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Argentina

Argentina has see-sawed between state and private control of its gaming industry but is currently enjoying a boom period

Originally, Argentina was populated by scattered groups of Indians when Italian explorer Amerigo Vespucci arrived in the country in 1502.

Juan Diaz de Solis of Spain was hot on his heels and in 1516, Vespucci was killed and over the next few decades the Spanish began to build settlements despite resistance from the indigenous Indians.

A permanent Spanish settlement was finally established near present day Buenos Aires in 1580 and 200 years later a Spanish monarchy was established.

In 1816, the United Provinces of the Rio Plata declared their independence from Spain and after Bolivia, Paraguay and Uruguay went their separate ways, the area that remained became Argentina.

For many years, Argentina suffered border disputes and wars. By the 19th century levels of peace were restored and the Europeans (especially Spanish and Italians), began to move in and Argentina began to emerge as one of the leading South American nations.

After World War II, the era of 'Peronist' authoritarian rule began. But as the rule of Juan Peron and his wife Eva collapsed, the last traces of military leadership faded away with the defeat to the British during the Falkland Islands war. Democracy returned in 1983.

Despite various challenges including the severe economic crisis in 2001/02, democracy has persisted and the economy has recovered strongly.

GAMING IN ARGENTINA

Since 1989 Argentina's government has embraced privatisation following the economically turbulent years of the 1980s.

This was thanks to former president Carlos Menem, who not only began a programme of privatisation of state owned businesses, but enabled the currency to be pegged to the US dollar.

With this came the decision to set up a structure similar to the US where each of the 23 Argentinean Provinces are given the autonomy to regulate their gaming industry within its jurisdiction.

Therefore, there are currently 23 gaming authorities, plus the federal gaming authority, known as the National State Lottery Company.

Usually, the provinces hold a public bidding process to award operation concessions to a single company, which gives the winning company an exclusive monopoly.

The Loteria Nacional Sociedad del Estado (LNSE - National State Lottery Company) was originally created back in 1893 to aid social economic problems.

In 1944, the national government took over the casinos, gaming halls and relaxation centres and put the national lottery in charge of its administration and operation.

This began with halls operating in the cities of Mar del Plata (Casino Central, Anexos I and II), Necochea and Miramar (Buenos Aires), extending later to halls in Iguazu (Misiones) Resistencia and Roque Saenz Peña (Chaco), Alta Gracia and La Cumbre (Cordoba), Parana (Entre Rios),

Bariloche and Las Grutas (Rio Negro), Puerto Madryn and Comodoro Rivadavia (Chubut), Tandil, Monte Hermoso, Sierra de la Ventana and Pinamar (Buenos Aires) – administrating a total of 18 halls.

It has also operated the horse racing tracks at Palermo and San Isidro since 1953. In 1992, the state gave the concession to HAPSA company who undertook a renovation programme.

In 1971, it launched the football pools

and in 1990 the national lottery was turned over to the Sociedad del Estado, which undertook a modernisation programme of the operation and administration.

In 1993, the first Bingo hall, Bingo Lavalle was opened and in 2002 the Hipodromo de Palermo was granted permission to operate slots and today there are 3,000 slots in this location alone.

In October 1999, the National Lottery

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opened the first floating casino. Just five minutes from the Buenos Aires city centre the ship is located in Puerto Madero.

The concession for the casino was given to Casino Buenos Aires SA and today it operates via the Estrella de la Fortuna and Princess boats which are replicas of the traditional casinos, which went along the Mississippi. Both ships can go along the Rio de la Plata and anchor in the Port.

The casino has a capacity for 1,700

machines and 99 table games and is open 24 hours a day with free entry. The Princess is only equipped with slots and it is managed by Spain's Cirsa group.

In 1993, the National Lottery was authorised to open five bingo halls in the federal capital and these are located in the centre and districts of Belgrano, Congreso, Caballito and Flores.

In 1988, an agreement was put into effect with the National Lottery (law 10,756), which meant the province de Buenos Aires would pay a 35 per cent royalty of net profits for their casino operations.

The Loteria de la Provincia de Buenos Aires is an independent entity that operates gaming in the Buenos Aires province, including bingo halls, casinos and horse racing tracks.

In 1992, a new agreement between the two was signed that established an extension of this agreement and in 1993 a decree enabled the Buenos Aires government to operate casinos in this jurisdiction and this was followed by the opening of the Trilennium.

In the Buenos Aires province there are now 11 casinos including: Trilennium, Casino Central Mar del Plata, Hotel Casino Hermitage, Casino Mar de Ajo, Casino Miramar, Casino Monte Hermoso, Casino Necochea, Casino Pinamar, Casino Sierra de la Ventana, Casino Tandil and Casino Valeria del Mar.

Meanwhile, the Loteria de la Provincia was also given permission to operate bingos in 32 districts in Buenos Aires under the law 11,018.

Today, there are 46 halls in 31 districts. Each hall can have a minimum of five and a maximum of 15 slots and players must have a minimum of three bingo cartons to play.

In addition, the group operates the Hipodromos de La Plata, San Isidro, Tandil, Azul and Mar del Plata. In March last year, the group was given permission to re-open the Hipodromo de Tandil after 22 years of it being closed. The site was founded in 1866 and was the first race track in South America.

The agencies for the provincial hipodromos are distributed throughout the country. There are 55 provincial agencies, 58 local distributors in the country and four in Uruguay. There are also 3,070 official lottery sales offices throughout the Buenos Aires province.



Meanwhile, in the north western province of Chaco, Loteria Chaqueña, has announced that both local and foreign companies can now bid for tender documents for three casinos in the districts of Charata, Castelli y General San Martín.

The winning bids will be expected to pay royalties to the province of at least 30 per cent. If private operators fail to win the bid, the casinos would continue to be operated by the lottery organisation on a private basis.

Currently, there are more than 70 casinos and 150 bingo halls in Argentina and numerous betting shops. The gaming sector has doubled in the last two years and the manufacture of equipment moves around US\$100m per year.

The industry has generated an estimated US\$42.bn. There are around 31,800 slot machines and 1,200 roulette tables.

Major operating groups now in Argentina, apart from the lottery associations, include:

Boldt Gaming, which builds and runs casinos in Argentina, including the largest casino in Latin America, the Trilenium. Profits from this casino are allocated by the Provincial Lottery and Casino Entity among welfare activities.

The Trilenium Casino offers 22,000sq.m. of gaming distributed on three floors. There are a total of 1,900 reel and video slot machines, electronic roulettes, Royal Ascot and 76 table games, including: roulette, Punto y Banca, Blackjack, Craps

Boldt Gaming, which builds and runs casinos in Argentina, including the largest casino in Latin America, the Trilenium. Profits from this casino are allocated by the Provincial Lottery and Casino Entity among welfare activities.

and poker. The casino receives around 250,000 visitors per month.

The casino has recently increased its slot range with the installation of new video reel slots from the Blue Bird series by WMS Gaming.

Boldt also operates more than 1,200 slots in casinos in the cities of Mar del Plata Central, Miramar, Mar de Ajo, Pinamar, Valeria del Mar and Necochea for the Buenos Aires Provincial Lottery and Casino Entity.

Recently, the company, together with Inversama SA, acquired the Casino Puerto Santa Fe for almost US\$14m, which was previously owned by Grainco SA.

Chilean casino operator, Enjoy, has joined

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ARGENTINA: VITAL STATISTICS

Capital: Buenos Aires

Population: 40,301,927

(July 2007)

Land Area: 2,736,690 sq.km

Median age: 29.9 years

Languages: Spanish (official),

English, Italian, German, French

Currency: Argentine Peso (ARS)

Government: Republic

Land Divisions: 23 provinces and

one autonomous city (Buenos Aires

Capital Federal)

No. Casinos: Approx 70

Gaming Machines: 31,800

Bingo Halls: 150

Gaming Board:

www.loteria-nacional.gov.ar

Lottery:

www.loteria-nacional.gov.ar

majority of which are located in the San Luis province.

Locations in San Luis include Golden Palace branded casinos in San Luis and Necochea; the first themed casino called New York Casino in San Luis, Casino Tropicana brand with six locations in San Luis, a Flamingo slot hall, the Amerian Palace Hotel Casino, Golden Plaza casino and a new Casino Dos Venados brand which opened recently in Villa de Merlo, San Luis. The new casino includes a slot hall, VIP room, Bingo, restaurant and art gallery.

Casino Magic Hotel & Casino is part of the Pinnacle Entertainment group and has casinos and hotels in Nevada, Indiana, Missouri, Europe and the Bahamas.

The company won the contract to operate a casino in Neuquen and two slot halls in San Martin de los Andes and Junin de los Andes.

Casinos del Litoral SA was born in 1991 and opened the Casino de Corrientes in this year which was the first privatised casino in Argentina. It has 28 roulette tables and 30 card tables and 1,014 slots.

The company now also has casinos in the cities of Goya, Bella Vista, Esquina and Santo Tome. It also operates a casino via a company in Paraguay.

The Worest Group obtained the concession to operate casinos in 1992 via a casino in the city of Corrientes. This followed with further casinos across the country and today the group has seven casinos.

There is one casino in the province of La Pampa with 328 slots and 34 tables; four casinos in the province of Chubut with a total of 550 slots and 31 tables; one in province of Misiones with 147 slots and 10 tables; one in La Rioja with 146 slots and nine tables; one in Mendoza with 193 slots and nine tables; two in Tierra del Fuego with a total of 251 slots and 18 tables and two in Santa Cruz with a total of 273 slots and 17 tables.

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Slot Machines SA is a company which operates gaming halls in Argentina, the

up with Argentinean businessman Julio Camen to develop and operate a hotel-casino in Mendoza.

Camen has several companies that are involved in real estate projects and joins Enjoy with a 50 per cent share each.

The hotel will be operated by the Sheraton chain while the casino will be managed by Enjoy. The project will cost around US\$65m and is expected to open by the end of the year. The project will include a 180 room hotel, convention centres, bars, gym, spa, sky lounge and restaurant and the casino.

Casino Club is an operator which was born in 1991 and today operates 12 casinos and 16 slot halls across the country.



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OCTAVIAN

Crackdowns on illegal gaming have had a marginal effect in a country still grappling with legal issues and dilemmas

Before the great Inca empire began its conquest in 1463 of what is now known as Ecuador, the country was populated by indigenous Indian tribes, which were often at war with one another.

The Spanish discovered and conquered Ecuador in 1533 and ruled for the next two centuries. Quito became a seat of Spanish colonial government in 1563 and part of the Viceroyalty of New Granada in 1717.

At the same time, the Spanish also brought with them smallpox and measles, which wiped out much of the indigenous Indian population.

After a severe depression throughout most of the 18th Century, Ecuador began its struggle for freedom and independence was finally achieved in 1830. Over the next 140 years a series of military and political groups ruled the Ecuador landscape.

Between 1904 and 1942, Ecuador lost territories in conflicts with its neighbours and even though the country marked 25 years of civilian governance in 2004, the period has been marred by political instability. Seven presidents have governed the country since 1996.

Today, the indigenous population mixed with those of European descent give Ecuador a unique cultural texture.

Ecuador is still dependent on its petroleum resources, which have accounted for more than half the country's export earnings and the economy has been growing since 1999/2000's severe economic crisis.

GAMING IN ECUADOR

Casinos first opened in the 1940s in Ecuador with the first casino located in the Hotel Majestic in the centre of Quito.

There are now 32 casinos in Ecuador and the sector is regulated by the Ministry of Tourism. The majority are located in the regions of Guayas and Pichincha, which covers the capital Quito.

The growth of the casino market has been fairly strong over the last few years. In 2006 there were five casinos in Quito and three more luxury casinos opened that year bringing the total to eight.

However, some of the smaller casinos are now being forced to close due to competition from the high class luxury casinos.

Ecuador's gaming law is quite specific and only permits slots in gaming halls and casinos, while at the same time only permitting casinos within high standard hotels.

The gaming law in Ecuador states that:

- Slots can only be operated in casinos and casinos can only be operated in hotels and according to zones.

Ecuador



ECUADOR: VITAL STATISTICS

Capital: Quito
Population: 13,755,680 (July 2007)
Land Area: 276,840 sq.km
Median age: 23.9 years
Languages: Spanish (official), Amerindian languages
Currency: US dollar (USD)
Government: Republic
Land Divisions: 24 provinces

No. Casinos: 32
Casino Slots: Approx 3,000
Casino Tables: Approx 250
Gaming Board:
www.turismo.gov.ec
Lottery: www.loteria.com.ec

Zone I – the cities of Quito and Guayaquil casinos can only be operated in five star hotels with a minimum of 100 rooms. The minimum investment for the casino will be US\$400,000

Zone II – the provincial capitals will operate in five and four star hotels with a minimum of 60 rooms. The minimum initial investment for the casino will be US\$200,000.

Zone III – the capital cities of Amazonia and remaining cities in the country. Casino will be located in five and four star hotels with a minimum of 50 rooms. Minimum initial investment

will be US\$150,000.

Zone IV – Province of Galapagos and territorial sea, Casinos and games rooms are only permitted in passenger tourist cruises in the insular zone and territorial sea if they have a minimum of 40 double cabins.

- Casinos within a 'luxury' category must have a minimum of three international games whilst 'first category' casino must a minimum of two international games.

- Casinos which operate in the cities of Quito and Guayaquil must have a

minimum of six tables and 60 slots and complementary services such as bar, security and café.

- For zones II, III and IV the casinos must have a minimum of three tables and 30 slots and complementary services.

- No casinos can be permitted in the province of Galapagos except on the cruise ships as specified above.

