

The Indiana Casino Gaming News

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Foundation gives teenagers a Close Up

A group of lucky Gary, Indiana, high school seniors earned the opportunity of a lifetime last month and traveled with the Barden Gary Foundation to witness the swearing in of President Barack Obama.

The trip was part of a scholarship program created by the Barden Gary Foundation with a mission of "Discovering Potential ... Securing a Future." Through a contest entitled "Impossible is Possible ... Accept the Challenge," the foundation invited seniors to compete for a trip to Washington, D.C., where they would participate in the Close Up Program, hosted by the Emerson School for the Visual & Performing Arts in Washington, D.C. Don



Winning students and their chaperones pose outside the U.S. Capitol building during their trip to Washington, D.C. last month

Barden owns Majestic Star Casinos.

"Our goal through the Barden Gary Foundation's scholarship program is to empower the youth of today with a good education," says Chariece White, President of the Barden Gary Foundation. "That's why we thought the Close Up Program was an

excellent opportunity, and one that fit with our three main focuses: academics, community service, and extraordinary incentives."

The program, a week-long government studies program for high school students, encourages students look closely at government. The belief is that, by doing so, students

grow in their understanding of the democratic process.

During their stay in the nation's capital, the students did more than visit monuments and museums. Along with having the chance to participate in Obama's inauguration, the students and their chaperones participated in several workshops, met their Congressman, Peter Visclosky, and had their photo taken on the stairs of the Lincoln Memorial.

"This was truly a historic moment in our nation's history," White said. "For these students to have the chance to participate in it – while being part of a larger, government-themed program – made this truly an educational historic trip of a lifetime."

Economic struggles slam casinos, but innovation gives hope

A change in the calendar did not necessarily bring a change in fortune for the gaming industry, as January saw the sour world economy continue to affect the casino business.

A story by the Associated Press, dated January 20, suggests that the economic crisis has led to fewer people visiting casinos; those who do are staying for shorter lengths of time, and they are not gambling as much. The result? Casino revenues dropped \$1.1 billion, or 3.6 percent, in the first 11 months of 2008 (compared to the same time in 2007). Construction has slowed and halted all across the Las Vegas strip; more than a dozen casino projects around the world have been

cut back or abandoned completely, and more than 40,000 new rooms that had been planned for Vegas are now on hold.

Across the country from Las Vegas, the Resorts Atlantic City faces foreclosure after defaulting on its mortgage; around the world, in Macau – widely heralded as a tremendous growth opportunity for casinos – gaming revenues are in a free-fall, making the idea of any future ventures risky at best.

"We have a consumer that is not confident, that has been scared," Jim Murren, chief executive of MGM Mirage Inc., told the AP. "And (consumers) have every reason to be scared."

In order to ease their fears

Focus On Economy

and bring them back, casinos are offering better deals than ever. But the loudest cries are for innovations to bolster the industry.

"If you look at the slot machine, it's basically the same as it was 75 years ago," Harrah's CFO Jonathan Halkyard told the AP. "There has been a shocking lack of innovation around our core product in this industry when compared to virtually any other consumer entertainment product over the decades."

Is that the answer to what ails casino industry revenues? No one can be certain. But what is certain is that competi-

tion for the casino dollar is becoming ever more intense – right at the time when more Midwestern states are looking at gaming.

"Two years ago, you didn't have to differentiate yourself," Anthony Marnell III, chairman and CEO of the M Resort, Spa, and Casino, opening in Vegas in March, told the AP. "You could just build a nice, big, brand new building and put a good product out there, and you could charge just about what you wanted for it, and people would pay and keep coming back for more."

"(But) the masses ... they're done with (that). They are going to stay retracted and conscious of their dollars for a long time."

Economic factors changing our industry

There is no question: the economy is affecting our industry.

You can look at the story on the bottom of Page 1 to get a feel for how the nation's economic downturn is affecting the casino industry. But I want to talk about something else that is becoming more and more apparent: the effect competition is having on our casinos.



I've spilled a lot of ink in this column talking about potential competition from out-of-state - whether it's new casinos coming to Illinois, Indian casinos in Michigan, or Kentucky and Ohio looking toward expanded gaming. Each of these situations would have a ripple effect into Indiana's gaming industry; after all, there are a finite number of dollars spent at casinos each year, and adding more casinos means a smaller piece of the pie for each casino (and fewer tax dollars going to the state from that casino).

