

Publication Abstracts

Roulette and Roundtables: Meeting in a Gaming Destination. Jeff Waddle. *Association Management*. September 1993, 45 (9), pp. 52-58.

Legalized gaming is on a winning streak, and association executives must now consider exactly how it will affect the planning and atmosphere of their meetings. Las Vegas and Atlantic City are no longer the only convention cities offering casino gambling. Legalized gaming is expanding into many established convention cities such as New Orleans, St. Louis, and Kansas City. As gambling has become more mainstream, meeting planners must weigh the pros and cons of selecting a gaming destination for a convention. Association that have used gaming destinations have generally positive experiences to report. They point out that gaming destinations generally attract the highest attendance, because of the affordable room rates, excellent entertainment, numerous restaurants, and meetings-oriented infrastructure that gambling has helped create. Meeting planners are not able to schedule as many events, because the variety and quality of entertainment creates a greater demand for free time among association members. Many meeting planners have experienced difficulty scheduling conventions on weekends. Casino hotels generally reserve weekends for tourist and vacationers.

Gambling's Advocates Are Right -- But for the Wrong Reasons. Gary S. Becker. *Business Week*. September 6, 1993, (3335), p. 14.

As casinos spread across the country the number of communities competing for the limited tax revenues will increase. Local and state governments anticipating a windfall from gaming revenues will be disappointed. They will not be able to duplicate the financial success of Nevada, Atlantic City or the Indian reservations. This, however, does not validate the arguments against legalized gaming. Gaming opponents assert that gaming is sinful, that it is addictive, and that it is linked to organized crime. This article argues that gambling is less of a vice than smoking and drinking, that the addicted gambler is rare, and that gambling has become respectable with reputable corporations such as Hilton, Hyatt, Bally's, and Grand Casinos controlling many of the facilities in Las Vegas, Atlantic City, and along the Mississippi River. The influence of organized crime will decrease, not increase, with legal gaming because legitimate companies are eager to enter this industry as soon as it becomes legal.

Bet On This: While the Gaming Explosion has most Hoteliers happy, some remain apprehensive. Carlo Wolff. *Lodging Hospitality*. April 1993, 49 (4), p. 36.

As casinos become a natural part of the leisure time industry in the U.S., experts predict an increasing involvement of hotel companies in the gaming industry. Now that gaming is a legitimate business, look for hotels to develop huge entertainment complexes, riverboats, or conventional hotels at gaming destinations. Hotel groups have viewed gaming in different ways. The Connecticut Hotel/Motel Association and its Minnesota counterpart provide a study of contracts. The Connecticut lobby eagerly anticipates money flowing into the state. The success of the new Foxwoods casino on the Mashantucket Pequot Indian reservation has attracted other casino operators such as Steve Wynn's Mirage, Inc. and Memphis based Promos Companies. Meanwhile, the Foxwoods casino has helped the local tourism by contributed \$1 million to the regional visitors bureau. In Minnesota, hoteliers and restaurateurs bemoan the loss of trade to Indian casinos. The hotel and restaurant lobby wants the Indian reservations to scale back their restaurant and lodging ventures, because the private sector cannot compete with the casino's subsidized meals and rooms. In addition to Indian reservation casinos, major land based casinos and riverboat casinos are planned throughout the country.

This section publishes an annotated abstract of published articles on gaming industry developments and related issues.

Getting In While the Gaming's Good. Timothy N. Troy. *Hotel and Motel Management Magazine*. February 1, 1994, 209 (2), pp. 24-25.

Casino gaming is the hottest ticket in the U.S. hotel market. According to the New York investment-banking firm Smith Barney Shearson, gaming should see an annual compounded growth rate of 8.3 percent through the end of the decade. The reasons for the strong growth are: increased consumer demand and acceptance of gambling; the need for additional state revenues; and explosion of Indian reservation gaming. The gaming boom has prompted companies and traditional markets to shift gears and look for new customer bases. Last Fall, the Luxor, Treasure Island, and the MGM Grand opened in Las Vegas with incentive attractions for families and conventioners. Beverly Hills-based Hilton Hotels Corporation, Las Vegas-based Circus Circus Enterprises and Caesars World Inc. established a gaming trend when they teamed up to develop the Windsor Casino in Windsor, Ontario. The trend is that hotel and gaming companies are coming together to share the risk of developing casinos.