- Game rooms (mechanical bingos) can operate bingo games and are only permitted in establishments that are more than 300m from schools,

In 2005/06 a tender was held for the first

churches and police stations. No games of chance or indoor games are permitted. Again the game rooms come under the following zones:

Zone I – games rooms must be a minimum of 800 sq.m

Zone II – game rooms must be a minimum of 400 sq.m

Zone III – Game rooms must be a minimum of 200 sq.m

Games rooms are classified as luxury, first, second and third category locations.

In August 2007, the government signed an agreement to look after the wellbeing of children and teenagers by stamping out illegal gaming.

One of the most important points of the agreement was to maintain an interchange of information about casinos and games rooms and non -tourism sites, which operate slots and other gaming.

In October last year, the government undertook an operation to clear the country of illegal gaming and a total of 1,151 slot machines were seized from 10 locations in the cities of Guayaquil, Quito, Loja and Esmeraldas.

And in May this year, some 78 illegal gaming halls in nine provinces were closed. The majority of which were located in Guayas, Los Rios and Pinchincha.

Despite the legislation, small slot parlours are opening up fast and many operate outside of the law, whilst others manage to operate under special court orders known as 'amparos'.

One such example is the company Tesupe, which is continuing with the construction of its casino in the municipal of Malecon Simon Bolivar in Guayaquil. Although the law states that no casinos can be located outside of a hotel, the Ministry of Tourism has not intervened in the municipal's decision to halt works.

Meanwhile, Ecuador's national lottery is run by the Junta de Beneficencia of Guayaquil, a private company that was founded back in 1887 by Francisco Campos Coello.

The idea was to improve the conditions and lives of the underprivileged living in Guayaquil, the most populated city in Ecuador.

Initially, the association relied on donations until the lottery was created in 1894. Revenues from the lottery now go towards the hospital in and around the Guayaquil province.

However, the National Assembly, which has been elected to develop a new constitution for Ecuador is considering the suspension of the national lottery monopoly, held by the Junta de Beneficencia. The assembly believes that the revenues should also be distributed to other hospitals in the country.

There is now a national debate over the situation as the lottery says the group



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ECUADOR'S CASINOS/GAMING HALLS

GUAYAS

Eight luxury class casinos:
CASINO COLON is located in the Hilton Hotel and features 107 slots and nine table games. The hotel has 290 rooms

ORO VERDE HOTEL AND CASINO has 83 slots and 10 tables. The property has five restaurants, a bar and hotel with 212 rooms

HOTEL RAMADA GUAYAQUIL'S casino has 10 slots and six tables. The hotel was founded in 1981 and has 76 rooms.

UNIPARK HOTEL AND UNICASINO has 113 slots and seven tables. The property has six restaurants, one bar and hotel with 139 rooms.

CASINO SOL operated by Latin Gaming is in the Hotel Sheraton with 164 slots and 10 gaming tables.

FARAON CASINO BOULEVARD is located in the El Hampton Inn Boulevard Hotel which has 95 rooms in total. The casino has 140 slots.
CASINO CALYPSO is located in Salinas.

MIRAMAR has 39 slots and eight table games. The casino is located in the Barcelo hotel which has 95 rooms.

One first class casino:
CASINO ROYAL

PICHINCHA

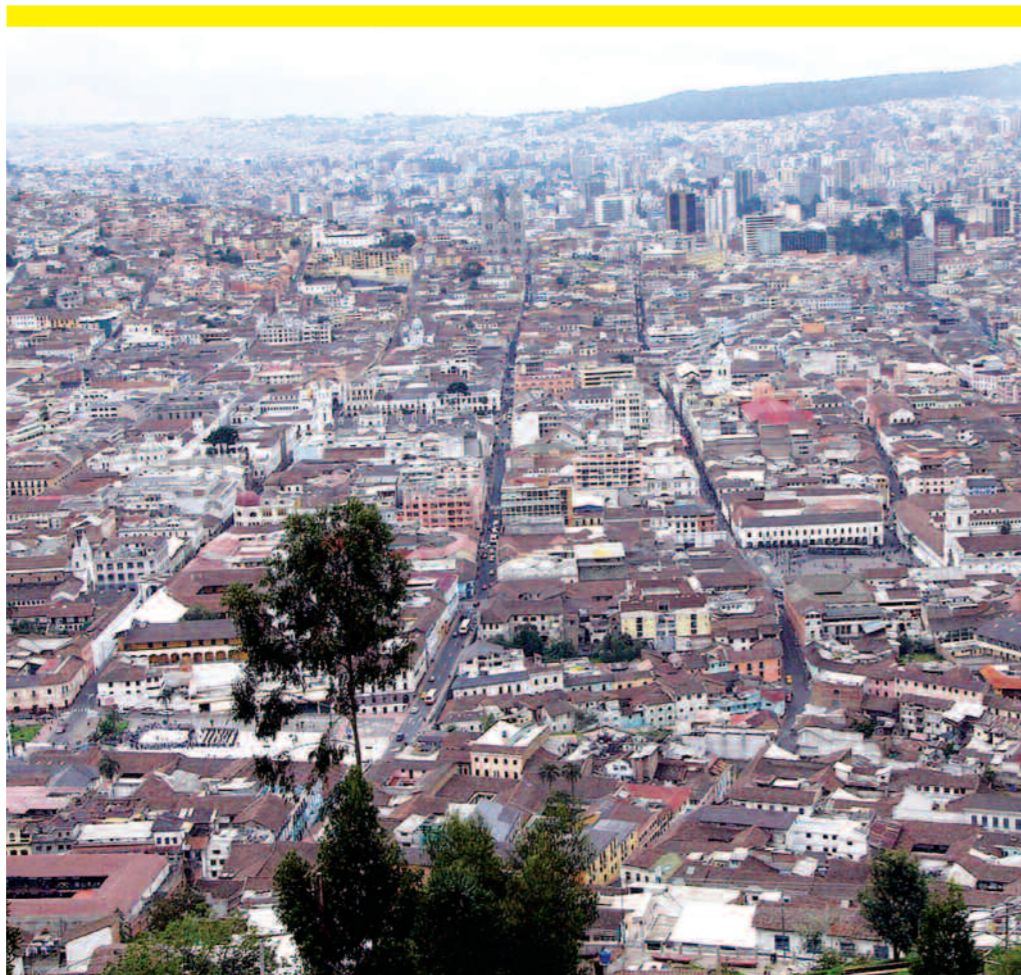
Five luxury casinos:
CASINO PLAZA QUITO is located in the Best Western Plaza Hotel and based on a Las Vegas theme.

HILTON HOTEL AND CASINO COLON QUITO is operated by Latin Gaming and has 91 slots and 16 table games. The hotel has 250 rooms.

JOKERS CASINO opened in 2006 in the Dann Hotel Carlton with an investment of \$3m. There are 100 slots and eight table games.

MONTECARLO was opened in 2005 and is operated by IGGR. The casino includes a 175 room five star Hotel Mercure operated by ACCOR whilst the casino includes 185 slots and 16 table games, bar, restaurant and entertainment area for shows. The investment for the casino was around US\$10m.

QUITO HOTEL CASINO opened in November 2005 and has 180 slots and nine table games.



Five First class casinos:
HOTEL AUCA CONTINENTAL (now closed)

HOTEL CHALET SUISSE is in Quito and is located in a hotel with 50 rooms. The casino has Blackjack, Caribbean poker, seven card poker and roulette and slots. (now closed)

HOTEL TAMBO REAL has 90 rooms and restaurant and lobby bar.

IMPERIAL REYNABEL

AZUAY

One Luxury casino:
MAJESTIC is located in the Hotel Presidente in Cuenca. The hotel has 70 rooms and the casino features slots and table games.

CHIMBORAZO

One luxury casino:
ZEUS PLAY is located in Riobamba.

EL ORO

One luxury casino:
CASINO MAR
Two first class casinos:
RUTMAR

Montecarlo was opened in 2005 and is operated by IGGR. The casino includes a 175 room five star Hotel Mercure operated by ACCOR whilst the casino includes 185 slots and 16 table games, bar, restaurant and entertainment area for shows. The investment for the casino was around US\$10m.

COCAMAC

ESMERALDAS

One first class casino:
LOS CHACHIS

IMBABURA

One first class casino:
AJAVI CASINO is located in the hotel of the same name which was founded in 1973 and has 60 rooms.

MANABI

Two first class casinos:
CASINOS PORTOVIEJO
ATAHUALPA DE ORO

TUNGURAHUA

Two first class casinos:
AMBAPLAY
CASINO HOTEL EMPERADOR

LOJA

One first class casino:
BUCARO CASINOS

LOS RIOS

One first class casino:
CASINO CLUB LAS VEGAS



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- Easy installation and set-up, with choice of three mystery jackpots.

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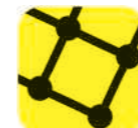


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Gaming is booming in Colombia as the country continues to blur the boundaries of casinos, bingo and gaming halls

Colombia's history dates back well over 13,000 years. However, over time many Andean and Caribbean cultures have occupied in the area.

The Spanish arrived in the early 1500s and the country became Spain's chief source of gold. Cartagena and Bogota were founded by the mid-century.

Spain began to tax the colonists to help fund their home-front war expenses and the uprising that occurred marked the beginning of the revolution to come.

In 1810 Simon Bolivar and his armies defeated the Spanish and the independent Republic of Gran was formed. This included Colombia, Ecuador, Panama and Venezuela.

By the early 20th Century the other countries withdrew from the association and by 1905, Colombia was on its own. Since then it has survived a 40-year conflict between government forces and anti-government insurgent groups and illegal paramilitary groups which escalated during the 1990s.

Violence has been decreasing since 2002 but there are continued attacks against civilians and guerrilla warfare continues.

Political and internal unrest has limited tourism to the Caribbean coastal resorts and Cartagena, even though it remains the most attractive and mysterious country within the South American continent.

GAMING IN COLOMBIA

Gaming in Colombia operates under a state monopoly regime that comes under a constitution from 1991. It is regulated by the decree 643 of 2001, whilst the territorial health company ETESA is in charge of organising and regulating the monopoly.

Slots, casino games and bingo are granted via ETESA, which authorises them on a concession basis to any private company that is able to operate them.

A fixed monthly fee per slot or gaming table is then paid to ETESA, whilst a sales tax is also paid on each slot.

In 2007, the Colombian gambling sector saw a total of US\$275.3m (a 9.69 per cent increase on 2006 figures) of which gaming (slots/casinos) was responsible for 23 per cent or US\$63.5m.

Gambling is very much part of the Colombian culture and there has been considerable growth over the last few years.

There are currently 3,592 gaming establishments in Colombia. There is no breakdown of actual casinos as many locations blur the edges arcades and casinos. This figure has increased from 2,168 back in 2002.

The industry is one of the boom countries within South America and is making a huge bid to boost tourism. Already special investment conditions have been put into

Colombia



place for Spanish companies to encourage more hotel and casino development.

For example, there is a 30 year company tax break for the construction of hotels, whilst taxation is set at 15 per cent for 'free zones' compared to 33 per cent in the rest of Colombia.

Tourism has grown by more than 135 per cent in five years with around 1.3 million visitors in 2007.

Colombia now hopes to introduce new laws to combat the illegal gambling problem and cope with an expected influx of machines.

To operate gaming machines, operators must first get authorisation from ETESA and the mayor of the city where the game will be operated. Gaming licences for the

operation of gaming machines are issued for not less than three years and no more than five years.

The minimum amount of slots (MET) for which a company/person can be authorised is 80 with a minimum of three machines per location. If the operation is mixed (ie: bingo, casino machines) the concessionaire is granted the equivalent of 80 machines.

Colombia operates with the Law 643 unveiled in 2001, which includes the following points:

- Game operators must give a percentage of the net profit to a special account for the health sector ETESA. Lotteries give 12 per cent of the net income.
- Concession contracts for the operation

of games of chance cannot be less than three years or more than five years.

- Returns from permanent betting games in Bogota and Cundinamarca will be distributed; 70 per cent for the health finance fund in Bogota and 30 per cent for the Cundinamarca health fund.
- Operators of localised games that are bingo, slots and casinos must pay ETESA a monthly fixed amount per slot or gaming table depending on the value of the bet.

For slots with winnings of 0-\$500 – pay 30 per cent

For slots with winnings of \$500 plus – 40 per cent

GAMING MACHINES AND LOCATIONS (2005- JULY 2008)

	2005	2006	2007	2008
Machines (slots)	56,736	63,973	64,714	68,729
Locations (total)	3,197	3,672	3,672	3,592
Bingo seats	31,215	33,672	38,823	30,502
Casino tables	313	391	411	420

SOURCE: FECEAZAR

Progressive interconnected slots– 45 per cent

Casino games pay a monthly fixed fee

- National horse racing bets pay two per cent of its net income, horse racing betting on foreign races pay 15 per cent of their net income. Prizes distributed must be at least 60 per cent.

COLOMBIA: VITAL STATISTICS

Capital: Bogota
Population: 44,379,598 (July 2007)
Land Area: 1,038,700 sq.km
Median age: 26.6 years
Languages: Spanish
Currency: Colombian Peso (COP)
Government: Republic
Land Divisions: 32 Departments and one Capital District

Gaming locations: 3,592 (includes arcades, bingo halls, casinos)
Gaming machines: 68,729
Casino tables: 420
Bingo seats: 30,502
Gaming board: www.etsa.gov.co

With the legalisation of gaming, a national assembly was created called the Federacion Colombiana de Empresarios de Juegos de Azar (FECEAZAR).

This is a federation that brings together companies in the various gaming sectors. This includes localised games and permanent bets. To date, the federation has 52 members in the country and represents 44 gaming companies.

Illegal gaming is a major problem in Colombia. It is reported that Colombians spend around three trillion pesos annually on gaming although a chunk of this does go on illegal gambling.

According to FECEAZAR, gaming generates some US\$1,500m annually, of which a third comes from casinos, bingos, gaming halls and lotteries. Approximately US\$217m annually goes to the state health system.

