

G3-247 Report

COSTA RICA

The rich and infamous

Costa Rica, or the 'rich coast' as it translates, has been described as a retirement paradise for affluent Americans who are lured across the border to tropical beaches and a cheaper standard of living.



As many as 50,000 Americans now live in Costa Rica and they are primarily drawn by the biodiversity, political stability and cheap health care and the number of Americans moving to Costa Rica has increased by 67 per cent since 2002. In addition to this there is a well established tourism industry of around 2.2 million visitors to the country per year.

So at first glance it would appear that Costa Rica is a prime hot spot for casinos. Indeed there are certainly lots of them. But as they say quantity does not always mean quality.

Costa Rica is located in Central America and bordered by Nicaragua to the north, Panama to the southeast, the Pacific Ocean to the west and Caribbean Ocean to the east.

After it abolished its army permanently in 1949 it became the only Latin American country to have been a democracy since 1950 and has consistently been among the top Latin American countries in the Human Development Index.

No one knows if the name Costa Rica was given by Christopher Columbus who sailed along the eastern coast of the country during his final voyage in 1502 (and apparently found vast quantities of gold and jewellery) or by Gil Gonzalez Davila who landed on the west coast in 1522 and also discovered gold on the lands.

At the time although it was explored by the Spanish attempts at colonising were futile due to mosquito infested swamps, the brutal heat, resistance by the natives and pirate raids. It wasn't until 1563 that a permanent settlement in Cartago was established in the cooler and more fertile highlands.

During the colonial period which lasted two and a half centuries the land was part of the Viceroyalty of New Spain (Mexico) but did operate as a largely autonomous entity within the Spanish Empire. At the time it was a poor, isolated and sparsely inhabited region and very few indigenous people settled here so Costa Rican settlers had to work

G3-247 Report

COSTA RICA



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their land and the country was pretty much left to its own devices.

As such it became a rural democracy and had no oppressed mestizo or indigenous class and the Spanish settlers found rich volcanic soil and a milder climate in the hills and settled here.

After the final Spanish defeat in the Mexican War of Independence in 1821 Costa Rica, like the rest of Central America declared its independence whilst the capital was moved to San Jose in 1824. In 1838 after the Federal Republic of Central America ceased to function Costa Rica withdrew and became a sovereign.

Coffee was first planted in the early 19th century and soon became the country's first major export followed by bananas which were introduced by Jamaican immigrants who worked on the construction of a railroad to transport coffee to the Caribbean port of Limon.

Although the country is known for its peace and

political stability two periods of violence scarred the scene. One involved the unpopularity of General Federico Tinoco Granados' regime as a military dictator between 1917 and 1919 followed by a revolt led by Jose Figueres Ferrer who led an armed uprising in 1948 after a disputed presidential election which resulted in the Costa Rican Civil War.

The military was at this point abolished and a new constitution was formed with a democratic government instigated in 1949. Figueres became a national hero and won the country's first democratic election under the new constitution in 1953.

The last presidential election was held in 2010 and today the President is 54 year old Laura Chinchilla who became Costa Rica's first female president.

The country is divided into seven provinces – Alajuela, Cartago, Guanacaste, Heredia, Limon, Puntarenas and San Jose – which in turn are divided into 81 cantons. These cantons are then divided into 473 districts.

Of the 4.6 million population some 94 per cent are white, castizos or mestizos with 104,000 Native American or indigenous inhabitants which represent 2.4 per cent of the population.

Today Costa Rica has political stability, a high standard of living and a well developed social benefits system which set it apart from its Central

- 01 The Loteria Nacional de Costa Rica is run by the Junta de Proteccion Social (JPS) which is a social welfare group which operates the lottery and other games of chance and the law is governed by the Law on Lotteries Act No 7395.
- 02 The lottery transformed to its modern form in the 1960s and 70s and today the national lottery is played on Sundays at 7pm. The group today also runs the National Lottery, Chances Loteria Popular, Tiempos, Pega 1, Pega Millones, Instant Lottery, Lotto and Pitazo (kick Off).



American neighbours. It has good education levels, health care, clean water, sanitation and electricity services and although its poverty rate is lower than most Latin American countries it still stands at around 20 per cent.

Costa Rica is a developing country and still lacks the maintenance and new investment in infrastructure, however its service industry of micro-processors, food processing, textiles and construction materials run comfortably alongside its agricultural industry. Pharmaceuticals, financial outsourcing, software development and eco tourism are all prime industries.

Although the economic crisis saw the economy contract to 1.3 per cent in 2009 it has since resumed growth at 4.8 per cent per last year with a GDP rate of \$58.6bn with 7.9 per cent unemployment.

Costa Rica is located on the isthmus and has a 1,290km stretch of coastline shared between the Caribbean coast on one side and Pacific on the other. It has a 309 km border with Nicaragua and 639 km border with Panama. In total the country is made up of 51,100 sq.km.

The highest point is Cerro Chirripo which is also the fifth highest peak in Central America whilst the largest lake is Lake Arenal. There are also several islands including Coco Island and Calero Island.

Although the country only has around 0.25 per cent of the world's landmass it contains five per cent of the world's biodiversity and around 25 per cent is protected national parks whilst deforestation today is almost zero.

In 2007 the Costa Rican government announced

It wasn't until the 1960s that Costa Rica became aware that tourism could be important and the slogan 'The Garden of the Americas' was launched.

plans for the country to become the first carbon neutral country by 2021 and in 2009 it was ranked as the greenest country in the world by the New Economics Foundation. In 2012 it became the first country to ban recreational hunting.

