

MGHA Monthly Report



Message from Executive Director



There is a great deal of activity on our horizon. We are beginning work on the annual report, planning for the upcoming legislative reception, continuing our efforts to collaborate with our tourism partners, planning for SGS 2016 (see updates *infra*), and we are organizing our efforts for the upcoming legislative session. Having developed our message to support more visitation to our state (with the 5 drivers visitation), we are now reaching out to you to get more specific as to what efforts you want MGHA to support during the 2016 legislative session. Suffice to say, we are looking forward to the upcoming session with great optimism.

In spite of Summer's End, Gulf Coast Revenues Rise

With Summer's end usually comes a dip in gaming revenues. On a monthly comparative basis, the declines in the River Counties of (6.6%) resulted in a (1.2%) decline statewide with State Revenue Dept. figures showing that casinos won \$173 million compared to \$175 million in August 2014. However, the 11 coastal casinos' revenue increased 3.2% to \$97 million. This marks another month extending the trend of a year over year increases along the Gulf Coast, which is bringing the Gulf Coast another month closer to returning to 2008 pre-recession levels. We will continue to monitor the numbers to see if this trend holds.

Table 1: Mississippi Gaming Revenues

	Gulf Coast	River Counties	Overall
August 2015	97,167,235	75,554,949	172,722,184
August 2014	94,139,559	80,956,794	175,096,352
August 2013	89,980,470	89,037,374	179,017,843
August 2012	86,340,381	92,107,180	178,447,561
August 2011	90,891,526	93,817,622	184,709,148
2015 vs. 2014	3.2%	-6.7%	-1.4%

	Gulf Coast	River Counties	Overall
YTD 2015	781,011,344	660,351,781	1,441,363,125
YTD 2014	732,628,056	686,164,319	1,418,792,375
YTD 2013	725,065,481	749,844,032	1,474,909,513
YTD 2012	753,858,702	801,678,790	1,555,537,492
YTD 2011	756,092,449	762,162,584	1,518,255,033
2015 vs. 2014	6.6%	-3.8%	1.6%

Nolen's Retirement

Many people in our industry come and go, but there is one that came and stayed. Mississippi Gaming Commissioner and Chairman **Nolen Canon** was appointed on May 20, 2004 and served our state in these capacities with great skill and dedication. He is retiring from the Commission at the end of this month with more than 11 years of service. His job was to create and enforce regulations that ensure that our industry is held to the highest standards, and he did it well. Also, he worked to ensure that the economic development component of gaming is in both the best interest and safety of the citizens of the State of Mississippi. Our industry celebrated Nolen on September 16, 2015 at a reception held in his honor at the **Gold Strike** in Tunica.



Nolen Canon, MGC Commissioner/Chair
May 2004—September 2015

Arkansas—Are they Games of Skill?

By: Mike Bruffey



What makes a game one of chance or one of skill is determined by a balancing test. Not to oversimplify the analysis, which can be somewhat involved, if the game involves a substantial aspect of skill (more so than chance) then it is considered a game of skill. Examples include free-throw contests, fantasy sport leagues, and now, as featured at G2E, games which look like modern slot products, but which incorporate a skill aspect of the player. The “game of skill” versus “gambling” analysis falls in favor of skill, not because there is no element of chance, but because the skill aspect outweighs the chance elements of the game. The gambling that occurs at the 28 casinos in Mississippi takes place, like in all states that have legalized commercial gaming, because of exceptions to the criminal law. These exceptions lift the prohibition of gambling only at licensed gaming facilities. As gambling is a moral issue, it tends to be a very difficult political fight in most states even with a promise of strict regulation. In those states, which have legalized gambling, the licensing aspect is critical because by subjecting operators to great scrutiny it assures citizens of the industry’s fairness and legitimacy. Arkansas has never amended its laws to permit gambling at licensed gaming facilities. Instead, Arkansas has allowed what it calls “games of skill” to be operated at its racetracks. I am told the products in Arkansas (from a player’s standpoint) are virtually indistinguishable from traditional slot products. If manufacturers are just beginning to develop slot products that are “games of skill,” then what is being played in Arkansas? Look for more on this topic from MGHA.

