This person will be running a new enterprise and one extremely important to the people of this state. As with any new business, leadership, flexibility, and the ability to collaborate will be essential skills. We hope to move expeditiously to put the education lottery in place."

In addition to choosing the lottery director, the Commission will also define what types of games the Lottery will be allowed to offer and the rules that will govern the games, the types of technology that may be used in lottery-related matters, the nature of prizes and how to claim them, and the retail sales price for games. The commission will also be instrumental in the choosing of the vendor(s) that will offer those games.

No game-type exclusions were written into the lottery bill; instants, online games, licensed games, and quick-draw keno are all legal. Only gaming machines remain up-in-the-air. While the Lottery bill itself does not ban gaming machines, the Lottery Commission has not indicated whether they will allow them.

The Lottery also will be allowed to pursue joining a multi-state game, and is expected to move quickly in that direction. "North Carolina can benefit tremendously in terms of revenues for education by joining multi-state games. The State Lottery Act gives the director the ability, after authorization and approval of the commission, to enter into agreements with other states to operate multi-state lotteries."

What about licensed instants? The Lottery would have no problem with many of the licensed games available, but the lottery bill has strict guidelines against the use of cartoon characters in advertisements (see "ADVERTISING" sidebar). Does that mean that certain licensed cartoon characters would be off limits?

"As per statute, no cartoon characters can be used in lottery advertisements," said Governor Easley. "Cartoon characters, however, can appear on the ticket, but the State Lottery Act does not allow the use of characters



N.C. Lottery Commission Appointments

North Carolina Gov. Mike Easley has appointed Dr. Charles A. Sanders of Durham as chair and Bryan Beatty of Raleigh, Linda Carlisle of Greensboro, Robert A. Farris Jr. of Wilson and John McArthur of Cary to the North Carolina Lottery Commission.

“Charles Sanders has a strong record of running, directing and advising major corporations around the country,” said Easley. *“It would be difficult to match his qualifications to help guide this new endeavor to a successful start.*

“I have tremendous confidence in the character, integrity, abilities and competence of these five individuals and the citizens of this state should be honored that they have agreed to serve.”

Senate leader Marc Basnight appointed Robert Appleton of Wilmington and Malachi Greene of Charlotte, and House Speaker Jim Black appointed Kevin Geddings of Charlotte and Gordon Myers of Asheville to round out the commission

- **Dr. Charles A. Sanders** is the retired chairman and chief executive officer of Glaxo Inc. He is also the former director of Massachusetts General Hospital and a former professor of medicine at Harvard Medical School. Sanders is a member of the National Academy of Sciences and chairman of Project HOPE. He received his doctorate degree from the Southwestern Medical College at the University of Texas.
- **Bryan Beatty** is secretary of the N.C. Department of Crime Control and Public Safety. He is former director of the State Bureau of Investigation and the former Inspector General. Beatty also served as an associate attorney general and an assistant attorney general with the N.C. Department of Justice. He received his bachelor's degree in political science from the State University of New York at Stony Brook and his law degree from UNC-Chapel Hill. He is also a graduate of N.C. State Bureau of Investigation Academy at Salemburg.
- **Linda Carlisle** was the former owner of Copier Consultants in Greensboro, which was acquired by ICON Office Solutions. She served as president of ICON Office Solutions parent company Alco Standard Corporation. She has served as chair of the Girl Scouts Tar Heel Triad Council capital campaign and established a strategic plan for the Community Foundation of Greater Greensboro. Carlisle is a vice chairman of the UNC-Greensboro Board of Trustees and serves on the Board of Directors for Sterling South Bank. She is former Vice-Chairman of the Greater Greensboro Chamber of Commerce Board of Directors and the United Way Women's Leadership Initiative. She received her bachelor's degree in speech pathology from UNC-Greensboro and her master's degree in business administration from Wake Forest University.
- **Robert A. Farris Jr.** is an attorney and partner in Farris and Farris P.A. He is a former president of the Wilson County Bar Association and the Seventh Judicial District Bar and a member of the N.C. and American Bar Associations, the N.C. Academy of Trial Lawyers and the Wilson Educational Opportunities Board of Directors. He received his bachelor's degree in history from UNC-Chapel Hill and his law degree from the UNC School of Law.
- **John McArthur** is senior vice president of corporate relations, general counsel and corporate secretary of Progress Energy. Prior to that he served as a Senior Assistant for policy and legal affairs for Easley. He previously served in government affairs with General Electric Company and was chief counsel in the N.C. Attorney General's Office. McArthur received his undergraduate degree from Davidson College and his law degree from the University of South Carolina, where he also served as editor of the Law Review.
- **Robert Appleton** is a certified public accountant who served on the faculty of UNC-Wilmington for more than 30 years.
- **Malachi Greene** is managing partner of a consulting firm specializing in public policy, land use and economic development. He served on the Charlotte City Council from 1995-99 and was a state Department of Transportation official and policy consultant to former Republican Gov. Jim Martin.
- **Kevin Geddings** is owner of Geddings & Phillips Broadcasting. He is a former chief of staff to South Carolina Gov. Jim Hodges – a post he left to run the South Carolina pro-lottery campaign in 2000.
- **Gordon Myers** of Asheville recently retired as V.P. of the Ingles Markets grocery store chain. He is a former member of the Asheville City Council and served on the state Board of Transportation and Economic Development Board. He is chairman of the board of AdvantageWest. ♣

that primarily appeal to minors. The commissioners and the director will determine what is appropriate.”

After regulations are written, a director has been selected, lottery staff hired, and vendors chosen, the Lottery can begin the task of signing up retailers. If North Carolina follows the model of other states, it will have somewhere in the neighborhood of 4,000 retailers. Many retailers, especially those on the border, will gain more than a lottery commission.

“Lottery retailers stand to gain seven percent of ticket sales” said Governor Easley, *“but also stores located on the state borders with Tennessee, South Carolina, Virginia and Georgia will no longer be disadvantaged by customers driving across the border to purchase lottery tickets and buying gas and other items at these out of state stores.”*

While Governor Easley wasn't the first person to bring up the idea of

a Lottery in North Carolina, he staked much by running on a Lottery platform. The Governor undoubtedly has a vision of what types of games the Lottery should offer, but he isn't forcing his agenda. He's content to let the Lottery Commission and the Director that they hire make those types of decisions. He commented, *“It is important now that North Carolina has a lottery, that games are competitive with those offered in neighboring states and throughout the region.”*

Fair enough. But surely, after campaigning on a lottery platform the Governor would be eager to celebrate his victory by being the first to purchase a North Carolina Lottery ticket. *“There are many, many North Carolinians who want to support education and enjoy the lottery,”* Governor Easley replied. *“I do not know if I will be at the front of that line, as people have waited far longer than me for this chance.”* ♣

MDI: 20 Years and Growing



Steve Saferin



Linda Saferin

Twenty years after its launch, MDI is one of the most powerful forces in the lottery industry. Today, the company started by Steve and Linda Saferin controls 130 licensed properties and a significant portion of U.S. instant ticket sales, has been drawn under the umbrella of lottery giant Scientific Games and plays an active role in many of the U.S. lottery industry's most successful promotions.

Could this level of success be what the Saferins envisioned when they started the company?

"I'm not really sure what our expectations were in the beginning," said Steve Saferin, president and CEO of MDI. "Clearly, from the vantage of October 2005, we've probably achieved far more success than I ever could have imagined, had I imagined it, back 20 years ago... The fact that we're here is very gratifying. It's the product of a lot of people's hard work, some good fortune and some good ideas."

Reshaping an Industry

Good ideas seem to be the real key to MDI's success, and at MDI, the ideas start at the top.