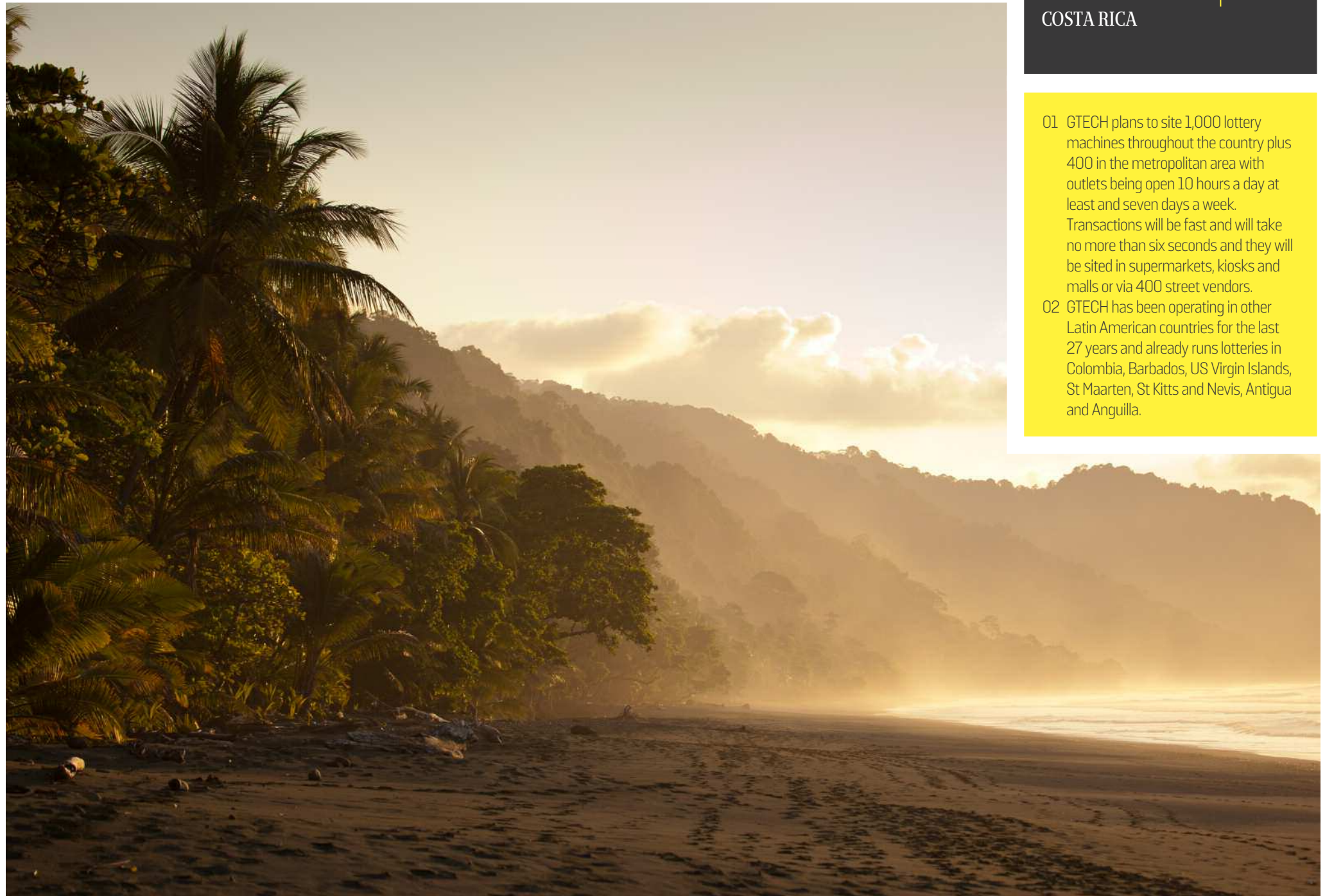
Tourism earns more foreign exchange than the three main cash crops – bananas, pineapples and coffee – and it is the most visited nation in Central America with 2.2 million foreign visitors in 2011. International tourist receipts rose to US\$2.4bn last year with the biggest visitors from the US.

It wasn't until the 1960s that Costa Rica became aware that tourism could be an important revenue earner and the slogan of the time 'The Garden of the Americas' was launched. At the time only San Jose had a hotel, the Gran Hotel Costa Rica, and there were few paved roads.

The development of tourism took off in the 1980s and accelerated in the 1990s. Today there are almost 1,000 hotels and 23 airlines which serve the two international airports.

THE NATIONAL LOTTERY

The Loteria Nacional de Costa Rica is run by the Junta de Proteccion Social (JPS) which is a social welfare group which operates the lottery and other games of chance and the law is governed by the Law on Lotteries Act No 7395.



It is one of the only areas of the gambling industry in the country which the government has taken a direct hand in and today is the country's most popular betting activity with prize draws several times a week with thousands of retail and street vendors.

In 2010 the lottery celebrated its 125th anniversary after it was originally launched in 1885.

The institution was founded as the Junta de Caridad back in 1845 and the state established the public lottery and after many attempts at launching the service, finally in 1885 it happened. The lottery provided a first prize at the time of 1,000 pesos and proceeds went to the San Jose Hospital.

In 1936 the name of the charity board was changed to the Junta de Proteccion de San Jose and in 1977 the first lottery via the building it is currently housed in took place.

The lottery transformed to its modern form in the 1960s and 70s and today the national lottery is played on Sundays at 7pm. The group today also runs the National Lottery, Chances Loteria Popular, Tiempos, Pega 1, Pega Millones, Instant Lottery, Lotto and Pitazo (kick Off).

The lottery is played with a series of numbers from 0 to 99 with three issues and game series and for a full jackpot players must have the winning numbers and all the series bills.

Total sales in 2011 were €155.1bn. Money is distributed by the Junta to various programmes for nursing homes, elderly day centres and disability programmes. In 2012 some €9.6bn was distributed in total.

Meanwhile although digital lottery was discussed back in 2010 due to a bidding process it has taken until this year to introduce. The JPS claim the new

Premium mass, mass and VIP players all share one thing in common in Macau – their abstinence from alcohol.

system will bring an end to clandestine sales which account for €100m a year.

The JPS gave the concession to GTECH in August 2011 to set up an online lottery system in Costa Rica. which came into force in May this year and this covers the sale of electronic lottery and sports betting.

The contract, in partnership with BOLDT Gaming SA from Argentina, is for an initial six years with the possibility to extend for two additional periods of two years each.

