



## CATCH A TIGER BY THE TAIL

G3 interviews Universal Entertainment's Chief Operating Officer, **Alfred Yue**, about the upcoming Manila Bay Resort and the spat with Wynn Resorts

Sitting in a delicatessen-like queue of journalists, each patiently waiting for their number to flash up, it's the major Asian newspapers that have taken precedence and it's an hour and a half before we are granted an audience with Alfred Yue, Chief Operating Officer of Universal Entertainment, the company orchestrating and funding the Philippines development of Manila Bay Resorts. Listening to his conversation with the South China Post, Mr. Yue speaks at a rapid fire pace, matching the twitchy urgency of the pre-pubescent looking journalists. There's a great deal of smiling and nodding. The only word discernable across the room is significant, however.

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**ALFRED YUE,**  
COO, Universal Entertainment.

He keeps repeating the name 'Wynn.'

Having over-run by almost two hours, Mr. Yue checks his watch as he finally approaches, before making himself comfortable in the officiously ornate conference chairs of the Venetian Macau Ballroom. Mr. Yue slips into a very easy American-tinged English that far exceeds any second language schooling. Mr. Yue honed his language skills and learnt his casino craft in Las Vegas, spending his early years with Steve Wynn building the iconic resorts that have defined the Vegas Strip. Inscrutable as regards his age, Mr. Yue's demeanor changes from the former machine-gun delivery to show him

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relaxed and eager to talk about his past and present exploits. He explains that an undisclosed illness has reduced his once sizeable frame to a shadow of his former self, but that he feels all the better for it. He chuckles at the fact that he's been greeting old friends as a stranger, though the expense and time to replace his entire wardrobe has been an unappreciated chore.

Alfred Yue started his career working in Vegas for over 10 years before moving to Atlantic City for a further four. Since that time Mr. Yue has opened casino locations in Korea, the Caribbean, pioneered operations onboard gambling ships, was

the first to operate gaming operations onboard vessels operating in Hong Kong, was involved in junket operations in Singapore and started the first VIP operations for PAGCOR in Manila. It's really quite an impressive gaming CV. "Casino gaming is a career that has taken me around the world, but without doubt this is the greatest challenge of my career. It's certainly what excites and enthralls me about this development. I've spent a great deal of my career working in all manner of Asian gaming locations," describes Mr. Yue. "From experience, I know that Philippines are very good from a service perspective, but we have a lot of training to accomplish. We aim to set new standards in [the Philippines] market and to achieve that we have to show a degree of patience."

The size of the project; 500 tables, 3,000 slots, 2,000 hotel rooms, are just statistics to Mr. Yue. "The scale of this project doesn't scare me. We have a great middle management team, more middle managers for the scale of project than any other I've worked upon - we have assembled a very strong team." Semi-retired when approached by Kazuo Okada to manage his ambitious Philippines project, Mr. Yue needed a little persuasion, though grasping the full scale of the development, he foresaw Manila

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**ALFRED YUE,**  
COO, Universal.

Bay Resorts as a reinvigorating challenge. "Universal Entertainment was awarded its licence in the Philippines in 2008," outlines Mr. Yue, "but we only moved into go-ahead position last year. I joined the project in May 2011 at a time in which there was a clear understanding that we would be commencing at the point of administration change within PAGCOR."

The former administration, which was headed by Efraim Genuino, has been accused of a series of corruption charges, the most recent centering on a coffee scandal in which PAGCOR is alleged to have bought P1bn (€19m) of coffee from a private concessionaire. However,

Universal was dragged into the graft and corruption case as Genuino allegedly used the 300 metric tons of rice the Japanese firm donated to typhoon victims in 2008 for the mayoral candidacies of his sons in Makati and Los Banos, Laguna. Most recently, the claims of Wynn Resorts of payments and gifts made to PAGCOR officials by Universal have been the catalyst for a very public spat between Steve Wynn and Kazuo Okada that is set to play out in the US and Japanese courts.

The maelstrom that surrounds both Universal and Wynn is something of a side-show for Mr. Yue, whose monumental task of drawing together all the elements to create a US\$2bn resort in 24 months, in one of the world's 'trickiest' construction environments, is all consuming. "We are at the planning stage right now," clarifies Mr. Yue, "with the project scheduled to open in quarter 4, 2014, which is a major undertaking on this scale of development. It's no easy challenge, with the construction crews expected to work 24/7 to meet the deadline, and we will also need favourable weather conditions," submits Mr. Yue, unaware of the disastrous storms that were to follow. In August, deadly torrential rains submerged much of the Philippines capital and surrounding areas, forcing nearly 270,000 people to flee their homes. More than 50 people were killed by the flooding fuelled by tropical storm 'Haikui' in the Philippine Sea north-east of Taiwan. The effects of the storm on the embryonic Manila Bay Resorts will be felt not only in construction delays as workers prioritise disaster relief projects, but also on tourism numbers as millions around the world watched the capital of Manila sink under the flood waters.

Unperturbed, Mr. Okada wants to open on time, and the construction plans aimed at building a first class resort have also been a little 'fluid' since they were first lodged in 2008. "Construction is the area that is the most difficult aspect of this development," concedes Mr. Yue. "It's much easier to build in Macau or Hong Kong than in the Philippines, which has a rather 'relaxed' attitude to building. The weather is also a major factor. However, I target my business model, I have my game plan and know my markets. I know exactly how I'm going to advertise this resort. It's all planned out already."