"[MDI Vice President] Bob Kowalczyk has always called Steve the Idea Guy," said Linda Saferin. "That's exactly what he is. That's how the company got started and that's how it grows because he's the idea guy and takes those risks."

The ideas that have come out of Steve Saferin have done much more than just grow his company, they've helped to grow the entire

Lottery industry.

"The instant business has grown significantly over the last five years," said Mr. Saferin. "The licensing part of the instant business has grown even more rapidly than the instant business. It's playing a disproportionate role in the growth of the instant business."

In 2000, U.S. instant ticket sales tallied approximately \$16 billion, of which licensed games made up approximately one-percent. As recently as 2004 U.S. instant sales were approximately \$22 billion with licensed games making up about 4.5 percent. In 2005 instant sales grew to about \$27 billion with licensed games comprising 9 percent of the total.

Licensed games have grown to the point where they are now an accepted part of almost every U.S. lottery's instant game marketing plan.

Clearly, the mind of Steve Saferin is one of the keys to MDI's success, but it isn't the only one. As Mr. Saferin mentioned, there's been a lot of hard work involved.

Of course, it doesn't hurt when the hard work is being done by people who have a great deal of both industry knowledge and industry experience. Nearly every executive at MDI, with the exception of Steve and Linda Saferin, have actually worked in an upper-level executive position at a lottery. That fairly unusual staffing situation has given the company unique access to lottery customers, as well as a unique understanding of the needs of its lottery customers.

The Early Years

The story of MDI actually began while Steve was director of programming at ESPN, living in Connecticut. One day he got a call from an independent producer living in Fort Worth, Texas who was trying to get a bull-riding event on ESPN. The producer was the future Mrs. Linda Saferin. The two eventually quit their jobs, started MDI, and got married.

Most Successful Licensed Product

With upwards of 130 licensed properties it can't be easy to pick one as MDI's most successful licensed product. Still, Public Gaming International felt it was important to ask the question.

PGI: Which licensed product has been your most successful?

Steve Saferin: I can pick three. The property that has been the most successful has been Harley Davidson. Year in and year out for the past nine years it continues to perform very well. Most lotteries have offered multiple Harley games.

We've recently added a new feature to it. There is a Ford F-150 Harley Davidson truck and because of our Ford license we were able to combine that into one game called Ultimate Harley. The player can not only win a Harley Davidson motorcycle but also the Harley Davidson truck.

We have been licensing Wheel of Fortune games for over 10 years and it has remained a very steady performer generating numerous play styles. And no wonder; it is the most popular slot machine and the number one TV game show of all time.

More recently our family of Poker brands has been unbelievably popular. Both the World Series of Poker and the World Poker Tour have produced record sales results. And, while the competition has been furious in what we call the lottery "Poker Wars" there is no doubt that the World Series of Poker and the World Poker Tour are the gold standards of this category and their poker merchandise is incredibly popular with the public.

I would be probably be remiss not to mention Monopoly and one of our most recent success stories, Pac-Man. ♦





- 1: MDI Executive VP Chuck Kline – former executive director of the Pennsylvania Lottery
- 2: MDI Senior VP of Merchandising & Product Development Don Walsh – former director of the Wisconsin Lottery
- 3: MDI Senior VP Integrated Marketing Jeff Schweig – former creative director of the Illinois Lottery
- 4: MDI VP of Sales Bev Opie – former director of marketing for the Iowa Lottery
- 5: MDI VP Internet Services Bob Kowalczyk – former director of marketing at the Ohio Lottery; and former director research & product development at the Florida Lottery
- 6: MDI Director of Creative and Client Services Paul Guziel – former marketing & communications manager of the Illinois Lottery
- 7: MDI Regional VP of Sales Greg Hoelk – former director of sales for the Hoosier Lottery and the Texas Lottery
- 8: MDI Integrated Marketing Manager Ron Williams – former deputy director of sales for the Idaho Lottery

“MDI originally stood for Media Drop-In Productions,” said Mr. Saferin. “The term drop-in is a term of art in the broadcasting industry. What it refers to are very short, interstitial programs that are interjected into much longer broadcasts usually in commercial breaks. They are usually produced with a tease – you tease somebody about some fact – and then you break for commercial. Then you come back and pay off that tease.”

Drop-ins became very popular in the early to mid 1980’s as cable television penetration soared. By the mid ‘80’s with cable television available in almost every market nearly 75 percent of television households had a remote control, up from just 10 percent in the late ‘70’s. Advertisers were looking for a way to stop viewers from channel surfing and watch the commercials.

“I had this business plan to produce high quality drop-ins and sell them to national advertisers,” said Mr. Saferin. “Through Linda I became acquainted with some investors in Fort Worth that were willing to put up money, so I moved to Fort Worth.”

After putting out two productions, “Willie Nelson’s True Tales of Texas” and “Darrell Royal’s Playbook” (focusing on great moments in Texas Football), sold to Wrangler Jeans and Budweiser respectively, the Saferins came up with an idea of creating a drop-in series about lottery winners. With the consulting help of Ed Powers, the father of U.S. lotteries, the Saferins came up with an idea they could sell – a drop-in series called The New Millionaires with Alex Trebeck, where Trebeck, the host of Jeopardy!, told stories about lottery winners. Nine or ten states signed up and MDI was officially in the lottery business.

“I’ve always said that [hiring Ed Powers as a consultant] was the single smartest thing we ever did because Ed was a great man and unbelievably well respected,” said Mr. Saferin. “I don’t think we would have gotten as much traction as quickly as we did had he not been associated with us.”

MDI continued its evolution after the Saferins saw a presentation of a Massachusetts game, “Green Stuff”, in which the lottery gave

away 650,000 Boston Celtics t-shirts. The idea was especially intriguing because Mr. Saferin had been mulling-over an idea to produce Great Moments in Sports videos tailored for each jurisdiction to use as a lottery prize. The idea evolved into MDI's Money, Movies and Music promotion that 25 lotteries eventually signed on to. Over five million CDs, audio cassettes and videos were given away in Money, Movies and Music over a three to four year period and MDI produced six "Great Moments" sports videos. As that promotion began to wind down, MDI began looking for other opportunities for its lottery customers. After considerable research the company developed the idea of licensing well-known entertainment properties, cultural icons and personalities and creating them into lottery games featuring those properties.

"One of the things that was important as we went out to talk to licensors was that we develop a viable business model. Lotteries did not have the kind of money that the top-flight licensors, like Wheel of Fortune, Elvis Presley Enterprises and Harley Davidson expected to receive when licensing their brand," said Mr. Saferin. "They're used to getting 10 to 15 percent of the wholesale price of the licensed product. Since lottery tickets don't have a wholesale price and lotteries don't have a lot of discretionary dollars for license fees it presented a unique challenge."

For the solution, MDI looked back on the merchandise model it had created for Money, Movies and Music. Rather than lotteries paying a licensing fee to use these brands they could take a portion of the prize fund and use it to buy merchandise. MDI would buy the merchandise from other licensees of the property and distribute it to lottery players as prizes.

"Our very first license was *The Twilight Zone*, but we quickly got *Wheel of Fortune* and *Harley Davidson* along with several others," said Mr. Saferin. "At the same time that this was going on in the Lottery industry, licensing of well-known brands was exploding in the slot machine industry. The gaming area was becoming more of a focal point for the owners of these various properties that were engaged in licensing."

"Now we've got 130 different brands that we represent to the lottery industry and the business has grown from a standing start to the point that



this year Scientific Games is going to print close to \$2.5 billion in licensed lottery games with the MDI brands. And of course we have spawned numerous competitors."

