

**GAMBLING INDUSTRY'S RESPONSIBILITY
TO THE
ADDICTION OF PROBLEM GAMBLING
THROUGH
MARKETING, ADVERTISING AND PROMOTIONS**

**EDWARD M. ATCHISON
10/12/98**

On September 25, 1998 a headline appeared "New Rules Proposed on Problem Gambling" strangely, forty days before The National Gambling Impact Study Commission was to come to Las Vegas. The intent of the proposals as stated in the Las Vegas Review Journal article (Nevada's largest newspaper) was to head off possible regulatory action by the commission. Also stated, was James Butler, Chairman of The Nevada Resort Associations, responsible gaming task force who said, "We do agree that people should take responsibility for their own actions... but they do need to know there are programs out there" So in suggesting this action, whether to help people or simply a play to head off possible regulatory action, he suggested the following:

1. Develop programs to allow problem gamblers to voluntarily eliminate their access to casinos.
2. Post toll free numbers to crisis services that target *problem gamblers*

Simple inexpensive ideas but why weren't they suggested earlier in the last sixty years of legalized gambling? The National Gambling Impact Study Commission was created and hence the reason to create these measures. Now, they are being held accountable and realize they must show some action in order to placate its adversaries. Why the hesitation?

The Gambling Industry realizes then and now it is illogical to initiate such programs for *problem gambling* while in reality, the majority of their mission and objectives to produce revenues include games of chance and other activities which are also "casual" factors which promote its existence. The definition of addiction by Webster's dictionary is "the state of being enslaved to a habit or practice". Due to this, one can understand the reasons for their constant battle to defy external regulations and their continuing rebuttals on research studies indicating *problem gambling* trends by their "supposedly" independent National Center for Responsible Gaming.

While Mr. Butler states people should take responsibility for their actions, I in turn say, it is time for the Gambling Industry to take full responsibility for their actions. Based on years of observation and research of the dynamics of the Gambling Industry and its effect on the community in Las Vegas, it is indeed responsible to a significant degree for the occurrence and prevalence of *problem gambling*.

The responsibility originates from two primary "causal factors" created by the industry which are: 1) Deceitful, misleading, marketing practices and 2) Highly sophisticated computer driven slots with complex graphics and audio systems that have significant impact in shaping one's behavior to gamble longer and more frequently. This, in turn, reinforces the "interactive" relationship between man and machine. Both practices not only contribute to the addiction of *problem gambling*, they also have serious consequences in inhibiting an individual's freedom of will to think or choose. With this occurrence, the probability of a gambler's opportunity to win is even less, which creates even more profits for the casino. However, even when a gambler loses, his behavior to gamble more is reinforced by providing bonus points for comps which is simply returning a very small percent of one's own money to receive various gifts. The more

you lose, the more points you receive for a more expensive comp. The following are examples of deceitful Marketing which are found in local newspapers:

1. WE'LL PAY YOUR RENT GIVAWAY
2. NEVER GROCERY SHOP AGAIN
3. FREE BAGS OF MONEY
4. MORE MACHINES MEANS MORE CHANCES TO WIN
5. IT'S A WIN - WIN SITUATION
6. GREAT FUN / GREAT ODDS
7. LOCALS WHO WANT MORE FROM THEIR PAYCHECKS

Copies of actual newspaper advertisements follow.

Win Free Rent!

March 1 - 28!

PAID

We'll Pay Your
RENT!

G I V E A W A Y

LAST CHANCE DRAWING

TONIGHT At 8PM... 10 Winners **PAID** \$500 Ca

This Friday At 9PM... 10 Winners **PAID** \$1,000 C

This Saturday At 9PM... 1 Winner **PAID** \$12,000 C

**NO
JACKPOTS
REQUIRED***

Free Rent From Palace! Play Today!

involved in the crash, the California Highway Patrol reported.

www.alarmedco.com

Still the Best Value in Town

• SPICY CHICKEN WINGS • SALAD BAR • GUMBO • CAJUN CHICKEN • BEEF CHOW MEIN



A M O D E S T P R O P O S A L

NEVER GROCERY SHOP AGAIN

Bring in any supermarket discount card and receive up to **\$8 OFF DINNER*** during September.

Only at **The Main Street Station Buffet**. Where we'll save you time, money, and the hassle of shopping. The sooner you start eating with us, the sooner you'll say so long to supermarkets forever.

**Dinner only. \$2 off dinner per person, up to party of four. Must be 21. Not valid with any other offer. Management reserves all rights.*

T-Bone Tuesday \$10.99
4 p.m.-10 p.m.

Thurs. Filet & Scampi
Buffet \$10.99
4 p.m.-10 p.m.

Breakfast \$4.99
7 a.m.-10:30 a.m.

Lunch \$6.99
11 a.m.-3 p.m.
Dinner \$9.99

Fri. Seafood Buffet
\$13.99
4 p.m.-10 p.m.

Champagne Brunch \$7.99
Sat. & Sun. 7 a.m.-3 p.m.

AL FARE • MESQUITE BROILER • SOUTH BY SOUTHWEST • SMOKED PORK RIBS • STRAWBERRY CHICKEN • MEXICAN • PACIFIC RIM • WOK STATION

ROAST BEEF • SHRIMP • KAWAII • CHINESE TAKE OUT

No Other
Casino Gives You
More Triple Play!

TRIPLE PLAY
DRAW POKER
MULTI HAND

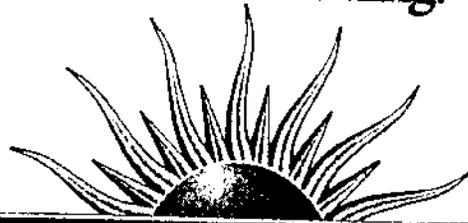
**More Machines Means
More Chances To Win!**

Three Times The Action
On Every Game!

Nickels Thru Five Dollar Machines.

**232 OF THE HOTTEST
NEW MACHINES!**

Your Seat Is Waiting!



SUNSET STATION

HOTEL • CASINO

The Most Fun Under The Sun
Sunset Road (A) US 93-95 547-7777

Must be 21.

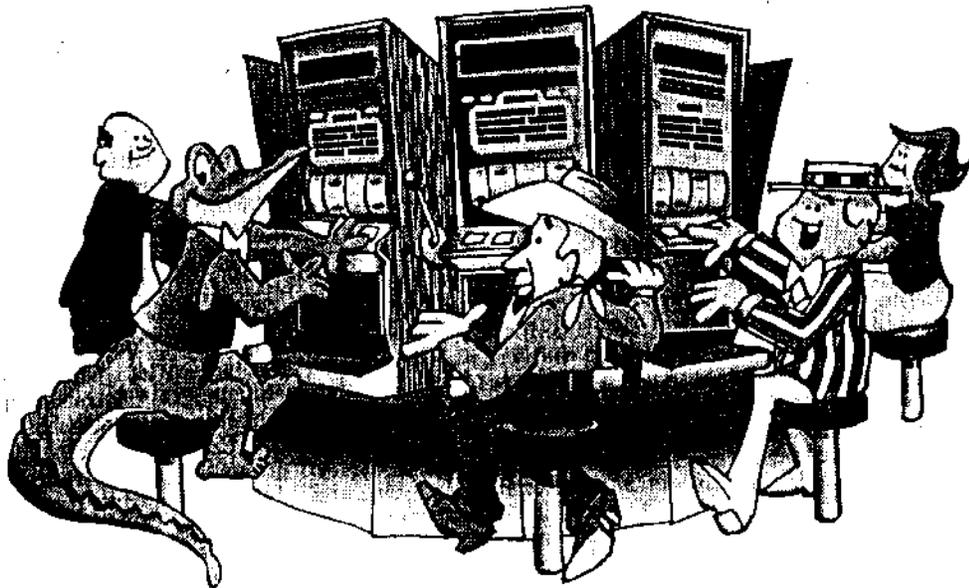
CASINO

WIN \$10,000

Just by playing Megabucks at any Coast Resort.

If the Megabucks jackpot hits at **ANY** Coast Resorts property, up to **22** Megabucks players at that time will each win \$10,000.

Rules posted at Club Booth



HIT OR MISS IT'S A WIN-WIN SITUATION!

COAST RESORTS

BARBARY COAST

Flamingo Road & The Strip

The ORLEANS

West Tropicana & Arville

www.orleanscasino.com

GOLD COAST

West Flamingo & Valley View

www.goldcoastcasino.com

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Iraqi

Great Fun

At Sam's

"Attracting & Conditioning Children To Casino Environment"



2 LOCATIONS NOW OPEN!

McDonald's is now open in the Food Court and in the bowling supercenter. See us for these exciting events in our Mystic Falls Park location.

OCTOBER 17

Breakfast with Birdle from 9 am to 11 am. Only \$1.49 (2 Hotcakes, scrambled eggs, 12 oz. drink)



OCTOBER 24

Ronald McDonald makes a personal appearance from 1 pm to 4 pm. Come on in and get an autographed picture for only \$2.



OCTOBER 31 Happy Halloween Hamburglar visits from 11 am to 2 pm. Take advantage of our 28¢ hamburgers (limit 10).