SGS 2016—Progress Report



Golf Tournament —(May 3)
Harrah’s Gulf Coast—Grand Bear



Welcome Reception —(May 3)
Hard Rock Casino



Keynote Speaker Confirmed—(May 4)
Anthony Sanfilippo, CEO—
Pinnacle Entertainment



Opening Night Party —(May 4)
Golden Nugget

Look for more updates next month.

G2E 2015—Games of Skill



(Sept 29, 2015) Skill and interactivity were the words of the week on the showroom floor of this year’s Global Gaming Expo. The annual casino industry conference, also known

as G2E, wrapped up Thursday after several days showcasing some of cutting-edge gambling against the Nevada’s to regulate the skill-based slot machines, the conference’s showroom provided a window into how companies are reacting to the new environment.



the most products from companies. Set backdrop of recent moves development of



Thank You to our Exhibitors, Sponsors and Attendees for Supporting the 2015 Southern Gaming Summit / BingoWorld

MGHA Website Updates

Updates to the **Press Room** on our website:

- *Workers Feel Demoted in Light of Overtime Rules*
- *Flights Part of Plan to 'Save' Atlantic City*
- *State of Mississippi Sells Debt, Gaming Tax Backs Debt*
- *Silver Slipper's Hotel Now Open for Business*
- *Biloxi's IP Casino Continues Hotel Room Upgrades*

Upcoming Events

MGHA Monthly Call
(October 9 at 2 p.m.)
MGHA Conference Line

MGC October Meeting
(Oct. 15 at 9 a.m.)
MGC Office in Jackson

MGHA Annual Report: Mississippi Gaming, 2016

The **Focus Group** and MGHA will be teaming up once again on this year's annual report. During the Southern Public Relations Federation (SPRF) annual conference held on September 22, 2015, the Focus

Group received seven awards, including an **Award of Excellence** for the State of Industry 2015 MGHA Annual Report.

The team at the Focus Group is committed to helping us deliver another superior report that we can all be proud of and that will help us effectively illustrate the impact the gaming industry has on Mississippians in terms of jobs, community enhancement, and supporting

Mississippi's tax base. Allison Buchanan (pictured below left) and Samantha McCain (pictured below right) will be our primary contacts. Please share with us news, photos, articles, statistics or other information featuring each region. The sooner we get this information from you, the more of an opportunity we have to incorporate it into the report.



Regional Statistics

Chart 1: August 2015 Gaming Revenue Data

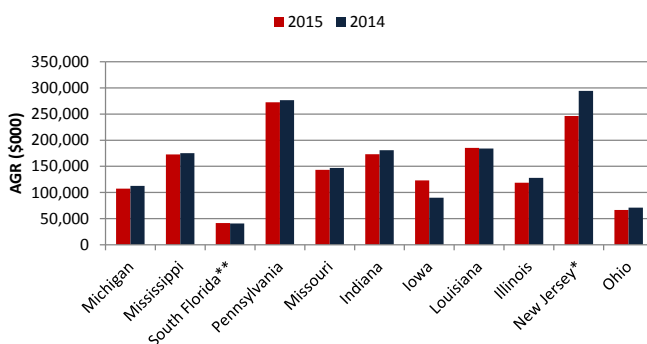


Table 2: AGR Summaries (\$000)

	August '15	August '14	Change	Trailing 3 Mos. Current	Trailing 3 Mos. Prior Yr.	Change
South Florida**	41,292	40,775	1.3%	123,362	119,068	3.6%
Louisiana	185,104	183,904	0.7%	580,625	536,269	8.3%
Mississippi	172,722	175,096	-1.4%	535,107	532,625	0.5%
Pennsylvania	272,577	276,447	-1.4%	811,822	783,801	3.6%
Missouri	143,291	147,038	-2.5%	423,057	422,388	0.2%
Iowa	122,923	127,497	-3.6%	359,227	286,531	25.4%
Indiana	172,980	180,859	-4.4%	528,141	525,449	0.5%
Michigan	107,454	112,663	-4.6%	332,158	333,006	-0.3%
Ohio	66,323	70,805	-6.3%	199,292	202,454	-1.6%
Illinois	118,539	127,895	-7.3%	364,233	369,727	-1.5%
New Jersey*	246,364	294,453	-16.3%	696,201	785,113	-11.3%