Illegal gaming accounts for around 30 per cent of the market so of the 65,000 gaming machines said to be in operation it is estimated that around 19,000 are illegal. The legal machines have provided the regions with more than 220,000m pesos in the last two years.

The plan now is to speed up proceedings to introduce a law that will seek to combat illegal operation,s particularly focusing on sites with a minimum number of 20 machines.

Baltazar Medina of FECEAZAR said: “We need to present to the government what we, the industry, believe should be the basis for formulating a public policy of the games of chance in Colombia, which means that the government defines in which category or in which level of



importance it considers the sector and that this be included in a public policy of compromise.

“With that policy in place as a framework then obtain the possibility of a CONPES document for the gaming industry that is a macro regulation framework from which all the regulations, law and decrees derive from it to stimulate the development of this activity.”

One of the main issues is to remove slots from establishments like shops, cafes and even hairdressing salons.

In regions like Pereira, for example, the operation of slots within these locations is rife and a new decree now bans these operations unless they are in gaming halls. It also states that in cities like Pereira, the minimum number of slots permitted in locations is 16 and the maximum 80.

Figures released by ETESA shows that in Pereira there are 52 gaming establishments with 1,686 slots. In Risaralda, there are 111 establishments with a total of 2,414 slots and in Quindio there are 119 places with 1,446 slots.

Main operators in Colombia include Winner Group, Maca Ltda and foreign companies such as Codere, which has one casino, seven bingo halls and a total of 8,463 slots in the market.

The Spanish company opened its first location in 1999, the Cali Gran Casino in Santiago de Cali, and since 2007 has been working on its growth in this market.

Codere acquired a leading bingo operator in the market and now has seven Mundo Fortuna branded halls with 1,503 seats. The company will open another casino in 2009 in Bogota.

The Winner Group is another large operator with 21 casinos/gaming hall operations in Bogota, Medellin, Cali, Barraquilla and Cartagena which operate under the brand names of Rio, Hollywood, Broadway and Rock n Jazz.

There are nine large casino operations and 12 electronic games halls. Five casinos are located in Bogota.

The group has a total of 2,400 machines and more than 100 table games and 15,000 sq.m of gaming space. There are three million visitors to the locations each year and profits in 2006 reached US\$24.48m

Unidelca (Universal de Casinos SA) has 52 gaming locations and recently set up



four main brands. The Caribe and Condado brands are international style casinos. Havana gambling halls are smaller locations with slot machines and multilayer games, whilst the Real Game brand offers slots and video games. Unidelca operates a total of 5,300 slots in Colombia.

The Real Game games halls contain a total of 1,500 slots and have the Red de la Fortuna progressive jackpot system installed. There are 14 in Bogota, one in

Codere acquired a leading bingo operator in the market and now has seven Mundo Fortuna branded halls with 1,503 seats. The company will open another casino in 2009 in Bogota.

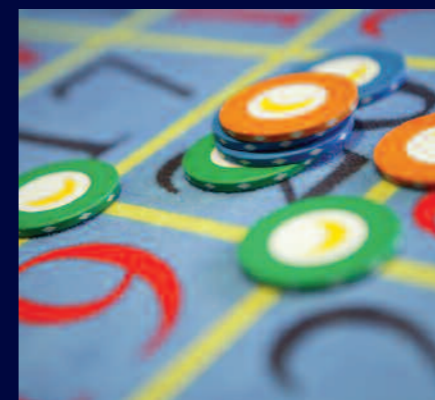
Cali, eight in Medellin, three in Eje Cafetero and three in Costa.

There are many lottery associations in Colombia. The first lottery in Colombia dates back to 1801 and was organised and controlled by the Cabildo Municipal of Santa Fe of Bogota.

Other lottery associations include The lottery of Bogota, which was created in 1967 and The Red Cross national lottery which began in 1953. The company can also operate slots under the 2001 law.

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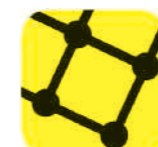


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Brazil slowly rebuilds its gaming industry after scandals within government brought severe reprisals for the bingo market

Native Americans have occupied this region of South America for eons. That was until 1500, when the Portuguese navigator Pedro Alvares Cabral, en route to India, landed and claimed the land for Portugal.

Thus began the 300 year Portuguese era in Brazil. Over the years more explorers arrived and small settlements were set up along coastal areas.

In 1580, Portugal took control of the land and in the late 16th century when the Portuguese crown was inherited by Spain, the country came under a 60 year Spanish rule until it reverted again to Portuguese sovereignty.

In the early 1800s, Portugal's king fled to Brazil and he established the country as the capital to his empire until his son took over and declared independence from Portugal in 1822.

Brazil's famous coffee business began to take over the then profitable sugar plantation business in the early 1890s and this funded a military coup that forced the emperor to flee. The coffee producers seized power and half a century of instability resumed.

This end in 1985 when military rulers ceded power to civilian rule and the country finally overcame coups and corrupt leaders.

Today, Brazil continues to pursue industrial and agricultural growth and is South America's leading economic power and a regional leader.

GAMING IN BRAZIL

Although Brazil could be a serious gambling giant in the Latin American gaming market, there is still no sign that it will legalise the casino industry in the future.

Gambling is deep rooted in the country despite the prohibition by President Dutra's conservative government back in 1946. This saw around 70 casinos closed and 40,000 employees out of work.

The law banned casinos, claiming they spread prostitution and encouraged the mafia and money laundering. Brazilians today either bet via the Internet or if they can afford it, go to Paraguay or Uruguay and play there.

Lotteries and horse racing survived and in the 1980s bingo began to enter the market via Peru, and in the early 1990s slots were slowly reintroduced throughout breaches in a new law.

The Zico law in 1993 legalised bingo and the first bingo to be opened was Bingo Pamplona. However, this rather ambiguous law covered an array of electronic devices and bingo halls resembled casinos without the card tables and roulette wheels.

In 2000, these locaitons were banned under the Maguito Law, but continued to operate based on court orders under the leniency and 'blind eye' of governors and the police.

Brazil



By 2004, Brazil had around 100,000 video gaming machines that could be found in thousands of bingo houses throughout the country. It was estimated that Sao Paulo had 1,000 bingos alone.

The year was looking promising for bingo operators, as since 2003 a working group had been established to look at regulating bingo games and a draft legislation was being written.

In February 2004, President Luis Inacio Lula da Silva announced his decision to

regulate the industry, when just a few days later the Waldomiro Diniz gambling scandal erupted.

Mr. Diniz was fired after a video emerged showing him demanding a kick-back in 2002 from gambling boss Carlos Ramos, who at the time headed the Rio de Janeiro lottery. There were also rumours that he helped extend a lottery contact with a US lottery giant.

Although Lula's Workers' Party claimed there was no wrongdoing during his time

in office, politically the incident was embarrassing for the president.

In response, President Lula quickly passed the Provisional Measure 168 in February 2004, which prohibited commercial bingo games of any kind, including slot machine style electronic games, from operation.

Effectively, this closed down all bingo halls and some 100,000 workers lost their jobs overnight. At the time, huge demonstrations by some 30,000 bingo

By 2004, Brazil had around 100,000 video gaming machines that could be found in thousands of bingo houses throughout the country. It was estimated that Sao Paulo had 1,000 bingos alone.

workers protested against the decision.

Today, the industry limps along in its struggle to survive with lots of illegal operations still in existence. Many have been shut down while others are inspected. The lack of regulation and political turmoil has stalled the growth of bingo and the slot machines market and Brazil remains one of the most problematic countries in the South American continent. Analysts predict that legalised bingo could produce up to US\$3bn in tax revenue.

Today, President Lula is trying to settle the bingo problem with a review of the current proposals aimed at forming a single legislative response, however, slots machines are not included and their future remains unclear.

A government minister has now been appointed to liaise between bingo operators and politicians with the aim of introducing licences for bingo halls regulated by Caixa Economica Federal (CEF) – a federal bank that holds the monopoly to the lottery in Brazil.

Caixa is the main agent for the Federal government's public policies and the largest public bank in Latin America.

It is a 100 per cent public institution and is not only a bank, but deals with lotteries, urban infrastructure investments, social program payments and unemployment benefit. Through all these services, Caixa has put more than R\$115bn into the economy.

Caixa began in 1861 when the Caixa Economica and Monte de Socorro was created with the purpose of providing savings accounts and small loans to Rio de Janeiro's poor. It later added mortgages and other services to its portfolio.

The Federal Lottery was set up in Brazil as a monopoly in 1961. Total sales of the nine lottery games rose by 23 per cent last year from US\$2.37bn in 2006 to US\$2.93bn in 2007.

Previously, the lottery has outsourced GTECH's online lottery system, but in mid 2006 the company brought the lottery system in-house and teamed up with IBM to implement a new lottery system.

A new system was introduced that saw a more secure and quicker lottery system. More than 25,000 terminals were installed in some 8,800 sales points throughout the country.

By the end of 2008, CEF expects to open 2,200 new sales points, bringing the number of terminals to 30,800.

Meanwhile, in March this year, after five years of planning and negotiations, the company launched a new lotto game, Timemania (Teammania) with 22 per cent going to the soccer clubs aimed at solving their financial problems.

In the meantime, the crackdown on illegal slots continues with weekly reports of illegal slots or establishments closed down by the Federal Police.



BRAZIL: VITAL STATISTICS
Capital: Brasilia
Population: 190,010,647 (July 2007)
Land Area: 8,546,510sq.km
Median age: 28.6 years
Languages: Portuguese (official), Spanish, English, French
Currency: Real (BRL)
Government: Federal Republic
Land Divisions: 26 States and one federal district

No. Casinos: An estimated 100 illegal casinos
Casino Machines: 500,000 (estimation of illegal slots)
Lottery: www.caixa.gov.br
Gaming Board: www.abrabin.com.br

and distribution company within the Brazilian turf industry and was granted the right by the Brazilian Ministry of Agriculture to distribute international simulcast racing throughout Brazil. In 2006, horse racing wagers in Brazil amounted to around US\$128m.

In April, the police seized a total of 158 slots that were operated in bars and restaurants across three cities in the metropolitan region of Rio.

And the Jockey Club in Santa Maria was also closed in April after illegal bingo games were found on site.

Last year some 22 Fantasia bingo clubs in Rio de Janeiro were closed down following an investigation by the police.

Between 2003 and 2007, the Ministerio Publico Federal (MPF) claims some 6,000 slots were seized in bingo halls. The association of administrators of bingos in Rio de Janeiro (ABERJ) claim some 2,000 people lost their jobs due to closure of bingo halls and another 4,000 run the risk of losing their jobs.

Meanwhile, amusements are also on the hit list. In January this year a ban on popular role-playing computer games such as 'Counter Strike' and 'EverQuest' was implemented.

The countrywide prohibition was ordered back in October 2007, but not immediately implemented. It is claimed the games incite violence and are harmful to consumer's health.

In March this year, the Ministry of Agriculture decided to ban the transmission of international horse racing. However, following fears that this could destroy the country's horse racing industry, the government has agreed to push back the ban.

Carnegie Cooke & Company is a media

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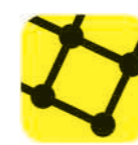


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Tiny in size, but big in stature, the country of Suriname punches above its weight in the gaming stakes in South America

Arawak and Caribbean Indians had lived on the northern edges of South America for centuries and in 1498 Spanish explorer Alonso de Ojeda discovered Suriname.

Dutch settlements began in the early 17th century at the mouths of several rivers and Suriname became a Dutch colony in 1667. Even though the land was briefly held by the English, the Dutch continued to control the land for almost 300 years.

Over time the plantations began to decline as the Dutch government started to provide less financial support to its colony and in the early 20th Century, American firm ALCOA invested in the indigenous bauxite deposits and Suriname's economy surged.

Later that century, Suriname became an autonomous part of the Kingdom of the Netherlands and finally gained independence in 1975.

Five years later the civilian government was replaced by a military regime that declared the country a socialist republic. It continued to rule through a succession of civilian administrations until 1987 when international pressure forced a democratic election.

In 1989 the military overthrew the civilian government, but a democratically elected government returned to power in 1991, which remains today.

GAMING IN SURINAME

Although Suriname is South America's smallest country, with its unspoilt tropical rainforest covering more than 80 per cent of its territory, it is often referred to as the 'beating heart of the Amazon.'

It is nestled between Guyana, French Guyana and Brazil and has the beautiful Atlantic coastline to the north. Half of the inhabitants live in the capital, Paramaribo, leaving the rest of the country sparsely populated.

The country has more than 13 nature reserves and eco-tourists are eager to venture here and the country is trying to attract such appreciative visitors.

One of the attractions in Suriname, especially for the neighbouring Brazilians, is the country's casino industry.

The casino situation in Suriname is a little confusing. There was said at one point to be some 21 casino licences issued in this country, which was always far too many for such a small population.

However, it is believed many of these were violating their licences and the Association of Casino Owners (VCS) claim there are actually 13 legal casinos now in operation.

In an attempt to clamp down on illegal activities and regulate the casino industry, the Suriname government began to take action last year against those casinos operating in breach of their licence.

Suriname



The industry is currently fighting against government plans, claiming some 2,000 locals could lose their jobs, while as many as 10 casinos could close. Many of these are also funded from foreign investments and the government stands to lose significant income.

However, the government submitted a bill to parliament last year to increase tax on casinos by 300 per cent and the VCS say the higher tax will force many casinos to close anyway.

In addition, casinos already pay 50 per

cent corporate tax rate, compared to 36 per cent for other businesses in Suriname. Previously, casinos paid US\$145 monthly for slots, US\$1,450 for roulette tables and US\$1,090 for blackjack.

