

The Indiana Casino Gaming News

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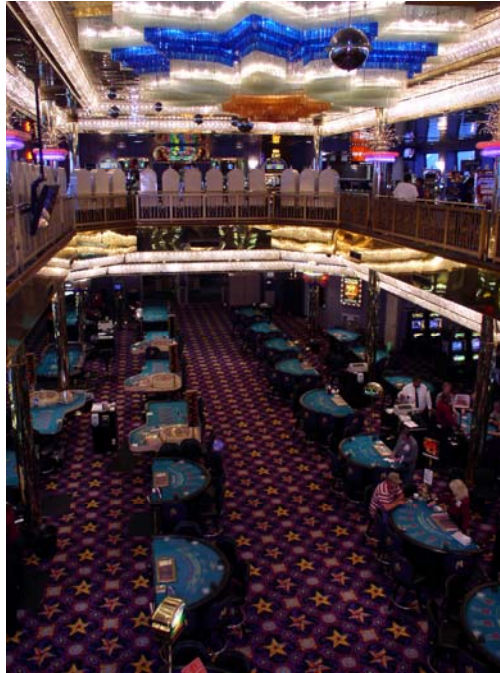
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Caesars hints at expansion

Another Indiana casino announced plans this month to increase investment in its host community, with Caesars Indiana apparently planning to join the construction frenzy.

While no official plans are yet on-record, owner Harrah's Entertainment told the Louisville *Courier-Journal* that it wants to renovate Caesars, expand its pavilion, and possibly add restaurants and entertainment options. According to Harrah's Central Division President Anthony Sanfilippo, the company also is considering adding a second tower to the casino's 500-room hotel.

After the work is done, Sanfilippo told the newspaper that Caesars would be renamed as part of Harrah's Horseshoe brand. But in the process of doing so, the company does not plan to replace the casino boat



The casino floor of Caesars Indiana, shown here, is not likely to see much change in the expansion.

itself. "It's a wonderful vessel; the casino itself is a world-class casino," Sanfilippo told the *C-J*. "But this will include remodeling

and a new look."

In the short run, the project will provide work for local construction firms.

Harrah's also is in the process of replacing its Horseshoe Hammond casino boat – a \$485 million investment. Sanfilippo told the *C-J* that such significant investment in Indiana's communities is a result of the state's stable regulatory climate, as well as state officials' (including Governor Mitch Daniels) dedication to the casino industry.

"We feel very comfortable that the governor understands the benefits of this industry," Sanfilippo said. "It's encouraging to us when we find a state where the top elected officials are so educated about the industry."

Official plans for the Caesars investment are expected in the next six months.

Ladies tournament gives nearly \$12,000 to charity

Argosy Casino in Lawrenceburg, Indiana, raised more than \$12,000 for local charities last month at its second Celebrity Ladies Charity Tournament.

The event, held May 23 in the new Argosy Poker Room, saw several local lady media celebrities from the Greater Cincinnati area playing No-Limit Texas Hold 'em for their favorite causes and charities. Each player received \$500 for her charity just for participating, and the champion's charity received \$5,000. Lynn Giroud of WCPO-TV Channel 9 was the grand champion, with her \$5,000 donation going to Tri-State Multiples. The Cincinnati-area organization supports families who give birth to multiple babies and need help coping with so many extra mouths to feed.



Local media personalities take part in Argosy Casino's Celebrity Ladies Charity Tournament.

Ladies who participated included: From Fox19-TV, Sheila Gray, Valerie Abati and Meghan Mongillo; from WCPO-TV Channel 9, Lynn Giroud, Denise Johnson, Cindy

Matthews, Mariah Gray, Candice Terrell, and Julie O'Neill; from WYGY-FM (The Star), Kitty McVay and Dawn Michaels; from WDBZ-AM (The Buzz), Valerie Tutt and Patti Bonner, and from WKRQ-FM (Q102), Jennifer Fritsch.

The ladies spent the day at Argosy, beginning with a lunch prepared by Argosy's executive chef, Todd Treon. Following lunch was a tutorial on *Texas Hold 'em*. Instruction didn't last long though, because the ladies were eager to "shuffle up and deal!"

The event was a great success and allowed Argosy to donate nearly \$12,000 to local charities. The ladies had a fantastic time and each has complimented Argosy and its employees on the superior hospitality they received.

Aztar bidding war finally ends

Well, it's finally over.

Remember when, barely more than two months ago, the news of Pinnacle Entertainment's apparent purchase of Aztar Corp. shocked the industry? Looking back, that "stunning" announcement seems rather commonplace after what ensued.



But finally, after more than two months of escalating bids and skyrocketing dollar figures, Aztar Corp. has a buyer - and it isn't Pinnacle. Columbia Sussex topped Pinnacle's final offer - a bid of \$47 a share in cash and \$4 a share in stock, plus assumption of about \$677 million in debt - with an overall offer of \$54 per share. That brings the purchase price to a staggering \$1.94 billion (plus the assumption of debt, and a \$78 million break-up fee to Pinnacle) - far more than the original \$39 a share Pinnacle appeared to be paying back in March.