* Excludes \$12.2 million in online gaming revenue

**South Florida only includes slots at racetracks

Mississippi Gaming Statistics

August 2015 Table Game Analysis

Game Type		Twenty-One	Craps	Roulette	Three Card Poker	Other	North River Summary	
North River	Win	3,260,550	1,646,742	504,552	625,892	1,222,028	Win	7,259,764
	WPUD	\$741	\$1,897	\$904	\$1,063	\$857	WPUD	\$926
	Units	142	28	18	19	46	Units	253
	Unit Mix	56.1%	11.1%	7.1%	7.5%	18.2%		
	Drop	21,435,146	13,160,997	2,474,411	1,756,360	5,238,705	Drop	44,065,619
	% of Drop	48.6%	29.9%	5.6%	4.0%	11.9%	As % Prior year	91.4%
Game Type		Twenty-One	Craps	Roulette	Three Card Poker	Other	South River Summary	
South River	Win	918,501	569,844	132,104	121,576	277,477	Win	2,019,502
	WPUD	\$449	\$1,414	\$609	\$436	\$1,279	WPUD	\$639
	Units	66	13	7	9	7	Units	102
	Unit Mix	64.7%	12.7%	6.9%	8.8%	6.9%		
	Drop	7,672,445	1,992,860	631,229	478,774	744,469	Drop	11,519,777
	% of Drop	66.6%	17.3%	5.5%	4.2%	6.5%	As % Prior year	95.5%
Game Type		Twenty-One	Craps	Roulette	Three Card Poker	Other	Gulf Coast Summary	
Gulf Coast	Win	6,231,488	2,539,106	1,434,297	1,446,704	4,844,114	Win	16,495,709
	WPUD	\$845	\$2,340	\$1,493	\$1,728	\$1,611	WPUD	\$1,243
	Units	238	35	31	27	97	Units	428
	Unit Mix	55.6%	8.2%	7.2%	6.3%	22.7%		
	Drop	42,541,528	16,255,292	5,555,588	4,358,672	23,857,650	Drop	92,568,730
	% of Drop	46.0%	17.6%	6.0%	4.7%	25.8%	As % Prior year	100.2%

August 2015 Slot Analysis

Denomination		\$0.01	\$0.05	\$0.25	\$0.50 - \$2.00	High Limit/Other	North River Summary	
North River	Win	27,076,235	952,507	3,709,356	6,929,292	3,734,350	Win	42,401,740
	WPUD	\$152	\$140	\$130	\$196	\$163	WPUD	\$156
	Units	5,739	220	922	1,142	741	Units	8,764
	Unit Mix	65.5%	2.5%	10.5%	13.0%	8.5%		
	Coin In	316,109,247	13,147,123	51,536,201	106,416,174	74,252,481	Coin In	561,461,226
	% of Coin in	56.3%	2.3%	9.2%	19.0%	13.2%	As % Prior year	84.5%
Denomination		\$0.01	\$0.05	\$0.25	\$0.50 - \$2.00	High Limit/Other	South River Summary	
South River	Win	16,394,554	505,970	1,241,469	2,725,447	832,969	Win	21,700,409
	WPUD	\$126	\$93	\$80	\$120	\$165	WPUD	\$121
	Units	4,193	176	501	732	163	Units	5,765
	Unit Mix	72.7%	3.1%	8.7%	12.7%	2.8%		
	Coin In	184,630,701	10,565,058	18,046,552	47,276,577	16,150,820	Coin In	276,669,708
	% of Coin in	66.7%	3.8%	6.5%	17.1%	5.8%	As % Prior year	95.0%
Denomination		\$0.01	\$0.05	\$0.25	\$0.50 - \$2.00	High Limit/Other	Gulf Coast Summary	
Gulf Coast	Win	54,023,293	2,940,518	7,818,784	10,595,662	4,676,050	Win	80,054,307
	WPUD	\$188	\$160	\$174	\$224	\$273	WPUD	\$193
	Units	9,288	592	1,448	1,523	552	Units	13,403
	Unit Mix	69.3%	4.4%	10.8%	11.4%	4.1%		
	Coin In	614,168,887	51,935,918	140,146,747	165,721,429	82,074,364	Coin In	1,054,047,345
	% of Coin in	58.3%	4.9%	13.3%	15.7%	7.8%	As % Prior year	96.6%

