



WEEK 1

FRIDAY 3 JAN 2014

THIS WEEK

- Baccarat helps boost Vegas revenues
- Atlantic Club Casino Hotel to close
- Editorial: looking ahead to a positive 2014
- Tweets of the week

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TOP STORY

CAMELOT CEO IN SALARY EXPOSÉ

'Hidden' payment revelation heads bad week for lottery operators



Camelot CEO Dianne Thompson

The chief executive of National Lottery operators Camelot received a £2.1m pay package that wasn't detailed in the firm's main accounts. A *Sunday Times* investigation found that the sum was paid during the last financial year to an unnamed 'shadow' director of a subsidiary called Camelot Business Solutions, with Camelot confirming the recipient as CEO Dianne Thompson.

Although insisting that Thompson's pay has always been "disclosed fully", a statement by Camelot owners the Ontario Teachers' Pension Plan (OTPP) did acknowledge the "specific concerns raised regarding executive compensation disclosure", adding that they would be "addressing these for future filings".

It is reported that Thompson has been paid partly by Camelot Business Solutions since OTPP purchased Camelot Group in 2010. One of five companies who make up the overall Camelot operation, Camelot Business Solutions Ltd provide the group with corporate support services such as public relations and HR. Thompson's shadow director status means that despite not being on the firm's board she is deemed influential enough to be legally considered a director.

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Meanwhile Camelot will not be assuming control of the Pennsylvania Lottery after a privatisation deal between the parties expired. An agreement between the US state and Camelot Global Services, another of the five Camelot firms, was reached over a year ago, with the operators guaranteeing at least \$34.6bn worth of profits to the Lottery over 20 years.

However the contract had to be extended on numerous occasions after being rejected by Attorney General Kathleen Kane in February last year due to her belief that parts of it contravened the state constitution or were not authorised by state law. Governor Tom Corbett's office recently announced that the now-expired contract would not be renewed any further.

Back in Europe, Camelot insist that their €405m purchase of the Irish National Lottery licence is on track despite delays. A December target for the signing of final contracts by the government and Premier Lotteries Ireland – a consortium consisting of Camelot and current operators An Post – has been missed due to a worker ballot.

KEY POINTS

- Camelot CEO received £2.1m 'hidden' pay package.
- Company owners vow to review future filings.
- Operators meanwhile suffer setbacks in Pennsylvania and Ireland.

USA

BACCARAT BOOST GIVES LAS VEGAS REVENUES A LIFT
Table games a key factor in healthy Strip takings during November

Casinos on Las Vegas Strip have reported a 22.6% year-on-year rise in gaming revenues for November.

The key factor behind the rise is a 94%



Las Vegas Strip enjoyed a healthy November

jump in baccarat results, as part of a 53.5% increase in combined table game figures.

Overall state revenues were up 11.9% for November, with the figures marking a third monthly increase in four months.

Wells Fargo Securities gaming analyst Cameron McKnight said: "We believe these results bode positively for larger Strip operators with significant baccarat volumes, but note the core Las Vegas mass market remains soft with non baccarat mass volumes down 9.4%."

Other reasons behind the strong November performance include an extra Saturday in the month compared with 2012 and an Ultimate Fighting Championship event at the MGM Grand bringing in increased punters.

KEY POINTS

- Las Vegas Strip revenues up 22.6% for November.

ATLANTIC CLUB CASINO TO CLOSE
Bankrupt venue's assets sold to rival operators

The Atlantic Club Casino Hotel is to shut down and have its assets acquired by a pair of fellow gaming firms.

The bankrupt establishment will close on 13 January after operators Caesars Entertainment Corporation and Tropicana Entertainment agreed respective purchases following a bankruptcy auction.

Caesars will pay \$15m for the venue's non-gaming assets, including an 801-room hotel, while Tropicana will acquire the Atlantic Club's customer data and gambling equipment for \$8.4m. Both firms own existing land-based casino properties in Atlantic City.

A Caesars statement said that the firm "does not intend to resume gaming or hotel operations at the facility, and is evaluating options for the use of the assets, some of which may be used in the company's other Atlantic City properties".



Atlantic Club had wanted to continue operating but were unable to find a buyer who would keep the business alive. They had previously walked away from a \$15m sale to PokerStars after the online operators failed to receive preliminary ownership approval from New Jersey's casino regulators by an agreed deadline.