Now, other states are beginning to see the dangers in too much expanded gaming. Suddenly, casino owners - knowing too well, particularly in the current economic climate, that there are only so many dollars to be spent at casinos - are shying away from new casinos in "saturated" areas. That's why Kansas recently received no bids for a casino opportunity in the southern part of the state; it's why Maryland advertised for five slot sites, and only received six bids.

In both of these cases, the states in question have little room to negotiate. If they want the tax dollars that come from a casino, they likely will not receive the sizable licensing fees, high tax rates, and operating agreements that have come with our casinos.

In Maryland's case, where the bids came in by district, there is only competition for one slot. In the other four, they must take or leave what is offered.

Competition has saturated many markets to the point where many casino owners don't feel it fiscally worthwhile to pay for the right to operate. In those cases, are lower payments to the state better than no payments at all?

It's a question many states soon may have to answer.

- Mike Smith, President



One North Capitol, Suite 520
Indianapolis, IN 46204
Phone: 317-231-7030
Fax: 317-231-7035

Email info@CasinoAssociation.org
Problem Gambling Hotline: 1-800-994-8448

Inside Our Casinos



The Grand Victoria Casino had its premier Recognition Award Dinner on Thursday, January 29, 2009, honoring the property's best employees.

Among those honored at this year's invitation-only event, held in the property's Grand Theatre, were the following individuals:

- Daniel Dotson, Slots - 2008 Employee of the Year
 - Andrew Haskell, Marketing - 2008 Supervisor of the Year
 - Joseph Barbieri, Player Development - 2008 Manager of the Year
- All attendees are pictured above.

Aztar keeps giving to Evansville

In a year when the down economy stifled many corporations' charitable efforts, Casino Aztar maintained its strong commitment to the Evansville community with hundreds of thousands of dollars in giving.

In 2008, Casino Aztar contributed more than \$235,000 in cash and \$158,000 in in-kind gifts to non-profit organizations in the Evansville area. This strong philanthropic program, which benefited more than 550 different charities, offers strong evidence of why Casino Aztar has been considered

among the River City's most committed corporate citizens since its arrival in Evansville in 1995.

Several times each year, Aztar's Donations Committee - made up of senior management - meets to review and act on all requests. Their donations and sponsorships can range from a free meal at one of the casino restaurants to a capital campaign that can last up to five or more years. The scope of the giving ranges from education, music, and arts to medicine, economic development, the armed forces, and historical preservation.

Admission and Wagering Taxes

Admissions, January '09	2,024,484
Admission Tax, January '09	\$ 6,155,248
Wagering Tax, January '09	\$ 69,387,970
Admission Tax, Fiscal YTD	\$ 44,752,609
Wagering Tax, Fiscal YTD	\$403,412,127

Total YTD Admission and Wagering Tax: **\$448,164,736**

Champion of Diversity

Aztar honored for hiring, buying from women, minorities

Last month, *Indiana Minority Business Magazine* bestowed one of its top honors on Evansville's Casino Aztar, naming the property a Champion of Diversity.

The honor, given at the magazine's annual awards dinner in Indianapolis on Jan. 17, reflects the casino's dedication in purchasing from women- and minority-owned businesses, and in hiring female and minority employees. Last year, Casino Aztar made 19 percent of its purchases from minority-owned businesses, and another 14 percent from women-owned businesses.

"Over the years, Casino Aztar has been able to form some very important partnerships with women- and minority-owned businesses," said Sean O'Brien, the property's purchasing manager. "We've found, through some of our outreach, that we've been able to find some great suppliers that are owned by women or minorities, and since we are always looking for great suppliers to partner with, this has been a terrific way to broaden our horizons."

The property was nominated for the Champion of Diversity award by Ricky Clark, vice-president of *Indiana Minority Business Magazine*. His nomination came for Aztar's consistent work with women-



Casino Aztar in Evansville, Indiana was named a Champion of Diversity by Indiana Minority Business Magazine

and minority-owned businesses since opening in 1995.

Aztar was in good company in winning the award; this year, Governor Mitch Daniels and the Indianapolis Colts also won, and Colts quarterback Peyton Manning is a past winner. "This is a great honor, and it's even greater because of how it was earned," O'Brien said.

Now, the casino hopes to expand its reputation by continuing to look for new business partners.