Last year, the Torarica paid SRD440,000 in casino taxes and SRD719,000 income tax. The casino has warned that the 300 per cent increase could lead to them shutting down.

The casino sector saw a boom period between 1996 and 2000, when Jules Wijdenbosch, the current opposition

leader, was President. He issued around 21 casino licences based on tourist projects.

His plan was to link casinos to the tourism industry. However in 2000 Mr. Wijdenbosch was forced to call early elections, which saw Ronald Venetiaan and his team take over and put an end to the political and economic crisis in which Suriname found itself.

In the first year the new Venetiaan government managed to pull the economy out of a nose dive and applied structural

Last year, the Torarica paid SRD440,000 in casino taxes and SRD719,000 income tax. The casino has warned that the 300 per cent increase could lead to them shutting down.

reforms in a bid to attract foreign investment and stimulate the private sector.

When the Venetiaan administration came into office, stricter measures were also taken to deal with the gambling sector as many felt that casinos had been left to 'go it alone.'

In 2005, the law changed and all those casinos given licences during the Wijdenbosch period had to comply with new licensing laws to remain open. One of the clauses was they must function

SURINAME: VITAL STATISTICS

Capital: Paramaribo
Population: 470,784 (July 2007)
Land Area: 161,470 sq.km
Median age: 27.1 years
Languages: Dutch (official), English, Sranang Tongo (Surinamese), Caribbean Hindustani, Javanese
Currency: Surinam Dollar (SRD)
Government: Constitutional Democracy
Land Divisions: 10 districts

No. Casinos: 13
Casino Slots: 2,400
Casino Tables: 250

within a hotel, which must have available at least 20 rooms.

They are required to report all questionable bets by customers and ensure adequate surveillance systems are in place.

They must have security checks to prevent local nationals from entering casinos illegally – Suriname nationals are supposed to carry their ID cards when accompanying foreigners visiting casinos.

Many hotels did not meet this requirement and in August 2004 they were given six months to comply or 12 months with special circumstances.

During this period, American company, Lottery and Wagering Solutions withdrew its operations in Suriname and sold its subsidiary company which operated a small casino in the Golden Tulip Casino Hotel.

The company's principal operations were conducted from the Plaza Hotel until 2004 via the subsidiary company, Suriname Leisure Company, which was run by Lottery and Wagering and Parbhoe Handelsmaatschappij, which operated the Palace Casino.

The two joint partners came to loggerheads and in 2005 Palace Casino was evicted from its premises in the Plaza Hotel.

Other gaming operators include Pasha Gaming Group operates casinos in various countries and is headquartered in Istanbul, Turkey. It was founded in 2004 and now has five hotel and casinos, two in Suriname and two in Cyprus and one in Uganda.

An active gaming market, Peru has followed a back-to-basics approach to recent changes in gaming regulations

Although at one time Peru was homeland to several Andean civilisations, the Incas were the most notable.

They built amazing mountain temples and palaces (with no mortar), constructed almost 10,000 miles of roads, engineered functional bridges and built aqueducts to transport their water.

At the height of the Inca's influence in 1533, the Spanish arrived in their quest for gold and executed the indigenous Indians, captured their cities and destroyed this innovative culture.

For almost 300 years Peru functioned as a Spanish colony, but in the early 19th Century the calls for independence began with local uprisings and then civil war in 1821 with the Spanish finally defeated in 1824.

Peru suffered many wars over the next century or so and dictatorial rule and political upheaval followed. In 1980 Peru finally returned to democratic leadership, but experienced economic problems and growth of an increasingly violent insurgency.

President Alberto Fujimori's election in 1990 saw a decade with a dramatic turnaround in economy and a halt in guerrilla activity, but his reliance on authoritarian measures and an economic slump in the late 1990s saw his demise in 2000.

After a caretaker government and Peru's first democratically elected president, Alejandro Toledo, the elections of 2006 saw the return of Alan Garcia who promises to improve social conditions.

GAMING IN PERU

Currently, there are eight authorised casinos in Peru and 182 authorised gaming halls. However, it is estimated there are actually around 780 gaming halls that exist alongside bingo halls, which do not require authorisation.

Peru's casino industry is governed by the law Number 27153, which was introduced in 1999 and later modified by the law 27796 in 2002.

The law 27153 (modified by 27796) includes:

- Casinos and slots can only be operated in establishments not less than 150m away from churches, educational institutes, police stations and hospitals.
- Casinos and gaming halls can only be operated within four or five star hotels and five star tourist restaurants or equivalent style resorts in the provinces of Lima and Callao.
- In the remaining provinces they can be operated in three, four and five star hotels or resorts and five star tourist restaurants.
- Characteristics of slots include a minimum payout of 85 per cent



Peru

- An Authorisation Express must be granted to operate which is published in the Official Diary of the 'El Peruano'
- Licences are granted for a minimum of three years, which is renewable.
- Operators must have an annual guarantee in the form of a bank deposit. Casino must have the equivalent of UIT500 for five star hotel/resort casino, UIT400 for four star hotels, UIT300 for three star. For slot machines UIT1 is payable per slot machine.
- Creation of the CONACTRA – National Commission of Casinos and Gaming machines.
- Gaming machines no older than two years can be imported

Peru has a big problem with the number of slot halls which exist and also illegal gaming. This all came to a head in 2006 when the new APRA party administration came into office and a campaign against grey gaming began.

At the time it was suggested that of the 700 plus gaming halls in Peru, only 36 were actually licensed, whilst at least half operated through Judicial Habeas Corpus resolutions and the other half were found to be totally illegal.

Some 55,000 plus slots generate around US\$350m per year in gaming revenues and it is estimated that the slots bring in around US\$700,000 daily with less than 10 per cent contributing to the government tax system.

In 2006 slot machine and casino operators were fighting with the state over unpaid

taxes worth around US\$80m according to SUNAT, the national tax body. Casinos currently pay around PEN\$90m (US\$28m) annually in game tax.

One of the issues has been the haphazard way in which amendments have been added to Peru's gaming law. As some of the additions were 'anti constitutional' it enabled some companies to bypass the law completely. Many even go to court to obtain favourable rulings, which allow them to avoid paying gaming taxes.

In December 2006, a new law came into place. The idea was to introduce a law that took Peru back to its original gaming law and eliminate all the clauses that enabled operators to 'rework' the amendments to their advantage.

At the beginning of this year, the Law 28945 Reordering and Formalisation of

The new authority, Direccion General de Juegos de Casino y Maquinas Tragamonedas (DGJCMT), comes under the direction of the Ministerio de Comercio Exterior y Turismo (MINCETUR). This organisation has the authority to supervise and administer the sector.

PERU: VITAL STATISTICS
Capital: Lima
Population: 28,674,757 (July 2007)
Land Area: 1.280,000 sq.km
Median age: 25.5 years
Languages: Spanish (official), Quechua (official), Aymara and minor Amazonian languages
Currency: Nuevo Sol (PEN)
Government: Constitutional Republic
Land Divisions: 25 regions and one province

No. Casinos: 8
Gaming Arcades: 182 authorised halls
Operators: 140
Casino Slots: Approx 2,800
Casino Tables: 152
Gaming Machines: Approx 80,000
Gaming Board:
www.mincetur.gob.pe
Lottery:
www.loteriasperugana.com.pe

the operation of casinos and gaming machines, was introduced.

This concentrated on the slot machine business and introduced more stringent technical regulations for operations, including the creation of a new gaming regulating body.

The new authority, Direccion General de Juegos de Casino y Maquinas Tragamonedas (DGJCMT), comes under the direction of the Ministerio de Comercio Exterior y Turismo (MINCETUR). This organisation has the authority to supervise and administer the sector.

According to Claudia La Puerta Vasquez of DGJCMT, the law was introduced to reduce the margins of unreliability whilst the DGJCMT could introduce control and prosecutions to close machines operated in unauthorised gaming halls.

One of the main issues was illegal gaming halls and the plan is to close many of the smaller locations that do not comply with the standards set by the new General Board of Gaming Casinos and Slot Machines.

This means only 450 of the current 770 applications are expected to meet the new criteria, which will see only the best/strongest operators survive.

The new law also stated that detailed audio and video footage of each table

game, payout areas, doors and counting room must be kept for both casinos and slot halls. Also, licences are now issued for five years and can be renewed for an additional four years.

Following the introduction of the new legislation the ministry says there has already been a decrease of illegal machine activity in the city of Lima. But they are often still found in small towns outside of the capital.

The Peruvian Gaming Commission, however, reported record takings for 2007 with around US\$4m monthly compared to US\$1m the previous year. Last year saw a total of US\$38m.

The reason is due to the more rigorous control in the licensing structure and an online control system, which connects all slot machines.

Illegal machines are still a problem. The 'Chinitas' or 'de Bolita' as they are called, can be found in many illegal premises. In a year the DGJCMT seized around 1,500 slots. They are often found in small shops such as bakeries, hairdressers and bars.

Meanwhile, after a delay of three years, La Huaca Hotel Spa and Casino, is once again up and running. The five star resort located in the Asia region, some 60 miles south of Lima, is due to finished in 2009.

It is costing developer Revolutions Peru around US\$50m and apart from the Mountain Magic Casino will include a hotel with 220 rooms, spa, museum, distillery and private beach club.

Plaza Sur commercial centre in Asia attracts 1.5m visitors generating more than \$15m in sales and La Huaca expects the same. The shopping centre is constructed on 2,200 sq.m with 30 shops and two restaurants.

Other operators in Peru include Ritzio, which entered the Peruvian market in 2006 and today its company Viera operates three gaming clubs and 1,000 slot machines. New York, Flamingo and Aladdino are large clubs aimed at customers of middle to high income levels.

Spain's Cirsa is also active in Peru with the Majestic Casino operation and its electronic gaming halls including La Sala Jokers in Lima with 143 slots, La Sala Miami with 202 slots and La Sala Premie with 134 slots.

Since 1993 the Admiral Group in South America has been located in Lima and



South America Special

also represents Austrian Gaming Industries as distributor.

The company currently has 1,300 slot machines distributed across 13 gaming halls, all of which meet the new regulations and between them create around 600 jobs.

At the beginning of last year, the company also took over the operation of 12 businesses that were run under the Liberty brand. Admiral is one of first and only companies in Peru to date which has been granted such a number of licences.

Admiral now has a base in Peru headed by Rudolp Binder and is focusing on improving its range of slots via the new Novomatic products. There will be satellite sales offices in Chile and Argentina primarily for the group's expansion in South America.

Since Novomatic became a shareholder of Admiral Group, the company has sold some 700 slot machines in just one month in Peru.

Novomatic's Max Lindenberg said: "The emergence of Novomatic as a new majority shareholder in Admiral will provide an important support to the activities of the company and pave the way towards Admiral's next targets.

"In the medium term the company's objective is to find the perfect location for the development of a large scale operation. This project will, in addition to being a gaming venue for slot machines, also include other options in terms of services that will be attractive to potential clients."

Meanwhile, Intralot Peru was awarded a 10 year contract with Sociedad Beneficencia Publica de Jaen (beneficiary of the lottery) for the licence of the lottery organisation in 2002.

The first game began in 2003 with Gana Diario, which was distributed through 1,000 points of sale.

In 2003, the company bought the 100 per cent share of the Tektron Company owner of the brands Tinka, Kabala, Rapitinka and Juega 3 and became the leader of the Peruvian lotteries market.

Intralot now handles Tektron brands and PeruGana lotteries, which recently launched the game Gana Diario.

In 2005, they signed a contact with the Football Federation of Peru (ADFP) for fixed odds betting games operation for the



next five years. This was the first sports lottery offered in the Peruvian market.

Peru was the second country in Latin America, after Chile, whose national lottery company introduced fixed odds betting games

Loterias PeruGana is the market leader (96 per cent) in lottery games with online sales network of 1,700 points of sale in Peru.

CASINOS IN PERU

LIMA ATLANTIC CITY CASINO

Located in a five star restaurant and opened in 2007. The casino is part of a huge entertainment complex and includes 33 table games and 336 slots. Operated by Corporacion Turistica Peruana SAC, this company was founded in 1995. The casino cost around US\$24m and generated 700 direct jobs.

LOS DELFINES CASINO

Located in the residential area of San Isidro overlooking Lima Golf Club this resort, Los Delfines Summit Hotel and Casino, is located in a five star hotel with 197 rooms. The casino has 19 table games and 288 slots. It was opened in 2006 and is operated by Euro Corporacion SAC.

CASINO LA HACIENDA

La Hacienda Hotel and Casino is located in the district of Miraflores and is close to the Costa Verde beaches. It is located in a four star hotel and was opened in 2005.

The new authority, Direccion General de Juegos de Casino y Maquinas Tragamonedas (DGJCMT), comes under the direction of the Ministerio de Comercio Exterior y Turismo (MINCETUR). This organisation has the authority to supervise and administer the sector.

The casino has 10 table games and 236 slots and it is operated by Golden Gaming SA.

CASINO GOLDEN PALACE

Situated in financial area of San Isidro it is located in a five star restaurant. Opened in 2005 and operated by Gold Investment SA the casino has 30 table games and 900 slots.

MAJESTIC CASINO

Located in the five star Marriott Hotel in Miraflores the 300 room hotel is a 25 storey glass tower and offer views of the Pacific Ocean. It was formerly known as the Stellaris Casino and was purchased in 2005 by Cirsra (Gran Casino de Lima SAC) who refurbished and renamed it. The casino is 19,500 sq.ft and has 25 table games and 350 slots.

CASINO FORTUNA

Located in a five star restaurant this casino opened in 2006 and is operated by Inversiones Hanson SAC. It has 14 table games and 364 slots, three electronic roulettes and a Derby.

JOKERS CASINO

Operated in a five star restaurant the casino opened in 2006 and is operated by Inversiones Larimar SA. There are 11 table games and 201 slots.