Scientific Games

By 2003, MDI already had a significant presence in the lottery world, but then in January of that year something happened that would take the company farther than the Saferins could imagine. MDI was acquired by Scientific Games.

"The MDI business would have continued to grow without the merger but it certainly wouldn't have grown to this level this quickly without the expertise of Scientific Games and their influence in the instant ticket marketing

side of the business," said Mr. Saferin.

Looking back now, Scientific Games' acquisition of MDI was an excellent decision for not only both parties but the entire lottery industry – but hindsight is 20/20. At the time of the acquisition, not everyone was convinced it was the right move to make.

"If you go back three years before the merger, Scientific Games, with its previous management bought a small minority interest in MDI – six percent I believe," said Mr. Saferin. "We established a strategic marketing relationship with Scientific Games. That allowed them to get their feet wet and allowed us to test the theory we had that if we could get hooked up with an instant ticket vendor, particularly Scientific Games, we could significantly grow our business because they have significant input into the daily decisions made by lotteries. It worked okay, but it wasn't until Scientific Games completed the acquisition of MDI that we began to see all the synergies that could develop because of these two businesses being combined."

"There were some inside both Scientific Games and MDI that did not think it was such a good idea," said Mr. Saferin. It was only through the insistence of Scientific Games' CEO Lorne Weil that the transaction was finally consummated.

One of the things the acquisition has meant for both companies is one-stop shopping for customers. Lotteries don't have to worry about the communication between two different companies that previously had to come together to get an instant ticket out on the street. Now it's all under one roof.

The acquisition may have also boosted lottery confidence in MDI.

"The very fact that Scientific Games got involved in this gave customers more trust, faith and confidence in the entire process," said Mr. Saferin. "There's always a thought in the lottery business with small vendors of, what happens if they go out of business? Somebody's going to get stuck holding the bag. I don't know how prevalent that was in lottery's thoughts about MDI because we've been around for quite a while, but being part of SGI gives more confidence in the company, and the whole process and licensing in general."

Online Games and the EGC

MDI is well known for the benefits its promotions can bring to the instant ticket side of the lottery business, but the company has yet to see much success in extending licensed brands to other types of lottery games. Efforts have been made to incorporate licensed properties into online games but none of the promotions have made

20-Year Highlights

- First Customer – New York Lottery – buying The New Millionaires
- Texas Lottery buys Money, Movies and Music – 800,000 videos distributed in promotion
- Obtaining NBA license – it's virtually unheard of for a sports league to cooperate with any form of gaming.
- The birth of the Texas Hold 'Em phenomenon in lottery tickets, particularly Massachusetts' \$10 Million Hold 'Em Poker
- MDI Acquired by Scientific Game

much of an impact.

The licensed formula has worked for instants because each instant game is a self-contained entity with an adjustable prize structure. Lotteries are able to take money out of an instant game's prize structure to buy merchandise. It's a revenue neutral event. If lotteries try to do that with an online game's pre-determined prize structure, the use of merchandise will only increase the lottery's payout on the game.

Licensed properties also work on instants because the tickets aren't confined to one particular size, and because instant tickets use four-color printing. Lotteries can build a flashy, eye-catching ticket that makes fans of a particular brand want to buy that branded ticket and makes the tickets stand-out at retail.

Online games, on the other hand, only offer one color printing on paper that has to fit through the ticket printer. "There are a lot of challenges to try and get these brands to come to life on the online side," said Mr. Saferin. "We continue to look for ways to do it and hopefully we'll be able to figure out how to unlock that potential."

In the meantime, Mr. Saferin in his other SGI role as President of Scientific Games Ventures is employing MDI's marketing expertise to work on several new potential products. One that's been getting a great deal of attention is the Electronic Game Card (see EGC article on page 8).

"There's no doubt in my mind that the Electronic Game Card has a role in the lottery industry today," said Mr. Saferin. "We are also working on branded executions of the EGC. As the Electronic Game Card represents a sort of pocket slot machine, there's no reason we can't have a branded pocket slot machine just like there are so many branded slot machines in Vegas."

As obvious as the EGC's future success may seem, the game does face some challenges. It is a very expensive product compared to the price of a standard paper ticket. Because it's such an expensive product it's impossible to envision a lottery doing it in anything other than a \$20 price point. Even at that it becomes a much more expensive product than a paper ticket as a percent of revenue. And, \$20 opportunities are limited.

"But," added Mr. Saferin, "price points are going up, so \$20 opportunities are going to expand as will price points above \$20. The more that happens, the more opportunities there will be for the Electronic Game Card."

Push Play, Internet and Monitor Games

SGI Ventures and MDI are developing another product called Push Play which is a little different than the EGC, but may solve the pricing issue. It's an electronic device into which players will insert paper tickets. "It's really a razor and a blade marketing approach where the electronic device is a razor and the paper ticket is the blade," said Mr. Saferin.

The Push Play device relies on conductive inks on the ticket to reveal a pre-determined result that plays out on the electronic device. "This is a product that we should be ready to commercialize in the first half of 2006," said Mr. Saferin. "We have pretty high hopes for it because it sort of solves the price point issue that we have with the Electronic Game Card. But, it's still in development."

One of the issues with Push Play is distribution of the electronic device. The device can hold up to 16 different games, and in theory, players would hold onto the device and keep buying tickets to play on it.

"Some of the things we've talked about is packaging the device with four or five tickets and having players buy the package. In addition the device could either be sold or given away," said Mr. Saferin. "We could make the device available as a stand-alone purchase by the lottery player or we could find ways to perhaps distribute it in giveaways. We're working on establishing what the final cost of the device is going to be and its configuration."

SGI Ventures and MDI are also developing a variety of internet executions – not only for generic games but also for its branded games. In fact, one country, Denmark, will soon launch a paper Pac-Man ticket that's going to have an internet game component.

Monitor games also hold a lot of promise for branded properties. "We've done some work with some of our brands to develop monitor games around them. For example we have a World Poker Tour or World Series of Poker Texas Hold 'Em monitor game that we are developing. It should be ready to commercialize shortly. We are working on Betty Boop, Yahtzee and a Pac-Man game as well."



The Future of MDI

What does the future hold for MDI? With an idea man like Steve Saferin at the helm, the possibilities for the company seem endless.

"We are currently working to expand our portfolio of licenses to offer our lottery customers the best and most relevant licenses," said Mr. Saferin. "We recently launched our first Apprentice game in Virginia featuring images of Donald Trump on tickets and in advertising."

"We need to continue to look for ways to develop lottery play on the Internet. We're developing a product we call Screenplay which allows a player to buy a lottery ticket at a brick and mortar retailer and go home and enter a code to reveal on the screen a predetermined result in some kind of a game play format. Branded games will play a significant role in our Screenplay offerings."

And, of course, the company will continue to look for new trends and new opportunities in the business.

"I think that's what we've been noted for," said Mr. Saferin. "Being on the cutting edge and developing new kinds of products and approaches for the industry. That's what we want to continue to do. And, of course, we want to continue to come up with new ideas to insure our booth remains the most popular at NASPL." ❁

Pennsylvania Update: Board Begins Accepting “Conditional” License Applications

The Pennsylvania Gaming Control Board began accepting applications for “conditional” racetrack slot licenses in early September, and will continue accepting applications through the end of October. The Board also announced that it will begin accepting applications for permanent licenses for all locations on November 1 through December 28. If all goes well licenses could be issued as early as March.

Unfortunately, a March licensing period is seeming less likely as the Board’s distribution debate has continued well into late September (possibly beyond).

The majority of Board members want to allow manufacturers to decide how many distributors are needed in the state. But, in an attempt to create jobs for minorities and smaller contractors, one board member is pushing a plan that calls for five different distributors, each assigned a different region of the state.

