



Client and Company News for July 2004

The Pennsylvania Effect



We may be about to learn why they call Pennsylvania the Keystone State. If Pennsylvania's new slot law is the impetus to motivate Maryland to move on racinos and Delaware and West Virginia to add table games, could that push Ohio, already feeling the impact of Michigan's casinos and Indiana's riverboats, to follow? Could even New Jersey take the step of allowing casino gaming beyond Atlantic City? And with all this other action preceding it, might even Massachusetts take the plunge, especially faced with racinos in Rhode Island, New York already moving forward with more Native American casinos and five more Connecticut tribes approaching federal approval? And if higher track purses in Pennsylvania draw horses from Kentucky, will they be next?

It's not just a normal domino effect, it's an exponential one. States with no gaming are considering the first step. States with mature gaming activity are considering adding even more when they see neighboring states pulling revenue across the borders. Massachusetts' once highly successful lottery long ago raised the bar, which was raised by another state, and so on and so on. It's a reverberation effect.

At The Innovation Group, not only have we been studying the economic potentials and legislative probabilities of these scenarios for private sector clients, but we've been demonstrating the outcomes to state and local governments as well. In fact, we were there in Pennsylvania, providing the statistical support for Senator Fumo's successful legislation. "The Innovation Group's detailed analysis of the Pennsylvania gaming market permitted policy makers to craft legislation that maximized revenue opportunity," said Christopher B. Craig, Counsel, Pennsylvania Senate Democratic Appropriations Committee.

"The Innovation Group's research and analysis was a significant factor in understanding the market dynamics and potential in the Commonwealth and in the eventual enactment of gaming legislation."

Maybe we should call this one the keystone effect.

- *Steve Rittvo, President*

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CLIENTS MAKING NEWS

Pennsylvania Passes the Bill



Pennsylvania Senator Vincent Fumo, who drafted the bill that legalized gaming in the state, hired The Innovation Group to conduct the research that supported his position. The Senator hired The Innovation Group, to whom he referred in the press as the "industry leader in gaming market analysis," to determine what degree of gaming was needed to meet Governor Ed Rendell's stated goal of generating \$1 billion annually for tax relief. The Innovation Group conducted a thorough gaming market analysis to estimate the number and placement of venues that would be necessary, as well as the number of gaming devices. "In the past 30 years, I don't believe we have done anything that will change Pennsylvania economically and culturally as much as the process we have set in motion here," said Fumo. [Back to "Clients Making News."](#)

Planning to Wynn Big in Macau

The Innovation Group's feasibility study and market assessments for the new Wynn Macau casino helped to confirm the vision of Steve Wynn in building his first casino there. The \$705 million mega-resort recently broke ground and is slated for a late 2006 opening. After 40 years of a gaming monopoly, in 2002 Macau decided to open its gaming industry to competition. The property will include a 600 room hotel and 100,000 square feet of casino space. [Back to "Clients Making News."](#)



Colusa Starts out with a Bang

The Cachil Dehe Wintun Indians used dynamite instead of shovels to celebrate the groundbreaking of the new addition to their Colusa Casino. The Innovation Group did the feasibility study for the project, which will add a restaurant and 60-room hotel to the property. The new construction is the sixth expansion for what started as a small bingo hall 17 years ago. [Back to "Clients Making News."](#)

Ho-Chunk Go Coinless

The Ho-Chunk Nation has opened its new Whitetail Crossing Casino near Tomah, Wisconsin, as a coinless, ticket-in, ticket-out system. The state-of-the-art slot technology is right in keeping with the current direction in the gaming industry. The 1.8 million expansion adds nearly 7,800 square feet to the nation's Whitetail Crossing convenience store, and is what some Ho-Chunk officials call the fulfillment of a dream. The Innovation Group did the feasibility study for the development to assess the potential gaming revenues.

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Catawba Can't Wait for Santee

The Catawba Indian Nation is involved in a federal suit over the right to operate video poker on its South Carolina reservation. The state instituted a ban against video poker in 2000, and the Catawba maintain the law does not alter their previously granted federal gaming privileges. The Innovation Group performed a market assessment and economic impact study that showed the huge difference in revenue potential between a Class II and Class III operation in Santee.

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Potawatomi Waiting in the Wings



The Forest County Potawatomi are ready to move forward and invest \$240 million in either an expansion of their existing Menomonee Valley location or a new site in downtown Milwaukee. The Innovation Group did

the feasibility studies which showed the potential of both projects. At question is the outcome of a lawsuit challenging existing gaming compacts with the state. The current compact enabled the tribe to obtain the long-term financing necessary to fund the project.