Columbia's price still could increase even more, if any licensing or other bureaucratic hurdles arise and delay the purchase more than six months. At that point, Columbia would pay Aztar another 0.00888 cents per share - about \$319,000 - per day that the delay continued.

So what does all of this mean for our own little slice of Aztar, the Casino Aztar on Evansville's riverfront? At the moment, that isn't entirely certain; rumors have floated that Columbia would have to sell smaller properties like Casino Aztar to make the deal cost efficient, but no official statements - to that effect or any other - have come from the new owner.

Instead, they are likely focused on the property they so desperately sought: 34 acres of prime real estate on the Las Vegas strip. That property is believed to be what caused the bidding war, and likely will be the focus of much Columbia Sussex time, energy, and money for the time being.

In the meantime, we will continue to keep you updated on any breaking developments in this sale that affect Casino Aztar. And we will begin filling this space with information on other subjects.

Finally!

- Mike Smith, Executive Director



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In Brief...

Online gambling ban headed to House floor

A bill to ban the \$12 billion Internet gambling industry in the United States is headed for debate in the U.S. House of Representatives.

The Unlawful Internet Gambling Enforcement Act passed the House Judiciary Committee 25-11 last month, and now will go before the entire House for consideration. If adopted, the bill would force U.S. financial institutions to cooperate with federal law enforcement authorities in shutting down illegal gambling sites based outside the U.S., excepting horse racing, fantasy sports betting and state lotteries in the U.S.

A separate measure, which

would make it illegal for credit card companies to collect payments for online gambling sites, will go before the Judiciary Committee soon, and appears also headed for approval.

While the bill, which counts Indiana Republicans Mike Souder and Mike Pence among its sponsors, appears likely to pass the House, insiders suggest it may face a tougher battle in the Senate. With states like Nevada looking to regulate and tax the online gambling industry, many senators may be loathe to ban such a potentially lucrative cash cow.

No hearing date has yet been set on the House floor.

Casino Association studying race in industry

The Casino Association of Indiana is currently participating in a study by Indiana University which was requested by the Gaming Commission to quantify and categorize industry minority participation throughout the state of Indiana.

Mike Smith, executive director of the association, represents the

industry on an oversight committee consisting of legislators and other professionals of various backgrounds. Likely ongoing through the summer, this benchmarking project will be the first statewide study of its kind in the United States.

Admission and Wagering Taxes

Admission Tax, May '06	\$ 6,758,244
Wagering Tax, May '06	\$ 70,186,976
Admission Tax, Fiscal YTD	\$ 74,544,147
Wagering Tax, Fiscal YTD	\$653,081,439

Total Admission and Wagering Tax **\$727,625,586**

*Fiscal Year Defined as July 1 to June 30

Harrah's HEROs help Harrison County seniors as they take part in the first Senior Games miniature golf event, held June 6 in Corydon, Indiana.



A team that can't be beat

Harrah's to join forces with Senior Olympics 2007 games

Harrah's Entertainment, Inc. – owner of two Indiana casinos – has entered into a two-year partnership as sponsor of the Senior Olympics.

The owner of Caesars Indiana and Horseshoe Hammond will partner with the National Senior Games Association to sponsor the biennial Summer Senior Olympics, presented by Humana. It is the largest multi-sport event in the world for men and women older than 50, attracting 10,400 athletes and 20,000 additional guests in 2005.

The 2007 event, set for June 22-July 7 in Louisville, Ky., is expected to be even larger, drawing more than 12,000 athletes, with an economic impact on the city exceeding the \$30 million Pittsburgh saw during 2005's games.

All of which has Harrah's representatives excited about getting involved.

"Harrah's Entertainment, together with

our Indiana properties, Caesars Indiana and Horseshoe Hammond, are delighted to sponsor the 2007 Senior Olympics," said Ed Garruto, General Manager of Caesars Indiana. "This is a premier event for Louisville and southern Indiana and a terrific opportunity to recognize our nation's seniors who continue to compete."

Caesars, in fact, already has a head start on sponsoring such events, after hosting the Senior Games miniature golf event June 6 in Corydon, Indiana. The event, put on by LifeSpan Resources – a four-county agency in southern Indiana – was the first of its kind in Harrison County.

Caesars Indiana was the proud sponsor, and a number of casino employees volunteered to assist with the event. They can be identified in the accompanying photo by their H.E.R.O. (Harrah's Entertainment Reaching Out) shirts.

Horseshoe's Sharon Combs gets R.O.S.E. Award

Employees at Horseshoe Hammond are celebrating this month, after one of their own received a R.O.S.E. Award from the Lake County Convention & Visitors' Bureau.



Sharon Combs, of Horseshoe's Marketing Department, received Lake County's Recognition of Service and Excellence award, given every year during National Tourism Week. The award recognizes outstanding hospitality employees in the county; in receiving her award, Sharon was specifically cited for her "outstanding contributions to Lake County tourism," and for "the legendary service that she provides to Horseshoe customers."

"Sharon provides 'A' service, while enthusiastically promoting the benefits of our loyalty program to new and established players," said Ken Harris, Horseshoe's guest services manager. "She is always upbeat and positive, and has a warm smile."