NOVEMBER 7

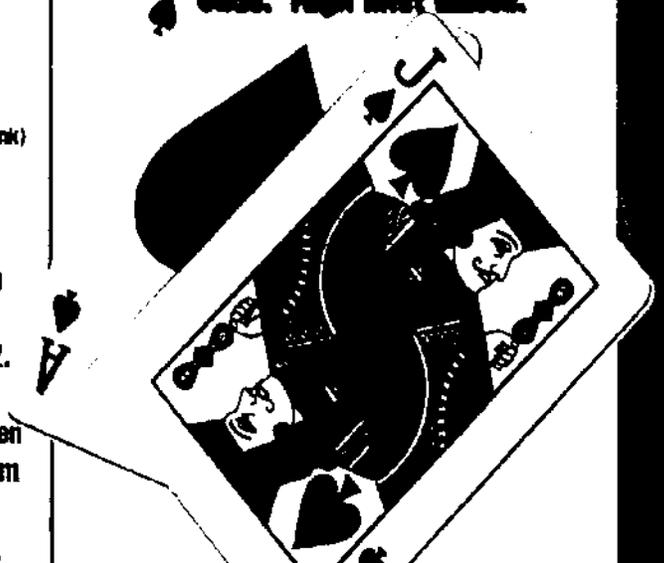


Great Odds

's Town

100X Odds on Craps

A \$5,000 maximum bet on odds. High limit tables.



Single Deck

WANTED

Locals Who Want More From Their Paycheck

in Instantly!
With Paycheck Rewards!

Only At The Wild Wild West!

Guaranteed Winner
in Every Paycheck!
Spin the prize wheel and see what you've won!
Receive gaming chips or silver for your favorite games!

Free food! Free drinks!
Free logo wear!

Fast service. No lines.
Friendly folk and free stuff!

10 Little Locals
in Vegas.
Located at I-15
near the King B Motel
702-400-0000

PAYCHECK Rewards!



Know Your Limits! If you think you have a gambling problem, call 1-800-522-4700 and 1-888-BETSOFF in Missouri.

Examples of Gambling Industry's Philosophy-Strategy in utilizing Behavioral Shaping Controls in their own recent statements and actions:

1. Silicon Gaming Pascal says, "next we'll do an extension of the table games, then we'll take it a step further and move into the realm of licensing properties like game shows and turn those into a wagering experience. We can't wait until the market matures to the point where we can really let fly with our creativity and start doing some outrageous stuff".
2. Silicon Gaming's CEO Don Massaro told Gaming Today that "from Day One our target was to come up with a slot machine that was interactive, that provided much more entertainment that would get people to play longer and more often and to get people to playslots that don't play them now. We also wanted to make sure we didn't lose those people who already play slots by making it intimidating.
3. Katie Bolich, senior product marketing director for Silicon Gaming Inc. who brings experience from the video game industry, said "games need to be engaging, easy to use and offer secondary or bonus games to attract young gamblers".
4. Randy Adams, director of marketing and game development at Anchor Gaming proposed that casinos seek regulatory approval for pay out systems that reward gamblers who use slots quicker and use larger denominations. Adams said slot machines have enhanced the gambling experience with sounds but need to appeal to customer's other senses, such as smell.
5. Slot manufacturer Aristocrat Inc. has found that players are willing to insert as many as 90 coins per game if the denominations are low. "A 5-cent game is no longer a 5-cent game when you're betting 90 coins a game," said Dean McLain, chief executive officer of Aristocrat Inc. The increased play will force a move away from coins and their replacement with tokens, McLain said, eliminating the need to make change for quarters, dimes, nickels and pennies. "It is the solution to higher credit play," he said.
6. Bonus points / Comps (refer to Table 1 & 2)
7. Odor #1 (refer to "The Wager")
(refer to Attachment A)
(refer to "Special Request")

Gift Shop Redemption Menu

T-Shirts

White	3,000
Foil Print	8,000
Coverstitch	9,000
Mens Assorted	11,000
M-XL	13,000
XXL	4,000
Tank Tops	

Polo Shirts

Mens	
M-XL	30,000
XXL	32,000
Mens Dress	
M-XL	36,000
XXL	38,000

Denim Shirts

Short/Long Sleeve	
M-XL	26,000
XXL	28,000
Ladies Sleeveless	18,000

Misc Apparel

Ladies Sleeveless Crepe Shirt	18,000
Ladies Shorts Set	16,000
Golf Sweater	20,000
Sweatshirt	15,000
Jogging Suit	53,000
Hat	6,600
Visor	5,000

Jackets

Satin	25,000
Black Denim w/Green	30,000
Denim w/Natural	50,000
Baseball	30,000
Leather	113,000

Childrens

T-Shirt	2,500
T-Shirt/Short Set	6,700

Bingo Daubers

Dauber	573
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Miscellaneous

Travel Bag	46,000
Car Shade	3,000
Lighter	750
Mug	900
Shot Glass	1,300
Cigarettes	800
Personal Fan	6,000

TABLE 1

In order to give
Gamblers the "Winnin'
Attitude while losin'
Bonus Points are award
reinforcing gambling beh
VIOP

Fiesta Casino Hotel Redemption Menu

Festival Buffet

Breakfast	2,000
Lunch	2,500
Dinner	3,500
Champagne Brunch	3,300
Hawaiian Luau	7,000
Seafood Extravaganza	8,000
Prime Rib & Crab Legs	6,000
Breakfast - Child*	1,000
Lunch - Child*	2,000
Dinner - Child*	2,500
Brunch - Child*	2,000
Hawaiian Luau - Child*	5,600
Seafood Extravaganza - Child*	6,400
Prime Rib & Crab Legs - Child*	4,800
Holiday Buffet Dinner	5,000
Holiday Buffet Dinner - Child*	3,500

TABLE 2

Mr. G's 24 Hour Diner

Breakfast	2,500
Lunch / Dinner	5,000
Soup & Salad Bar	2,700

Gardunos

Fajita Express (lunch only)	4,000
Lunch / Dinner	6,500
Specialty Margarita	1,000

Old San Francisco

Steakhouse

\$25.00 total bill	18,000
\$55.00 total bill	30,000

Bingo

\$12.00 pack	6,000
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Hotel

Sunday - Thursday**	15,000
Friday - Saturday**	25,000
Holiday**	50,000

Amigo Travel Club

\$25.00 Voucher	20,000
\$50.00 Voucher	40,000
\$100.00 Voucher	80,000

Miscellaneous

Cabo Giant Beer	1,000
Cabo Seafood Cocktail	675
Deli Sandwich	1,000
Sundae	400
Panda Express \$7.50 value	5,000
4 Rounds of Drinks	1,000
Desert Pines Golf / Mon - Fri	65,000
Desert Pines Golf / Sat - Sun	77,000
Stallion Mountain Golf / Mon - Fri	65,000
Stallion Mountain Golf / Sat - Sun	77,000

* Children 4 - 8 years of age

** Based on availability, reservations required

Education
Social Work (1)

The WAGER

◆ THE WEEKLY ADDICTION GAMBLING EDUCATIONAL REPORT ◆

THE
Donwood
INSTITUTE

HARVARD MEDICAL SCHOOL
DIVISION ON ADDICTIONS

MASSACHUSETTS COUNCIL ON
compulsive gambling

June 30, 1998

"Facts speak for themselves"
Terence, 161 B.C.

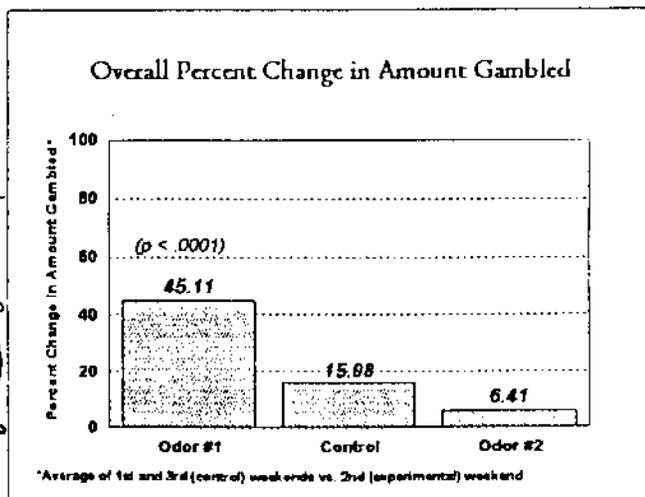
Volume 3, Issue 26

Olfactory Stimuli and Gaming Behavior

The marked effect that flavor and fragrance have on consumer culture has long been recognized by psychologists and marketing pundits alike. In 1997 alone, a New York Stock Exchange company grossed over 1.4 billion dollars providing odors and tastes for products we use daily.¹ Alan R. Hirsch of the Smell & Taste Research Foundation, Ltd., designed and implemented a study to determine the effect(s) of odor on the spending habits of Las Vegas gamblers.² Hirsch selected two distinct odors that previously had been determined by research to be pleasant. Each odor was then introduced into one of two gambling areas containing slot machines. Over the course of a weekend, the amount spent by gamblers was recorded, with a similar procedure occurring in a third, odorless control area. These figures were then compared with several sets of baseline data, gleaned from previous and following weekends at the same locales. Hirsch found that gross revenues obtained in the area introduced with odor 1 had increased 45.11% over a baseline average. The area in which odor 2 was introduced registered a 6.41% increase, dwarfed by the 15.88% gain in the control area. Similarly, it was found that revenue intake was positively correlated with the relative level of odor 1 present in the environment.