Tweets of the week

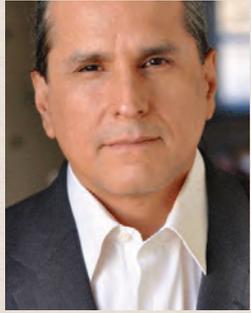

"If your New Years resolution was to play better poker, can you please go back to playing like an idiot? Daddy has bills to pay!"
Poker pro Eric Crain [@EricCrain]

"In the next few years the number of notionally active PCs, smartphones and tablets could well exceed the global adult population."
Freelance technology expert Benedict Evans [@BenedictEvans]

"Thanks to everyone at WH all around the world who helped raise nearly £175,000 in 2013 to fund our school project in Laikipia, Kenya."
William Hill CEO Ralph Topping [@ToppingRalph]

KEY POINTS

- Atlantic Club Casino Hotel to close following bankruptcy.
- Caesars and Tropicana to acquire venue's assets.

INDUSTRY EVENTS**ICE TO HOST TRIBAL GAMING TALK**
Seminar includes discussion on internet gambling

The first ever tribal gaming seminar to be held at the ICE Totally Gaming show

will address people's misconceptions about the sector while also exploring a perspective on internet gambling. The free-to-attend talk on Wednesday 5 February, which is the result of the annual expo's "close co-operation" with Victor Rocha [pictured], owner and editor of tribal gaming resource Pechanga.net, will also offer a historical overview of tribal gaming as well as advice on how to partner with tribes and a focus on the state of California.

EDITORIAL**"LOOKING AHEAD TO 2014"**

by **Chris Lines**
 Editor

"Happy New Year to all readers. I hope those of you who have just returned from the holiday season have come back refreshed and ready for another challenging (and hopefully rewarding) year in gambling.

Last year was a mixed bag and perhaps won't be remembered especially fondly. Yes, there were high points. Progress with online gaming in New Jersey, Nevada and Delaware represented a real step forward in the US. And Asia continued to show its gargantuan potential. But, being based in the UK, the European markets are a constant focus for us. The farcical situation of Germany turning down all applicants for its 20 betting licences was a laugh-or-you'll-cry moment for many firms, while Ladbrokes will be relishing a clean slate safe in the knowledge that 2014 surely can't be any worse than their miserable 2013.

As usual, the early part of the year will be dominated by one thing: ICE. Or ICE Totally Gaming, as I believe we are meant to call it these days. This gigantic annual meeting point for the global gaming industry will be dominating the lives of countless industry executives and their staff over the coming weeks, as the finishing touches are added to impressive stands designed to wow visitors and help attract new and repeat business. The very best of luck to all those among you charged with delivering an ambitious, eye-catching ICE display at Excel next month.

Once ICE is done and dusted and we've all breathed a sigh of relief and had a hearty sleep, it'll be time to knuckle down to the serious business of delivering on all the promises made on the show floor. Doubtless this will be another year in which great strides are made in mobile and tablet gaming (or 'portables' as some like to call them). But perhaps there will be a couple of surprise success stories along the way too?

Hopefully the UK's proposed point-of-consumption tax will not prove to be the powerful body blow to operators that many are predicting. And, while we're on the subject of the UK, perhaps the government will take some action regarding fixed-odds betting terminals

(FOBTs) in high-street betting shops. Currently we have a situation where pressure groups are gaining momentum but could do with more persuasive hard evidence about these tricky-to-research machines; while the industry says we shouldn't be too prescriptive about what punters can bet on, and notes that betting shops are propping up many high streets today. Both sides make valid points.

I was recently photographed alongside Tom Watson MP at a Stop The FOBTs photo call outside the House of Commons. To be clear, if there was also a pro-FOBT body with a firm focus on responsible gambling and protecting vulnerable people, I would also happily be pictured with them too. This isn't about choosing sides after all. It's about taking steps to curb a problem that you can see with your own eyes if you walk into any betting shop with a high percentage of low-income citizens among the local population. And that's without even getting into the worries that FOBTs are being used to launder money...

There is a chance of FOBTs becoming something of a political football in 2014. While that's not an ideal situation let's hope that, if they do become a stick for politicians to beat each other with, the end result will be changes to regulations around machines that are negatively impacting on too many people at the present time. Are FOBTs the next payday loan companies in political terms? You bet they are."

Chris Lines is the editor of Gambling Insider Friday and its bi-monthly print magazine Gambling Insider

Want to be a guest columnist in GI Friday? Write to: editor@gamblinginsider.com

COMING SOON: Look out for a new issue of *Gambling Insider's* print magazine this month, including a major focus on mergers and acquisitions in the gambling industry, as well as two additional *Gambling Insider Focus* publications in time for the ICE and LAC industry events

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