

# The Indiana Casino Gaming News

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## Horseshoe plans expansion

Another Indiana casino announced plans for massive growth and investment last month, when Harrah's Entertainment, Inc., made public its plan to sink another \$485 million into Horseshoe Casino in Hammond.

The casino's expansion, which was announced April 27, calls to build a large, two-level entertainment vessel on the Chicagoland riverfront. The first level will hold a 108,000-square-foot casino, which more than doubles the size of the current Horseshoe Casino in Hammond; the second level will include a 2,500-seat, multi-purpose theater alongside a spectacular new buffet.

"The new vessel will allow us to provide luxurious amenities for our customers to enjoy," said Rick Mazer, Horseshoe Casino's senior vice president and general manager. "These are exciting times for Horseshoe Casino and with a new facility, we will be able to offer our customers an



enhanced gaming experience and exceptional entertainment in a world-class gaming facility just minutes from downtown Chicago."

It also will offer the people of Hammond a significant investment – both in the \$485 million expansion, and in the new jobs and tax dollars it will create. This investment will make Horseshoe the largest casino in the Chicagoland area, and will add 450 new jobs to the 2,200 already employed by Horseshoe.

And it will reshape the Hammond riverfront, replacing the 10-year-old, 54,000-square-foot Horseshoe casino with one that's twice as large.

"Chicagoland is one of America's largest and most vibrant gaming markets – it deserves a gaming experience that rivals those found on the Las Vegas Strip or the Atlantic City Boardwalk," said Anthony Sanfilippo, president of Harrah's Central Division.

"Horseshoe has a long and rich tradition of making things right for the gambler; now, our dedicated employees will take this tradition to a new level, offering Chicagoland customers a comfortable, welcoming gaming experience."

Design work on creating that experience has already begun, with completion on the expansion tentatively scheduled for mid-2008.

"This is a significant milestone in Horseshoe's history," Mazer said. "We are fully committed to making it right for the gambler by ensuring that our business evolves in an efficient way to meet the future needs of our customers."

## AGA releases annual State of the States report

The American Gaming Association this month released its 2006 "State of the States" survey and report on all forms of gaming across the United States.

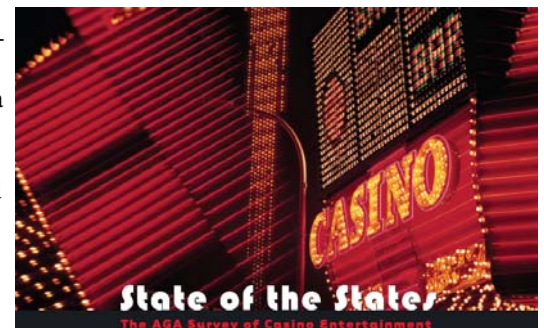
The report, which details statistics from 2005, features information about every state. Included is information about the impact of Indiana's 10 properties.

According to the report, Indiana's casinos grossed \$2.414 billion in revenues through 2005, generating \$777.78 million in tax revenues for the state. Both of those numbers were up from the previous year, when casinos grossed \$2.369 billion, and paid \$760.5 million in gaming taxes.

For both years, those numbers put Indiana among the top three states in gaming

tax revenue collected. In 2004, the Hoosier state pulled the third-most revenue from gaming taxes, behind only Nevada (\$887 million) and Illinois (\$801 million). For 2005, Indiana passed Illinois (\$749.7 million), placing second behind Nevada's \$952.6 million. That, despite the fact that casinos in Mississippi (\$2.467 billion), Louisiana (\$5.018 billion) and Nevada (\$11.649 billion) all saw more gross revenue than Indiana's \$2.414 billion – an illustration that Indiana's casino tax rate is significantly higher than most.

Among the other statistics included in the report are the number of wages paid out by Indiana's casinos last year (\$571.09 mil-



lion, including tips and benefits), the number of Indiana casino employees (15,060), and the largest casino markets in the country (including one – the Lawrenceburg/Rising Sun area) from Indiana.

# Columbia Sussex in the lead

It's been two months since Pinnacle Entertainment announced plans to purchase Aztar Corp., sparking a bidding war that has held insiders and investors on the edge of their seats.



If you believe the recent reports, the dust might finally be settling on this whole thing. At the time of this writing, Columbia Sussex had the high bid, at \$53 a share, plus the assumption of all Aztar debt (including about \$78 million in break-up fees to Pinnacle). That offer would up the total sale price to about \$2.6 billion - two months after Pinnacle had appeared to seal the deal at \$38 a share, or \$2.1 billion.

Aztar has until May 17 to accept the offer, and Pinnacle still has the right of final offer. But judging by stockholder reaction to Pinnacle's last offer - shares dropped 5 percent after their \$51 a share bid - many insiders are hoping they do not again counter.

The reason? According to Davenport & Co. Gaming Analyst George Smith, this sale could dilute Pinnacle's 2007 earnings by 16 cents per share. And, while Pinnacle executives insist that the Vegas presence that comes with the purchase eventually would pay off for investors, many will need time to gain confidence in that idea.