Hirsch provides two tentative explanations for his data. He cites the olfactory-evoked recall model, in which particular odors trigger particular affective states that can induce a particular action. A second possibility involves the synergy of context and odor that might reinforce certain tendencies and motivations. In the end, Hirsch admits, it is unlikely that the presence of odor 1 alone magically caused non-gamblers to empty their pockets at the slots. It is even more unlikely that there existed a direct causal relationship between odor and gambling. Rather, the most salient result of this study is to provide a launching point for further research on the nexus of affect, associations, and external stimuli in the personality of the gambler. Further studies could examine the effects of established mood-altering odors on gaming behavior. The work of market researchers and aromatherapists could be utilized for this purpose. Furthermore, imaging technology could be employed to determine the effects of external stimuli on the neurochemistry of the gambler.

This odor was created to increase gambling behavior. It is highly possible it is being used right now in Casinos and no one (except Hirsch) knows the ingredients of this odor. Are they harmful?



45.11% Increase
Something very powerful was subjected to a human to initiate this increase
Contents need to be subpoenaed

Sources: ¹1997 revenue data as reported on-line by Morningstar. (www.morningstar.net); ²Hirsch, A. R. (1995). Effects of ambient odors on slot-machine usage in a Las Vegas casino. *Psychology and Marketing*, 12(7), 585-594.

This public education project is funded, in part, by The Andrews Foundation and the National Center for Responsible Gaming.

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For more information contact the Massachusetts Council on Compulsive Gambling,

190 High Street, Suite 6, Boston, MA 02110, U.S. ♦ gambling@aol.com (e-mail)

(617) - 426 - 4554 (voice) ♦ (617) - 426 - 4555 (fax) ♦ (617) - 426 - 1855 (TTY), or

The Donwood Problem Gambling Program, 175 College Street, Toronto, Ontario M5T 1P7, Canada

(416) - 599 - 1322 (voice) ♦ (416) - 599 - 1324 (fax) ♦ gnoonan@donwood.org (e-mail)

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The examples discussed are only a small fraction of behavior conditioning methodologies being practiced by the Gambling Industry to increase gambling frequency under the guise of normal marketing and business procedures. (Refer to attachment A "Tricks of the Trade") Clearly, one can fully comprehend, knowing the definition of addiction, my belief that the Gambling Industry directly contributes to the prevalence of *problem gambling*. The Gambling Industry must answer to someone, ENOUGH IS ENOUGH.

I acknowledge these beliefs and concerns of behavioral shaping consequences are based primarily on observations and studies in Las Vegas, The Gambling Capital of the World where life evolves around gambling. None the less, negative repercussions still hold valid to citizens of Las Vegas and the millions of tourists who visit annually. Also, as gambling expands to other jurisdictions, it ~~too~~ will hold true for them should they become immersed in gambling to levels Las Vegas has reached.

A potentially dangerous epidemic of *problem gambling* may soon occur due to rapid expansion of gambling, not only in our country but all over the world. Should this occur, with *problem gambling* today having the highest rate of suicide, a rise in suicides could increase 2-3 times higher in the next ten years.

What the Gambling Industry says it is doing and what is actually being done is in conflict. I wish to focus on their forthcoming American Gaming, Lodging Leisure Summit '99 to be held on January 12, 13, 1999 (Refer to attachment B) which is being promoted as "The Most Important Event in the Industry". In its registration packet it states "The Summit is designed to present the most important speakers, issues and developments...". Ironically, despite the industry's strong contention of concerns on *problem gambling* and its destructiveness of individuals and their families, there is absolutely no inference at all to *problem gambling* on their agenda.

What is highlighted in the packet for the Summit is their second edition of the 20 Most Innovative Gaming Products for 1999. The competition pits the latest cutting-edge products and service that vie for the title of the "Most Innovative Gaming Product".

Last year's winners included Silicon Gaming's Odyssey slot machines and IGT's Vision Series slots.

Too often, our society's eagerness for profit overlooks other vital aspects of humanistic concerns and issues that can be totally devastating to one's way of life. The proliferation of smoking and the constant denial of its being dangerous to one's health by the all-powerful Tobacco Industry are a constant reminder that profits motivate human beings to do bizarre, unethical practices.

It is imperative The National Gambling Impact Study Commission gives credence to concerns I have addressed regarding the Gambling Industry's responsibility in the

addiction of *problem gambling*. It is without question, the Commission continues its existence or creates a comparable entity to monitor and regulate the concerns I have addressed and other actions of a phenomenal industry and its powerful social and financial impact on society.

■ U.S. NEWS

TRICKS OF THE TRADE



The many modern ways casinos try to part bettors from their cash

At precisely midnight on Oct. 11, 1991, an obscure Chicago neurologist slipped behind a row of quarter slot machines at the Las Vegas Hilton and switched on a homemade contraption of cardboard, black metal and old fan parts. For the next 48 hours, the hidden device pumped a pleasant-smelling vapor into the stale casino air.

The neurologist was not an intruder but a scent expert invited to the Hilton by casino manager Lee Skelley to test whether certain smells can subtly influence slot machine players to wager more. Over the next two days, Hilton gamblers poured thousands of quarters into the 18 nearby slot machines—45 percent more than usual for an October weekend.

"Our goal is not to get more out of a customer in three hours but to get him to stay for four hours."

—BOB RENNEISEN
PRESIDENT AND CEO
CLARIDGE'S CASINO, ATLANTIC CITY

The days of shaved dice, missing face cards and rigged roulette wheels are long gone. But the pursuit of profitability in the corporate era of gambling has turned the average casino into a financially hazardous place for bettors. In Nevada and Atlantic City, for example, confidential documents reveal that five casinos now pump Chicago neurologist

Alan Hirsch's secret scent—Odorant 1—into the slot machine pits 24 hours a day. (The Las Vegas Hilton never took the idea beyond the testing stage.) Some casinos have even studied how the controversial psychologist B. F. Skinner altered the behavior of rats and pigeons. But of all the tricks in the casino manager's Psych 101 handbook, the subtle manipu-

lation of time is by far the most common.

In 1980, a math whiz named Jess Marcum spelled out exactly how time affects a gambler's odds. Marcum, who helped to develop radar and the neutron bomb before becoming a casino

Even the lowest-ranking casino official knows the concept: Since all casino games give the house a mathematical edge, the longer a player gambles, the greater the house's chance of winning.

That helps explain why gamblers frequently get lost in a maze of slot machines and why down-home gambling halls offer free "Ladies Breakfasts" at 6 a.m., a slow point in the casino day. Over a year, a special promotion or interior-design element that somehow keeps gamblers at play for just five more minutes a night can add millions to a casino's gross, or "hold." The Harrah's Casino spends tens of thousands of dollars a year studying whether fresher air, wider aisles and even back supports on slot-pit stools will make customers comfortable. And slog it out longer, too. "We're now developing technology that's just lighting the felt" on blackjack tables, says Harrah's president, Phil Satre. "We're trying to keep [light] off the forehead of the customers, which is draining on them from an energy standpoint."

Hidden purpose. Such sensitivity to customer comfort abounds. For example, nearly all new slot machines sold in the United States have built-in bill acceptors. Gamblers like the devices because they no longer have to wait in line for change, and casino managers love them because they

keep slot hounds glued to their stools. Like car plants, casinos also stress productivity. The hidden cameras above the casino floor scan for fast-fingered dealers and card cheats. But the ubiquitous "eye in the sky" also enables casino officials to conduct regular "game-pace audits." At the Aladdin Casino in Las Vegas, blackjack dealers are instructed to deal at least



Playing the slots. Pat McLaughlin joins the ranks of the enthralled.

consultant, figured that a craps player who wagered just \$1 every bet for two months straight would have only one chance in 2 trillion to win \$1,000 before he lost \$1,000. On the other hand, by decreasing his exposure at the craps table to just 25 minutes and wagering \$200 every bet, that same gambler would increase his odds to 1.15 to 1.

5 to 80 hands per hour. They are also opposed to shuffle six decks of cards in less than 80 seconds. The reason: Shuffles can eat up eight rounds of playing time an hour. In a year, the Aladdin could earn an extra \$1.2 million if its blackjack dealers never had to shuffle.

Penny-pinching casinos set faster reduction schedules, especially when the nightly cash hold tumbles. "We don't instruct people to deal faster," says Bob Stupak, owner of the Vegas World Casino in Las Vegas. "They bet or deal as fast as they [expletive] can or they're gonna work someplace else."

"If you give a guy a \$100 bill he looks at like a round of golf, a golf cart, two beers and a hot dog. But if you give him chips, it's just betting units and it loses value."

—BILL ZENDER, OPERATIONS CHIEF
ALADDIN CASINO, LAS VEGAS

Casinos have become pop-psych laboratories. When a player at a low-limit blackjack table flashes a \$100 bill and asks for chips, for example, dealers at many casinos are under orders to dole out chips of the lowest-possible denomination. Partly a convenience for gamblers, the practice also is meant to discourage low bettors from pocketing higher value chips when they leave the table. Such players are likely to blow all of their \$5 chips one at a time, the linking goes, but might hold onto a \$25 chip and never gamble it away. "Psychologically, casinos don't want gamblers to realize how much they're losing," explains one Atlantic City dealer.