Casinos Are No Economic Cure-All. William R. Eadington. *The New York Times*. June 13, 1993, p. 13.

Although most of America is still "undersupplied" with casinos, Eadington warns that not every state, city, town or Indian reservation can expect to create a burgeoning tourist attraction. There is a limit to how many casinos and gaming establishments a given population will support. As the casino craze spreads, the promise of new jobs, more tax revenue and more tourism becomes more hollow. Eadington, a Professor of Economics and the Director of the Institute for the Study of Gambling and Commercial Gaming at the University of Nevada - Reno, predicts that each new gaming establishment will outdo its predecessor, which will result in intense competition for the gaming dollar, forcing the less unique and exotic out of business. Places like Las Vegas and New Orleans -- the true "party" towns -- will always survive.

Hotel Companies Catch Gaming Fever. *Building, Design, & Construction*. April, 1993, 34 (6), p. 13.

Many segments of the hospitality market, such as standard lodging, are overbuilt. The gaming industry is a high growth market for the first time in fifty years. This has resulted in large hotel companies exploring the gaming market. At the same time, some of that growth is promised in cities that are trying to rebuild their economies with the hope of a high revenue gaming industry. The would-be developers and operators in those cities, such as New Orleans, face public opposition and a punitive state casino tax. As a result, many large hotel companies plan to follow the lead of Hilton, and buy existing properties in well-established gaming cities.

Gaming in the U.S. -- A Ten-Year Comparison. Gary K. Vallen. *The Cornell H.R.A. Quarterly*. December 1993, 34 (6), pp. 51-58.

In recent years the growth of legalized gambling in the U.S. has reached a feverish pitch. The increasing acceptance of gaming can be traced to the proliferation of state lotteries. Twenty-nine years ago there were no state lotteries. Today, 35 states run lotteries with a combined national purse that exceeds \$20 billion annually. Many experts believe the popularity of lotteries has opened the door to other forms of legalized gaming. This combined with each state's need for additional tax revenue and the passage of the Indian Gaming Regulatory Act of 1988 fueled the expansion. The IGRA allows American Indian nations to establish gaming on their own reservation provided the state does not expressly prohibit gaming by statute. Of all the forms of gambling, off-track betting showed the highest rate of legalization among states between 1983 and 1993, with 111 percent growth

rate. The second highest rate of increase is in state lotteries followed by card rooms, casinos, horse racing, greyhound racing, and bingo.

Report Urges Controls on Indian Gaming Industry. *The New York Times*. December 19, 1993, p. 16.

The U.S. Department of the Interior's inspector general's office issued a report on the management of Indian gaming. Twenty states have Indian gaming establishments. Although over 200 tribes manage their own casinos, approximately 70 tribes hire management companies to manage their business. The government found that not only were the tribes charged exorbitant management fees, but that fraudulent activity was not uncommon. Because federal law permits tribes to run their own establishments, Indian gaming is a prime target for illegal activity. Some federal legislators support increased regulation, citing the huge amounts of lost revenue for the tribes as an additional reason.

Fear and Marketing in Las Vegas. Dan Frost. *American Demographics*. October, 1993, 15 (10), p. 19-23.

Las Vegas stands as a testimony to what Americans will produce when the typical restraints of law, money, and natural resources are lifted. Visitors to the city smoke, drink, and gamble with abandon. According to a 1992 study of U.S. casino gaming entertainment by Harrah's Corporation, adults from half of all U.S. households have gambled in a casino at some time in their life. In addition, most Americans say that casino gambling is acceptable for anyone. Of those who visited a casino, half came from just five states: California, New York, New Jersey, Pennsylvania, and Arizona. The median household income of casino patrons was \$35,000, slightly higher than the U.S. average of \$30,126. The median age of the household heads was 49, slightly higher than the U.S. average of 45.