The Board is required to reach unanimous agreement on its actions – a provision in the law that is meant to keep any one personality or special interest from asserting its will upon the group. Unfortunately, the unanimity clause does allow for one person to hold up any facet of the start-up process. The Board has expressed fears that if the distribution issue isn’t resolved by September 28, the issuing of licenses could be delayed.

The legislation allowing slots in Pennsylvania declares that the Board must issue licenses for slot machine manufacturers and suppliers first, then wait at least 90 days before issuing slots licenses. The Board is hoping to issue manufacturer/supplier licenses by late December or early January.

Other Developments

- The Bethlehem, PA City Council rejected a proposal to ban gambling in the zoning areas that include the former Bethlehem Steel plant, opening the way for developers to seek a license for slot machines at the site. Developers have promised to preserve many of the historic Bethlehem Steel buildings as part of their plan to build a slots casino, shopping mall and hotel, among other things. The decision allows the Sands and developer BethWorks Now to seek a gaming license for the project in south Bethlehem. A 3,000-machine slots parlor is part of a bigger development plan that includes a hotel, an upscale mall, a National Museum of Industrial History and other amenities.
- Pittsburgh Mayor Tom Murphy said the city should apply for a slot parlor license, seconding an idea already endorsed by the city council. Murphy wants the Pittsburgh Gambling Task Force, which he formed in March, to study the economics of a license – including how much taxpayers would reap from casino proceeds – so the city can decide whether to apply for the license before the December deadline.
- The PA Horse Racing Commission has scheduled a public meeting on October 11 to discuss a proposed racetrack in Lehigh Valley. The proposed track, Freedom Park, is vying with two other proposed sites for the final remaining thoroughbred license. In addition to competing for a slot license, track advocates are looking to invest \$750 million in a site that includes an entertainment complex, horse racing, upscale restaurants and hotel with a conference center.

RACINO NEWS

Penn National Secures Maine Operators License

Penn National Gaming, Inc. announced that the Maine Gambling Control Board unanimously approved a final license for its subsidiary, Bangor Historic Track, to operate slot machines in Bangor. Maine regulators also voted unanimously to approve licenses for three key executives who will manage the facility. Penn National’s Hollywood Slots facility is now under construction and the Company expects to begin operations by opening a temporary slot facility in the former Miller’s Restaurant in November. Plans for a permanent facility with up to 1,500 slots are also currently underway.

Unfortunately, in late September, the momentum for a 475-machine start-up was derailed after the Maine Gambling Control Board found a problem processing the application of one of the three slot vendors.

The Board quickly approved applications from IGT and Aristocrat, but missing information in the Bally Gaming application halted the approval process for the company.

The problem with the application could temporarily affect the number of slots the Penn National can roll out at the November opening.

Ohio Casino Study

Two studies found that casinos in Ohio would create 85,000 new jobs and generate \$610 million in annual tax revenue for state and local governments. The studies also predicted a three to four percent rise in problem gamblers. While the studies said that the state could support up to 18 casinos, polls have indicated that public support would start to dip if the number of casinos rises to twelve or more. The results of the studies can be found at www.ohiogaminginfo.org. ♦

Oklahoma Lottery to Launch October 12

The Oklahoma Lottery is set to complete the fastest start-up in the thirty-year history of modern lotteries, as instant ticket sales are scheduled to launch on October 12, 2005. The Lottery will be introducing four tickets in the initial launch.

The Lottery's vendor for both instant and online games, Scientific Games, has become well known for getting its clients up-and-running quickly.

"It is wonderful to once again be chosen to aid in the start up of a new lottery," said Lorne Weil, chairman and CEO of Scientific Games Corporation. *"Our customers constitute the fastest growing lotteries in the country and we believe our services and products contribute to that performance. We are looking forward to assisting the Oklahoma Lottery in its goals to support educational programs."*

Online games will also begin quickly for the Lottery – currently scheduled for a November 10 launch. The Lottery has also voted to join Powerball. The multi-state game could begin sales in the Sooner state as early as January, 2006.

The Lottery is estimating that it can achieve sales as high as \$219 million, raising \$65 million for education in the current fiscal year.

Other Oklahoma Lottery Developments

- The Oklahoma Lottery Commission approved an FY 2007 budget that projects revenues of \$422 million, of which \$221.5 million would go for prizes, leaving a gross profit of \$200.5 million. After deductions for vendor costs, retailer costs and other expenses, net income was set at \$143.5 million. Of that total, \$126.6 million would be sent to the state for bolstering education, leaving a \$16.9 million excess which could be used to retire indebtedness.
- Schafer Systems Inc has been awarded an Instant Ticket Dispenser contract by Scientific Games International. The dispensers will be used for the Oklahoma Lottery. Schafer Systems will initially provide 15,000 Dual Dispensers and 5,000 Dual Locking Mounts to assist the lottery in meeting its goal of an October 12, 2005 ticket launch.
- The Lottery picked Jordon & Associates for an advertising contract estimated at \$500,000. Jordon will get 14 percent of an advertising budget of about \$4.3 million. ♣

Pennsylvania Update... continued from page 18

- The Pennsylvania Gaming Control Board opened registration for the first of two scheduled Gaming Diversity forums designed to promote the inclusion of women- and minority- owned businesses in the Commonwealth's emerging gaming industry. The first forum is scheduled for Thursday, Sept. 29, 2005, in the Fox-Gittis Room of the Liacouras Center on the Temple University campus in Philadelphia. A downloadable registration form for

the daylong event is now available in English and Spanish on the Board's Web site, <http://www.pgcb.state.pa.us>. Registration instructions are on the form. The Board is also moving forward with its second planned forum, scheduled for Thursday, Oct. 27, 2005, on the campus of Duquesne University in Pittsburgh. Details of the Pittsburgh forum will also be announced as soon as they are completed. ♣

People

The Missouri Lottery Commission appointed **Larry Jansen**, CPA, as the new executive director for the Missouri Lottery. Jansen, 49, of Jefferson City has worked as the controller/chief financial officer for the Lottery since November 1986. Under his direction, the Lottery has received the Government Finance Officers Association (GFOA) of the United States and Canada's Certificate of Excellence in Financial Reporting for five consecutive years.

Jansen replaces Jim Scroggins, who resigned to become the executive director of the new Oklahoma Lottery. Scroggins served as the Missouri Lottery's executive director from February 1992 until June 2005. Jansen has a bachelors of science degree from University of Missouri-Columbia. He is also a certified public accountant.

Melissa Meith will replace Chon Gutierrez as acting director of the California Lottery. Gutierrez, who retired in August, acting director since December 2004.

Scientific Games Corporation announced the appointment of **Gerald J. Ford** to serve as a member of the Board of Directors of

the Company, effective September 14, 2005. Mr. Ford's appointment fills the vacancy on the Board created by the retirement of Colin J. O'Brien, which was effective on September 9, 2005. Mr. Ford will also serve on the Nominating and Corporate Governance Committee of the Board and the Compliance Committee of the Board. Mr. Ford has been a financial institutions entrepreneur and private investor involved in numerous mergers acquisitions of private and public sector financial institutions over the past 30 years.

Ticker Communications, Inc. (TCI) announced that **Ray Michel** has been appointed to the newly created position of President. In addition to his current sales and marketing duties at the Winnipeg-based company, Michel will assume responsibility for day-to-day operations while working out of TCI's Indianapolis, IN and Las Vegas, NV offices. He will also serve as a member of the Board of Directors. The appointment became effective July 20, 2005. ♣

Tenth Biennial CIBELAE Conference Concludes Successfully

According to Carlos Reynaldo Lacayo, President of the National Lottery of Nicaragua, the Tenth Biennial CIBELAE Conference was a complete success. Hosted this year by Nicaragua, the conference fulfilled the expectations of all distinguished members of CIBELAE, a multilateral organization of national lotteries.