But slot pits are the true training grounds for casino mind games. Deep, dark colors like black, red, purple and blue trigger a strong response in slot



Rolling the dice. Scott Burkhardt's fling

players, research shows. So, slot machine manufacturers like IGT, based in Reno, Nev., prominently feature those hues. IGT North American President Bob Bittman says research also shows that gamblers no longer associate winning with the cherry and plum symbols on many slot machine reels. Poof, they're gone. "Fruit is a dinosaur. Ninety-nine percent of the machines we sell now will not have fruit," Bittman says.

Some casinos go to even greater lengths to exploit gamblers' subconscious preferences. Casino consultant David Britton says that after surveying dozens of Nevada-based slot players he confirmed a hunch that they are drawn to bright-red machines. But after several minutes, the players subconsciously tire of red and seek softer hues. Since casinos

want to avoid "transitional periods," when players leave one machine in search of another, Britton devised a new system where players are now lured to the brightly colored machines at the end of a long row of slots. But the machines closer to the middle of the row feature softer colors, like blues and greens.

"What is gambling? It's really just a hype on emotion."

—JACK BINION, OWNER
HORSESHOE CASINO, LAS VEGAS

Sometimes casino operators look to actual psychology for inspiration. In 1966, University of Nevada undergrad Larry Andreotti was studying Skinner, one of the first scientists to demonstrate how positive reinforcement can influence animal behavior. Andreotti told his father, the late Rome Andreotti, who at the time was one of the rising stars on the operations side of the growing Harrah's chain. "A lot of the behavior I saw in the lab seemed comparable to the control one has over behavior in casinos," explains Larry Andreotti, who today is a college psychology professor and Skinner specialist in Canada.

Smart rat. In 1937, Skinner taught a white lab rat named Pliny to operate a rudimentary slot machine. After Pliny pulled a chain with its teeth, a marble would fall. The rat would then drop the marble in a slot and receive its reward, 1/20th of a gram of a dog biscuit. By tracking Pliny's reactions over time, Skinner learned that the rat became more motivated when he got a biscuit only occasionally, and randomly. Pliny would drop even more marbles into the slot, in other words, when he was not

HUSTLING WITHOUT ANY GUILT

♥ ♦ ▲ ♣ *Bob Stupak, Las Vegas's most controversial casino owner, once used a tick-tack-toe-playing chicken to lure gamblers to his casino and, in an unsuccessful bid for mayor, mailed voters free "stock certificates" that could be traded for drinks. His comments provide insights into how some casinos operate.*

On greed: "We target everybody. That's the business I'm in. Money's money. What's the difference if it's a Social Security check, a welfare check, a stock dividend check?"

On slot machines: "When we put 50 machines in, I always

consider them 50 more mouse-traps. You have to have a mousetrap to catch a mouse."

On gambling "entertainment": "You can't disguise this industry. You can put clown uniforms on, ... you can have Siretsand, but it is what it is. It's our duty to ex-

tract as much money from the customer as we can. And send them home with a smile on their face."

On superstition: "For 20 days in a row, my crap pit lost money. After five days, I changed the dice manufacturer. After 18 days I bought new tables and burned the old ones. Put new tables in, new dice, new stick, new dealers. All the praying in the world isn't gonna change your luck."

On alcohol: "Benny Binion [late owner of Vegas's Horseshoe]



used to say, 'Whiskey is the greatest gambling tonic in the world.' Although everyone else in town was pouring a three-quarters shot, he used to say to give them a shot and a half. He was right."

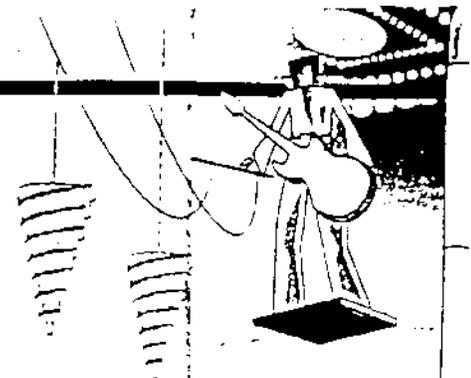
U.S. NEWS

sure when the biscuit would fall next.

Rome Andreotti applied Skinner's findings to the casino. If most slots were set at about the same payout rate, recalls a former Harrah's president, Richard Goeglein, Andreotti would slip in a few machines with a much more generous jackpot percentage. The casino wouldn't indicate which machines offered better odds, but gamblers soon learned that there were a few ringers in the crowd. And the search for those machines sent gamblers into a Pliny-like, quarter-dropping frenzy. "Rome knew how to reward people for continual, consistent play," says Goeglein.

Coincidentally, slot machine makers have also put Skinner's theories into practice. Modern slots reward players with frequent, small payoffs—often as inconsequential as one quarter—that entice gamblers to keep chasing their dream. Thirty years ago, by contrast, small, frequent payoffs were unheard of, says slot machine historian Marshall Fey. The new payout system works. "It's like eating popcorn. It's very hard to stop playing," says Jeffrey Lowenhar, senior management consultant with the Resorts casino in Atlantic City.

One firm took gambler manipulation too far. In 1986, Universal Distributing began selling slots that produced "near miss" combinations. Instead of running



Lights—Aroma—Elvis

♣ Casino lighting creates a dazzling atmosphere in which night is day. But it can't be too bright or gamblers will tire—and possibly walk away.

♥ Fresh air keeps gamblers going, too. So cool, clean air circulates every eight minutes or less. A few casinos also pump in fragrances, which supposedly increase slot machine revenues.

♣ Cheap buffets and entertainment keep people inside.

Anatomy of a casino

Almost every element in a casino conspires to keep gamblers there longer and to separate them from as much of their money as possible. The mazelike architecture, fast dealers, bartenders and even hotel clerks are in on the hustle.

Baccarat

♦ At private baccarat pits, most big casinos still hire attractive women called "starters" to get the high-roller action going. These fancy skills play with the casino's chips, which they never cash.

Body language

At empty tables, dealers stand with their hands at their sides, never crossed. It's a welcoming gesture that pulls players in.

Slot machines

Eye in the sky

Overhead cameras prevent cheating but also help casinos make sure dealers work fast.

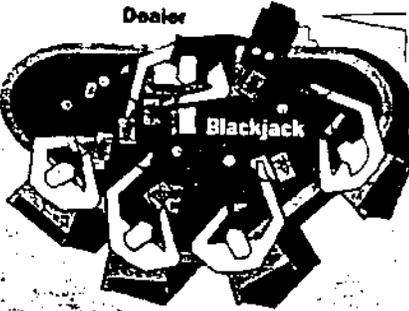
CAMERA #12 BLACKJACK PIT

Time is money

Dealers must keep games moving, dealing 60 to 75 hands per hour in many casinos and shuffling six to eight decks in less than 80 seconds.

The more hands that are played, the better a casino's chances of winning, since the odds always favor the house.

Dealer



Blackjack

Pit boss

When casino profits dip, some pit bosses ask dealers to quicken their pace.

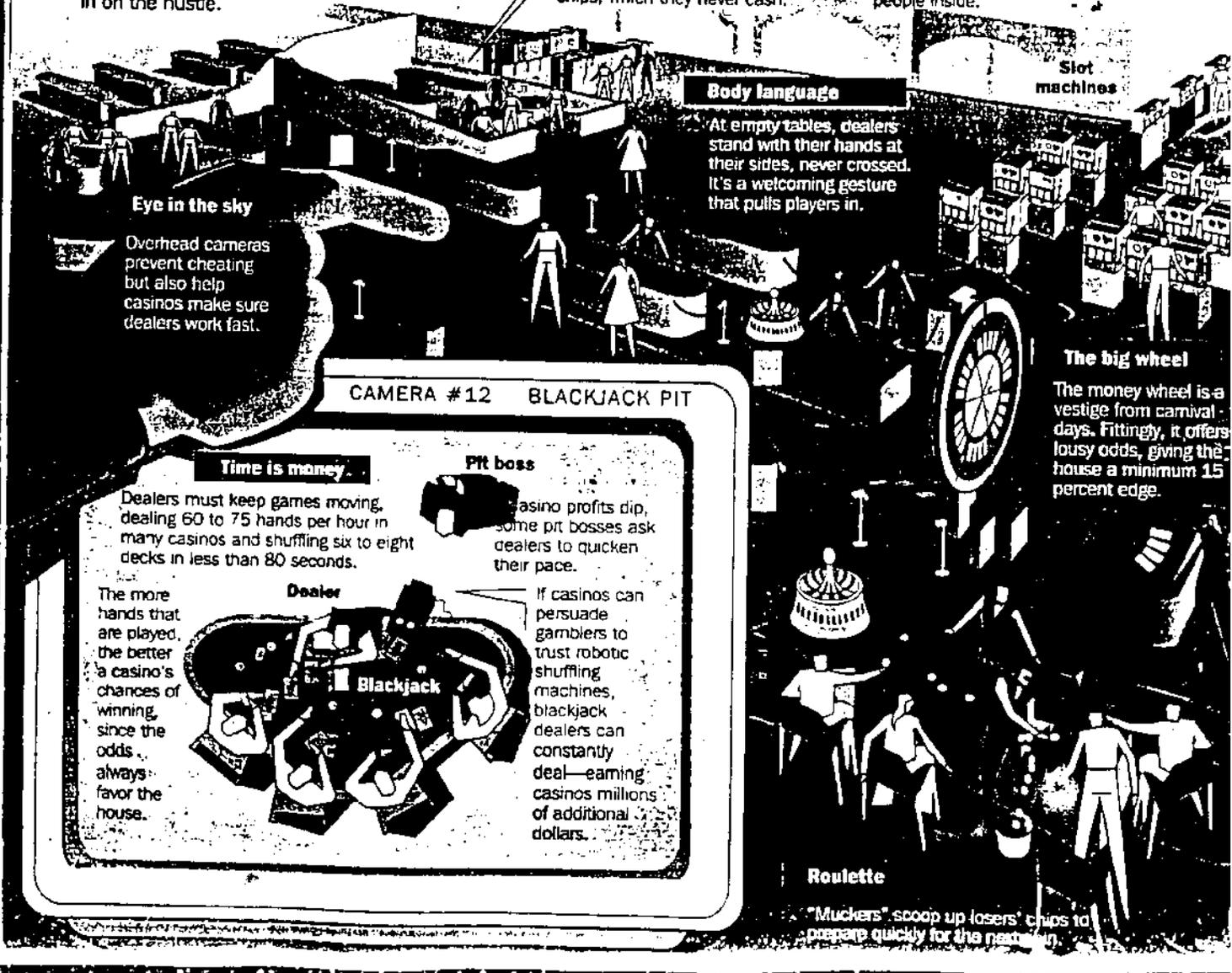
If casinos can persuade gamblers to trust robotic shuffling machines, blackjack dealers can constantly deal—earning casinos millions of additional dollars.