CASINO CLUB SOCIAL MIRAFLORES

Located in a five star restaurant it opened in 2007 and is operated by Recreativos del Pacifico SA. There are 10 table games and 148 slots.

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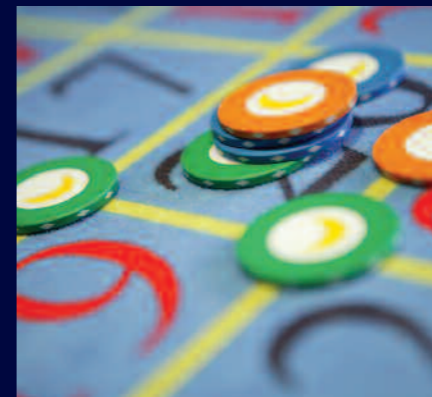
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G3 explores the history of gaming in Bolivia from past to present where taxation is proving a high hurdle for operators

Bolivia's history dates back to the Andean empires of the Aymara civilisation, which was conquered by the Incas at the end of the 15th Century. The Spanish arrived in the 16th Century and with their obsessive pursuit for gold and silver, defeated the Incas and changed the economic and social fabric of Bolivia.

Spain ruled for 300 years until 1809 when Simon Bolivar (the country's namesake) began the battle for independence and after Spain was defeated in 1824, Bolivia gained its freedom a year later.

Typically of a new country, political instability was commonplace with around 200 coups until the late 1800s when civilian governments came into power and stability was resumed for around 50 years.

After losing a regional war with Paraguay in 1935, when it lost much of its original territories, military control returned until 1982 when the country again returned to a democratically elected form of government.

In 2005, Movement Toward Socialism leader, Evo Morales, was elected president with his promise to change the country's traditional political class and empower the nation's poor majority. However, his controversial strategies merely increased racial and economic tensions between east and west communities.

Despite the fact the country is naturally beautiful with vast untapped gas, gold, oil and silver deposits, Bolivia today remains one of the poorest and least developed countries in South America and is dependent on foreign aid. The country faces difficult problems of deep-seated poverty, social unrest and illegal drug production.

GAMING IN BOLIVIA

Up until 1976, all types of gaming in Bolivia, with the exception of the national lottery, were prohibited. The national lottery and gaming is protected by the 583 law of 1928 and the supreme decree 24446 of 1996, which was made by ex-President Sanchez de Lozada.

Technically, slot machines were not permitted, however, the law gave the authorisation for slot machines that could be operated in local shops and arcades that opened early in the day. However, in some cases licenses were sub-leased, which explains the large number of slots in the country.

At the moment the situation is somewhat confusing. There are no casino games permitted, however, slots, betting and lotteries are permitted. There is no limit to the number of machines or locations an operator can have.

Some gaming halls operate under permits granted by the national lottery, whilst others have received authorisation from local municipalities. And many (an estimated 200) simply operate illegally.

According to the Bolivian lottery, when one location opens

Bolivia



with machines, another 40 start operating even though only half of these may hold the actual licence.

In Santa Cruz alone it is reported that the sector loses more than BAB1.1m a year in taxes with the operation of some 4,000 illegal machines.

Around 700 cases of illegal gaming were registered in 2007. Some government ministers say the rule to only allow eight gaming companies is causing the loss of some BAB20m per year.

However, the ex-director of the national lottery, Laura Encinas, said that in 2006 the tax contributed came to BAB18m and BAB27m in 2007 and that the state could receive more if it raised its tax percentages.

It was back in 2002 when things changed.

The national lottery, Lonabol, delegated the concession of the lottery game to the company Lotex SRL. Lonabol then signed joint venture contracts with other private companies that operate slots, thus taking advantage of the lack of legal definition of a slot machine.

The concession idea came about as the lottery was struggling due to a scandal at the time. The idea was to launch a concession for a legal gaming sector to strengthen the image of the lottery.

In 2002, a process of public tenders took place and Lotex was given the exclusive right to operate bingo halls for 10 years with a contribution of 15 per cent of the profits going to the national lottery.

Up until February 2008, Lotex has given BAB8.2m to Lonabol.

Initially, the company had to pay BAB25m for the first year and BAB35m the second year to the national lottery before it could even open its doors.

The idea was to present traditional and electronic formats of bingo to complement the national lottery and this was the first time the government had awarded such a concession.

A licence was also granted at the time to Corhat Bolivia SA to operate bingo and gaming halls, whilst further licences were granted between 2003 and 2005 to six other companies: La Gloria, 7-Sietes, Raffle Games, Game Winning, ODDY and Tournaments

Since 2006, two of these licensees have had difficulties in fulfilling their contract and have had their licences revoked.

In 2006 a draft bill 85/2007 was presented by the Bolivian National Lottery aimed at regulating gaming in the country, ending illegal gaming, generating employment and looking at the loss of taxes to the state. The new law is aimed at financing the public health sector through gaming tax.

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The proposed legislation would give the exclusive authority to the state lottery (Lonabol) to operate and regulate all games of chance, betting and lotteries. This would be via its own company or through issuing concessions to third parties

The new law covers all types of gaming from slots to Internet, telephone and mobile gaming and would seek to remove various loopholes that exist under the present law.

The new law would also see a special gaming tax (Impuesto Especial al Juego – IEJ) introduced. The IEJ is set at 40 per cent of the profits for some locations or a fixed fee of 1,500 to 5,000 UFV (units calculated by Central Bank) monthly for each slot machine. This applies to all gaming and betting games. This 40 per cent is then divided between the treasury with 40 per cent, 40 per cent for a social programme and 20 per cent for the national lottery.

However, there is some argument between operators as to the differences between the two amounts.

Existing concessions would have 60 days to bring themselves into compliance with the new regulations and Lonabol intends to clamp down on slots operated in shops and supermarkets. Another change was the reduction of the current 21 years minimum age to 18 years. The bill is still in parliament

Meanwhile, other operating companies include Quiniela Boliviana SA, which is a company with Russian investment. The company has 14 gaming halls in operation in Santa Cruz.

The company recently opened another El Dorado in the city this year and has installed 280 KSI slots, made in Russia, which play with a Bs10 note and have 14 types of games. The location is 1,200 sq.m and has a capacity for 500 people.

The investment of Quiniela is partly due to a franchise from Corhat Bolivia and is the first of its type in Santa Cruz. A similar hall but smaller gaming hall exists in Cochabamba and there is a project for another in La Paz and other South American countries.

Also in Santa Cruz is Maya's Gold club, a franchise of Gloria SRL which opened its doors in March 2008 after being closed for a short while pending investigation of its license. The site has 100 machines.

Lotex opened its first casinos, Bingo Bahiti, in Santa Cruz in 2003 and has a concession to operate for 10 years. The company pays the government 15 per cent of its income in royalties.

Lotex is owned by Ritzio Entertainment Group and today the group operates 15 Bahiti Bingo and Bahiti Club branded gaming clubs and 1,600 machines. Lotex is the biggest authorised operator in Bolivia.

The first to open was Bingo Bahiti in Santa Cruz with an investment of US\$3m



BOLIVIA: VITAL STATISTICS
Capital: La Paz
Population: 9,119,152 (July 2007)
Land Area: 1,084,390 sq.km
Median age: 22.2 years
Languages: Spanish (official),
 Quechua (official), Aymara
 (official)
Currency: Boliviano (BAB)
Government: Republic
Land Divisions: 9 administrative
 departments

Corhat was recently acquired by a Swiss/Korean investment group which plans to invest US\$46.8m in the football pools and gaming. Corhat has around 20 gaming halls and a total of 840 machines distributed in 28 single site locations.

the location includes 2,000 bingo seats, bar and restaurant for up to 350 people, VIP room, outdoor grill and seating. The site is 4,200sq.m in size and has a gaming room with 150 slots and video bingo and a VIP lounge with capacity for 20 bingo terminals.

Bingo Bahiti was the first of other locations, which followed in La Paz and Cochabamba, Sucre, Trinidad and Tarija with a total investment of around US\$15m. La Paz Bingo Bahiti opened in 2006 and has a total of 120 slots

Bingo Bahiti clubs focus on a wide range of customers and serve as major entertainment centres. Bahiti Club is the brand for smaller, high end gaming clubs with an upscale atmosphere and restaurant and bar facilities.

The group will open another large location with 300 gaming machines in Santa Cruz this month.

Lotex SA is a large company in the entertainment industry and arrived in Bolivia in 2002, headed by Spaniard Pedro Centeno. In February 2003, the group

made a bid to launch the National Lottery and was awarded a 10 year concession to operate and administer bingo games and the lottery in the country.

Lotex has contributed some US\$6m to the lottery since 2002. In 2007, there was an investigation of Lotex of fraud regarding its payments to Lonabol.

Meanwhile, Corhat has had a contract with the Loteria Nacional de Beneficiencia y Salubridad (Lonabol) since 2004 to install gaming machines in the country having put aside 50 per cent of its profits to social programmes.

Corhat is a Paraguayan company that successfully runs a scheme called 'Banco de los Pobres' (Bank for the Poor) that awards loans to families that need help with initiatives.

Corhat wanted to repeat the experience in Bolivia and has a 'joint venture' contract with Lonabol to install lottery games, football pools, sports books and number games.

Up to now the company has invested

some US\$3m and over the next few years plans to increase this to US\$18m.

Corhat was recently acquired by a Swiss/Korean investment group, which plans to invest US\$46.8m in football pools and gaming. Corhat has around 20 gaming halls and a total of 840 machines distributed in 28 single site locations.

Corhat plans to open eight gaming halls and install around 1,650 slots whilst creating 450 direct jobs. The company is also planning to manufacture machines and software for gaming machines.



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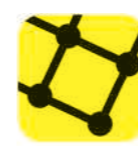
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Chile is currently one of the most exciting gaming markets in South America with new licences and regional development

In the late 15th century the Incas moved their empire south and attempted to conquer Chile. They were successful in the north, but their influence elsewhere was limited and they faced fierce resistance from the indigenous Araucanian Indians (Mapuches)

In 1540, Spanish explorer Pedro de Valdivia arrived and later founded the capital city of Santiago in 1541. He managed to control the local Indians although the southern Araucanians refused to budge.

Numerous Spanish settlements were built in central Chile despite repeated attacks from the Araucanians which remained a problem well into the 19th century.

Although the colonies secretly detested Spain's military rule, they remained loyal to the crown for nearly three centuries. When the King of Spain was overthrown at the beginning of the 19th century the Chileans began to consider independence and self government. Independence was achieved in 1818.

Chile defeated Bolivia and Peru in a regional war (1879-1883) for the control of the Atacama Desert areas and, during the war, Chile gained more land to the north whilst Bolivia lost its outlet to the sea.

From 1891, for the next 80 years Chile was governed by self-serving parliamentary regimes, military rule, left wing, right wing parties and a long line of democratically elected presidents.

Democracy was thrown aside when in 1973 the dictatorship of General Augusto Pinochet began and ended in 1989 when democratic elections resumed again.

Today, sound economic policies and have contributed to steady growth since the 1980s and the country's poverty rate has been reduced.

GAMING IN CHILE

Chile is probably South America's biggest hotspot at the moment in terms of new casino development and one which many operators have been eager to enter.

Up until three years ago the country only had seven casinos, which are located primarily in holiday resorts. These were municipal concessions that were originally authorised by the town's local authorities between 1928 and 1990.

Three of these original concessions are operated by Enjoy (Coquimbo, Pucon and Viña del Mar), who is also a partner with Pacifico Sur group (Fischer brothers) in the Puerto Varas casino.

The local authorities receive a significant chunk of gaming revenues and the seven casinos reported pre-tax profits of US\$87m in 2004. The Viña del Mar casino accounted for some 45 per cent of this figure.

In May 2005 the law 19.995 was introduced, which will

Chile



permit a maximum of 24 casinos whilst a 70km exclusivity zone between casinos must be respected.

In 2005/06, a tender was held for the first 15 regulated casino licences in nine regions. The seven existing casinos are still valid until 2015 and the law establishes a selection process so local or foreign investors can later apply for these licences.

Although it paves the way for new casino operations, the law also aims to tighten up regulations by the creation of a national supervisory body, the Superintendencia de Casinos y Juegos (SCJ).

All the communities of the regions will pay a special tax of 20 per cent of the gross income generated by gambling. Around 50 per cent of the tax will be allocated to the community in which the casino is located. The remainder goes to the regional government.

Initially, 15 new licences have been granted in two different stages. Stage I awarded 10 new licences with a further five new licenses which followed.

The first stage of the tender was announced in July 2006 when 10 gaming casino licences were awarded in six regions for Antofagasta, Calama, Copiapo, Los Angeles, Pinto, Talcahuano, Temuco,

Valdivia, Osorno and Punta Arenas.

The second stage saw licences in regions V, VI and VII in San Antonio, Rinconada, Mostazal, Santa Cruz and Talca. The bids saw a total investment of US\$607.3m for all the projects.

Of the 15 new licences issued to date, the majority went to operators of existing casinos, however, new operators such as Spain's Egasa Nervion and Austrian/Chilean venture Polaris also entered the market.

Meanwhile, at the beginning of this year, the SCJ announced that it would accept applications for the remaining three

In 2005/06 a tender was held for the first 15 regulated casino licences in nine regions. The seven existing casinos are still valid until 2015 and the law establishes a selection process so local or foreign investors can later apply for these licences.

licences to be awarded by the first quarter of 2009. The SCJ released its report in January and asked operators interested in bidding for the remaining three licences to apply by the end of February.

In March, operators had to submit their projects and paperwork, which will now be evaluated over the following months with the winners being announced this month, if there are no delays.

The criteria is pretty much the same as the previous 15 licences and those projects which have the biggest impact on casino hotel development, tourism and general economy in the region will be awarded the licence.