So is this the end of the drama? Nobody knows. Perhaps Pinnacle still will make another offer, bringing the total number of bids for Aztar to 16 in the last two months. But many experts are predicting Pinnacle will bow out, taking from Aztar a \$55.2 million break-up fee and \$25.8 million in legal expenses and going home.

It remains unclear exactly what any purchase will mean for current Aztar properties, including Evansville's Casino Aztar. Pinnacle has stated its enthusiasm for Aztar's newest expansion; Columbia has made no such statements.

So if Pinnacle chooses to take its money and pursue other investments, who knows?

Stay tuned.

- Mike Smith, Executive Director



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



## In Brief...

### New French Lick casino to hold June job fair

The brand new French Lick Springs Resort & Casino in Orange County, Indiana, will be looking to fill more than 700 new jobs when it holds a job fair next month.

Organizers are expecting heavy turnout at the fair, scheduled for June 9 and 10. They will be looking to fill about 715 jobs, 340 of which will be available inside the casino. The rest will be part of the resort.

Representatives of Benchmark International, which will operate

both the casino and resort, have said they are expecting anywhere between 2,500 and 4,000 applications for those 715 jobs. Another 300 jobs, which will be available at West Baden Springs, are expected to be filled at a later date. Details of those hirings are pending.

Construction is on schedule for both the casino (which was "topped" last month) and the resort. Both are expected to open in November.

### Caesars Indiana sets monthly revenue record

March was a record month for Caesars Indiana, which saw its highest monthly revenues to date.

The casino brought in \$29.3 million for the month, topping its previous record by more than \$1.1 million. The previous record of \$28.1 million was set in January; the two months together signal the strongest year in Caesars' seven-year history.

"We've really been running strong this year," said Caesars General Manager Ed Garruto.

Before this year, Caesars' monthly revenue record was \$27.5 million, set in July 2004. But with the mild winter driving hotel occupancy above 95 percent, the property shattered that record in January.

Hotel occupancy still was in the 95 percent range in March. But a big reason for the new record was slot performance.

In March, Caesars' slots alone generated \$23.5 million in revenue. The casino also has 134 poker and blackjack tables.

## Admission and Wagering Taxes

Admission Tax, April '06	\$ 6,804,348
Wagering Tax, April '06	\$ 70,979,861
Admission Tax, Fiscal YTD	\$ 67,785,903
Wagering Tax, Fiscal YTD	\$582,894,463
Total Admission and Wagering Tax	\$650,680,366

# Horseshoe's Mazer honored

*General Manager rewarded with top award  
for Harrah's executives*

Recently, we shone a light on the man behind much of Horseshoe Hammond's success, General Manager Rick Mazer.

Now, his company is honoring his leadership.

Harrah's Entertainment, Inc., recently named Mazer a winner of the company's Corporate Excellence Award, given to executives "who set the standard for outstanding performance and exemplary leadership."

"Rick has led Horseshoe Hammond to new heights," said Harrah's Central Division President Anthony Sanfilippo. "He has boosted cash flow at the property by 22 percent, and operating income increased by 35 percent in 2005.

"Rick has set a standard of excellence that employees appreciate, and that other general managers emulate."

The number of executives honored with this award varies from year to year. This year, Mazer was one of 10 to be honored with the Corporate Excellence Award.

To win, an executive has to achieve superior business results through building player loyalty and employee engagement. He also must make "sustained contributions that are crucial to the success of the company."

According to Sanfilippo, Mazer has done all of this - and more - since Harrah's purchased Horseshoe in 2004.

"Rick stands out as one of the brightest stars to join the Harrah's team," Sanfilippo said. "As gen-



eral manager of Horseshoe Hammond since the day it opened, Rick has guided the property and its team through two acquisitions, and each time, he has seen change as an opportunity to improve the property by making things better for its customers and its employees, and by making the property more profitable than ever.

"Rick saw the incredible potential in Harrah's tools and systems, and he communicated his enthusiasm to the property's employees. He worked diligently with his team to adopt Harrah's strategies, while making sure Horseshoe retained its atmosphere and focus on the players."

## Former Majestic Star employees finding work around region

It isn't taking long for many of those laid off after the Majestic Star/Trump merger to find new work.

According to the *Times of Northwest Indiana*, Horseshoe Hammond filled about 50 of its 100 job openings with those laid off by Majestic Star. Meanwhile, another 25 took jobs at Resorts East Chicago, and Blue Chip Casino hired an undisclosed number.

All three casinos hired a mix of workers, ranging from card dealers to beverage servers to housekeepers. Most of those employees were out of work for less than two months before finding new work.



## Anti-Internet gambling bill clears 1st hurdle

A bill to ban the \$12 billion Internet gambling industry crossed its first hurdle this month, passing a subcommittee in the United States House of Representatives.