- 01 GTECH plans to site 1,000 lottery machines throughout the country plus 400 in the metropolitan area with outlets being open 10 hours a day at least and seven days a week. Transactions will be fast and will take no more than six seconds and they will be sited in supermarkets, kiosks and malls or via 400 street vendors.
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It is estimated that total earnings per month for electronic lottery is around \$2.7m (€1,350m). Yearly sales could reach \$32.4m. GTECH will receive 12.79 per cent.

GTECH has been operating in other Latin American countries for the last 27 years and already runs lotteries in Colombia, Barbados, US Virgin Islands, St Maarten, St Kitts and Nevis, Antigua and Anguilla. The sale will include Tiempos Digitales, Pega Uno, Pega Millones and Progol. At the moment there are 225 people authorised to sell and each one can employ up to three more to sell electronic lottery.



The contract has not been well received with some who believe it is a covert privatisation of the games. They say the street vendor will disappear. Since electronic lottery systems entered the market earlier this year lottery vendors have complained of loss of jobs and a six per cent drop in their profit margin. Prices for tickets have also risen from €500 to €600 for each fraction.

THE CASINO INDUSTRY

The law for casinos was designed initially with the tourism industry in mind and casinos were permitted in hotels with the number of tables and slots dependent on the number of stars the hotel possessed. They are mostly clustered around the famous beaches with the highest number in the capital city San Jose.

The majority are located within three star or more hotels and today there are currently 46 casinos plus 300 gambling related businesses (call centres and sportsbetting business) in Costa Rica.

Roughly half of the casinos are in San Jose and most are located with the 'secure' international

hotels or resorts and unlike Panama's Vegas style ventures they are often a small appendage to a much larger hotel.

Most casinos in Costa Rica are understated and on average have around six table games and between 50 and 100 slots. The philosophy appears to be 'we are a hotel with a casino not a casino with a hotel'.

According to reports they are not busy places and often sparsely attended. Prostitution is a big business in Costa Rica and some casinos openly welcome working girls in their locations whilst others don't.

The regulation of gaming in Costa Rica began in 1922 whilst a law in 1974 saw a law specifically for gaming and betting. In 1987 a number of changes were introduced concerning tax laws for casinos and gaming halls and casinos were permitted in three stars or above hotels as required by the Costa Rican Tourism Institute.

From the early 1990s casino began to develop

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rapidly and by 1999 there were 21 casinos whilst in 2006 this had shot up to 46 casinos which saw gross revenues of €23,045m and net revenues of €2,844m. In 2009 the total taxes from casinos and gaming halls reached around €500m.

However the sector has been constantly singled by



the Department of the Treasury and hit with a series of additional taxes and restrictions which has made it difficult for operators to run a business on a constantly changing playing field.

Initially casinos paid 10 per cent on the net revenue plus a monthly payment of €50,000 (\$100) for each table game.

In 1991 a special tax was introduced of 20 per cent on the gross revenues of operations whilst in 2002 an extraordinary emergency tax package was created for existing casinos. For a year an additional monthly tax was placed on slot machines plus another tax based on the number of hours the casino was open for. The tax ran from \$319 for casinos open for 10 hours to \$851 for casino opens 24 hours a day. In addition each slot machine was taxed around \$216 per month.

At the time this tax was introduced to pull the country out of a public debt which stood at around \$880m whilst other commodities such as mobile phones, cigarettes, alcohol were also heavily taxed.

It caused panic at the time for the casino industry.

Despite complaints and protests from casino workers the charges went ahead in January 2003 and several smaller casinos went out of business whilst others teetered on the edge of bankruptcy.

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Then in 2006 the casino industry faced another setback when a new gaming law passed which limited opening times. The legislation ruled that they could only be open from 6pm to 2am and given six months to comply.

On the positive side a clause in the law which stated that 'games in which loss or gains are dictated exclusively by luck' were forbidden (basically slots) was thankfully scrapped and the industry breathed a huge sigh of relief.

Meanwhile Blackjack is illegal in Costa Rica and instead they offer a variant called 'Rummy' and usually half the tables in a casino offer Rummy. The game is almost entirely played by tourists, however that is not to say Blackjack isn't still played in some casinos. Rummy is exactly like Blackjack bar a few different rules and bonuses.

Roulette is the number two game in Costa Rica and played in two forms – standard American double zero wheel and 'Canasta' with a cage con-



taining 38 numbered balls. Locals prefer Canasta whilst tourists prefer the wheel.

There is usually at least one table of Pai Gow Poker in casinos whilst those catering to locals often have more and are usually played by Asian players. Caribbean stud Poker known as 'Tute' is only available in about half the casinos whilst Three Card Poker is often called 'Three Card Tute'.

Slots are often in US dollar denomination and games do not have TITO. There are no tax forms for jackpots and payout is in coins. There are some Video Poker games and also Video Keno can be found on IGT Game King machines. Payout is around 83-88 per cent.

Craps is not very popular and the larger casinos only tend to have Texas Hold 'em Poker rooms with one to three tables.

In March this year a smoking ban in casinos, bars, restaurants and bus stations came into effect under Chinchilla's tough clampdown on smoking which includes a ban on selling packs containing less than 20 cigarettes and the removal of the words 'light' or 'suave' on packets.

Meanwhile Costa Rica is also a huge attraction for gaming companies. TCS John Huxley has its Latin American hub based here where David Charnock and his team look after Central and South America and the Caribbean.



The main casino operators include Thunderbird Resorts which has been operating since 1994 and in the early days was a Canadian company supporting Californian tribes looking to develop and manage their casinos.

In 1996 the company bid and won the privatisation of the state owned casinos in Panama and opened their first Fiesta Casino. In 2002 they opened their first Salsa Bar and Grill brand and in 2005 opened their first hotel in the Philippines which included an integrated resort anchored by a casino.

Today the company continues to develop its Latin American operations and despite the fact they sold off their operations in Panama, Poland and Guatemala in 2010 they are now focusing on core markets.