"We are confident that CIBELAE's accumulated experience will enable us to strengthen our institutions and develop our product in new and attractive ways," Lacayo said.

This year's conference included an exposition featuring past lottery ticket sheets from different Latin American countries. Visitors to the highly-acclaimed exposition were able to appreciate the historic and cultural value of these documents individually and as a whole.

In another exposition, suppliers to the different lottery institutions displayed and demonstrated the services they offer.

"We also had an opportunity to organize a series of cultural events and trips to tourist destinations so that our visitors could enjoy the country's natural attractions and experience the hospitality of all Nicaraguans," said William Báez Sacasa, General Manager of the National Lottery of Nicaragua.



Left: CIBELAE Board of Directors: Carlos Reynaldo Lacayo stands with National Lottery General Manager and CIBELAE Board of Directors member William Báez Sacasa (center). The CIBELAE Board includes representatives of ten countries. President: Luis Polinaris, Costa Rica; Vice-President: Alfredo Mónaco, Argentina; Second Vice-President: Carlos Augusto Borges, Brazil; Secretary General: Jesús Evangelio, Spain; Members: Sergio Henríquez Diaz, René Mauricio Chavaría, Tomás Ruíz, William Báez Sacasa, María José Nogueira Pinto and José Gregorio Chacón. **Middle:** CIBELAE Board of Directors session. **Right:** WLA President Reidar Nordby and Board of directors president Luis Polinaris.

NASPL '05

At the 2005 NASPL Annual Conference, hosted by the Minnesota State Lottery in September, lottery professionals took part in discussions that will direct the industry's course. Over three days, ideas, challenges and objectives that affect each jurisdiction were expressed, giving each attendee a fresh perspective to develop innovative solutions.

The Instant and On-line exhibit within the trade show was the largest and most comprehensive of historic and modern American lottery memorabilia in private or public hands. It consisted of pieces and equipment, including tickets, manuscripts, books, pamphlets, advertisements, account records, personal letters, and terminals.

For the first time, the entire lottery industry was able to view this exhibit and it only appeared at NASPL '05.

In many ways NASPL '05 allowed all attendees a once in a lifetime opportunity to Celebrate their Past while at the same time Embracing their Future.



Left: NASPL 2nd Vice President, Incoming NSI Chair, NASPL '05 Host, and Minnesota State Lottery Executive Director Clint Harris bids farewell to delegates during the Evening Awards Banquet. **Middle:** The NASPL '05 Trade Show offered 841 conference delegates the opportunity to meet 47 exhibiting companies. The Instant and On-line exhibit within the trade show consisted of pieces and equipment, including tickets, manuscripts, books, pamphlets, advertisements, account records, personal letters, and terminals. For the first time, the entire lottery industry was able to view this exhibit and offered attendees a once in a lifetime opportunity. **Right:** NASPL President and New Mexico Lottery CEO Tom Shaheen passes the gavel to in-coming NASPL President and Rhode Island Lottery Executive Director Gerry Aubin during the Evening Awards Banquet at NASPL '05 held in Minneapolis, Minnesota.

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Video

News

Oregon VLTs Paying Off – Old Machines Ready for Retirement

Oregon's video lottery sales have risen by 19 percent over the same time last year after slot-styled games were implemented in May. VLT sales recently topped \$13 million, a weekly record. More increases could be on the way as the Lottery will soon begin installing new terminals using the latest software.

At the same time, thousands of Oregon's video poker machines are headed to the recycler, to be replaced by new ones capable of handling the popular new line games. The Oregon Lottery intends to replace all the older terminals by spring 2006, beginning with 2,300 in October. Another 2,000 machines will be replaced in early 2006.

Roughly half of the older machines scheduled to be replaced lack the capacity to offer slot machine-style line games. The first phase will cost \$22.3 million for 2,300 terminals; the state hasn't yet bought the second batch but the projected rate is about \$8,000 apiece.

Norsk Tipping Sole Operator of Norwegian VLTs

In a legal judgment, the Borgarting Appellate Court has given Norsk Tipping the exclusive right to operate gaming machines in Norway. The Norwegian Government decided in 2003 that Norsk Tipping should become the sole operators of the nearly 18,000 VLTs in Norway. Private operators sued to reverse the decision.

Atronic Inks Miami Vice

Atronic announced its agreement with Universal Studios Consumer Products Group to develop slot machines based on the television series that defined the 1980's, Miami Vice. The slot machines will be avail-

able at casinos throughout the United States early 2006. Atronic unveiled the Miami Vice slot machines at the Global Gaming Expo in Las Vegas in September.

The Miami Vice penny progressive slots will be available on Atronic's e-motion™ cabinet, which features dual screens, digital stereo sound and the industry's only height adjustable playfield.

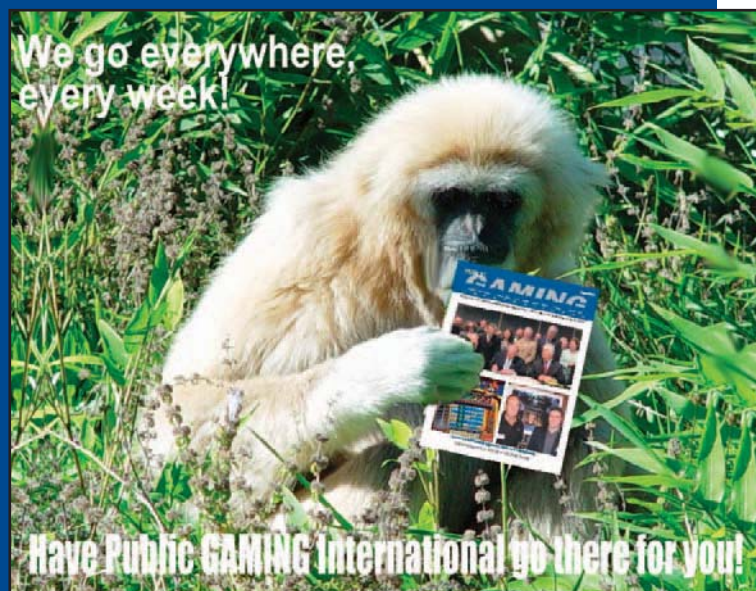
GLI Opens Expanded Headquarters

Doubling its size and capacity, Gaming Laboratories International (GLI) has opened the doors to its expanded world headquarters. The expansion project doubled the size of the existing building, increasing the size of the New Jersey-based headquarters to 100,000 square feet. The expansion allows GLI to add 45 engineers, boost the staff in QA by more than a dozen and will allow for the size of GLI's nightshift to expand. Along with the expansion comes a larger Class II testing division, with more space and more personnel.

Within the newly added space, GLI has also added an additional interoperability center, which is the only other one of its kind in the world, the other being based in GLI's Las Vegas Service Center. Lastly, the expansion also brings a state-of-the-art training facility and meeting room that will allow GLI to host up to 100 people.

Atronic's e-motion Approved in Nevada

Atronic announced the Nevada Gaming Lab approval for its e-motion™ video slots. Nevada operators have placed orders for over 350 machines, with the first installations at the Fiesta Rancho in Henderson, the Atlantis Casino and Resort in Reno, and Palace Station in Las Vegas already complete. ♣



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Danish Lottery Receives New Betware Games

Betware has delivered six new Instant Scratch Games to the Danish Lottery, Dansk Tipsjeneste. These six games, launched to the public on September 13, 2005 are: Crossword (Bogstavjagt); Eldorado; Sea Battle (Sænke Slagskribe); and Miniquick, Quick Lucky Number and Quick Match 3 (All three games are variations on the original scratch game). The customer may choose a "demo mode" of all these games to familiarize himself with how to play them.