The big wheel

The money wheel is a vestige from carnival days. Fittingly, it offers lousy odds, giving the house a minimum 15 percent edge.

Roulette

"Muckers" scoop up losers' chips to prepare quickly for the next spin.



randomly, the slot reels often stopped so that players could see the symbols of a payout just above or below the pay line, giving the false impression that gamblers had missed a massive jackpot. Although the machines quickly became a hit with customers and slot managers, Nevada gaming authorities outlawed the near-miss illusion in 1989.

"Push a button and they can find out everything about you. Sometimes it's scary."

—GAMBLER SAM ROBERTS

It was a Sunday afternoon, and Pennsylvania jewelry salesman Sam Roberts was belled up to a roulette table at his favorite Las Vegas casino. Dressed in

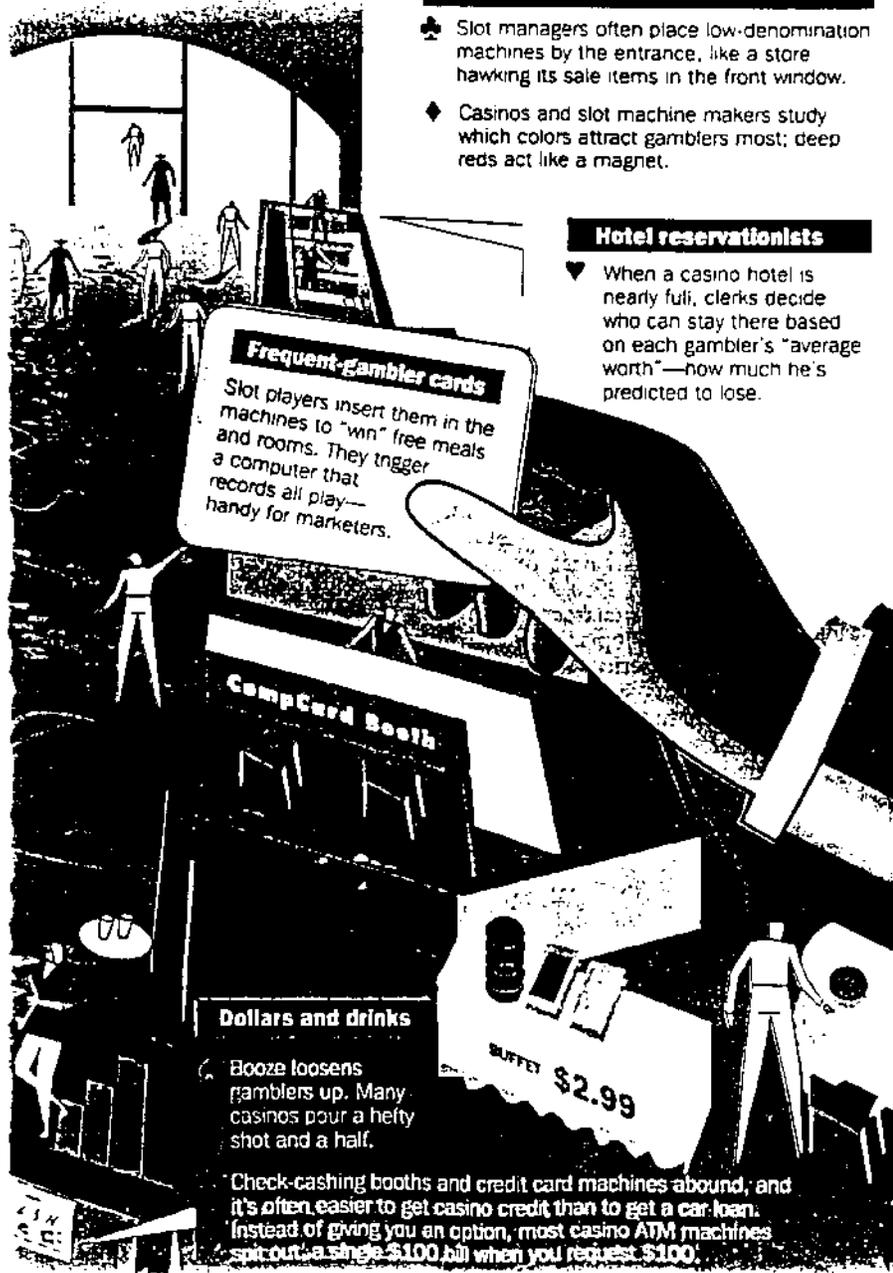
what he described as his "Mr. T starter set"—three gold necklaces, four gold bracelets, a gold watch and four gold rings—Roberts seemed to epitomize the successful Vegas man about town. When asked whether he was ahead after three days of roulette, Roberts said he wasn't "paying any attention."

But the casino certainly was. On a computer screen just off the casino floor, the file on Sam Roberts (not his real name) was extensive. Not only did it reveal his exact losses on his current trip (\$2,092) but it had already figured his average bet (\$20.88), time spent gambling (11 hours and 39 minutes) and "average worth," or how much Roberts should lose (\$528) based on time and

the house's 5.26 percent edge at roulette. It also contained personal data like Sam's height (5' 10"), weight (300), hair color (brown)—even whether he needed corrective eyewear (yes).

Casinos amass personal information to enhance customer service and reward steady players with "comps"—complimentary meals, show tickets and hotel stays. (They never reveal internal data, although Roberts agreed to for this article.) But there's a hidden agenda. Casino marketers need detailed histories to keep old customers loyal and, more important, to "capture" new ones.

If marketers learn, for instance, that divorced slot players from Cleveland who love boxing lose big and often, the



Slot machines

- ♣ Slot managers often place low-denomination machines by the entrance, like a store hawking its sale items in the front window.
- ♦ Casinos and slot machine makers study which colors attract gamblers most; deep reds act like a magnet.

Hotel reservationists

- ♥ When a casino hotel is nearly full, clerks decide who can stay there based on each gambler's "average worth"—how much he's predicted to lose.

Fleas and whales

Over the years, dealers and pit bosses have created their own jargon to describe the regulars, from hacks to high rollers.

Fleas

Gamblers who talk too much at the game tables, buy in for just \$10 or so and then constantly buzz around pit bosses hoping to scrounge RFBs, or complimentary room, food or beverage coupons.

Seagullers

Customers who scavenge in slot machine tills for coins other players have mistakenly left behind.

Granny grinders

Most nickel and quarter slot players are part of the grind—low-end customers willing to wager just a hundred bucks or less "in coin."

Third-of-the-Month Club

Elderly gamblers who flock to casinos on the third day of every month, as soon as Social Security checks arrive.

Boat people

Gamblers who arrive at a casino by bus, as part of a herd. With their free rolls of quarters, boat people are a subspecies of "the grind" and are alternatively called "slot hogs."

Whales

The highest of high rollers. A term typically bestowed on baccarat players willing to gamble millions of dollars per casino stay. They're called whales because they're so big that some can make or break a casino in a single weekend of play.

Ace-deuce

When a player dies, some dealers will say that he "went ace-deuce." It refers to a losing dice combination in craps and comes from the saying, "Ace, deuce, no use."

casino will buy mailing lists and try to find sucker clones. Gamblers who can be lured to the hotel are especially prized. "If we can get you to stay in our hotel we can bump up your average trip worth," one marketer says. Everyone gets in on the hustle. When a casino hotel is nearly full, reservationists will scan the computer and open remaining rooms only to known gamblers with a high trip worth.

A decade ago, most casinos bothered to gather data only on high rollers. Now they use slot-club cards to snare the meat-and-potatoes guy, too. After filling out a survey and receiving an ATM-like card, slot junkies insert them into a "reader" built into almost all slot machines. In a distant computer room, casinos track the action 24 hours a day, down to the last quarter.