Several foreign operators are now linking up with local partners, such as Spain's Cirsa, who failed to win a licence last time around after going it alone. Off-shore gaming companies such as Clairvest, which invested in Chilean company Valmar, and Sun International which acquired a stake in IGGR, are also involved.

The SCJ says it has received 10 proposals and regions of interest include Coquimbo, Maule, Los Lagos and Aisen.

As one of the aims is to boost investment and employment in the regions; development is banned from the metropolitan region whilst one new licence is reserved for Aisen in the country's south which is the only province so far which does not have a casino.

The casinos are all due to be opened in small towns and cities and with none of them in the capital Santiago, and hopefully they will provide a greater opportunity for jobs and local development in the interior area of Chile.

Apart from boosting local and foreign tourism the new locations will also help with other areas such as theatres, museums, and improved infrastructure. In economic terms it is a key role for both large and small companies in the supply chain from construction to equipment.

Any of the regions can be chosen although current casino regulations only allow each Chilean province to have up to three casinos so the regions of Valparaiso and BioBio, which already have their quota, are banned from the new tender.

Meanwhile, Chile does have some problems with illegal slots that are mainly found in the rural and poorer areas of the country and are often small machines from Asia.

There are no gaming arcades, although amusement arcades do seem to function very well particularly in shopping malls and are often linked with bowling locations for family entertainment.

There are around 50 or so amusement arcades. Larger operators include Happyland with around 22 sites, Aventura with eight and some smaller arcades in various provinces.

Ten-pin bowling on the whole is also expanding in the country. Interestingly, three bowling installations are going into three of the 15 new casino projects with Calama, Talca and Osorno.



Brunswick importer, Steve Geyger, who runs Family Entertainment Centre Geyger Maliath Ltda, also supplies amusement products, and is installing bowling lanes in a range of locations from malls to petrol stations.

His company handles Chile, Peru and Bolivia for Brunswick. The company recently completed a 12 lane installation in a Shell petrol and service station in Rancagua.

Mr. Geyger said: “Chile is more than 5,000km long and 40 per cent of its weather in the south is hard, with cold and rain, which makes sport activities difficult, so bowling has been of great interest to the people. Chile also has a solid economy that brings businessmen to invest in real estate projects.”

Meanwhile, the country’s lottery is run by Polla Chilena de Beneficiencia SA, which is an autonomous state-owned company covering lottery, sports pools and other random draw number games.

Polla Chilena was created in 1934 with the first draw held at Club Hipico. In 1975, Sports pool game was set up followed by a modern online gaming system 10 years later. The company has 2,000 agents across the country while profits go to health services.

CHILE'S CASINOS ARICA (MUNICIPAL CONCESSION)

This casino is one of the first of the seven casinos in Chile and the second oldest. It was created in March 1960 in the Hotel Arica, which at the time was one of the most important hotels in the region. Since 2001 it has been operated by Latin Gaming and has undergone a refurbishment programme both inside and out. The casino contains 240 slots and 15 table games and there are three restaurants, three bars and events centre. Latin Gaming also has the license for a casino in Calama and Osorno.

IQUIQUE (MUNICIPAL CONCESSION)

This casino holds 659 slots and 23 gaming tables. There is one bar and it is operated by Casino de Juegos de Iquique SA (Citigroup Venture Capital International).

COQUIMBO (MUNICIPAL CONCESSION)

This is operated by the biggest Chilean gaming group Enjoy. The casino includes 800 slots and 35 table games and 228 Bingo positions – the only bingo in the fourth region of Chile.

VIÑA DEL MAR (MUNICIPAL CONCESSION)

An hour’s drive from Santiago the casino

CHILE: VITAL STATISTICS

Capital: Santiago
Population: 16,284,741 (July 2007)
Land Area: 748,800 sq.km
Median age: 30.7 years
Languages: Spanish
Quechua (official), Aymara (official)
Currency: Chilean Peso (CLP)
Government: Republic
Land Divisions: 15 regions

No. Casinos: 22 at present with 24 maximum permitted. There are seven existing (Arica is not counted due to status of the borough and comes under its own law) and 15 new licenses due to open.
Gaming Arcades: 0
Operators: 15 casino operators
Casino Slots: approx 4,300 (in the seven existing casinos)
Casino Tables: approx 218 (in the seven existing casinos)
Gaming Board: SCJ - www.scj.cl
Lottery: www.pollachilena.cl

is located in a five star hotel with spa, four restaurants and convention centre. There are more than 1,200 slots and 48 table games and 200 bingo positions. Operated by Enjoy.

PUCON (MUNICIPAL CONCESSION)

Located in the IX region the Hotel del Lago casino includes 488 slots and 44 table games. Operated by Enjoy.

PUERTO VARAS (MUNICIPAL CONCESSION)

The casino is found in the centre of lakes, volcanoes and native woods and is located in a five star hotel with spa, restaurants, events centre and business centre. The casino has 700 slots and 33 table games. Operated by Enjoy/Fischer.

PUERO NATALES (MUNICIPAL CONCESSION)

Operated by Inversiones del Sur.

ANTOFAGASTA

In the north of the country is the region of Antofagasta. Enjoy has the license to operate the new casino here which was scheduled to open in June this year. In the II region of Chile the casino cost an investment of US\$47.7m and created 847 jobs. It is located in a 92 room five star hotel with convention centre, show centre, spa and gym, restaurants and bars. The casino will hold 700 slots and 48 table games and 320 bingo positions.

GALAMA

In the II province the licence to operate in this region went to Latin Gaming. With



an investment of US\$27.8m and creation of 600 jobs the project includes a 112 room hotel.

GOPIAPO

In the III region the licence for Copiapo went to Spanish firm Egasa Nervion. With an investment of US\$16.6m and creation of 292 jobs the project includes a 40 room five star hotel, two theatres, convention centre, swimming pool, disco and bar/restaurants. Egasa & Grupo Nervion is made up of two business groups – Egasa operates some 6,000 slots and 47 arcades in Spain with a turnover of €150m. Nervion is the Spanish operating arm and has casinos in San Sebastian, Mallorca and Bilbao.

OSORNO

In the X province the license to operate went to Latin Gaming. With an investment of US\$24.7m and the creation of 560 jobs the project includes a 100 room five star hotel, gym, swim pool, theatres, bowling and commercial centre. The company linked up with the Valle family (which owns supermarkets in the south of the country) for the concession and the casino will include 300 slots and 20 table games.

LOS ANGELES

In the VIII region of Bio Bio this casino license went to Polaris (a joint venture between Austria’s CAI and Chile’s Urenda.) It cost US\$11.6m investment creating 116 jobs and opened in July. The 40 room four star hotel, convention centre, spa, gym, exhibition room and library will open at the end of the year. It is 1,300 sq.m and offers 12 gaming tables, 200 slots and 40 bingo seats. Urenda is a banking, hotel and real estate group.

PINTO

In the VIII region this license was awarded to Casino Termas de Chillan (JL Giner group) with an investment of US\$5.4m and creating 345 jobs.

TALCAHUANO

Also in the VIII region Valmar was granted the licence for Casino Marina del Sol. Valmar recently sold a 50 per cent stake in its business to Toronto based Clairvest Group which paid a reported US\$41.6m for the deal. With an investment of US\$82.1m and 1,044 jobs created, the project contains a 114 room hotel and is due to open August 2008.

TEMUCO

In the IX region the casino bid was won by brothers Humberto and Claudio Fischer of Pacifico Sur. This group won the most licenses in the 2005/06 tender with sites in Temuco, Valdivia and Punta

Arenas with a total investment of US\$136.7m. This casino includes a 96 room five star hotel, spa/gym, swimming pool, convention centre, disco and shops. There will be 437 jobs created and an investment of US\$49m.

VALDIVIA

This project includes a 104 room five star hotel, restaurant, bar, spa/gym, swimming pool and convention centre. Total investment was US\$49.2m and it is operated by Pacifico Sur.

PUNTA ARENAS.

Project investment is US\$38.5m and includes a restaurant, coffee saloon, bar, 80 room five star hotel, spa/gym, indoor pool and convention centre. Operated by Pacifico Sur.

SAN ANTONIO

In the V region San Antonio the casino was given to Casinos de Juego del Pacifico SA (IVISA) for an investment of US\$28.9m. The project will include a 60 room four star hotel, convention centre, spa/gym, commercial centre with 77 shops and supermarket. It will create 1,037 jobs. Parque Arauco, a principal shopping mall developer in Latin America acquired 51 per cent of the development project to build the Paseo del Pacifico Mall. The mall will be the first of its kind in Chile to include a casino, hotel and shopping in the same site. It will cover 17 floors.

RINCONADA

Also in the V region this casino will be operated by Salguero Hotels Chile with an investment of US\$16m.

MOSTAZAL

This project in VI was won by San Francisco Investment SA (IGGR) with an investment of US\$60.5m. Sun International of South Africa has a 40 per cent stake in the company and the casino is expected to have 1,500 slots and 80 tables and 300 bingo seats with shops, hotel, conference and sports facilities.

SANTA CRUZ

Also in the VI region, the casino will include a commercial centre with 47 shops and coffee shops. The project went to Casino de Colchagua SA (Cardoen-Enjoy).

TALCA

In the VII region the project goes to Sociedad Casino de Talca SA with an investment of US\$7.6m The project includes a 48 room four star hotel, events centre, bowling, cultural site, swimming pool, children’s entertainment area and commercial centre.



Guyana is virgin gaming territory, but despite its size, the country could open up with at least 30 new casino licences

This small piece of South America at the top of the continent was first inhabited by wandering Amerindians who had migrated to South America from the Caribbean.

The country was discovered by the European explorers at the end of the 16th Century and it was the Dutch who began to build settlements here in 1621, followed by African slaves who arrived later.

Guyana history is littered with battles fought and won as the Spanish, French, Dutch and British all wrangled for centuries to own this land.

After the last major battle between England and Holland in 1803, the country was given to England and its largest settlement was renamed Georgetown.

Guyana remained a British colony until it finally gained independence in 1966 and today remains South America's only English speaking country.

Ruled into the early 1990s by Socialist governments, in 1992 Cheddi Jagan was elected president in what is considered the country's first free and fair elections since independence. After his death five years later, his wife Janet Jagan became president, later resigning in 1999. Her successor Bharrat Jagdeo was re-elected in 2001 and 2006.

Meanwhile, the Guyanese economy showed moderate growth between 2001 and 2007 due to expansion in agricultural and mining sectors.

GAMING IN GUYANA

Guyana is virgin gaming territory, which is about to open with the possibility of up to 30 casinos permitted in this small country.

In January last year, the Guyana Parliament brought the casino gambling legislation before parliament, which then approved the Gambling Prevention (Amendment) Bill 2006. The new bill is an amendment of the Gambling Prevention Act Chapter of 1902.

The change of law is seen as a huge step to boost entertainment and tourism in the country, which previously had no casinos and was aimed at providing at least one casino licence before the start of the Cricket World Cup in March earlier this year.

Over the last few years tourism has been given a higher priority in Guyana's economic development strategy and since 1986 there has been significant development.

The country received a financial boost earlier this year with an allocation of US\$1.2m from the national budget for the enhancement of the tourism industry.

While tourism is not a traditional sector in Guyana, it has been placed on the high priority list to help the economy. The funds will be used to upgrade several venues.

The government aims to put the emphasis on niche sectors

Guyana



such as yachting, bird-watching and eco-tourism and last year the tourism authority received US\$322,000.

The new legislation permitted a casino at Buddy International Hotel and Resort, which was built last year ready for the World Cup with an investment of US\$13m.

The hotel is located in the capital Georgetown and although the hotel was completed in time, the casino licence is still dependent on the gaming authority approval – an authority which has yet to be created.

However, since its construction Buddy's hotel has received a lot of bad press and has since been nick-named 'Buddy's Criminal Enterprise.'

It was built by businessman Omprakash

Shivraj, known as Buddy, and there are questions as to the actual permission to build and some say the casino is merely based on a promise made by the President Jagdeo's administration to the alleged drug lord.

The six-storey, 270 room hotel with swimming pool and shopping mall was built next to the new Providence cricket stadium and local press continues to believe it was funded by laundered money from fuel and drug smuggling.

The hotel also contains 15 executive suits, two restaurants, five bars, a conference room for 500 people and a gym. To complete the project the hotel also received several mortgages including a loan from the state on the sale of rooms to the Guyana government.

Currently, the Buddy's Hotel project is set

to be purchased by Sudi Ozkan, President of Turkey's Princess Hotel and Casino group, for US\$15m. The deal is expected to be finalised by October this year.

Princess is expected to invest a further US\$10m to upgrade the hotel, which has apparently not been built to five star standards. The deal is subject to establishing and operating a casino, however, the casino can only go ahead once a gaming authority has been established. The Princess Group hopes to have the casino up and running by the end of the year.

Ozkanlar Group of companies was founded in 1974 by Sudi Ozkan, who was born in Turkey. The company currently operates hotels and casinos in Belarus, Belize, Bulgaria, Romania, Slovenia, St. Maarten and Turkey.

The Guyana Lottery Company is owned by Canadian Bank Note, a company which supplies printed products and control systems for lotteries, identification systems, payment systems and shareholder services.

This is the first casino licence expected to be granted in Guyana, and it is said a total of four licenses will be permitted in four and five star hotels with at least 150 rooms. At the moment, only Buddy's is eligible, however, there are negotiations with developers for further hotel construction.

A hotel is now being built in Kingston by New York company Adam Development. Although the project is being advertised as the Georgetown Marriot Hotel and Casino Complex, Marriot say no decision has been made yet as to whether it would be operating and managing the hotel.

The government is also accepting applications for investments in the Lilliendaal Greater Georgetown area on state land.