Betware and Dansk Tipsjeneste have been working together since 2001, where Betware's platform has made it possible for Dansk Tipstjeneste to offer the games that are sold at retailers also to be sold on the Internet. The games sold on the Internet are: sports action games, lotto games, keno and joker and now, the instant scratch games.

Betware has also successfully installed and included a new instant bet generation and audit system for these games. The system, called Trusted Play™ will be used to generate the bet outcomes for instant games offered by Dansk Tipstjeneste. The Trusted Play™ system, developed by Szrek2Solutions based in the USA, will be used by Dansk Tipsjeneste to verify the integrity of the instant game outcomes produced as well as satisfy remote audit requirements of the Danish Gaming Board.

Go-For-Gold on the Internet

UK National Lottery players now have more chances to strike it rich, while also supporting the London 2012 Olympic Games and Paralympic Games, with the launch of a new instant win game, Go For Gold.

The interactive game is available to play on the National Lottery website at www.national-lottery.co.uk. All the money raised for Good Causes through sales of the Go-For-Gold Instant Win Game will go towards raising the lottery funds required to stage the 2012 Games in the UK.

Players can try out Go-For-Gold for free on the website, but to play for real, they first need to register for a National Lottery account at the site and then pay £1 to buy the Instant Win Game. There are 11 prize levels from £1 up to a top prize of, appropriately, £2,012.

The National Lottery now has one million players registered via interactive channels. In just over two years since launch on interactive channels, weekly interactive sales have grown to over £2 million a week.

WTO Gives U.S. Internet Gambling Deadline

The World Trade Organization gave the United States until April 3 to comply with a ruling that a ban on Internet gambling services offered by Antigua violates the body's rules. US officials had sought a July deadline.

WTO countries whose trade partners are found to have failed to implement dispute rulings can be authorized to impose sanctions, usually in the form of extra tariffs, on goods or services from the offending nations.

European Rulings Favor Gaming Monopolies

Court decisions in the Netherlands, Norway and Malta concur that exclusive rights in the gambling sector (including interactive media) and the model of gambling regulation implemented at national level are compatible with European law.

Hong Kong Jockey Club Launches New Mobile Service

The Hong Kong Jockey Club (along with SmarTone-Vodafone)

launched a new mobile betting service called Bet-to-Win that is designed to make gambling easier for mobile-phone users with access to 2G and 3G technology. The previous mobile betting service used SMS, but Bet-to-Win offers enhanced features, including live television feeds of events and up-to-date statistics on players.

New Zealand Launches New Website

The New Zealand Lotteries Commission launched its new-look website, bringing fresh information to players in a more user friendly format. NZ Lotteries games, Lotto, Strike, Powerball, Instant Kiwi and Keno each have their own dedicated section with a look and feel reflecting each particular game's brand.

The new site also features a newsroom section and image gallery for news media to use. Another improvement to the site is more information on the community winners who receive funding from NZ Lotteries profits.

Nebraska Puts Big Red Bunch Online

Nebraska sports fans have a new way to show their support. The Big Red Bunch fan club is a special offering this year between the Nebraska Lottery and Pinnacle Sports, which broadcasts University of Nebraska athletics – including football, baseball and basketball. Big Red Bunch fan club benefits include unique knowledge of Nebraska athletics and the chance to win various prizes. The Big Red Bunch is hosted on the Nebraska Lottery website, www.nelottery.com.

TMRG Launches Online Poker Teaching Tool

TMRG Worldwide now offers an online gaming tool, which teaches people how to play Poker and other Casino related games. This technology has been applied to their Chris MoneyMaker property, whereby Lottery players can log onto a website and be given a lesson on how to play Poker, or play against a simulated Chris MoneyMaker program.

TMRG has also developed 3D shockwave video to help drive younger players (emerging market) to a Lottery website and enhance loyalty. This gaming software has been designed to allow licensed properties to be integrated into the game, in order for the Lottery to provide consumer added value to any licensed property they decide to market.

PHFB Signs with New Media Lottery Services

Phantom Fiber Corporation has signed a five-year license agreement with News Media Lottery Services Inc. Under terms of the agreement, the Company will enable NMLS' suite of lottery games for use on mobile lottery terminals owned and operated lotteries authorized by state governments.

In addition, New Media Lottery Services Inc. is expected to list in the very near future. NMLS plans to offer dozens of video lottery games plus multi-million dollar progressive jackpots in contracted countries across mobile, Internet, and retail channels with jackpots in excess of \$2 million per week and also plans to partner with charity lotteries in many markets to gain first-mover advantage. Initial mobile plans involve the deployment of mobile lottery terminals powered by Phantom Fiber's Advanced Wireless Platform to capture immediate lottery revenue using NLMS lottery management systems and game products. Mobile lottery terminals will be used in retail and public locations to sell lottery tickets to consumers in a number of select markets. ♦

What's New with Instants?

Ohio Lottery set to debut Lot 'O Play

The Ohio Lottery is pleased to announce the release of its newest lotto game, Lot 'O Play, on Sunday, Oct. 9. Lot 'O Play's unique bingo-style play makes it the first lotto game of its kind in the U.S., offering 12 ways to win the jackpot and overall odds of 1 in 5 of winning a prize. The game's first drawing will be held Wednesday, Oct. 12. Jackpots start at \$1 million, with a guaranteed \$100,000 increase if the jackpot is not hit.

To play, players choose five numbers from a pool of numbers from 00 to 99. These five numbers will appear on the first line of of the wager, in any order players choose to place them. The other 20 numbers will be randomly selected, giving players a total of 25 numbers. Players have the option of choosing auto lotto to have the Lottery terminal choose all 25 numbers. There are no repeat numbers on a ticket. Players win the jackpot by matching five numbers in any one row, any one column, or either diagonal. Players win lower-tier prizes by matching 2, 3 or 4 numbers in any one of the five rows, five columns or two diagonals.

Lot 'O Play Drawings will be held Wednesday and Saturday evenings. For complete game details visit www.ohiolottery.com.

Lot 'O Play replaces Super Lotto Plus, which ends Oct. 8. Super Lotto Plus will get a big send off when it retires after the Saturday, Oct. 8 drawing. As a thank you to players, if the final jackpot is not hit, the cash value of the jackpot prize will be shared proportionately by each lower-tier prize level. Money allocated to each prize category will be divided equally among winning tickets held by players in that category.

Quebec Launches Joker

Loto-Québec announced the latest addition to its terminal-based lottery family: Joker. This new lottery will be available through Loto-Québec retailers equipped with a game terminal.

For \$1, players get a selection combining one of the five letters in the word J-O-K-E-R and five numbers from 1 to 49. Draws for grand prizes of up to \$1 million take place every Thursday at 9:30 P.M. Altogether, Joker offers nine prize levels. The grand prize can be won by matching all five numbers and the Joker letter. The first draw will take place on Thursday, September 8, 2005.

To draw attention to the new lottery a four-week advertising campaign will be launched. Inspired by the Joker character, the campaign will include two television spots, two newspaper ads and billboard placements in



Montréal's metro system.

Full details on how to play and the prize structure can be obtained from authorized retailers or by visiting www.loteries.loto-quebec.com.

D.C. Daily 6

D.C. Daily 6™ is the newest game in the Nation's Capital. Ticket sales began on August 28, 2005, and the game offers two plays for \$1 with a Bonus Ball, along with seven chances to win per play.