Giveaways. Players who use the cards the longest get the most comps, somewhat like a frequent-flier giveback. At the Trump Castle in Atlantic City, an internal document shows that 64 percent of all slot players now use the Castle slot card. The cardholders lost \$109 million to the slots last fiscal year, or about \$101 per player per trip. Slot players who never bothered with the card, by contrast, lost \$31 per trip on average.

"The stickman controls the pace of the crap game like a barker at a carnival. He pushes the 'proposition' bets, which have a much greater house advantage."

—AL GLASGOW, CONSULTANT AND EDITOR
ATLANTIC CITY ACTION NEWSLETTER

For an industry governed by odds, casinos leave little to chance. To line their pockets just a wee bit more, they've added games with stunning house odds. Many casinos now offer "double-exposure blackjack," for example, in which the dealers reveal all their cards; players keep trying to top the dealer's hand without going over 21. Novices fall for the ruse, overlooking the rule allowing the house to win all ties. "That one rule change is worth about 8 or 9 percent in favor of the house," explains Arnold Snyder, editor of the *Blackjack Forum* newsletter.

Many riverboat casinos also offer "multiple-action blackjack," with complex rules that encourage gamblers to place three bets on every hand. "It causes players to play dumb and put more money on the table," Snyder says. If gambling critics can be believed, that neatly sums up the danger of America's latest entertainment craze. As any old Vegas hand will tell you, "If you wanna make money in a casino, own one." ■

BY JAMES POPKIN

■ U.S. NEWS

A MIXED BLESSING FOR 'AMERICA'S ETHIOPIA'

Big-time gaming helps but is no cure-all



Tunica portrait. The gambling boom has priced Martha Jones out of the housing market.

When federal census takers fanned out across the cotton fields and dusty back roads of rural Tunica, Miss., in 1980, they confirmed Jesse Jackson's characterization of it as "America's Ethiopia." It was the poorest county in America, with 53 percent of all residents living below the poverty line, median family income at a paltry \$7,685 a year and 15 percent unemployment.

Those same census takers would be dumbfounded by Tunica today. Ninety-five percent of all adults now work, and the median family income has nearly tripled. The reason: Six blocklong "riverboat" casinos—without engines or wheelhouses—now float atop former Tunica cotton fields flooded just enough to satisfy the state's requirements for dockside gambling.

The faux flotilla has done wonders for a region once so hopeless that its own Chamber of Commerce folded. Out on Highway 61, the casinos have bought enough new Buicks and Chevys to pull

car dealer Jack Roberts out of the red. He has doubled sales and tripled repair orders. And on Tunica's version of Main Street, businesses occupy all 52 storefronts. A decade ago, 33 sat vacant.

Although most Tunica residents have qualified for casino jobs that pay only minimum wage or slightly better, steady employment has transformed lives. "People who want to work are working now instead of just loafing down the streets," says Calvin Norwood, president of the local chapter of the National Association for the Advancement of Colored People for the past 27 years. The casinos employ about 6,500 people.

But the betting boats have not been a cure-all. Norwood and other area activists claim the casinos have made it harder for poor African-Americans to afford decent housing. At Martha Jones's leaky wooden shack on Gay Street, for example, cardboard protrudes from holes in the walls, and clothespins hold blankets against the windows to ward

off the cold. Before casinos arrived, the 80-year-old retired maid and sharecropper's daughter could not afford a better house on her fixed income of \$419 a month. The new boom has priced her out of the market.

Trailers that previously rented for \$120 a month go for \$500 or more, says Tunica developer Dennis Proffer. An acre that two years ago sold for \$800 costs at least \$8,000. And with just six new houses built in the county last year, "you've got people making \$25,000 to \$30,000 a year living in these shacks," says Proffer. The casinos contributed \$4.5 million in tax revenue last year to Tunica County, but the funds have been spent mostly on new roads and improvements to the local high school and hospital.

Pawn shop stop. Gamblers already have blown millions of dollars in Tunica since the first casino opened a year and a half ago. The average loss is just \$55 to \$70 per casino visit, casino officials say. But Ronald Bennett, owner of the 61 Trade and Pawn Shop, says gamblers frequently go bust and trade rings and jackets for gas money home. The number of people who have failed to pay rent or bills has doubled, the county justice clerk says, and arrests for drunken driving have increased up to 500 percent. Police Chief Chuck Bolen reports.

Many locals are inexperienced bettors, and some are getting carried away. One 43-year-old poultry worker from Arkansas lost \$20,000 in three months at slots. And a former corporate headhunter from the wealthy Memphis suburb of Germantown gambled away his \$250,000 home, a Cadillac, a Mercedes and \$60,000 in retirement savings. He is one of many new gamblers who recently have sought help from the Memphis chapter of Gamblers Anonymous. About 50 people now show up for meetings, compared with just one or two only a year ago.

Economists are concerned that all the local losers are draining money out of the area and into faraway bank accounts. "The casinos are not generating new dollars [but] are just stirring up the resources we currently have and redistributing them," says John Gnuschke, a Memphis State University economics professor and occasional casino consultant. But Webster Franklin, hired three months ago as the first paid director of the Tunica Chamber of Commerce, says all the new jobs and local investment far outweigh the impact of gamblers' losses. And there's no looking back now. Three more casinos open this summer in Tunica, Franklin says, and a dozen more are on the way. ■

BY JAMES POPKIN

■ U.S. NEWS

How much coverage for mental illness?

Many want full benefits; others fret over costs

A few penstrokes made all the difference for Mary Ann Beall and Raymond Bridge. For years, they watched helplessly as their daughter, diagnosed with paranoid schizophrenia, bounced from hospital to hospital and

It is cases like this that advocates count on to persuade lawmakers to right a long-standing wrong as they draft health reform. They hope the final plan will offer full catastrophic insurance protection for people with mental illness, who under the current health system face restrictions on care, high copayments, limited reimbursement for prescription drugs and restraints on services. And advocates' optimism soared early last year when Tipper Gore called for "parity" in mental health coverage, vowing that President Clinton's reform plan would cover mental disorders equally with other medical conditions.

Vox pop. Her views seem to reflect Americans' sentiment. A poll by the David L. Bazelon Center for Mental Health Law, to be released this week at a press conference with former first ladies Rosalynn Carter and Betty Ford, found that two thirds of Americans favor including mental health coverage in any basic national benefits package. Three quarters say they want to cover mental health problems to the same extent as physical illness. And 60 percent would prefer full—rather than limited—mental health coverage, even if it cost them \$100 more per year.

Congress appears less convinced than the public that mental health and substance abuse problems can be covered economically. Two national polls last week showed the Clinton health plan—the only alternative to offer a specific blueprint for mental health benefits—losing popular support, a shift not lost on lawmakers. Other reform schemes, such as Sen. John Chafee's bill, include coverage for "severe" mental illness but relegate the details of all medical benefits to a national board. And some plans simply omit any reference to mental illness.

Few politicians, however, will go on



Saved by a penstroke. Ray Bridge and Mary Ann Beall.

neatly stapled bills arrived promptly in the afternoon mail. The couple ran through the psychiatric coverage under five insurance plans in six years and feared losing their Arlington, Va., home as their unpaid bills topped \$250,000. But in 1989, a miracle occurred: Doctors realized their daughter suffered from epilepsy, not schizophrenia. Changing her diagnosis, they moved her illness from the realm of psychiatry into neurology. And presto—full insurance coverage. Says Beall: "She's the same person, struggling with the same symptoms. The only thing that's changed is the label."

GAMING, LODGING & LEISURE
SUMMIT



1999

AMERICAN
GAMING & LODGING
LEISURE SUMMIT '99

The Most Important Event in the Industry

January 12 & 13, 1999

Bellagio, Las Vegas

Produced by Casino Journal Publishing Group,
Lionel Sawyer & Collins, and Bear, Stearns & Co. Inc.

LIFE, LIBERTY AND THE PURSUIT OF ENTERTAINMENT...

The Only Conference that Combines the Best of Gaming, Lodging & Leisure Activities

For many Americans, success brings disposable income, more leisure time and a easier life. Entertainment occupies increasingly larger and more important slices of the average American's life.

The gaming, lodging and leisure industries are well positioned to capitalize on this movement for personal gratification. Whether it is the latest in high-tech casino hotels, the most luxurious upscale resort or a variety of the most exciting adventures and activities, these three industries represent a powerful synergy.

The American Gaming,

Lodging & Leisure Summit

January 12 & 13, 1999

Bellagio, Las Vegas

Since its inception five years ago, the American Gaming, Lodging & Leisure Summit has represented the highest level of information dissemination. Scheduled this year on January 12 & 13, 1999 at the spectacular new Bellagio in Las Vegas, the 1999 Summit will reach heights and reveal information never before possible. Top executives from the industry's largest corporations—Starwood's Barry Sternlicht, Patriot American's Paul Nussbaum, Hilton Hotel's Steve Bollenbach, Mirage Resorts' Steve Wynn, MGM Grand's Terry Lanni, Circus Circus' Glenn Schaeffer and many more—use the Summit to deliver their own particular message to the important attendees. Many of the nation's leading politicians—Nevada Governor Bob Miller, San Francisco Mayor Willie Brown, Congressman John Ensign (R-Nevada), U.S. Sen. Robert Torricelli (D-N.J.), Las Vegas Mayor Jan Jones, Atlantic City Mayor James Whelan, and many federal officials and state legislators—have used the Summit as an important forum to address issues that affect these industries. Attendees at the American Gaming, Lodging & Leisure Summit include institutional investors, top-level executives with the major gaming, lodging and leisure companies, elected public officials, appointed regulatory directors, financial managers, commercial vendors and stock brokers.