The company currently operates in the Philippines with two casinos, Peru with two cas-

Thunderbird Resorts has been operating since 1994 and in the early days was a Canadian company supporting Californian tribes develop their casinos.

nos and three slot parlours, Nicaragua with five casinos and Costa Rica with four casinos, five slot parlours and one small hotel The Hotel Diamante Real in San Jose which opened in 2008 with 21 rooms.

The Fiesta Casino brand currently has a total of 3,400 gaming position divided between 18 venues in Peru, Costa Rica and Nicaragua.

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- 01 In Costa Rica, Thunderbird has a joint 50/50 venture with a local shareholder for all operations apart from the group's largest casino in the country which is the Fiesta Casino – Holiday Inn Express. Thunderbird also operates five Lucky Casino slot parlours and in total operates a total of 1,402 slots and 132 table games across all its venues. Total revenues for Thunderbird for Costa Rica amounted to \$16.2m at the end of 2012 compared to \$19.8 the previous year.
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The group's joint venture operations also has two



properties it has been developing for several years which will be integrated resorts with casinos both in San Jose. The first is the Tres Rios project which has so far seen an investment of around \$17m in total to acquire the land and build infrastructure. This is an 11 hectare property and when opened should include a 103 room hotel, convention centre and casino with 198 gaming positions.

The property is one of the only available locations zoned for tourism development and will target the eastern San Jose population who reside in the city of La Union and the province of Cartago which is one of the most important tourism destinations in the country with around 1.5 million visitors per year.

The second project is a 2.7 hectare location in the Escazu area of San Jose which is being developed as a resort. This has seen an investment to date of \$4.4m and for the time being the development is on hold.

THUNDERBIRD OPERATIONS					
OPERATION	PROVINCE	DATE ACQUIRED	TYPE	SLOTS	TABLES
Fiesta Casino – Holiday Express Inn	San Jose	2005	Casino	378	58
Fiesta Casino – Hotel El President	San Jose	2003	Casino	230	-
Fiesta Casino – Hotel America Heredia	Heredia	2005	Casino	235	27
Fiesta Casino – Ramada Plaza Heredura	San Jose	2007	Casino	183	47
Lucky's Perez Zeledon	San Jose	2007	Gaming hall	122	
Lucky's	San Carlos	2006	Gaming hall	43	
Lucky's	Guapiles	2006	Gaming hall	77	
Lucky's	Tournon	2006	Gaming hall	55	
Lucky's	Colon	2008	Gaming hall	79	
TOTAL				1,402	132

G3-247 Report

COSTA RICA

In 2012 Costa Rica was Thunderbird's third largest contributor to both group revenue and consolidated property however revenue in this region has decreased by 18 per cent mainly attributed to a smoking ban in the second quarter of 2012 and a 'softness' in the economy and tourism market.

In 2012 Thunderbird saw a total revenue of \$17.8m in slot revenue and \$3.6m in table gaming revenue.

Another large operator is Jazz Casino and Sportsbook which operates five casinos in Costa Rica and also runs online casino and sportsbook sites including - Jazz Casino & Sportsbook, ABC Islands Casino & Sportsbook and other online ventures.

The company began in 1994 and offer wagering on all US sports and most international events plus a choice of 30 online slots and Video Poker games plus Blackjack, Roulette, Baccarat, Caribbean Poker and Craps, Keno and Pai Gow.

They also operate the Flamingo Beach Resort & Spa in Guanacaste, the Barcelo Amapola Casino Hotel in Playa de Jaco, Tamarindo Diria Beach Resort and the White House Hotel and Casino in San Jose.

Jazz Casinos' fifth casino - The Paradisus Playa Conchal is currently being renovated. Paradisus Resorts will open a new luxury Eco Resort in Papagayo Bay in Guanacaste in July 2015 which will supersede the former Paradisus Playa Conchal Resort.

The previous site operated a Jazz Casino and the Paradisus Resort is a luxury hotel brand owned by Sol Melia Hotels and Resorts. The new property is being built in partnership with SunVesta Holding, a Swiss Private Equity Consulting and Development group.

The Paradisus Papagayo Bay resort is being developed on 21 acres of land and will include 381 rooms, five restaurants and bars, spa and health club and 19,000 sq.ft of meeting facilities.

Other new developments in Costa Rica include Croc's Casino Resort which saw work begin in June this year and will be finished by December 2014. This new resort in Jaco is being developed by an American businessman and it will be 17 stories high with 152 rooms and 44 condominiums and convention facilities. The casino is expected to have 20 table games and over 100 slots.

Rory Hascall, one part owner of the project is also president of Bet Crocs, an online gaming site which also runs out of Costa Rica. The project is expected to rival Hotel Coccal and the newly opened Hotel Del Rey Jaco (formerly the Canciones del Mar Hotel).

COSTA RICAN CASINOS BY PROVINCE

SAN JOSE
BARCELO SAN JOSE PALACIO SAN JOSE is one of

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three Barcelo hotel/casino chains in Costa Rica. This one in the capital has the capacity for 1,000 people and is a five star hotel just three kilometres from the airport. The venue is used for meeting and conferences and has 14 meeting halls with a capacity for 1,200 people plus a spa and gym. The casino houses 18 slots and 15 table games.

HOTELERA DEL SUR is located in the Hotel del Sur in the city of Perez Zeledon. It is the latest project for the Gallo Group and the hotel has 65 rooms and it opened in 2010. The casino is 300 sq.m and has 40 video slots, four table games, American Roulette and a bar.

CASINO CLUB COLONIAL is a company born in 1982 when the casino sector opened in Costa Rica and as such was one of the pioneer operators of casinos. They opened a colonial style casino which was later renovated in 1996 with more gaming added. There are two bars and a restaurant and it is located in the centre of San Jose. A hotel was later added in 2005 with Choice Hotels 'Sleep Inn' brand. The casino offers 12 tables including Blackjack, rummy, Roulette, canastra, Tute, Pai Gow, three card Tute and Craps plus 125

slots and three electronic Roulettes. It is open from 3pm until 5am daily.