Her award is yet another acknowledgement of the 2,200-plus men and women who work tirelessly to create the unique Horseshoe experience. Congratulations, Sharon!

State switch directs charity events to gaming commission

The Indiana Gaming Commission next month will take over oversight of all gaming-related charity events, adding that duty to its current casino regulation.

The switch will take place July 1, thanks to a bill adopted by the state legislature. The Gaming Commission will take over licensing and regulation of all non-profit groups for activities including Bingo, raffles, and other gambling events.

Since 1992, such licensing and regulation has been the job of the state Department of Revenue. But an efficiency study done after Governor Mitch Daniels took office found that the state could achieve

greater efficiency by shifting charity gambling responsibilities to the Gaming Commission.

According to Gaming Commission Executive Director Ernest Yelton, the transition already has begun. The goal is to make the switch as painless as possible; many Revenue employees who have worked with nonprofit groups will transfer employment to the Gaming Commission, and the phone number those nonprofits have used to contact Revenue will become Gaming Commission phone numbers.

The Gaming Commission also is having a series of forums, where nonprofits

can offer input about regulation.

"Primarily, we want to have the input of patrons and qualified organization members to hear their concepts of how we can make charity gaming even better than it is," Yelton told the Louisville *Courier-Journal*. "We want to see what we can do differently to assist the industry and the events but still stay within the regulatory scheme we must maintain."

In 2005, Revenue issued more than 2,600 licenses to nonprofit groups. Those groups reported more than \$526 million in gross income, and paid fees to the state of almost \$4 million.

Boxing, concerts thrive for Resorts East Chicago

Resorts East Chicago Casino Hotel recently wrapped up the Memorial Day holiday weekend by hosting a special Outdoor Extravaganza with live professional outdoor boxing and three sold-out concerts by '70s soul sensation, "The Spinners."

Hosted by One in a Million Boxing, Resorts East Chicago hosted five outdoor boxing matches Friday, May 26, which featured undefeated middleweight prospect Michael Walker; Laporte, Ind., resident Nick Cook; Gary, Ind., women's boxing sensation, Mary McGee; and powerful middleweight Derrick Findley of

Gary, Ind. The main event during the card was a championship bout that saw INBA Lightweight Champion, Johnny Novak, successfully defend his title.

The Fight Night event was followed by three exciting concerts by The Spinners, which took place at Resorts on Saturday, May 27, and Sunday, May 28. The fantastic Spinners performed a number of their classic hits such as "I'll Be Around," "It's a Shame," and "Rubberband Man" during two sold out shows.

The events brought more than 2,000 guests to the outdoor tent.



Members of The Spinners meet with their fans at one of their two Resorts East Chicago shows last month.

Horseshoe Hammond team members Stephanie Sheikh and Tom Griesmann accept honors during a Leadership Northwest Indiana luncheon, held June 2.



Horseshoe workers honored for leadership

Horseshoe Hammond employees Stephanie Sheikh and Tom Griesmann were among an elite group of Northwest Indiana residents honored during a Leadership Northwest Indiana (LNI) luncheon at Strongbow Restaurant in Valparaiso on June 2.

Leadership Northwest Indiana is an organization that has long been committed to educating leaders from Lake and Porter counties on important Northwest Indiana issues. In collaboration with Indiana University Northwest's Institute for Innovative Leadership, the LNI program was developed to reflect the statistical research contained in the Quality of Life Indicators report, issued by the Quality of Life Council of Northwest Indiana.

LNI is an excellent opportunity for Northwest Indiana residents to become familiar with the community as a

whole. During the program sessions, participants discuss a variety of topics – from transportation and education to economic development and diversity – which all play key roles in helping to improve the quality of life for Northwest Indiana residents. The mission of LNI is to increase the awareness of issues pertinent to Northwest Indiana among a diverse group of Lake and Porter County leaders while promoting a network of leaders.

For 10 months, participants met once a month to network with other local and state decision makers to discuss issues and concerns in the region. The participants, all from varied backgrounds, were individually recruited based on their leadership potential.

Sheikh has been employed at Horseshoe for more than five years, and Tom Griesmann nearly 10 years.

Higher taxes hurt casinos, professor says

Experts at a national gaming conference last month agreed that the higher a state's casino tax, the less likely that state will be to see increased development around its casinos.

Speaking at the 13th International Conference on Gambling and Risk-Taking, held at Harrah's Tahoe in Nevada, Professor William Thompson of the University of Nevada-Las Vegas presented early data in his findings on increased casino taxes. Thompson said he expects his final research paper to show that lower taxes create more diverse entertainment centers, with more restaurants, convention space, hotel rooms and other entertainment.

He added that any state trying to benefit from casino taxes should consider that effect on economic development when looking at casino tax rates. Because, while the immediate benefit of casino tax increases are obvious, the long-term losses that come from decreased development also need to be taken into account.

"Higher taxes hurt the industry," Thompson said. "They hurt all industries."

Indiana has one of the nation's highest casino tax rates, with a top rate of 35 percent. Nevada, where the casino industry thrives the strongest, has a mere 6.75 percent casino tax rate.