A "Grossly Undersupplied Consumer Product." Mark D. Fefer. *Fortune*. November, 1, 1993, 128 (11), p. 14.

According to gaming industry consultant Eugene Christiansen, "casino gambling is the last grossly undersupplied consumer product in the U.S. There is no end in sight to the expansion." Wall Street investors share this belief as stock prices of the gaming industries 5 major companies increased by 70 percent in 1993. In addition, nearly a dozen casino related initial public offerings were easily sold in 1993. States are anxious to attract casinos for the tax revenues and license fees they will generate. However, not everyone shares the enthusiasm for the casino industry. William N. Thompson, a professor of public administration at the University of Nevada, Las Vegas says "the country is flying blind. He states "the state legislatures believe the tax revenues from gaming is free, but its not free, its just taken from other parts of the economy."

As Gambling Grows Across the U.S., the Industry Seeks to Hit Jackpot on National Political Scene. Rick Wartzman and Pauline Yoshihashi. *The Wall Street Journal*. February 1, 1994, p. A16.

As gambling flourishes across the country, casino interests are increasingly seeking to deal themselves into the national political scene. At present riverboat casinos, Las Vegas-style casinos, Indian gambling, or video gaming is either operating or is authorized in 25 states, according to the National Conference of State Legislatures. Americans spend \$30 billion a year on legal gambling, and with issues ranging from competition by Indian tribes to potentially tighter federal currency reporting restrictions, many industry insiders agree that they need a political presence. The Nevada Resort Association has employed some heavyweight lobbying muscle over the years including the Duberstein Group and

Akin, Gump, Strauss, Hauer & Feld. Donald Trump and Several Indian Nations have also hired high profile lobbying firms. In addition to lobbying, the gaming industry is forming political action committees to support republican and democratic candidates. Mirage Resorts and C.E.O. Steve Wynn recently donated \$250 million to the Republican National Committee. Other casinos, such as Palace Station, matched the donation.

Multiplying Indian Casinos Draw Critic's Fire. Shannon Henry. *The Christian Science Monitor*. August 2, 1993, p. 12.

Starting with the media attention given to Donald Trump's assault on the "special treatment" of Indian gaming establishments, other critics have voiced concern over the largely unregulated gaming industry on American Indian reservations. In 1988, Congress passed the Indian Gaming Regulatory Act, creating a National Indian Gaming Commission. Indian businesses are not subject to state taxes or regulation. Although there have been some problems with criminal activity, most tribal leaders have been fairly successful at keeping the problems under control. Many tribes have improved their schools, job training and health care systems with their increased revenue. Others have merely paid out dividends to tribal members. Some critics foresee compulsive gambling as a "new" social ill for Indians, following the problems with alcoholism on reservations. Most critics, however, focus on the lack of regulation and control on the revenue collected at Indian gaming establishments. Donald Trump started a lawsuit over the "preferential treatment" for Indians. The concern of the private sector is focused on controls in the industry and fair competition. The concern of the public sector, as revealed in most proposed federal legislation, is individual states' needs to reclaim control over the economy in their states, and control over illegal activity.

Mississippi Tourism Hits Jackpot With Casinos. Ernest Blum. *Travel Weekly*. March 28, 1994, 53 (23), pp. 1, 77.