HOTEL AND CASINO DEL REY is in the city and is a neo classic building dating from the mid 1940s. It was remodelled in the early 1990s and has 104 rooms, restaurants, bars and casino. The casino offers 30 slots and 10 table games.

FIESTA CASINO RAMADA PLAZA HERRADURA is a four start resort and conference centre just 15 minutes from San Jose downtown in Herradura, a location ideal for business and leisure travellers. The hotel has 229 rooms, three swimming pools, three restaurants, casino and convention centre. The casino has 183 slots and 47 table games and was opened in 2007.

CLARION HOTEL AMON PLAZA AND CASINO PARADISO is a four star American style hotel located in the city. It offers an on site casino with Blackjack, rummy, Canasta, Roulette and Pai Gow Poker offered.

THE HORSESHOE CASINO has a long history in Costa Rica and has been a top gambling destination

for local players and tourists. It is owned and managed by Costa Rican and American business operators and offers Las Vegas style gambling venue with 50 slots and 12 table games. The casino recently launched its online casino.

CROWN PLAZA SAN JOSE COROBICI is found just five minutes from the financial district. It is ideal for corporate travellers with 13 meetings rooms. The hotel has 213 rooms and eight suites on 10 floors plus a casino.

MELIA CARIARI GOLF RESORT AND AIRPORT HOTEL offers 220 hotel rooms and 24 suites and boasts a Presidential guest list and has a reputation as one of Costa Rica's premier resorts. The hotel is just five minutes from the airport and 10 minutes from the centre of San Jose and is situated on 134 acres of grounds with an 18 hole golf course and Olympic sized swimming pool and tennis courts. The casino offers video slots and six table games.

CASINO PALMA REAL is open from 2pm until 1am. It is connected with the Barcelo San Jose Palacio hotel

Other new developments in Costa Rica include Croc's Casino Resort which saw work begin in June this year and will be finished by December 2014

CENTRO COLON HOTEL & CASINO in the north side of Colon has a few table games and is open 2pm until 6am. The three star hotel has 126 rooms and there is one restaurant.

BEST WESTERN IRAZU HOTEL AND CASINO in La Uruca is located just five minutes from downtown San Jose and conveniently located for access to various local attractions. There are 214 guest rooms, fitness centre, pool and restaurants. It was developed by Grupo Marta Hospitality which owns a number of hotel and restaurants. The Casino Concorde is 12,900 sq.ft and holds 220 slots and 13 table games.

WHITE HOUSE HOTEL RESTAURANT CASINO &

G3-247 Report

COSTA RICA

SPA is situated in a private location in the hills of San Antonio de Escazu perched on the slopes of the Pico Blanco mountains with a spectacular view over the city. The West Wing Casino houses Blackjack, Craps, Tute, Roulette wheel and slots and is operated by Jazz Casinos.

HOTEL COSTA RICA MORAZAN is in the heart of the city and walking distance to Morazan Park, Gold Museum and National theatre. The hotel has 42 rooms and the hotel offers a casino shuttle whilst there is also a small Casino Tropical on site with 14 slots and 4 table games. The casino is operated by Luis Milanes often referred to as the San Jose Casino King. He is a dual Cuban-US citizen known for his closure of Savings Unlimited back in 2002 which left over 6,000 investors without funds. It was reported some \$200m was involved. Milanes fled and was a fugitive for six years until he returned and offered several properties and cash sums in exchange for investors to drop charges.

ROYAL DUTCH HOTEL AND CASINO is also operated by Luis Milanes. The three star hotel in the city centre has a restaurant and bars. The Casino Royal Dutch has 100 slots and four table games.

CASINO EUROPA is located in the north of the city in the Hotel Radisson in Barrio Tournon and is the third casino to be operated by Milanes. The hotel Europa was initially constructed in 1911 and is the oldest hotel in San Jose. There are 70 rooms. The casino has 123 slots, Poker room for 200 people and seven table games.

SHERATON HOTEL & CASINO in Escazu is one of the newest casinos in Costa Rica and opened its doors in June. It is owned by Francis Raineau and his son Jonathan Raineau who is President of EXE Development. It cost \$40m to develop and the hotel has 172 rooms, three bars, two restaurants and the casino is 1,500 sq.m with 160 slots and 14 table games. It is located near to the Multi Plaza and just half an hour from the San Jose Airport.

FIESTA CASINO EL PRESIDENTE was opened in 2003 and as such was the first of Thunderbird's casinos in Costa Rica. It has 230 slots and no table games.

LUCKY'S PEREZ ZELEDON in San Jose is one of five slot parlours operated by Fiesta (Thunderbird Resorts) and has 122 slots.

LUCKY'S TOURNON opened in 2006 in Tournon, San Jose and is a slot parlour operated by Fiesta (Thunderbird) with 55 slots.

LUCKY'S COLON opened in 2008 in the San Jose province and has 79 slots and is operated by Fiesta (Thunderbird)

LIMON
CASINO LIMON is located in an area that was considered unproductive and difficult. However a casino opened in Limon by the Gallo Group in the heart of the city and is 270sq.m and has 44 slots, electronic Roulette and four table games.

LUCKY'S GUAPILES opened in 2006 in the city of Guapiles and has 77 slots. Operated by Fiesta (Thunderbird)

HEREDIA

FIESTA CASINO HOTEL AMERICA HEREDIA in Heredia was opened in 2005. This has 235 slots and 27 table games.

ALAJUELA

CASINO RESORT MARTINO is a health spa resort offering a five star resort in a six acre park. The five star hotel has 37 suites and five deluxe suites only and was built by Italian Alfonso Martino and is now run by his son. It was opened in 1998 after he had opened four hotels in Italy. Resort facilities include gym and fitness centre, bird sanctuary, swimming pools, restaurants, sauna and conference hall. The casino however is currently under renovation so is closed. Players are redirected to the nearby Fiesta Casino Alajuela at the Garden Court/Holiday Inn Express.