If adopted, the bill - co-sponsored by Indiana Congressmen Mike Pence (R) and Mike Souder (R) - would amend an existing statute to ban all forms of interstate gambling, and would ban any gambling business from accepting payment in the forms of credit cards, checks, wire and Internet transfers. Approximately 2,300 Internet gambling sites would be shut down by the new law.

"Virtual betting parlors have attempted to avoid the application of United States

law by locating themselves offshore and out of our jurisdictional reach," Rep. Bob Goodlatte, a Virginia Republican who wrote the bill, told Reuters.

He also noted that the offshore companies who use Internet sites are "unlicensed, untaxed and unregulated."

Passage by the subcommittee - the House Judiciary's subcommittee on crime - was only the first step for the anti-online gambling bill. Next, the full Judiciary Committee must approve the bill, before it can go before the entire House of Representatives.

Many believe that is unlikely to happen this year, with Congress shortening its ses-

session so members can return home and run for re-election. In the meantime, the American Gaming Association has called for a one-year study of Internet gambling.

Association President Frank Fahrenkopf said his organization remains neutral on the bill, but believes something needs to be done to "protect young people and pathological gamblers" from the easy access of Internet gambling, as well as "prevent money laundering" through the sites.

Their call for study, aimed at learning what - if any - regulation would be enforceable, echoes a similar call (for different reasons) from the Internet gambling industry.

# DeRosa's 'summer job' became career

Joe DeRosa entered the casino industry through a strange door: His local high school's math department.

"I was a high school math teacher when they brought gambling to Atlantic City," DeRosa said. "I needed a summer job, and I started at the first casino – where else, Resorts, though it was under a different owner then."

Now, 28 years later, DeRosa is running a Resorts property – Resorts East Chicago in Northwest Indiana. Needless to say, his days as a math teacher



have long since ended; he fell in love with the casino industry (and with a Pit Manager named Vickie, who is now his wife), and never looked back.

DeRosa hails from Vineland, New Jersey – the Garden State's largest geographical town, about 30 miles west of Atlantic City. He lived most of his life in New Jersey until coming to Indiana in 1995 to run Trump Indiana in Gary.

When Resorts purchased Harrah's East Chicago a decade later, DeRosa moved into the General Manager position at the newly-minted Resorts East Chicago. The official transition occurred in April 2005.

There, as he had at Trump, DeRosa found himself inspired by the way the casino industry had affected people in Indiana – both his employees and other Hoosiers..

"I love knowing the difference casinos have made in the lives of Indiana citizens," he said. "And I like to hear what my employees have to say, and how their jobs here have made their lives better."

DeRosa certainly feels that the industry has made his life better – and it continues to challenge him every day.

"I really can't think of any job that offers this kind of excitement each and every day," he said. "The markets are constantly changing, the technology has improved at lightning speed, and the regulatory environment is anybody's guess.

"It's certainly never dull."

## Ohio gaming groups uniting *But unified plan not favored by all Buckeyes*

Proponents of gambling expansion in northeastern Ohio appear finally united under one proposal, meaning Buckeye voters likely will see one referendum on the ballot this November.

Backers of the Learn & Earn proposal, which would use casino dollars to pay for Ohio students' college education and to fund local economic development, recently brought their last competition on board, the Cleveland *Plain-Dealer* reported May 2. That competition, Penn National Gaming, owned a Toledo racetrack, and was campaigning for electronic slots at horse tracks only.

According to the newspaper, Penn folded their proposal to join Learn & Earn after the latter group agreed to drop Cincinnati as a casino site. A new Cincinnati casino would have competed with another Penn property, Argosy Casino in Indiana.

The proposal voters likely will see on their ballot calls for slots at tracks and at two sites in Downtown Cleveland, and is backed by the state's seven racetracks, Forest City Enterprises, Inc., and businessman Jeff Jacobs.

If passed, the plan would allow up to 3,500 slots at each track, and the two Cleveland sites: Thistledown Track in North Randall, and Northfield Park in Northfield.

By 2010, voters also could decide to add table games and create full-fledged casino sites at the two Downtown locations.

Of course, the plan isn't going over as well in Cincinnati.

Representatives of the Southwestern Ohio city now have their own plan – one that would bring a slots parlor to Broadway Commons in Downtown Cincinnati. The plan, which is backed by several members of the City Council, needs 323,000 signatures to get on the November ballot.

If that initiative, and the Learn & Earn initiative, both go on the ballot, and both pass, then the initiative with the most votes would be enacted.

Such an initiative, if passed, would hurt Indiana casinos like Argosy and Belterra, where many Ohio gamblers now spend their money.

## Award Winner!



Kevin Wells, of Casino Aztar's hotel valet staff, was among the 2006 nominees for the prestigious ROSE Award, which honors outstanding service professionals in the hospitality industry.

ROSE is an acronym for Recognition of Service Excellence. The mission of the program is to honor non-managerial hospitality employees who exemplify excellent customer service.

Kevin, a seven-year Aztar employee, was nominated by the property's Hotel Sales Department in recognition of his service as an outstanding ambassador for the company.