Member Directory

- Ameristar Casino Hotel, Vicksburg
- Bally's Casino, Tunica
- Beau Rivage Resort Casino, Biloxi
- Boomtown Casino, Biloxi
- DiamondJacks Casino & Hotel, Vicksburg
- Fitz Casino & Hotel, Tunica
- Golden Nugget Biloxi
- Gold Strike Casino Resort, Tunica
- Hard Rock Casino, Biloxi
- Harlow's Casino Resort, Greenville
- Harrah's Gulf Coast, Biloxi
- Hollywood Casino Gulf Coast
- Hollywood Casino, Tunica
- Horseshoe Casino, Tunica
- IP Casino Resort Spa, Biloxi
- Island View Casino Resort, Gulfport
- Isle of Capri, Lula
- Isle of Capri, Natchez
- Lady Luck Casino, Vicksburg
- Magnolia Bluffs Casino, Natchez
- Palace Casino Resort, Biloxi
- Resorts Tunica Hotel & Casino
- Riverwalk Casino Hotel, Vicksburg
- Roadhouse Casino, Tunica
- Sam's Town Hotel & Gambling Hall, Tunica
- Silver Slipper Casino, Bay St Louis
- Treasure Bay Resort, Biloxi
- Trop Casino, Greenville

For a list of MGHA Associate members, visit www.msgaming.org.

Associate Member of Month

BAKER DONELSON

A big thank you to **Baker Donelson** who has agreed to sponsor SGS 2016 as Legal Advisor to the show.

This sponsorship opportunity was created in 2015 and **Baker Donelson** took it on moderating several educational sessions and volunteering its lawyers to sit on several panels. We appreciate your support of SGS!

The Mississippi Gaming & Hospitality Association (MGHA)* is a non-profit organization made up of casino operators and vendors whose mission it is to protect and enhance the reputation and success of the gaming industry within the State of Mississippi. We seek to accomplish our mission by:

- ♦ Cooperating with government officials in advancing the gaming industry's common goals and objectives;
- ♦ Promoting comprehensive and fair regulation of the gaming industry to insure integrity at all levels of operation;
- ♦ Advocating fair and reasonable taxation of the industry, which will permit operators to maximize employment opportunities and re-invest, expand and improve existing facilities;
- ♦ Promoting and participating in public education throughout Mississippi regarding the benefits of casino gaming, including job creation, economic development and how the industry can help the State in maximizing its tax revenues; and
- ♦ Supporting and enhancing responsible gaming programs and offering education and assistance to individuals with gambling problems

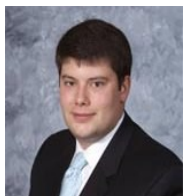
For questions about membership contact Executive Director Larry Gregory via email at lgregory@msgaming.org or by phone at 601-965-6992.

**The MGHA was originally chartered in 1993 as the Mississippi Casino Operators Association (MCOA). In March 2013, the Board of Directors voted to change the name of the association to better reflect its mission.*



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October 1st - Liability Shift for Credit Card Fraud



October 1st marked an important deadline in the fight against in-person credit card fraud. Beginning that day, if a merchant runs a fraudulent credit card transaction and has not upgraded to accept chip-enabled (or "EMV") credit cards, the merchant bears the liability for that transaction. Previously, this burden would have typically been on the card issuer. You may have already received one of these cards from your own credit card company. They look just like any other card, except they have a small, metallic chip embedded in the front. Instead of swiping the card, you slide it into a special slot in the payment machine for several seconds. The transaction is much more secure than with the standard magnetic stripe cards, which are easy for criminals to clone. Even so, only

about 40% of credit cards in this country have been reissued with the newer technology, and as of a few weeks ago only about 30% of merchants had upgraded their equipment.

Many businesses have been hesitant to invest in the upgrades to accept the cards because of the cost, which can run from \$29 if you use a service like Square, to over \$1,000-each for regular point-of-sale systems. But for businesses that handle large transactions, the price is probably worth it, since holding the bag for one bad sale could outweigh the initial investment.

Notably, this change does not affect ATMs, which will not face a similar deadline until October 1, 2017.

Patrick Zimmerman is an MGHA Associate Member and attorney-at-law. He is the former Director of Investigations for the Mississippi Gaming Commission. He welcomes your comments or suggestions at 601-376-9741 or pat@zimmermanlawfirm.ms