The producers of the American Gaming, Lodging & Leisure Summit include Bear, Stearns & Co. Inc., one of the nation's most important financial institutions; Casino Journal Publishing Group, the leading information provider for the gaming industry; and Lionel Sawyer & Collins, Nevada's premier law firm, with legal expertise that extends to all three principal industries.

THE MOST IMPORTANT CONFERENCE IN THE INDUSTRY

The American Gaming, Lodging & Leisure Summit is an essential meeting for casino, hotel and leisure executives, regulators, developers, public officials, tourism executives and anyone involved with these growing industries. The American Gaming, Lodging & Leisure Summit is the first meeting to fully integrate these related industries.

The 1999 Summit will offer attendees the opportunity to:

- Join with the most respected operators and investors from the gaming, lodging and leisure industries
- Hear influential keynote speakers
- Take part in cutting-edge seminars
- Benefit from excellent networking opportunities
- Attend a gourmet dinner with Steve Wynn, chairman of Mirage Resorts, as keynote speaker
- Be treated to an exclusive tour of Las Vegas' newest must-see attraction, Mirage Resorts' spectacular Bellagio
- Enjoy breakfasts, lunches and networking breaks

The American Gaming, Lodging & Leisure Summit presents the most influential speakers, seminars, and special events designed to prepare you for developments in the next year and beyond.

KEYNOTE SPEAKERS:

In the great tradition of the American Gaming, Lodging & Leisure Summit, this year's conference has already lined up two powerful speakers. Steve Wynn, Chairman of Mirage Resorts, will welcome attendees to his spectacular Bellagio, the most impressive hotel casino ever constructed. Kay Coles James, the Chairwoman of the National Gambling Impact Study Commission, will make her first appearance before an audience that includes a large number of gaming executives.



Steve Wynn
Chairman
Mirage Resorts



Kay Coles James
Chairwoman
National Gambling Impact
Study Commission

AGLLS CONFERENCE PROGRAM

Bear Stearns Presentations

This year, Bear Stearns will present "Investment Perspectives," a series of panels covering the specific segments of each industry. The panels will feature the Chairmen, Presidents, Chief Executive Officers and Chief Financial Officers of the leading companies, discussing the most important issues affecting their businesses.

Bear Stearns Investment Perspectives

(Invited Companies)

Hotel Owners

(Host Marriott, Hilton Lodging, Starwood Lodging, Patriot American)

This panel will examine the driving issues and developments in the hotel industry as they relate to the investment community. With occupancy rates sliding and supply outpacing demand, what lies on the horizon for the hotel industry? Will these supply trends continue? Who is best positioned amongst the large-cap hotel owners to address this trend? Will M&A activity continue or has the consolidation of the industry peaked?

Skiing Industry

(Vail Resorts, Intrawest, American Skiing)

This panel will focus on the changes and developments in the skiing industry.

During the last decade, the skiing industry has grown into a \$3.5 billion enterprise. Can it continue to speed ahead when the growth rate in skier visits is snowplowing forward?

Should operators diversify their revenue base? Can this consolidation keep pace? Are there opportunities outside the U.S.? Will snowboards turn skis into a thing of the past?

Gaming Equipment

(IGT, Anchor Gaming, Silicon Gaming, Alliance Gaming)

This panel will address the competitive and changing gaming equipment industry and how it will impact investment opportunities. As casino operators look more and more toward maximizing productivity on the casino floor, gaming manufacturers will face the following key issues going forward: Is new game development a requisite to future success? Will demand for replacement equipment persist? Have gaming manufacturers set their sights on foreign markets?

Timeshare Industry

(Vistana Resorts, Sunterra, Trendwest, Fairfield Communities)

This panel will address the issues driving changes in the timeshare market. In the last few years, we have witnessed an explosion in the popularity of timesharing as a vacation alternative. In the face of this, we have seen most of the major hotel brands rapidly expand their timesharing activities, as well as the emergence of several dedicated independent timeshare brands. Will the healthy growth in the timeshare sector continue? How is timeshare development becoming an important component of resort projections? Are the concerns about accounting methodology valid? What regions of the world offer the best return on investment potential?



*The American Gaming,
Lodging & Leisure Summit
combines the best of
three dynamic industries.
The Summit is a
'must-attend' conference
for anyone involved in
the gaming, lodging or
leisure industries.*

Leisure Products

(Brunswick, K2, Harley Davidson, Callaway Golf)

This panel will discuss the important industry developments and assess relevance to the investment community. Leisure product companies have enjoyed consistent revenue growth during the bull market, generating over \$30 billion annually. How exposed is this industry to a recession? We have seen a number of acquisitions, but will this trend continue? How has technology changed the retail market?

Gaming Industry I

(MGM Grand, Mirage Resorts, Circus Circus, Rio Hotel and Casino, Sun International)

This panel will focus on important industry developments and assess relevance to the investment community. Join this panel as they discuss the pertinent issues surrounding the Las Vegas Strip. As more than 20,000 new rooms are expected to come on line by the year 2000, how will the market handle the increase in capacity? Will ADR and occupancy rates be sustainable? What factor will air seat supply play? How has the Asian crisis effected Las Vegas? How will the opening of Mirage's Bellagio impact the rest of the strip?

Gaming Industry II

(Harrah's Entertainment, Trump Hotels & Casino Resorts, Hilton Gaming)

This panel will discuss the critical regional issues and their relationship to the investment community. Atlantic City is feeling the heat from the competing gaming markets in Connecticut and Delaware. How have these venues impacted the Northeastern market? What does the future hold? Are casino operators likely to continue using high promotional allowances to attract customers? What effect will the development of the H-Tract have and how will existing operators react?

Golf Industry

(Family Golf Centers, Golf Trust of America, National Golf Properties, Meditrust)

This panel will tee up the issues and address their effects on the investment community. During the last ten years, the golf industry exploded, doubling into an estimated \$10 billion a year enterprise. As Tiger Woods and other "new breeders" bring much needed excitement to the game, will supply be able to meet demand? What role will demographics play? What consolidation opportunities exist? Will technology change the equipment market place?

Motor Sports

(International Speedway, Championship Auto Racing Teams, Dover Downs, Penske Motorsports)

The panel will address the recent developments in the motor sports world and their effect on the investment community. Auto racing has become one of the fastest growing spectator sports, and television viewership

continues to climb. However, the motor sports industry is faced with some unique developments. What impact will a ban on tobacco advertising have on profits? Do international opportunities present growth potential? With seating capacity well short of demand, are new tracks the solution? How many more speedways can the industry handle? What is the outlook for profits?

Health & Fitness

(Bally Fitness, Sports Company, Townsports, Fitness Holdings)

This panel will exercise the major industry issues and evaluate their impact on the investment arena. A \$10 billion industry, health & fitness companies have captured American's money and interest. Will the health and fitness craze continue? How will clubs differentiate themselves from the competition? What new value-added services will be available? Will clubs continue to consolidate? Are there international opportunities to explore? What is the outlook for profits?

Hotel Franchisors/Managers

(Marriott International, Choice Hotels, USFS, Promus)

This panel will examine the industry's development and set the stage for the investment community. Are there too many hotel brands? Is the hotel franchisor/manager business well equipped to handle industry downturns? How do changes in the hotel asset values effect profits for the franchisors/managers? Do international opportunities exist to export U.S. based brands?

Extended Stay Lodging

(Extended Stay America, Suburban Lodges, Candlewood, Staybridge)

This panel will address recent developments in the extended-stay lodging industry and the impact on investment opportunities. The extended stay sector has become one of the fastest growing areas of the lodging industry. Is the extended stay industry overbuilt? Are quality sites becoming more difficult to secure? Are the return on investments sustainable? Have extended stay hotels become just new limited-service hotels? Is there opportunity for consolidation in this sector?

Theme Parks

(Disney Premier Parks, Cedar Fair, Seagrams)

This panel will discuss the changing face of the theme park industry and the impact on the investment community. With annual revenues of more than \$5 billion and theme park attendance of over 250 million, theme parks have grown into a thriving enterprise. What can they do next? What role will demographics play? Will consolidation be a key to growth? Will theme parks generate ancillary revenues through branding? What is the outlook for profits?

Bear Stearns Investment Perspectives will bring together the most successful companies in each industry segment to examine the issues, development and future of those segments.

GAMING SESSIONS

The American Gaming, Lodging & Leisure Summit has always been at the cutting edge of developments in the gaming industry. The 1999 version of the conference will be no different. What will be different is the elevated and exclusive nature of each session, devoted to a rich examination of the issues by the acknowledged experts in their fields. Attendees will learn and discuss the important issues facing the gaming industry today.

National Gambling Impact Study Commission:

The View from the Top

The National Gambling Impact Study Commission has been controversial since its launch in June of 1997. With its two-year mission almost completed, Chairwoman Kay Coles James has steered the commission through treacherous waters. At the American Gaming, Lodging & Leisure Summit, James will address, for the first time, an audience with many of gaming's top management and executives. What will the final report of the commission mean for the gaming industry? Will it reflect the wishes of the religious right or will it be truly impartial? James will answer these questions and more.