"Our players want new games based on exciting concepts and that's what they've got with D.C. DAILY 6," says D.C. Lottery and Charitable Games Control Board Executive Director Jeanette A. Michael. D.C.

Daily 6 replaces Quick Ca\$h™, which for the past six years has generated about \$4 million in revenue. The D.C. Lottery estimates that D.C. Daily 6 sales will reach nearly \$5 million annually and will not cannibalize dollars from other lottery games.

With D.C. Daily 6, the D.C. Lottery and Charitable Games Control Board selects six numbers from 1 to 39, then draws a Bonus Ball from the remaining 33 numbers. By matching all six numbers, players have the chance to win the grand prize of \$250,000. The Bonus Ball does not apply to the top prize; however, it increases the amount of the lower tier prizes. For example, by matching five out of the six numbers, a player wins \$500. With the Bonus Ball, the prize for matching five out of six numbers jumps to \$5,000.

The official launch campaign started Monday, August 29, at two agent locations. Washington Redskin Joe Jacoby, who wore the number 66, took part in an early morning kickoff. Radio station partner WBIG 100.3 FM, an oldies station joined Jacoby and Michael for two hours of promotional item giveaways. The D.C. Lottery also purchased the prime airtime on urban contemporary radio station, WPGC 95.5 FM, on the Donnie Simpson Morning Show.

On August 30, urban adult radio station partner WHUR 96.3 FM got things started with the Real D.C. Morning Show Crew: Tony Richards, the vivacious T.C., and comedian George Wilborn.

They talked up their participation in a fun noontime event at L'Enfant Plaza in downtown Washington, D.C. The event featured Spur of The Moment, an extremely popular local jazz band. ♦



Arizona

The Arizona Lottery launched its new NASCAR Scratchers game featuring the images of six NASCAR drivers. The \$3 tickets, featuring drivers Jeff Gordon, Jimmie Johnson, Kasey Kahne, Greg Biffle, Matt Kenseth and Jeremy Mayfield, offer a top cash prize of \$10,000 as well as the opportunity to win trips to NASCAR events and NASCAR merchandise.

Tickets can also be used to get a discount on the Nov. 10-13 NASCAR races at Phoenix International Raceway. The first race of the four-race weekend will now be known as the Arizona Lottery 125, a race for the NASCAR AutoZone Elite Division, which will run Thursday, Nov. 10 at 4 p.m.

California

The California State Lottery is pleased to announce its 4th quarter transfer of \$276,000,000 to the Lottery Education Fund, for fiscal year 2004-2005. This quarter's transfer culminates a 20-year record for the California State Lottery, by posting \$3.33 billion in yearly sales and \$1.17 billion for public education. This increase in sales allowed California's public schools to enjoy an additional \$153 million more than originally budgeted.

The California Lottery launched its newest \$5 Scratchers game, "Next Millionaire", which gives away a \$1 million cash prize to 15 players instantly. Players can also enter their non-winning tickets into a second chance drawing for another chance to win one of five additional \$1 million cash prizes. In total, twenty players will become millionaires! The "Next Millionaire" Scratchers game was launched to coincide with the Lottery's 20-year anniversary and to celebrate its Best Year Ever for the fiscal year 2004/2005.

Florida

The Florida Lottery's contribution to the Educational Enhancement Trust Fund for FY '05 was a record-breaking \$1.1 billion, surpassing the previous year's record by more than \$50 million. Florida Lottery achievements in fiscal year 2004-2005 also include an all-time record high in total net sales of \$3.47 billion.

Indiana

The Hoosier Lottery closed its Muncie regional office September 28 and merge its operations with a regional office in Fort Wayne. The Lottery hopes the change will save \$280,000 a year in lease, utilities and equipment costs.

Iowa

The Iowa Lottery can guarantee a one-of-a-kind Hawkeye Victory® this season. The Lottery teamed up with three Iowa companies to design a custom-painted motorcycle in Iowa Hawkeye black-and-gold that will be given away in a promotion that runs through mid-October. The Victory Vegas motorcycle was provided for the "Hawkeye Victory" promotion by Victory Motorcycles, a division of Polaris Industries in Spirit Lake; and Van Wall Motorsports in Ankeny.

The Hawkeye Victory promotion began Sept. 16 and runs through midnight on Saturday, Oct. 15. Lottery players who buy \$5 or more in any lotto game on one ticket and don't win a prize can use the ticket to enter the promotion through the lottery's Web site at www.ialottery.com. Players can key in the serial number from their tick-

ets to enter the promotion and need to keep each ticket they use to enter. The eligible games for the promotion are: Powerball; Hot Lotto; Iowa's \$100,000 Cash Game; Pick 4; and Pick 3.

Kansas

The Kansas Lottery is helping commemorate the release of the Kansas quarter with its new "Heads or Tails" instant scratch game. The "Heads or Tails" game has separate, alternating "Heads" and "Tails" tickets. The "Heads" ticket features the front of the quarter. The "Tails" ticket shows the buffalo and sunflowers that appear on the back of the Kansas Quarter. Another unique aspect of the "Heads or Tails" tickets is that they have both English and Spanish printed on the front of the tickets. This is the first Kansas Lottery game to include Spanish. Each ticket will cost \$1.

Given the price of gasoline, the Kansas Lottery's \$2 Great Escape Hybrid Doubler game may have been the hottest ticket in town. Players who entered their non-winning Great Escape Hybrid Doubler tickets in the Lottery's second-chance drawing were given a chance to win one of two 2005 Ford Escape Hybrid SUVs. Highly fuel efficient, the Escape can run on either a gasoline engine or an electric motor, depending on driving conditions. The drawing for the two vehicles took place on September 18.

Manitoba

Manitoba Lotteries Corporation (MLC) has been awarded the status of a "carbon neutral organization" by The Tree Canada Foundation. MLC is the first Gaming organization in Canada to receive this status.

As part of Manitoba Lotteries' commitment to sustainable development, MLC minimizes its energy use through preventative maintenance programs in addition to looking for economical energy alternatives to operate its business. To date, these programs have resulted in energy cost savings of nearly \$1 million. In an effort to further reduce and offset the harmful effects of greenhouse gas emissions associated with its operations, MLC, with guidance from The Tree Canada Foundation is funding annual tree planting programs to re-absorb the greenhouse gases emitted and achieve carbon neutrality.

Massachusetts

The Massachusetts Lottery returned an estimated \$935 million in local aid to the Commonwealth for Fiscal Year 2005 - the largest amount of local aid revenue in the 33-year history of the Lottery. Sales for FY05 soared to \$4.48 billion, exceeding the previous record of \$4.38 billion, set in FY04, by more than 2.3 percent. This marks the second consecutive year that the Lottery has posted record-breaking figures in sales and profit returned to the Commonwealth.

Strong instant ticket sales helped bolster the Lottery's revenues, accounting for \$3.13 billion or 70 percent of the Lottery's total sales in FY05. The Lottery's \$10 instant games - Lifetime Spectacular, \$725,000,000 Blockbuster, and \$10,000,000 Hold'Em Poker - played a pivotal role in robust overall sales. Keno generated \$742 million, the Numbers game saw sales of \$352 million, Mega Millions sales increased from \$95 million to \$97 million, Mass Cash sold \$43.8 million, Megabucks \$44.5 million and CASH WinFall contributed \$41.8 million in sales for FY05 after being on the market for less than ten months.