What was once the poorest county in the entire United States now boasts a thriving "dockside" casino industry. Tunica County, Mississippi, thirty-five miles south of Memphis on the Mississippi River, has six dockside casinos, with thirteen expected by the end of 1994. Mississippi legalized dockside gambling in 1990. Dockside gambling was chosen over the more common riverboat concept on the theory that keeping casinos on the water limits their impact on local communities, and the stationary platform was thought to be preferable to the "riverboat" casino, because it is more accessible from land. From the opening of Mississippi's first casino in 1992, the industry has been thriving. Casinos are only allowed on the Mississippi River, and on the Gulf Coast. Cities like Biloxi, Gulfport, and Vicksburg have seen a large increase in the tourist travel. The state's tax revenues increased as well. Mississippi will actually have a budget surplus in 1994. In fact, the tourism industry in Mississippi doubled in just eighteen months. Mississippi has begun to promote tourism, which is expected to further increase tourist traffic. The state's approach to dockside gambling is to integrate it with the existing tourist attractions related to traditional cultural and historic sites.

Gambling as Salvation (1): Le Grand Palais. *Economist*. November 20, 1993, 329 (7838), p. 27.

The city of New Orleans is no stranger to vice, so it is no surprise that the city is now looking at gambling as a new source of pleasure. Louisiana Governor Edwin "fast Eddie" Edwards and New Orleans Mayor Sidney Barthelemy are convinced that casinos will bring in badly needed revenue and stable jobs. Both are working hard to bring casinos to the city, but it has not happened yet. A land based development called the Grand Palais is planned for the historic warehouse district. The developer, Christopher Hemmeter, along with co-owners, Harrah's Casino Management, and Jazzville, a consortium of city and

state business leaders, have run into several obstacles. Conservationists oppose the tearing down of a block of converted historic warehouses. Also, a local group is questioning the city's authority to lease the land to the casino owners and operators. The group, represented by attorney Thomas Tucker, claims that because of an 1850's land dispute, if the land is not in public use as streets, the ownership reverts to the original owners or their descendants. Despite these challenges, the casino is scheduled to open in January 1995. If and when it does, it will face competition from six riverboat casinos moored on the Mississippi River and casinos in the nearby city of Gulfport, Mississippi.

Lady Luck is My Co-Pilot for Foreign Travelers: Gambling to Take Wing on Non-U.S. Carriers. Jennifer Lawrence. *Advertising Age*. November 22, 1993, 64 (49), pp. 1, 39.

The usually in-flight activities of reading, working, and resting may soon be replaced by gambling as airline cabins are transformed into raucous casinos on non-U.S. carriers. Electronic poker, video blackjack, and other gaming devices might be available on Transbrazil Airlines, Virgin Atlantic Airways and other foreign carriers as soon as 1994. Virgin Atlantic Airways, working with Caesars World and Hughs-Avicom, expects to have video poker and video blackjack available on flights from London to Hong Kong and Tokyo by February 1994. Singapore Airlines and Transbrazil Airlines will follow suit the same year. The electronic gaming will include a menu driven system with instructions offered in English, Chinese, and Japanese. Before playing, gamblers will buy a smart card that will record debits and credits. U.S. law prohibits domestic carriers from providing gaming on any flights, within the country and internationally. This, however, could change. Northwest Airlines is lobbying for less restrictive laws to establish a level playing field for international competition. Northwest is also working with Hughs-Avicom and Caesars World in developing the technology and equipment. In addition, Northwest and Caesars World will begin developing joint marketing programs.

Gambling Gumbo. Graham Button, Rita Koselka. *Forbes*. January, 17, 1994, 153 (2), p. 48.

Louisiana's foray into legalized gambling has proved to be nothing less than a tragicomedy of scandal and political chicanery, with Louisiana Governor Edwin Edwards holding down center stage. The governor's four children were all involved in companies seeking business from the new riverboat gambling industry. A state ethics board investigated and ruled that the children were legally barred from doing business with the riverboats. This sparked a Grand Jury Investigation of the riverboat gambling industry and the Louisiana Riverboat Gaming Commission, which grants preliminary riverboat gambling permits. The commission, in the past, has neglected well-financed and experienced applicants such as ITT Sheraton and Donald Trump in favor of inexperienced but politically well connected operators. Also, Governor Edwards was investigated by the state ethics board for potential conflict of interest with Caesars World, owner of Caesars Palace casino in Las Vegas. The governor accepted a free trip to Caesars Palace in November of 1993 to gamble and attend a heavy weight championship fight. At the time Caesars World was a partner in a proposed riverboat deal. Caesars World subsequently pulled out of the deal. The conflict of interest also effected the award for the operator of a land based casino in New Orleans. State regulators awarded the gambling license to a group led by Promos Companies, despite the fact that Caesars World originally was slated to develop the project. The conflicts of interest and political intrigue have soured the Louisiana voter on gaming. The majority of the state's voters would now discontinue all forms of gaming approved in recent years, except the lottery.