Playing the Game: The Politics of Gaming

Like most major industries, the gaming industry must contend with the realities of the political landscape. Unlike most major industries, however, gaming becomes a political football during its legalization and throughout its development or growth, whether it succeeds or fails. Despite efforts to level the playing field and achieve parity with other industries, gaming is often penalized and ostracized. This session will examine how the industry has evolved politically in several of the major jurisdictions. State legislators from these regions will describe the unique developments in the political arenas, and how they are expected to change in the upcoming years.

Implosion or Explosion: Is Gaming Expansion Complete?

The heady days of the early 1990s are long gone. With the expansion of the gaming industry limited to Detroit in the next two years, are there any states or jurisdictions where the industry may be looked upon favorably? For the answers, this session will gather experts from California, New York, Maryland, Massachusetts, Canada and Mexico to discuss the possible growth of gaming in those regions. The panel will also discuss the strategies that have been used over the past several years and an analysis of their success.

Wall Street Wisdom: Financing Options for Growing Industries

The gaming, lodging and leisure industries have all experienced tremendous growth in the past 10 years. Access to

capital varies according to the size and quality of the company and its expansion plans. Moderated by Bear Stearns' Senior Managing Director Jason Ader, this panel will include experts with suggestions for several financing options for industries and companies of all sizes.

Washington Ways: The Legal and Legislative Challenges

The federal government has set its sights on the gaming and lodging industry. Whether it is federal commissions, new and improved taxes, added regulation, or restrictions on the benefits of REITs, Washington salivates at the prospect of creating additional burdens for these industries. In this session, Frank Fahrenkopf, President of the American Gaming Association, will moderate a panel that includes gaming and lodging executives, officials with federal agencies, and legal experts.

The Tribal Tally: Developments in Native American Gaming

From California to Maine, Native Americans are facing increasing legal and federal obstacles in their quest for self-determination. Tribal sovereignty is being threatened at many levels, and the legal challenges are daunting. But anyone who has witnessed the resolve of the nation's Native Americans understands they are in it for the long haul. At this session, representatives from the National Indian Gaming Commission, state attorneys general, Native American leaders and federal officials will discuss the important issues and how they are likely to be resolved.

The Regulatory Environment: Legal Issues in Gaming

Regulatory schemes differ from state to state, but some of the legal issues encountered by the agencies are similar. From licensing and compliance to new slots and technology, gaming regulatory agencies are facing similar issues across the nation. In this session, moderated by Lionel Sawyer & Collins Partner Bob Faiss, the man responsible for much of the Nevada regulation, a panel of officials from the American Forum of Gaming Regulators will join with many of the attorneys who practice before these agencies to discuss common agendas and uncommon problems.

Internet Gaming: Challenge, Danger and Opportunity

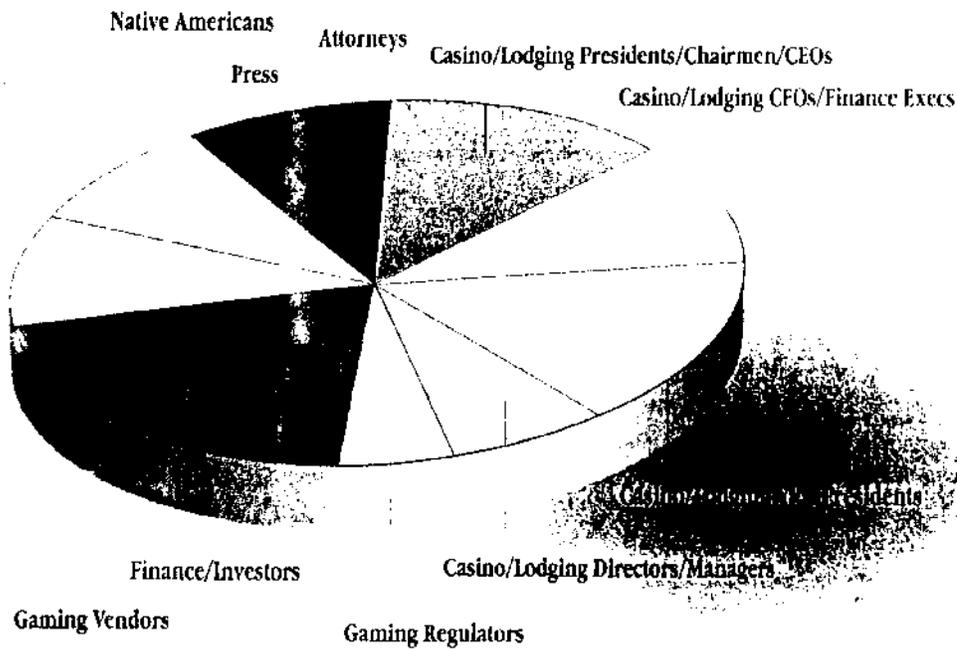
The rapid growth of gaming on the Internet has been accomplished despite its illegal status in the United States. Attorneys general from more than a dozen states have taken stances that it should not be permitted in their states. In reality, it is virtually impossible to limit gaming on the Web, should the casino and gambler be determined to cooperate. This session, moderated by Lionel Sawyer Collins Partner and Internet gaming expert Anthony Cabot, will examine the legal, technical and competitive issues facing the traditional gaming industry, with experts from each side of the equation.

The Summit's gaming sessions address all the pertinent issues that challenge the industry, featuring the most important experts in this field. The gaming seminars reveal the latest and most important information needed to make crucial decisions.



1999

WHO ATTENDS THE AMERICAN GAMING, LODGING & LEISURE SUMMIT?



Source: American Gaming & Lodging Summit '97

Who Should Attend?

Casino & Hotel Chairmen, CFOs, CEOs and Vice Presidents at all levels • Regulatory Officials • Native Americans • Investors • Gaming Analysts • Gaming Suppliers • Real Estate Owners • Developers • Resort Operators • Parimutuel Operators and Owners • Economic Development Agency Officials • Attorneys • Business Owners • Elected Officials • Chamber of Commerce Members • Gaming Proponents • Gaming Opponents • Hotel Executives • Leisure Executives • Law Enforcement Officials • Educators • Federal, State and Local Government Officials • Real Estate Brokers • Accountants • Media Representatives • Advertising Agencies • Casino Marketing Executives • Communication and Advertising Executives • Gaming Lodging & Leisure Vendors

The challenges facing the gaming, lodging and leisure industries are formidable. The Summit is designed to present the most important speakers, issues and developments in a professional setting that will benefit all attendees.

THE AMERICAN GAMING, LODGING & LEISURE SUMMIT'S TOP 20 MOST INNOVATIVE GAMING PRODUCTS 1999

The American Gaming, Lodging & Leisure Summit proudly announces the second edition of the 20 Most Innovative Gaming Products for 1999. The competition pits the latest cutting-edge products and services that vie for the title of the "Most Innovative Gaming Product." Attendees of the Summit will view, experience and vote on the products. The results will be announced at the Lifetime Achievement Award Keynote Dinner. Last year's winners included Silicon Gaming's Odyssey slot machines and IGT's Vision Series slots.

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January 12 & 13, 1999
Bellagio, Las Vegas



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Fill in all information in order to guarantee your attendance. Enclose your registration fee and make check payable to American Gaming, Lodging & Leisure Summit. Return check and this form to:

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CANCELLATION POLICY: A letter must be mailed or faxed to the American Gaming, Lodging & Leisure Summit by December 15, 1998. Registration fee will be refunded after the show dates, less a \$100 handling charge. No refunds will be made after December 15, 1998. Substitutions from the same company are permitted.

HOTEL ACCOMMODATIONS: A block of rooms have been made available for participants of the American Gaming, Lodging & Leisure Summit. Reduced rates at \$149 per night, single or double occupancy. Call (888) 987-8686 for reservations. Mention the American Gaming, Lodging & Leisure Summit when reserving rooms. Room reservations must be made by December 9, 1998.

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1999

January 12 & 13, 1999
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THE MOST IMPORTANT CONFERENCE IN THE INDUSTRY AT THE MOST IMPRESSIVE HOTEL IN THE WORLD

The American Gaming, Lodging & Leisure Summit is clearly the most important conference in the industry, deserving of a most spectacular location. This year, the Summit is proud to be associated with the Bellagio, Mirage Resorts' newest and most impressive hotel. The much-anticipated Bellagio will be a "must-see" attraction, with a variety of dining, retail, entertainment and lodging experiences never before seen in Las Vegas or possibly the world. Bellagio's attractions include: a huge lake with thousands of fountains surrounded by Tuscan villas; a botanical observatory, with an art gallery lined with masterpieces by such legendary artists as Van Gogh, Monet, Matisse, Cézanne, Renoir and Gauguin; unforgettable guest rooms with attention to minute details; restaurants such as Picasso's, filled with original art by Pablo Picasso, and New York's famed Le Cirque; a shopping promenade with shops operated by Gucci, Tiffany, Armani, Chanel and others; a theater inspired by the Paris Opera House, featuring a dazzling new show designed by Cirque du Soleil, and much more. Bellagio meets every need and fulfills every desire, and it is the perfect setting for a conference designed to do the same: The American Gaming, Lodging & Leisure Summit.

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