FIESTA CASINO HOLIDAY INN EXPRESS

GARDEN COURT HOTEL is the group's largest and most complete operation in Costa Rica and is 100 per cent owned by Thunderbird. It is located just one mile from the Juan Santamaria airport and it has 378 slots and 58 table games

LUCKY'S SAN CARLOS. Opened in 2006 this is a slot parlour operated by Fiesta (Thunderbird) with 43 slots.

GUANACASTE

FLAMINGO BEACH RESORT & SPA is the only resort located on the Playa Flamingo Beach on the Pacific Ocean. It is a family friendly resort with lots of water sports, activities and health and spa facilities. The casino offers 42 slots, Video Poker and electronic Roulette and five gaming tables and is open from 7pm until 2am. The casino is operated by Jazz Casinos.

HOTEL RIU GUANACASTE located in the Playa Mata Palo is a new five star complex on the beach side offering a fresh water swimming pool, gym, sauna, spa and all inclusive holiday. There is a small casino on site with 10 slots and three table games.

PREMIER FIESTA RESORT AND SPA at the Golfo de Papagayo in Guanacaste offers a host of facilities from spa, gym and sports. It underwent a huge renovation in 2007 and the hotel has 202 rooms whilst there is a small casino.

HOTEL COCO VERDE is on the main street of a Costa Rican fishing village of Playas del Coco on the Pacific coast. There is a huge swimming pool and it houses the only casino in downtown Coco Beach. There is Roulette, rummy, Tute and slot machines. The hotel has been recently renovated and has 16 standard rooms and 16 superior. The casino is 2,750 sq.ft with 40 slots and six table games.

BARCELO PLAYA LANGOSTA RESORT AND CASINO is located in Tamarindo in the north east



01 In 2007 a bill was introduced which would tax the online gaming operations according to the number of employees on their payroll. The annual tax begins with 10 employees and a fee of c10m up to c24m for companies with more than 61 employees.

02 Although betting on dogs and horses is legal many have not taken a huge interest in pari-mutuel wagering and as a result the country's last horse race track closed down in 1995. Wagering is possible on races simulcast from other countries particularly from those in the US.

of Costa Rica and just two kilometres from the city and located right on the beach. The hotel is five stars and includes a gym and spa and is noted for its water sports and nature. The casino is open from 7pm until 3am and has four gaming tables, American Roulette and 10 slots. It is operated by Barcelo Casino.

BARCELO PLAYA TAMBOR RESORT AND CASINO is located in the Bahia Bellena in the province of Puntaneras on the Pacific coast. There is a spa and gym and the casino has four table games and 14 slots. It is also operated by Barcelo Casinos.

TAMARINDO DIRIA BEACH RESORT is an Oceanside resort offering 240 rooms in total. It is a beautiful resort offering golf, sports and water activities. The Casino Diria is operated by Jazz Casinos with three table games – Blackjack, Caribbean Stud and Texas Hold'em plus 48 slots and electronic Roulette. The casino is open from 5pm until 1am.

BEST WESTERN EL SITIO HOTEL AND CASINO is located on the outskirts of Liberia (the capital city of Guanacaste). The resort has two swimming pools, Rancho bar and restaurants, spa and 52 hotel rooms. It is operated by the Gallo Group and there is a 500 sq.m casino with 75 slots, electronic Roulette and table games of Pai Gow, Blackjack, Texas Hold'em and Caribbean Stud. The casino is open from 11am until 4am.

FLOR DE ITABO HOTELA ND LOUNGE in Playas del Coco, Guanacaste is just 1km away from Cocos Beach on the Pacific Ocean. The hotel is family owned and operated and offers standard, deluxe, bungalows or villas as accommodation, swimming pool and bar. The casino has six tables including Poker, Blackjack, Roulette and Pai Gow and 14 slots.

PUNTARENAS

THE TIOGA HOTEL was founded in 1959 and is a beachfront hotel in the Paseo de los Turistas in Puntarenas on the Pacific coast. There are 52 rooms, restaurants and activities plus an on site casino.

HOTEL BEACH RESORT YADRAN is also in the Paseo de los Turistas and offers the small Casino Adriatico with four table games and several slot machines.

BEST WESTERN HOTEL AND CASINO KAMUK is the only casino in Quepos and offers Tute, Roulette, rummy, Pai Gow Poker and slots. The casino is open from 11am to 6pm (slots) and 6pm-4am (tables). There are 27 slots and seven table games. The hotel offers 44 rooms and a restaurant. The casino is operated by the Gallo Group and the Kamuk is their oldest casino which opened in 2003 and is 275sq.m in size.

HOTEL & CASINO DIVISAMAR is found in Quepos near the Manuel Antonio National Park on the Pacific Ocean. It is a beach/jungle resort operated by a Costa Rican family. The Casino Divisamar is located on the second floor of the hotel with a private entrance. It is operated by the Gallo Group and has four table games only and is open 6pm until 2am.

BARCELO AMAPOLA CASINO HOTEL in Playa de

There is in fact no horse racing in Costa Rica, however it has long been the most accommodating of its Latin neighbours when it comes to sports-betting.

Jaco and has 53 rooms and three villas located in extensive gardens. The casino has 20 slots and seven gaming tables and is operated by Jazz Casinos.

LOS SUENOS RESORT AND MARINA is in Herradura Bay, Jaco. It was developed by Californian William Royster who purchased 1,100 acre of land before spending years developing the site. It was opened in 2000. The marina is the only government sanctioned marina in Costa Rica and the ultimate full service port. The hotel is operated by the five star Marriott with 201 rooms plus there are 500 residences on site, condominiums and villas. There is a small casino with 36 slots and eight table games.

THE HOTEL COCAL AND CASINO is an ocean side hotel with swimming pool and large hotel rooms and fine dining. The casino has 30 slots and five table games.

CARIBBEAN VILLAGE FIESTA RESORT in El Roble is an all inclusive resort with 220 rooms in total with convention facilities. The small casino houses seven table games and 10 slots.