Guyana has a mixed population with

GUYANA: VITAL STATISTICS

Capital: Georgetown
Population: 769,095 (July 2007)
Land Area: 196,850 sq.km
Median age: 27.8 years
Languages: English, Amerindian dialects, Creole, Caribbean Hindustani, Urdu
Currency: Guyanese dollar (GYD)
Government: Republic
Land Divisions: 10 regions

No. Casinos: 0 (permission for 30 in total)
Gaming Arcades: 0
Gaming Board: Not yet established
Lottery: www.guyana-lottery.com

many Hindus, Christians and Muslims and none of its religious leaders are in favour of any form of gambling.

The government opposition, the Peoples National Congress Reform (PNCR), was against the new law purely on religious grounds and claims it will lead to money laundering, increased crime and disintegration of social values.

Lengthy discussions took place between the government and religious leaders and the government has promised to take measures to limit the possible harm of problem gambling.

It is thought that the new law will not allow the Guyanese to gamble, only tourists, however, many Guyanese already travel across the borders to do so anyway.

Fines of at least US\$100,000 and imprisonment of between six months and two years will be imposed on locals (other than workers and guests of the hotels or resorts) who enter the casinos. The bill also limits each administrative region to no more than three casinos with a maximum of 30 licences in total.

Meanwhile, the Guyana Lottery Company is owned by Canadian Bank Note, a company that supplies printed products and control systems for lotteries, identification systems, payment systems and shareholder services.

The lottery in Guyana began in August 1996 with the launch of instant ticket games later followed by other games.

Today, the lottery products are sold via 150 agents across the country and 24 per cent of the company's gross monthly sales is given to the government for social causes and projects with a contribution to date of more than G\$2.6bn.

There's a sense of forboding hanging over the Paraguay gaming market as the country elects a new president this month

Located in the heart of South America, Paraguay was discovered by Italian explorer Sebastian Cabot who sailed up the Parana River in 1526. The surrounding lands of Paraguay were originally home to many fierce indigenous Indian tribes.

In 1537, Spain's Juan de Salazar founded the now capital city of Asuncion and Spain began to colonise the interior and the Jesuits converted the Indians to Catholicism.

However, although Paraguay appeared to be a valuable Spanish domain, with no gold found, no silver to be mined and no local Indians for slave labour, Paraguay remained an isolated and peaceful colony that stayed out of the spotlight.

After 250 years of Spanish rule the Spanish King was overthrown by Napoleon and the country became independent in 1811 and was the first country on the continent to do so.

With independence, however, came dictatorships, revolutions, military rule and wars. In the disastrous war of the Triple Alliance in 1865-70 with Argentina, Brazil and Uruguay, the country lost two thirds of its adult males and much of its territory.

Paraguay's economy crashed and a long series of dictatorships continued into the late 20th century when the 35 year rule of Alfredo Stoessner was finally overthrown in 1989.

Paraguay has held relatively free elections since the year 2000, despite a marked increase in political unrest and failed coups.

GAMING IN PARAGUAY

Paraguay is due to see some changes in its gaming laws when a new President takes over this month.

Former Roman Catholic bishop Fernando Lugo won Paraguay's presidential elections in April ending more than 60 years of rule by the Colorado Party.

Allegations of corruption have always surrounded Paraguay's political establishment and national gaming commission. CONAJZAR's regulations have also been accused of automatic licensing and a static tax regime.

But with a new president about to take charge many believe his religious and political background could signal impending doom for Paraguay's gambling market.

In the meantime, prior to the new president taking office on August 15 there has been some discretion regarding the licence renewals granted by gaming authority, CONAJZAR, which are considered irregular by some in the industry.

It is understood that one application would be presented for each licence and this would be granted with a three to five year operating licence in exchange for a minimum fee.

Paraguay



Paraguay currently operates under the law number 1016/97, which established the conditions for the operation of games of chance followed by the decree number 6206/99.

It states that for the tender process of games of chance, a public tender must be performed as long as regulations allow CONAJZAR to grant temporary licences. They say temporary authorisation was granted to the operator, Jockey Club, for the horse racing track licence and renewals of Asuncion and Central casino licences.

There are currently five casinos in Paraguay in the regions of Asuncion, Central, Alto Parana, Itapua and Amambay. There is a bid to re-open the Casino Guarani, although nothing has been decided yet. Law 1016/97 includes the following points:

- Concessions for the operation of gaming are given via a public tender for the time period of five years.
- Finance or a guarantee of funds are required whilst a minimum monthly royalty or percentage on takings also needs to be provided.
- Casinos are permitted in Asuncion and the departments of Alto Parana, Itapua, Amambay, Cordillera, Misiones and Central.
- More than one casino can only be permitted in Asuncion and departments with more than 250,000 people.
- Horse racing tracks are permitted in districts with more than 100,000 people
- For gaming machines operated nationally and departmentally - the

royalty is distributed with 30 per cent going to the municipal governments; 30 per cent to the departmental governments; 30 per cent and 10 per cent to DIBEN (social welfare assistance) and the national treasury respectively

- For gaming machines operated in Asuncion – of the royalty, 25 per cent goes to the Municipal Capital, 20 per cent to the departmental governments, 20 per cent to the municipal government 25 per cent to DIBEN and 10 per cent to Rentas Generales.

There are six types of gaming concessions granted – football pools, telebingo, bingo halls, casinos, horse racing and betting.

CONAJAZAR, however, has the authority to permit more casinos in Asuncion and those departments with 250,000 or more

Under CONAJZAR's proposals the municipal governments will continue to issue licenses for gaming halls but the regulation of machine gaming itself will be overseen by CONAJZAR who is already talking to GLI about machine testing.

population. Gaming brings the state more than PYG\$4,000m a month in total. The football pools brings in most revenue for the state with PYG\$2,863m per month. This is operated by the firm Repsur which has operated in Paraguay since 1975.

Casinos follow and each bring in around PYG\$300m monthly. The Casino Asuncion pays around PYG\$283m monthly and the Yacht Club almost PYG\$344m.

Televised bingo follows with approximately PYG\$148m a month and then the Paraguay lottery with around PYG\$75m a month. The horse racing track brings in around PYG\$5m

In 2004, the Commission received a total of PYG\$34,000m which increased to PYG\$52,000m last year.

Meanwhile, last year the Commission for

Economics and Finance in Paraguay met to modify articles 21 and 22 of the 1016/97 law, which establishes the legal parameters for the operation of games of chance.

The idea was to set up a legal framework for gaming in Paraguay, whilst limiting the three daily lottery draws to just one. In addition, the commission wanted to formulate a gaming law that provided more control over gaming venues in Paraguay and increase public participation for more gaming tax revenue.

The issue in Paraguay now concerns impending licences and renewals. In 2005, the licence was renewed for Casino Entertainment for the operation of the Yacht and Golf Club in Asuncion which is the most important casino in Paraguay.

Meanwhile, the Hipodrome of Asuncion licence, currently administered by the Jockey Club of Paraguay, expired in March this year. Casinos of Asuncion and Central are also due to expire.

Last year, Cosmopolitan was issued a licence for satellite betting, which was the last licence authorised by CONAJZAR pending the new law 6206/99.

Various companies interested in new licenses for casinos have put forward their applications before president Nicanor Duarte Frutos leaves in August. It is understand a bribe of US\$1m was even offered to the Vice President of Paraguay, Federico Franco, to sign documents to operate the Hipodrome in Asuncion. This is the only pending licence which has now been suspended.

It is understood that the commission would rather wait for the new government to come into place before dealing with the concessions and they say that once the new government takes office it will submit slot machine operators to more stringent regulations.

One of the problems is that although CONAJZAR covers the country's five casinos, it does not have regulatory authority over slot machine halls. They are authorised at municipal level.

Under CONAJZAR's proposals the municipal governments will continue to issue licences for gaming halls, but the regulation of machine gaming itself will be overseen by CONAJZAR, which is already talking to GLI regarding machine testing.

CONAJZAR also aims to combat money laundering and illegal gambling, which



apparently accounts for more than 50 per cent of the market. The commission also says more casinos will be introduced in Paraguay's larger cities and remote areas in the near future.

There's also talk of a new casino to be built by Argentinean operators Boldt (Casino Tigre in Argentina), Paraguay operators American Gaming and Worest (Argentina) who have teamed together to form the 7 Saltos Company to build a casino in Salto del Guaira, in the region of Canendiyu, North West region of Paraguay.

With a share capital of US\$3.2m they aim to build a casino in this remote region, which will target the Brazilian market as it is right on the border

PARAGUAY'S CASINOS

ASUNCION HOTEL RESORT CASINO YACHT AND GOLF CLUB

This resort is located on the river bank south of Asuncion and just 14 kilometres from the city. It has a private beach and surrounded by natural vegetation. The Casino Tower opened in 2001 and features 65 gaming tables and 20 table games. The

resort also includes five restaurants, one bar and hotel with a total of 128 rooms. The casino is operated by Worest of Argentina the group via a company called SES SA.

AMAMBAY CASINO AMAMBAY HOTEL

Located in Pedro Juan Caballero which is a city in the Amambay department. It lies on the Brazilian border. The casino has 65 slots and the hotel has 42 rooms and is operated by Casinos Cerro Cera.

ITAPUA CASINO CARNAVAL

Opened in June last year in the city of Encarnacion the casino is operated by Casinos Paraguayos SA, which is a group made up of national and foreign investors headed by Casinos del Litoral SA which operates casinos in Argentina. The casino cost an investment of around US\$2m.

CENTRAL CASINO SAN BERNARDINO

Located in the city of San Bernardino there are 28 slots and 14 table games at the San Bernardino Country and Golf Club and Hotel Acuario International, one

There's talk of a new casino to be built by Argentinean operators Boldt (Casino Tigre in Argentina), Paraguay operators American Gaming and Worest (Argentina) who have teamed together to form the 7 Saltos Company to build a casino in Salto del Guaira, in the region of Canendiyu, North West region of Paraguay.

PARAGUAY: VITAL STATISTICS

Capital: Asuncion
Population: 6,669,086 (July 2007)
Land Area: 397,300 sq.km
Median age: 21.6 years
Languages: Spanish (official), Guaraní (official)
Currency: Guaraní (PYG)
Government: Constitutional republic
Land Divisions: 17 Departments and one capital city

No. Casinos: 5
Casino Slots: 270
Casino Tables: Approx 70
Gaming Board: CONAJZAR

of the most original hotels in the country. It is operated by Casino Entertainment.

ALTO PARANA CASINO CIUDAD DEL ESTE

Located in Ciudad del Este this casino is the oldest in Paraguay and has been open since the 1970s. Located on the Brazilian border it is based on a Las Vegas style and features 60 slots and 14 table games. It is operated by Azar International.



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OCTAVIAN

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Private operations exist in Uruguay, though the majority of the gaming business in the country is state controlled

When Spanish explorer Juan Diaz de Solis came ashore at Uruguay in 1516, he was promptly killed by the large groups of indigenous Indians who occupied this land.

In 1680, the Portuguese founded Colonia on the edge of the River Plate, directly across from the Spanish controlled city of Buenos Aires.

In response, the Spanish established Montevideo in 1726 as a military stronghold and with its natural harbour this settlement soon became an important regional centre of commerce.

Claimed by Argentina but annexed by Brazil in 1821, Uruguay began its fight for freedom led by Jose Gervasio Artigas. Independence was declared in 1825 and in 1828 the State of Uruguay was officially created.

Government reforms were introduced in the early 20th Century and there was a real effort to improve the economy. However, financial pressures on its new welfare state brought political unrest.

A violent Marxist urban guerrilla movement (the Tupamaros) arrived in the late 1960s and they led the government into military control in 1973.

Civilian rule was finally restored in 1985 and in 2004 a new coalition party, Frente Amplio, won national elections that effectively ended 175 years of political instability.

GAMING IN URUGUAY

Up until the 1950s casinos in Uruguay were operated privately, but a series of bad situations led the authorities to pass the casinos into state control.

In 1994, the Direccion General de Casinos (DGC), which comes under the Ministry of Economy and Finance, set up the ‘sistema mixto’ of tourism complexes and commercial centres which began the following year.

Today, the casino market is closely controlled by the government and has seen considerable growth thaty has enabled both state and private casinos to exist

Back in 1996 there were 26 gaming halls with just 1,221 gaming machines. There are now 37 gaming establishments (casinos and gaming halls) throughout 17 of the 19 departments in the country.

The state operates four of the eight casinos in total – Punta del Este, Atlantida, Pirapolis and Rivera. The state also manages four gaming halls, which are annexed to casinos – two in Punta del Este, one in Rivera and one at Atlantida and 17 individual gaming halls.

In 1994, the system enabled jointly run establishments by tourist complexes and/or commercial companies.

The gaming machines operated within these establishments are, however, still under the control of the the country’s DGC.



Uruguay

GAMING MACHINES IN URUGUAY			
YEAR	GAMING MACHINES (SLOTS)	GAMING LOCATIONS	AVERAGE SLOTS PER GAMING LOCATION
2001	3,048	33	89.70
2002	3,425	33	92.36
2003	4,412	39	113.12
2004	4,928	36	136.89
2005	4,928	36	136.89

The four casinos that fall under this category include: Casino Colonia del Sacramento, Casino Carmelo, Casino La Barra de Maldonado and Casino Victoria Plaza. There is also one gaming hall annexed to a casino (Victoria Plaza) and four individual gaming halls.

The majority of the casinos are located in the Maldonado region and on coastal resort Punta del Este. The region aims to be the main casino hub and has announced plans to attract further tourism investment. The centre piece of this plan is the construction of a cruise ship port and adjacent five star hotel and casino with an investment of around US\$300m.

Meanwhile, earlier this year the government authorities in the capital of Montevideo opened an international public tender for a 30 year concession to renovate and operate the casino at the Hotel Carrasco.