High-Tech Wagering: Jackpot or Jeopardy? Joseph Magitta. *Computerworld*. February 7, 1994, 28 (6), p. 1, 28-29.

Gambling opponents fear that new computer and network technologies are ushering in a dangerous era of electronic wagering. The new and emerging technologies include computerized keno and video poker games, 800 and 900-call services, multimedia racetrack systems and interactive gaming channels on the "information superhighway." Critics fear that gambling on T.V. will make it too easy for people to gamble away all their assets. Ronald E. Anderson, chairman of the ethics task force of the Association of Computing Machinery says technology professionals have a clear responsibility to question if any computer system has a harmful impact on society. Gaming supporters argue there are relatively few problem gamblers, and the new forms of computerized gaming provide billions of dollars in new state and local tax revenue. Legalized gaming provides players more opportunities for entertainment, and allows federal regulators tighter control of what had often been illegal gaming. Still, many Americans feel some oversight is needed. In a recent Gallop Poll, 61 percent said President Clinton should establish a national task force on gambling.

Few Insurers Gambling on Riverboat Casinos. Gavin Souter. *Business Insurance*. January 17, 1994, Vol (iss), p. 3, 27.

Gaming vessels are now one of the biggest issues in marine insurance coverage. There are about 30 to 35 riverboat casinos currently operating and another 110 are on the drawing board. The new vessels are presenting new challenges to risk managers and insurance underwriters. Low deductibles, inadequate premiums and the lack of established loss figures has made many insurer shy away from riverboat coverage. Only six insurers in the United States and even fewer in the London market are willing to take on the risk. Insurance usually combines hull and liability coverage. The average deductibles for liability coverage have increased from \$5,000 in 1991 to \$10,000 today, with some as high as \$25,000. The type of risks that a riverboat faces depends on its location. Vessels in Missouri remain at the dockside, which means they are extremely large and hold more gamblers, resulting in greater liability risk. Riverboats in Illinois are smaller but are navigable, so there is greater exposure to catastrophic risks. In Louisiana, the vessels are exposed to hurricane risks. The nature of a riverboat casino is of concern to many insurers. With alcohol served and many elderly customers on board, the probability of slips and falls is great. In addition, when casino patrons lose, they are more likely to file a claim to recoup their losses. Finally, insurers are concerned about employee liability on the riverboats, which can have between 150 and 300 employees on board. Compensation for employee injuries is governed by the Jones Act, a federal maritime law, rather than state workers compensation statues. Under the Jones Act, benefit payments are likely to be higher, because there is no schedule of benefits and every claim can be litigated by the injured worker.

The Strip Search for a New Identity. Alice Bumgarner. *ASTA Agency Management*. August 1993, 62 (8), pp. 64-72.

Welcome to the New Las Vegas. Andrew E. Serwer. *Fortune*. January 24, 1994, 129 (2), pp. 102-105.

Will Too Many Players Spoil the Game? Ronald Grover. *Business Week*. October 18, 1993, (3333), pp. 80, 82.

Rich Pot: The Gambling Industry Rakes It In as Casinos Spread Across the U.S. Pauline Yoshihashi. *The Wall Street Journal*. October 22, 1993, p. A1, A8.

Casino Boosts Sydney as Gateway City. Lisa Murray. *Hotel and Motel Management Magazine*. June 21, 1993, 208 (11) p. 4, 56.