CASINO BYBLOS is located in the three star boutique hotel Byblos Resort near the most popular tourist destinations in Costa Rica, the National Park Manuel Antonio in Quepos, Puntarenas. The Byblos is one of the founding hotels in the area and offers seven free standing bungalows, 10 deluxe rooms or a five bedroom villa. The casino has been designed for VIP players and has 20 slots and four tables games and is open from 6pm-3am. It is operated by the Gallo Group.

ONLINE GAMING

Despite a huge presence elsewhere in Latin America there is in fact no horse racing in Costa Rica, however it has long been the most accommodating of its Latin neighbours when it comes to sports-betting.

There has always been a general lack of restraint and no licensing procedure or gaming taxes and as such casinos and sports betting facilities have mushroomed around the country.

The government provides online gaming licences to off-shore gaming companies which are known as data processing licenses and these are obtained in the municipality. These companies are free from gaming taxes and at the moment it costs \$15,000 to obtain a licence plus \$1,000 - 1,500 every three months to renew.

In 2007 a bill was introduced which would tax the online gaming operations according to the number of employees on their payroll. The annual tax begins with 10 employees and a fee of c10m up to c24m for companies with more than 61 employees.

Although betting on dogs and horses is legal many have not taken a huge interest in pari-mutuel wagering and as a result the country's last horse race track closed down in 1995. Wagering is possible on races simulcast from other countries particularly from those in the US.

However since the early 1990s the country has become a virtual Latin hub for the world's sports betting industry with the majority run in San Jose and it is estimated there are around 300 Sportsbooks operating in the country including betting shops which range in size from small credit shops to large scale operations. The sector employs around 10,000 people and another 460 sports betting sites accept players who have an address there and the sector generates around \$14.5bn a year.

Business is huge here and is by far San Jose's most lucrative and visible enterprise and as such has

transformed the city's skyline with huge office blocks to accommodate call centres and online gaming facilities. By 1999 online gaming operators received on average 20,000 calls per week.

The operations are predominantly American run and money is dealt with via the US with reports of cash being smuggled back into Costa Rica to pay wages.

Due to the ban on internet gaming in most parts of the US business set ups in Costa Rica have enabled them to tap into the American market despite this still being a grey area for players from the US. Set up costs in Costa Rica have traditionally been low whilst foreign businesses were exempt from paying taxes on any revenues generated by the business.

Bookmakers were initially attracted in the 1990s due to the strong technological infrastructure, educated workforce, stable government, close proximity to offshore banks and loose laws. Companies based here include big US sports betting sites such as BoDog, Cascade, NASA and Hollywood plus SportingBet and Bet-on-Sports.

One well known company is of course Costa Rican International Sports (CRIS) which was launched in 1985 in the Dominican Republic before relocating to Costa Rica in the year 2000. They have satellite offices now in various other countries and offer horse racing bets, online casino games, poker and bingo from any worldwide location. They have 200 telephone clerks whilst bets also arrive via the internet.

The company was founded by Ron 'Cigar' Sacco who is a gambling icon in the world of bookmaking after taking over one of the largest bookmaking businesses in the US back in 1970 called Bookmaker. He took this operation to the Dominican Republic then Costa Rica and the operation has become known as 'where the line originates'.

In 2007 Bookmaker operated at betcris.com until CRIS decided to separate the brands and bookmaker.com is used today mainly for English speaking clients whilst betcris.com is for Spanish speaking markets.

Sacco arrived in Costa Rica after a false start in Antigua and was the first one in the industry to do so. And the rest followed. In the late 1990s when the internet arrived with a bang this enabled the business to expand significantly.

From 1998 until 2002 he was head of CRIS and was the first to go online with betcris.com. However in 2002 he was arrested entering Costa Rica with two passports and an old bookmaking charge was revealed. He was deported to the US and sent to jail for two years and released in 2004 but banned from re-entering Costa Rica for 10 years. He retired from bookmaking and was bought out from CRIS by current CEO Mickey Richardson



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Meanwhile BoDog which was founded in 1994 by Calvin Ayre and is probably CRIS' closest rival and a huge operation which takes 90 per cent of its business over the Internet compared to 70 per cent for CRIS.

It was set up when Ayre sold everything he owned and with just \$10,000 set up Bodog, which although conceived as a software development company, later evolved into an online gaming website. He took early retirement in 2008 but in 2012 was indicted for activities relating to Bodog concerning movement of funds from accounts outside of the US. He later set up the calvinayre.com online gaming blog.

Other big companies such as Betus.com and SportingBet.com have entered the market clearly after the American gamblers on the list of bettors. They have offices in Guernsey plus offices and call centres in Costa Rica, Ireland and Australia.

There is no shortage of educated multilingual staff and companies located in downtown office build-

ings and operators are handling as much as \$15m a month in sports, racing and Poker. Smaller businesses handle around \$100,000 per month. The online sector employs 3,000 people.

The wide open nature of internet gaming has of course had its problems. A number of operators

have been accused of cheating giving Costa Rica a bad reputation among legal jurisdictions and the competition is cut throat with bonuses offered for new customers.

Meanwhile the drop in the US economy has had a knock on effect and some brands have closed their doors to the North American traffic and are focusing on other markets instead. Larger companies have streamlined their business and there are smaller shops now in the market.

The future of course is somewhat unpredictable. It is feared that the government could get greedy and some companies are already looking at Panama as an alternative venue for setting up. The proposed new gaming law is also being discussed which will of course bring big changes.

NEW REGULATIONS

Last year casinos came under the spotlight again as Laura Chinchilla's election campaign promised a review of the gaming industry and specifically a bid to increase taxation on all types of gambling. She had promised additional taxation on all

aspects of gaming operations to help combat crime and fund a crackdown on rising gang violence.

The murder rate in Costa Rica in 2008 had increased by a whopping 38 per cent and Chinchilla's tough anti crime policy was one of the factors which earned her a victory in the elections.