"We're in great company with this award," O'Brien said. "So now, we want to work with the Indiana Minority Supplier Development Council and *Indiana Minority Business Magazine* to identify new women- and minority-owned businesses to see if we can form positive partnerships that are a win for all involved."

Marketing exec finds perfect fit in casino work

The first time Jahnae Erpenbach laid eyes on a riverboat casino, she knew what she wanted to do with her life.

"I originally said, before the advent of gaming, that I was going to go into the hospitality industry," Erpenbach said. "But immediately, when I first saw one of the first little riverboats in middle of the Ohio River, I fell in love with it. It was Disneyland on water, and I wanted to work there."

Erpenbach's career began on that same little riverboat in Metropolis, Illinois. Fresh out of Southern Illinois University with a degree in communications, she was hired at Illinois first riverboat casino. She would stay there eight years before moving on; today, she is at Hoosier Park Racing & Casino, where she has just been promoted to the position of vice-president of marketing.

The promotion comes after just more than a year with Hoosier Park – Erpenbach came in November 2007 as part of the team that would open the casino – and moves her into a position created for her. She had previously been the director of marketing.

"Jahnae played an integral role in planning and successfully opening Hoosier Park Racing and Casino," said Jim Brown, general manager of gaming. "Her leadership skills, energy and creativity have proven invaluable to our operation as well as our ongoing efforts to further our success in Indiana's gaming industry."

Working with Brown, Erpenbach said, was one of the draws that brought her to Hoosier Park. During her time in Metropolis – before moving onto the Empress Casino in Joliet, Illinois, then to Hoosier Park – the two had been "healthy competitors."

But the chance to work with Brown, coupled with the opportunity to help open a casino, drew Erpenbach, her husband, and their two sons to central Indiana.

"I felt that I could never really say I was a serious casino marketer until I had gone through the experience of a new casino," she said. "Sometimes, when you move into a position, you take for granted the policies and procedures and systems that are in place; when you have to build it from scratch, you realize what it takes."

"I'd heard how difficult that was, and I thought I wanted to take that challenge."



Jahnae Erpenbach

Horseshoe Casino sponsored the 5th annual Children's Oncology Services, Inc. Charity Poker Championship. The winner earned a spot in the 2009 World Series of Poker; proceeds went to charity.





Robert T. of Louisville, Kentucky, poses in front of his brand new Harley Davidson, won at the French Lick Resort Casino last month. Robert won when he hit a jackpot on a 2 Cent Triple Dollars slot machine.



Belterra's new executive chef, John Geschrei, prepares lunch during an "Ask Chef" session with property employees. During the event, Geschrei gave a live cooking demonstration and answered questions.

French Lick Executive Chef Brian Schack poses with a participant in this year's Culinary Classics weekend. The event featured French Lick culinary staff offering classes and giving demonstrations to help participants from the community expand their kitchen creativity. The event ran January 23 and 24.



Courts block gaming shutdown in Kentucky

A Kentucky government attempt to shut down online gaming hit a legal roadblock last month, courtesy of the Commonwealth's appellate court system.

In a 2-1 ruling, the Kentucky Court of Appeals said the Commonwealth does not have the jurisdiction to seize the Internet domain names of online casinos. By seizing the domain names, officials would have kept more than 140 online casinos from operating in the state.

The move was instigated last year by Kentucky Justice and Public Safety Cabinet Michael Brown. With the blessing of Governor Steve Beshear, Brown sued the Web sites, claiming that their operation amounted to illegal gambling.

According to the appellate court's ruling, the commonwealth lacks jurisdiction because its legislature "does not define an Internet domain name as a gambling device."

Kentucky officials have said they will review the ruling before any further action.

Vegas to turn out the lights

On March 28, the lights of the Las Vegas strip will go dark – a rare planned outage in homage to Mother Earth.

Las Vegas will be a flagship city for this year's Earth Hour – a World Wildlife Fund movement asking homeowners, businesses, and the government to dim or turn out the lights for an hour. The goal is to raise awareness of climate change.

And by getting on board, the gaming industry along the Vegas strip – one of the brightest spots in the world – is sending a huge message about the issue.

"Turning down the lights on the Strip is a very touching tribute, and can be very effective," David G. Schwartz, director of the Center for Gaming Research at the University of Nevada, Las Vegas, told the *Las Vegas Review-Journal*. "For the Strip to stop anything is a really big deal. The Strip doesn't like to do that."