The hotel is a landmark building on the coast. It was opened in 1921 in the style of the French ‘Palais Royal’ and was declared a National Historic Monument in 1975.

Since the late 1990s, Carmitel SA has held the rights to operate the hotel. However, the company has failed to carry out required renovation work and its licence has now been suspended. The project aims to bring the hotel in line with five star international standards with 118 rooms and modern facilities.

The casino is at the moment operated by the Montevideo Municipal Government and the plan is to privatise the operation via the public tender. The winning company will be given a 30 year licence

and will have to renovate the property (estimated at US\$40-50m), which could take up to two years to complete.

Bidders had until May to present their offers and some 11 groups from the US, Spain, Portugal and France have expressed an interest in the bid, including Hyatt Hotel, which says its intention is to develop the property with local Grupo Liberman.

The majority of the Uruguay casinos are located in the Maldonado region and on coastal resort Punta del Este.

URUGUAY: VITAL STATISTICS
Capital: Montevideo
Population: 3,460,607 (July 2007)
Land Area: 173,620 sq.km
Median age: 32.9 years
Languages: Spanish, Portunol or Brazilerio (Spanish/Portuguese mix)
Currency: Uruguayan Peso (UYU)
Government: Constitutional Republic
Land Divisions: 19 Departments

No. Casinos: 8
Gaming Arcades: 29
Casino Slots: 1,800
Casino Tables: 160
Gaming Machines: 4,928
Gaming Board: www.dgc.gub.uy
Lottery: www.loteria.gub.uy

The move represents a significant split from state controlled gambling in Uruguay’s capital that has been tarred with allegations of corruption.

Six months ago the Director of Casinos, Juan Carlos Bengoa was sent to prison for irregularities during his term as director of casinos, including charges of fraud. It is said some US\$14m went missing in the Montevideo state during 2000 and 2005.

Meanwhile, the bid for the licence of a new casino to be opened in a four star hotel in the city of Rivera (near to the Brazilian border) was postponed and re-opened on June 18.

The decision to change the opening date for bids was down to difficulties one company had with a guarantee. There are only two companies bidding for the licence.

The tender will be issued for 15 years for the construction of a new complex building. If the project is for a refurbishment of the current hotel, the licence is for 30 years. Both options must contain a hotel and the licence is for a ‘sistema mixto’.

Meanwhile, the well known Maronas Horse Racing Track has been operated since 2001 by the Sociedad Latinoamericana de Inversiones (Grupo SLI) and Spain’s Codere group. The two companies are represented by Hipica Rioplatense SA, which was set up to manage racetracks in South America.

The racetrack had been closed for seven years and is one of two major tracks in the country.

Codere runs a system which combines horse race betting and the management of the gaming machines installed within the racetrack complex.

The concession of the racetrack permits five slot machine halls. Codere and Grupo SLI opened four halls and the company owns racing agencies with domestic and international horse races and international greyhound racing. The centres have a total of 1,523 slots.

CASINOS IN URUGUAY
CANELONES
CASINO ATLANTIDA
This casino is located within the Argentino Hotel. There are 170 slots and eight roulette tables (state run).

COLONIA
CASINO COLONIA DEL SACRAMENTO
This casino is located in the Hotel Radisson Colonia and has 100 slots and 12 table games.

CASINO CARMELO
This casino is located in the Hotel Four Seasons Resort Carmelo. There are 48 slots and eight table games. The hotel has 90 rooms

MALDONADO
CASINO PUNTA DEL ESTE
This casino is located in the Conrad Resort. The hotel has 296 rooms and 30 suites. The Las Vegas style casino is 3,400 sq.m in size and has 72 tables and 560 slots whilst the VIP room has 66 slots. Under management by Harrahs (state run).

CASINO LA BARRA DE MALDONADO
This casino is located in the Hotel Mantra Resort Spa & Casino on the coast of the Atlantic Ocean. The casino is 2,500 sq.m and spread across four rooms. There are 185 slots and 32 table games including a poker room.

CASINO PIRIAPOLIS
This casino has 100 slots and seven table games. The hotel has 500 rooms. (state run).

MONTEVIDEO
CASINO VICTORIA PLAZA
Located at the Hotel Radisson Montevideo in the heart of the financial and commercial district this casino has an annexed gaming hall. There are 500 slots and 13 table games.

RIVERA
CASINO RIVERA
Located in the Hotel Municipal the casino has 74 slots and eight table games. The hotel has 300 rooms. (state run).

The introduction of huge tax increases across the bingo and casino sector has hit the gaming industry hard in Venezuela

Human settlements in Venezuela can be dated back to 13,000BC. The land was discovered in 1498 by Christopher Columbus and named Venezuela (Little Venice) by Amerigo Vespucci in 1499.

It remained a colony of Spain until declaring its independence in 1811. After the defeat of the Spanish by Simon Bolivar in 1819, along with Colombia, Ecuador and Panama, it formed the independent Republic of Gran. Venezuela later emerged from that coalition in 1830 to become an independent nation.

Since then, and for most of the first half of the 20th Century, the country was ruled by numerous military strongmen who profited from the oil industry and allowed for some social reforms.

Democratically elected governments first took place in 1959 and on the back of this, Venezuela established its own constitution in 1961.

The election of President Hugo Chavez in 1999 saw the implementation of his 21st Century Socialism, which claims to alleviate social ills, while at the same time attacking globalisation and undermining regional stability.

Today, concerns include a weakening democratic institution, political polarisation, drug related violence, over-dependence on the petroleum industry and irresponsible mining operations, which endanger the rain forest and indigenous communities.

GAMING IN VENEZUELA

Venezuela is governed by the leftist government of Hugo Chavez and many types of gaming are prohibited.

The casino sector provides a great source of tourism revenue and jobs for the locals and is also popular with Venezuelans as they are the only legalised type of gambling in the country.

No sports betting or gaming outside of casinos is permitted although illegal dog and horse racing does exist, alongside illegal casinos and slot halls.

The country currently has four casinos that remain open, although accuracy of this figure is somewhat sketchy. They are found along the coastal cities and one on Margarita Island, just off the coast of Venezuela.

There are also two Internet casinos. The Internet gaming companies do not operate on the mainland, but via the Venezuelan island of Margarita Island. The two online companies are CasinoOnAir and Casino Bar, with rather dubious reputations.

Margarita Island is a resort island less than 25 miles off the coast of Venezuela and has a permanent population of 300,000 residents.

It has an ideal climate of a steady 80° and 320 days of

Venezuela



sunshine a year, sandy beaches and abundant leisure activities.

In 2007, SENIAT (the Ministry of Tourism customs and excise service) collected a record US\$17.7m from bingos and casinos in Venezuela.

The total gaming tax was a 13 per cent increase on 2006 figures, whilst MINTUR (Ministry of Tourism) predicted a further increase for this year to around US\$21.4m. The money will go to the development of the non-gaming tourism

sector in Venezuela.

The gaming sector is governed by the Comision Nacional de Casinos (CNC), which comes under the Ministry of Tourism in Venezuela and is responsible for the control, supervision, licensing and inspection of the sector. It is headed by President Olga Cecilia Azuaje.

At the beginning of the year the commission announced that it would no longer renew or issue licences for the

installation or operation of casinos and bingos for the next three years starting in March 2008.

Meanwhile, the commission has also requested that anyone operating authorised slots must present the details of each machine to the commission.

Last year, the CNC worked hard to wipe out illegal gaming and 23 operations were closed. Some of the most recent include sites in Caracas, operated in the

In 2007, SENIAT (the Ministry of Tourism customs and excise service) collected a record US\$17.7m from bingos and casinos in Venezuela.

commercial Centre Ciudad Tamanaco, which were closed in August this year.

Venezuela is governed by the Law for the Control of Casinos, Bingos and Slot Machines, which includes the following:

- Operators of casinos or bingo halls must be constituted as a corporation whose corporate capital is represented in nominative shares.
- Foreign capital can not exceed 80 per

cent of the corporate capital of the company.

- Operators of casinos in five star hotels must purchase an investment of not less than 300,000 tributary units.
- Operators of bingo halls must purchase an investment of not less than 100,000 tributary units.
- Casinos must be located within five star hotels and have a minimum of 200 rooms.
- Bingos must be located in four or five star hotels or in other locations authorised by the commission. In other locations they must provide the following amenities: bar, restaurant, lounges, parking and live shows.
- Casinos, bingo and slot machine operations must be located in areas declared as tourist zones and apt for the operation of such premises. They cannot be located near to education centres, temples, health centres and hospitals and there must be at least 200m distance between them.
- Casinos and bingo must install a double system of computerised security for entrance and games.
- Slots may only be operated in casinos and bingos.
- Casinos or bingos cannot advertise or promote their games.
- Casinos are taxed with 10 per cent of the net earnings. Bingos are taxed at 12 per cent.
- A monthly royalty of 40 TU is established for each gaming table. Each slot machines pay 10 TU.

In May last year, a new law was established which saw huge tax increases across the bingo and casino sector.

The law saw a new monthly tax of between 120 TU and 320 TU (US\$2,100-US\$5,600) for each table game installed in a casino. Slots saw a minimum of 100 TU and maximum of 200 TU (US\$1,750-US\$3,500) monthly for each machine in casinos and bingo halls.

Bingo halls pay between 12 and 20 per cent on profits from revenues whilst operators of gaming machines pay between 30 and 50 per cent.

The tax debate had been discussed for over a year, but many say the increase



was based on hearsay and a misreading of local slot statistics.

Mr. Chavez was expected to send a bill to congress this year banning all gaming related operations. Last summer, the Chavez administration implemented a new gaming tax structure that brought widespread outcry from the industry.

The Nueva Esparta State Bingo Workers Union even requested that the Supreme Court suspend the new regulations.

The union argues that the ten-fold increase in gambling taxes has put undue economic pressure on bingo operators and many have been forced to lay workers off.

On the island of Margarita, six bingo halls and three slot casinos have closed their doors in protest at the tax hike.

Lottery operators are also complaining that their sales have dropped as the new taxes and fees have led to a reduction in the value of prizes.

It is understood that lottery retailers are now keeping just two per cent of the value of each bets, which is not enough to cover operational costs.

Under the new regulations, SENIAT immediately began to crack down on operators that did not abide by the new rules and has fined and temporarily closed several operations.

Meanwhile, the main operators in

It is understood that lottery retailers are now keeping just two per cent of the value of each bets, which is not enough to cover operational costs.

Venezuela include Tilley Entertainment, which has two casinos in Venezuela – the Casino Maruma since 2002 and the El Dorado since May 2007.

The company did have a third casino, which was opened prior to last year's Copa America Tournament, however it had to close when the promised international airport in the area failed to open in the area.

The company also operates a casino in Colombia with plans to open another four within the year.

Tilley Entertainment's Elena Chavez commented: "The tax increases did affect us and our operations and as a direct result we have had to reduce our gaming positions.

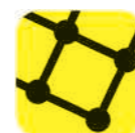


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Octavian supplies world-leading casino and amusement equipment through which game content and related services are delivered easily and attractively to customers



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South America Special



"In our view the gaming industry in Venezuela is very unstable due to unpredictable policies made by the government, however, we are optimistic towards the future."

New casino projects include Group Caroni's plans for a casino, convention centre, hotel tower and shopping malls at the Hotel Bella Vista property, again on Margarita Island.

The group bought the hotel in 1997 and has received the licence for the casinos and is due to start work on the project.

CASINOS IN VENEZUELA FIESTA CASINO GUAYANA

Located in the Intercontinental Guayana Hotel. There are 26 tables and 101 slots

and was the first casino to open in the city. There are three restaurants, a bar and hotel with 189 rooms.

MARUMA INTERNATIONAL HOTEL AND CASINO

This casino opened in 2002 in the busy industrial city of Maracaibo. It was built to complement the five star Crowne Plaza Hotel complex, which includes a hotel with 410 rooms, convention centre, restaurants and bars and shops. There are three levels of live gaming and sports book with several large screens. The casino has 37 tables, 320 slots including two eight seat electronic roulettes and a horse racing machine. It is operated by Tilley Entertainment

GRAN CASINO MARGARITA

Located at the Hilton Margarita and Suites

New casino projects include Group Caroni's plans for a casino, convention centre, hotel tower and shopping malls at the Hotel Bella Vista property, again on Margarita Island.

VENEZUELA: VITAL STATISTICS

Capital: Caracas

Population: 26,023,528 (July 2007)

Land Area: 882,050 sq.km

Median age: 24.9 years

Languages: Spanish (official), Indigenous dialects

Currency: Bolivar (VEB)

Government: Federal Republic

Land Divisions: 23 States and one capital district and one federal dependency

No. Casinos: 4

Casino Slots: Approx 850

Casino Tables: Approx 120

Gaming Board:

www.cncasinos.gov.ve

Lottery:

www.loteriadeltachira.com.ve

Hotel on Margarita island, the resort sits on the Morena Beach facing the Caribbean sea. It has 38 tables and 200 slots and is operated by Cirsa.

CASINO EL DORADO

This casino opened in May 2007 and has two levels of gaming via the main floor and VIP club and includes a restaurant and two bars. The casino has 20 tables and 214 slots including two electronic roulettes with eight seats and a 23 seater horse racing machine. Operated by Tilley Entertainment



OctaLotto

Octavian develops systems and game content and provides complete end-to-end lottery solutions, from consulting and set-up, through systems implementation and supplier management, to marketing, training and ongoing support



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- Instant 'staffless' payouts mean no interruptions to play, sustained customer interest and increased efficiency.
- Eye-catching design theme and stunning on-screen graphics, seamlessly integrated across all gaming machine screens and linked plasma display/s.
- Easy installation and set-up, with choice of three mystery jackpots.



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