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STAFF IN THE NEWS

Pennsylvania Puts The Innovation Group in the Spotlight

Because The Innovation Group had done the studies that supported the revenue potential of legalizing gaming in the Pennsylvania, we were acknowledged in several articles covering the passage. Prior to the Pennsylvania's passing of the billing allowing legalized gaming, Innovation Group President Steve Rittvo expressed his optimism that the state had the potential to reach revenue projections. Pennsylvania Senator Vincent Fumo, who drafted the bill that legalized gaming in the state, had hired The Innovation Group to determine what degree of gaming was needed to meet Governor Ed Rendell's stated goal of generating \$1 billion annually for tax relief. The Senator referred to the company in the press as the "industry leader in gaming market analysis." The Innovation Group conducted the gaming market analysis that estimated the number and placement of venues that would be necessary.

More on these stories can be seen at these locations:

TimesHerald.com http://www.timesherald.com/site/news.cfm?newsid=12091231&BRD=1672&PAG=461&dept_id=33380&rfi=6

The Patriot-News <http://www.pennlive.com/news/patriotnews/index.ssf?/bas>

ydr.com York Daily Record
YORK SUNDAY NEWS <http://ydr.com /story/main/30935/>

POCONO RECORD.COM
A reason to read ... every day! <http://www.poconorecord.com/local/tjd70288.htm>

http://www.fumo.com/Press_Releases/slotspass6-30-04.htm

(The Senator Fumo's official press release)

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Asian Presentation Still Making Waves

The recent presentation at the Asian Gaming Expo by Scott Fisher, Ph. D., The Innovation Group's Managing Director, Financial Analysis, is still providing material for articles on these new growing markets.

Both TheStreet.com in "MGM Mirage Lands in Macau" by Eric Gillin and The Daily Times of Pakistan in "Will Singapore bet on a casino? Stakes are high," quote Scott's figures for the size and potential of the market.

Daily Times The Daily Times of Pakistan http://www.dailytimes.com.pk/default.asp?page=story_27-6-2004_pg5_29

TheStreet.com

http://www.thestreet.com/_tsclsii/markets/ericgillin/1016696
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Scott Fisher Takes to the Air

A recent broadcast of the National Public Radio program featured The Innovation Group's Scott Fisher, Ph. D. and a panel of gaming experts in a discussion of the expansion of gaming around the world. Scott addressed the parallels between the advances in today's in gaming devices and the development of the computer industry, with one innovation leading to another. He also discussed gaming expansion throughout the US and abroad, specifically in the UK and Asia.

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Steve Rittvo Talks Texan

In *The last frontier: For gamblers, Texas is it*, in The Dallas Morning News, Gary Jacobson quotes The Innovation Group President, Steve Rittvo on the changes in gaming legislation around the country. The article summarizes the status of legalized gaming and points out that although Texas is the largest state in the country without commercial casinos or major American Indian gaming operations, many other states are nevertheless moving forward with changes in their gaming laws. [Back to "Staff in the News."](#)

DallasNews.com
The Dallas Morning News

THE INNOVATION GROUP NEWS

New employees for New Orleans and Denver Offices

As we continue to grow and improve the quality of our staff, we've added two new analysts in two of our offices: Dino Guiliano as Senior Analyst, Hospitality Development and Operations in New Orleans, and Eric Foulger as Financial Analyst in Denver.

Dino's general responsibilities will include operational analysis of ancillary gaming services and amenities at hospitality facilities, economic market research and modeling, financial analysis, due diligence and market evaluation for gaming and leisure product demand. He comes to the company with eight years of hospitality industry experience, having had exposure to all hotel and restaurant operating departments, as well as club and event promotions. He has taken part in the launch of two independent restaurants and held several management and

supervisory positions at hotels and restaurants in the New York and Philadelphia areas. Dino holds a Bachelor of Science degree from the Cornell University School of Hotel Administration with a concentration in Finance and Development.

Eric Foulger joins the company as a Financial Analyst in the Denver office, where he will be responsible for research and analysis for the company's various gaming, leisure and hospitality projects. His expertise in analyzing company financial statements will be a valuable component of the various evaluation services The Innovation Group offers its clients. Prior to joining The Innovation Group, Eric worked for the Delaware Business Review as an assistant editor and reporter. He has a Bachelor of Science degree in Journalism from the University of Maryland where he graduated with honors, and an M.B.A. with a specialty in Finance from the University of Colorado.

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For more information on The Innovation Group, visit <http://www.theinnovationgroup.com/> or contact [Steve Rittvo](#) or [Stephen Szapor](#).

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