Today casino and gaming legislation is a clear priority for the current government administration. After being re-assessed in 2011 The 'Ley de Regulacion de Apuestas, Casinos y Juegos de Azar (file number 17.551)' was presented in November 2011. Chinchilla has apparently visited Panama and believes their model of a five per cent tax on gross income for casinos is a good idea.

Her bill proposes an increase from the current two per cent tax to 15 per cent per year and a 0.5 per cent annual fee on land based internet gambling sites. The board would be responsible for issuing six year gaming licences for a suggested fee of US\$50,000 per year taxes. There is also a planned tax of \$50,000 - \$150,000 plus for call centres. The extra tax is expected to bring in an additional

There is no shortage of educated multilingual staff and companies located in downtown office buildings are handling as much as US\$15m a month in sports, racing and Poker

\$85m for government coffers if passed.

At the moment total income earned by the gambling industry is calculated by money earned by casinos and the online betting industry.

If the bill is passed a Gaming Board would be set up to then ensure that affiliates are licensed and honour the new tax. Although the tax would see government coffers topped up the sector is worried that with falling revenues since 2009 this will reduce overall earnings for companies. The bill was expected to reach Legislative Assembly on August 3, 2013.



01 Chinchilla aims to establish a new Gaming Board and also add a clause that casinos do not have to be attached to a hotel opening the way for free.

02 The new standalone casino clause is apparently causing most discussions as officials argue that the new law is unclear and could lead to a proliferation of gaming venues. Others argue that the rise in taxes is also difficult and departments are also arguing about who should be responsible for the money collection.



Last year casinos came under the spotlight again as Laura Chinchilla's election campaign promised a review of the gaming industry and specifically a bid to increase taxation on all types of gambling.

ing to scale of hours. For ten hours or less the fee is \$300. For 10-17 hours the fee is \$500.

- For slot machines the casinos pay monthly on scale of hours. For ten hours or less the sum of \$35 and for 10-17 hours of operations \$70 per slot.
- Call centres must pay an annual tax according to the number of employees. Up to 20 staff the sum of \$50,000, 21-60 staff \$75,000 and 61-100 they pay \$100,000 and over 100 employees the sum of \$150,000.

Chinchilla aims to establish a new Gaming Board and also add a clause that casinos do not have to



be attached to a hotel opening the way for free standing casinos and slot parlours.

The stand alone casino clause is apparently causing most discussions as officials argue that the new law is unclear and could lead to a proliferation of gaming venues. Others argue that the rise in taxes is also difficult and departments are also arguing about who should be responsible for the money collection.

One of the problems is differentiating between a land based casino, virtual casino and Sportsbooks and the problems in controlling the activity and revenues.

In June the first part of this law, the Ley de Impuestos a Casinos (Casino Tax Act) was passed by legislators in the first and second reading.

This will see authorised casinos taxed at 10 per cent of their net income plus paying 60 per cent of a base salary for each table game and 10 per cent for each slot machine. Casinos can only be installed in hotels of four stars or higher and casinos cannot occupy more than 15 per cent of the hotel area. Casinos already in operation can remain open. Chinchilla must sign the bill to come into effect.



01 OPERATOR PROFILE: THUNDERBIRD

The leading operator in Costa Rica is Thunderbird which has been in Costa Rica for eight years and has become one of the most recognised businesses in the country by offering its customers dynamic, themed and integrated resort venues. We talked to David Pirie, Director of Marketing for Thunderbird Costa Rica about the company's growing presence in the market.

"Thunderbird resorts Inc. is a leading international provider of branded casino entertainment. Our mission is to be the most successful recreational property developer and operator in each of our markets. In Costa Rica Thunderbird owns four Fiesta and four Lucky casinos, restaurant-bars and soon will be opening a new resort with event centre and Pirates Bar in Tres Rios.

"Thunderbird is the first hotel and casino to introduce US style gaming and casino-supported recreational venues. Beginning with two small casino properties in 2003 and a slot route, Thunderbird has expanded to now operate eight gaming properties as well as one hotel in Costa Rica. In April 2005, Thunderbird inaugurated its flagship Fiesta Casino Alajuela within the Holiday Inn Express adjacent to the international airport, with over 350 slot machines, and over 17 table positions including a "Pirates" bar and restaurant. It has become the most successful casino and

entertainment facility in Costa Rica."

Mr. Pirie pointed out that both the recent tax increase has made things a little difficult of late while illegal gambling continues to have a negative impact on the industry.

"The tax increase that began this year on machines, tables and other casinos licenses along with the smoking ban has created a very difficult environment for the casinos industry in Costa Rica. There are many illegal casinos halls operating in Costa Rica that do not contribute any tax, some without any permits what so ever."

Despite this Thunderbird remains committed to strengthening its presence in Costa Rica with some major new projects now under development.

"Thunderbird in developing the Fiesta Casino concept has created a unique and recognisable brand identity conforming to local market tastes, which it can leverage when expanding into other markets. As part of its continued focus on operating hotel properties with casinos, the company is preparing to develop the Escazu and Tres Rios projects, which have an important value both for its ongoing operation and market value. The hotels in consideration offer 216 rooms, restaurants, bars, entertainment venues and a convention center as well as casino facilities."

COSTA RICA: Vital Statistics

Capital: San Jose
Population: 4,695,942
Land Area: 51,100 sq km
Median age: 29.6 years
Languages: Spanish, English
Ethnic Groups: White (94%), black (3%), Amerindian (1%) and Chinese (1%)
Currency: Costa Rica Colones (CRC)
Government: Democratic Republic
Chief of State: President Laura Chinchilla
Head of Government: President Laura Chinchilla
Elections: President and vice presidents elected by popular vote for a single four year term. Last election held in February 2010 and next due 2014.

LOTTERY: Loteria Nacional
LOTTERY RETAILERS: 1,400 lottery terminals / 400 street vendors
LOTTERY REVENUE: €155.1bn
BETTING: 300 Sportsbooks
CASINOS: 46
CASINOS EGMs: Approx 3,000
CASINO TABLES: Approx 350
CASINO REVENUE: €23,045m