Michigan

For the first time in its 33-year history, the Michigan Lottery has sur-

Colombiazar 2005 (ENGLISH)

ETESA, FECEAZAR Y FEDELCO is inviting national and foreign companies to participate in COLOMBIAZAR 2005. COLOMBIAZAR 2005 will enable attendees to network with fellow gaming industry leaders in a forum where they can share and update the experiences, knowledge and solutions for both the Colombian and the international market.

COLOMBIAZAR 2005 will also focus on the importance of the gaming industry to Colombia's Social Security and Health sector, as well as its importance in generating economy.

COLOMBIAZAR 2005 will take place October 19-21, 2005 at the Intercontinental Tequendama Hotel, in Bogota D. C., Colombia.

Colombiazar 2005 (SPANISH)

Invitan a las empresas nacionales y extranjeras a participar en COLOMBIAZAR 2005.

Encuentro de los líderes empresariales del sector y foro donde compartiremos y actualizaremos las experiencias, conocimientos y soluciones de negocios más avanzadas en el ámbito Internacional.

Crearemos conciencia en el país sobre la importancia que esta industria tiene en las transferencias al sector de Seguridad Social en Salud, así como generadores de empleo y punto importante en nuestra economía, logrando posicionarnos como una industria sólida, transparente y competitiva, por eso "NOS LA JUGAMOS POR COLOMBIA"

Este Congreso tendrá lugar los días 19, 20 y 21 de Octubre de 2005 en el Hotel Tequendama Intercontinental de la Ciudad de Bogotá D. C. Colombia.

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RoundUP

passed the \$2 billion sales mark. Lottery Commissioner Gary Peters said the Lottery's unaudited revenue report of September 19 shows a year-to-date sales total of \$2,012,132,020. The current fiscal year ends on September 30, so revenues will be even greater than the September 19 total, Peters said, and will far exceed FY 2004's total of \$1.97 billion. According to Peters, the Lottery is on track to exceed the record FY 2004 contribution of \$644.8 million to the fund when final figures are compiled at the end of the fiscal year.

Minnesota

On a section of Minnesota's Highway 169, spelled out in potentilla bushes, honeysuckle and multi-colored rocks, is the enormous phrase, "When you play, nature wins. Thank you." Funded by the Minnesota State Lottery, the "thank you" plantings creatively show Minnesotans where a large portion of the Lottery's contributions to the state are directed – the environment and natural resources. In addition to the plantings, the Minnesota State Lottery plans to run television spots beginning in the late summer or early fall that focus on the same "thank you" theme.

Minnesota Lottery players are being encouraged to contribute to Hurricane Katrina relief efforts through messages printed on lottery tickets. On Sept. 10, 2005, the Lottery began printing information about several major relief agencies on: Powerball®, Gopher 5®, Hot Lotto®, Daily 3®, Northstar Cash®, and G3 Games tickets. The message appears on approximately 1 million tickets each week at more than 3,000 lottery retailer locations throughout Minnesota.

Missouri

Life could completely change in an instant with the Missouri Lottery's newest Scratchers game, "\$100 Million Cash Spectacular." The new game, which officially went on sale Sept. 10, boasts the highest payout in the Lottery's history and offers 10 top prizes of \$1 million. More than 75.14 percent of the \$10 game's sales will be returned to players as prizes. Not only are there a large number of top prizes, but there is also a record number of mid-range prizes – 180,000 prizes between \$100 and \$500, and 4,800 prizes between \$1,000 and \$20,000.

Missouri Lottery proceeds to the state of Missouri, including education, topped \$2.5 billion with the Lottery's monthly transfer of \$18.1 million. The September transfer of \$18,118,260 to the Lottery Proceeds Fund for public education brings the total transferred for the fiscal year to more than \$52 million and the total transferred since the Lottery began in 1986 to \$2,510,309,366.

Nebraska

A \$1 Scratch game designed by a Seward woman is being featured by the Nebraska Lottery. Hunting-For-Bucks, designed by Nicole Thomas, was one of six designs selected in March as winners of the 2005 Design 'Em Contest. The contest drew more than 200 entries and winners were determined by more than 1,000 votes cast through www.nelottery.com. After a sneak preview at the Nebraska State Fair, Hunting-For-Bucks began shipping to Nebraska Lottery retailers on August 29.

New Jersey

The New Jersey Lottery announced that revenues have grown approximately 4% percent in fiscal year 2005, surpassing \$2 billion in sales for the fourth consecutive year. This past fiscal year was one in which the Lottery broke records in terms of sales, overall winners,

retailer commissions and contributions back to the Garden State. More than 94 million prizes were awarded by the Lottery last year.

The Lottery is the State's fourth largest individual revenue producer, behind income taxes, sales taxes and corporate business taxes. In FY'05, based on preliminary and unaudited numbers, the Lottery is projecting \$809 million for State-sponsored programs, a 2 percent increase over the past year.

New York

New York Lottery Director Nancy A. Palumbo announced an exciting new education program partnership which provides K-12 schools, teachers and students with free access to an innovative online educational program – EdVideo Online. Launched initially in 2002 by PBS as "Video-on-Demand," EdVideo Online provides free online access to streaming and downloadable video that meets state and national educational standards, with accompanying lesson plans and classroom resources for educators.

Since 2002, more than 3.5 million video clips have been viewed by educators and students statewide. EdVideo Online is a password protected program that delivers standards-based video content and support materials to students through the Web. Users have access to a digital library of more than 2,600 educational core curriculum videos and 26,000 video clips 24 hours a day, 7 days a week. Educators can download or stream video clips, customize lesson plans and share lessons with colleagues.

North Dakota

The North Dakota Lottery recently sold its 10 millionth lottery ticket and the player who purchased it can claim \$10,000. The 10 millionth ticket was a Powerball ticket sold at Sunmart #103 in West Fargo.

Texas

The Texas Lottery® transfer to the Foundation School Fund for Fiscal Year 2005, ending August 31, totaled \$1.016 billion. It is a 1.3 percent increase over the last fiscal year, which totaled more than \$1.003 billion. It also marks the second consecutive year the lottery has transferred more than \$1 billion back to the state for public education.

Sales for all Texas Lottery products, totaling \$3,662,462,838, were up 5 percent over FY 04, which totaled \$3,487,924,569. Players won prizes in excess of \$2.2 billion, and more than 16,000 lottery retailers earned more than \$186 million in commissions and bonuses. Instant tickets accounted for \$2.7 billion, or 73.9 percent, of total sales, Lotto Texas® registered \$306.7 million, Mega Millions \$177.4 million, Megaplier accounted for more than \$40 million, Pick 3® took in nearly \$285 million, Cash Five® accounted for \$102.6 million, and Texas Two Step® sales totaled more than \$45 million.

Virginia

As contestants enter the boardroom for the fourth season of The Apprentice, the Virginia Lottery invites players to experience the pressure of the NBC reality show with a new scratch game based on the television series. The Virginia Lottery is the first state to offer "The Apprentice" ticket which will launch on September 26, 2005. The \$5 instant ticket is a licensed product of MDI Entertainment and offers players 16 chances to win with a top prize of \$100,000. The Virginia Lottery is supporting "The Apprentice" ticket with television, radio and POS advertising designed by the Lottery's advertising agency, Barber Martin Advertising. ♣

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Quarter Play made its debut in Iowa and was recently chosen as the winner at this year's NASPL from among eleven entries considered the best of the best in 2005.

Entries were judged on 4 criteria:

Innovative aspects of the game; Cost/benefit analysis of the game;

Strategic analysis and insight; Visual appeal.

The Electronic Game Card also won a Product of the Year Award at Public Gaming's Expo in July.



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Congratulations to the Iowa Lottery Authority for its innovative spirit and steady commitment to refreshing its traditional products to maintain a high level of player interest.