What's changed most in relation to the plans, submitted back in 2008, has been the upscaling of the resort to accommodate both family-orientated entertainment and the very highest level of VIP gaming. "We are improving certain things," admits Mr. Yue. "The plans for a 2,000 room hotel remain the same, but certain other areas have been altered as



the development has evolved. Based on the market projection of the VIP market, as in Macau, we are gearing for the highest facility ambience. Lots of the hotel rooms are planned with Ocean views, for example, and we are outfitting the accommodation to the highest standards. We have a very larger property, the largest of the four sites in Manila Bay and we want to capitalise on this.”

The development will rise on a 45-hectare site in the reclamation area. Its two hotels are envisioned to feature high-end local and international restaurant chains that cater to travellers and international food enthusiasts. A 1,000-room budget hotel will also feature prominently, targeted at cost-conscious tourists. Intended to be a family-oriented venue, it will also feature an indoor man-made beach enclosed in a glass dome that will allow the use of natural lighting to replicate an authentic beach experience.

In addition to the anchor casino operation, which will be open 24/7 with 500 gaming tables and 3,000 slot machines, the site will also feature a Las

Vegas-style water fountain shows. “It will,” smiles Mr. Yue, “be much bigger than the Bellagio’s. Shows and live entertainment will be provided free to the local market. Plus, we are building a showroom, convention centres and a huge shopping mall with 150 retail shops. This is a true resort, not just a gambling facility, its restaurants will cater for every type of cuisine and we want people to enjoy a totally different experience, with food at the heart of the resort experience.”

#### COMPETITION RULES

In an address to local investors in May, Mr. Okada insisted that Manila, due to its proximity to China, South Korea, Japan, Singapore and Hong Kong, holds a competitive advantage over other major Asian cities. While not explicitly setting Manila Bay Resorts in a head-to-head with Macau’s resort casinos, the intention is clear, though Mr. Yue prefers to focus on the market in isolation. “We are not dreaming up a new market in the Philippines,” claims Mr. Yue. “The market is already there. Look at Macau and Singapore, for example, the market in SE

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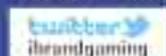
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is so big, I believe there will be little significant effect on any other market in the region.”

Mr. Okada has sought partners for his project with a view to expanding the retail and real estate side of Universal's Manila Bay project. Taipan billionaire John Gokongwei is putting his financial muscle behind the Philippine's project. Mr. Gokongwei, listed at number four on

the Forbes' list of richest Filipinos with an estimated net worth of \$3.25bn, is believed to have offered his property division, Robinson Land Corporation, to operate the gaming and retail side of Manila Bay Resorts. Meanwhile, Empire East Land Holdings, the property development firm of Filipino-Chinese businessman Andrew Tan, has partnered with the Japanese gaming magnate to develop a luxury condominium resort

**(TOP)** The planned development for the Manila Bay Resort cover 4.5 hectares. **(ABOVE)** An artist's impression of the entrance to the resort.

project in Entertainment City Manila.

“You need local knowledge in SE Asia to be successful,” explains Mr. Yue of the recent partnerships. “The condominiums, hotels and commercial malls need local expertise. Philippine local knowledge is necessary to be successful across these different business sectors. We are looking for partners with local experts in key areas to invest in a major project of this kind. We are casino gaming specialists and want to work with other specialists in their ‘specialist’ areas. Mr. Okada himself is very aggressive in terms of expansion. We’re already looking at opportunities in Korea; he has a lot of plans, and still has a desire for extensive developments.”

### WYNN LOSE SCENARIO?

Any discussion concerning Universal's development has to touch upon the spat between Mr. Okada and Steve Wynn. Following his well-publicised fall out with Las Vegas developer Wynn, Mr. Okada recently said: “My dream is to create the best casino in the world here in the Philippines,” he said. “This is why I’m focusing on Philippine gaming; to make it the best in the world and to beat Wynn Resorts.” Asked about the dispute in relation to the Philippines development, Mr. Yue was adamant that the accusations leveled at Universal and PAGCOR by Wynn Resorts were not only baseless, but lacked a fundamental understanding of Asian business practices. “The accusation by Wynn Resorts that Universal bribed PAGCOR for our licence is ridiculous. Why would we bribe them? What would we gain?” asks Mr. Yue. “Mr. Okada is the victim - the loser in this scenario. We bought the largest land-plot and invested US\$1bn in the development of Entertainment City already. Why would we need to pay bribes as well? Our investment is enormous.”

“There are different ways of doing business in Asia and it takes a lot of adjustment for non-Asian developers. We are working with PAGCOR and this is purely a business relationship - an Asian business relationship,” continues Mr. Yue. “The amount of money that Wynn is claiming was paid to PAGCOR officials would not buy you a decent watch in Asia! There is no advantage for Mr. Okada to bribe these officials. It’s a tactic from Wynn Resorts to attack this development and raise doubts as to Mr. Okada’s interests in Wynn Resorts. My view is to let the US lawyers deal with these issues. I’ve enough on my hands.”

Mr. Yue raises his palms and lowers them again in illustration of the weight he now carries. He reveals his own watch as his cuffs roll back at the same time. Affirmation indeed.