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Catania Gaming Consultants

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Greetings. It was good to see a lot of you during the ICE show in London. Catania Gaming is planning to be in Scottsdale, Arizona for the International Masters of Gaming Law (IMGL) conference.

IMGL is a non-profit association of gaming attorneys, regulators, educators, executives and consultants from around the world who are dedicated to education and the exchange of professional information concerning all aspects of gaming law, www.gaminglawmasters.com.

Frank Catania and Professor Joe Kelly wrote an article on the status of online poker in the U.S. Please look for "*Internet Poker Legalization Attempts: The U.S. View*" in an upcoming edition of iGaming Business Magazine.

Best Regards,
Catania Gaming Consultants

Casino Gambling Revenue Rises, But Not for All Markets

According to annual reports, gross gaming revenue for the US increased in 2011, though not across all markets. Nevada was a big winner, with revenue reaching \$10.7 billion, a 2.8% increase from 2010. The gain is attributed largely to resurgence in Las Vegas, which posted a 5.1% revenue increase from 2010.

Pennsylvania also won big in 2011. The third largest US market pulled in revenue topping \$3 billion for the first time, with a 21.6% increase over 2010. Experts say the drastic increase can be tied to casino expansion in the state as well as Pennsylvania's authorization of table games in mid-2010.

Atlantic City was not so lucky. According to the NJ Division of Gaming Enforcement, gross revenue for the country's second-biggest market fell 6.9% last year to just \$3.3 billion, due largely to increased competition from neighboring states such as Delaware,

FEATURED ARTICLES

[Rising Casino Gambling Revenues, But Not For All](#)

[Dennis Gomes Will Be Missed](#)

[New AGA Report on Gaming's Economic Impact](#)

[Legislation for Mobile Gaming in NJ](#)

[Chiligaming & Golden Nugget Partner on Website](#)

[Resorts World Casino a Big Win for NY State](#)



Frank Catania, Esq.,

New York, and Pennsylvania.

"Atlantic City has just gotten clobbered," said American Gaming Association (AGA) President Frank Fahrenkopf. "Atlantic City really depends on the Philadelphia market, and now if you live in Philly you don't have to take that long drive."

Reno, Nevada finds itself in a similar position. Thanks to new tribal casinos located along key highways from Northern California, Reno has seen a sharp drop in tourism.

Still, while not all states with casino gaming have reported their revenue yet for calendar year 2011, the figures so far are generally positive. Through November, the reported total of \$32.56 billion was running 2.3% ahead of the same period in 2010, according to data from the AGA.

The figures do not include tribal casinos, which comprise about 40% of total U.S. casino revenue annually.

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Dennis Gomes, Resorts Co-Owner, Dead at 68

Dennis Gomes, co-owner of Resorts Casino Hotel in Atlantic City, passed away on February 26 at the age of 68. Gomes was well respected in the industry and well liked for his creativity, good humor, and sometimes outrageous publicity stunts.

Gomes got his start as an official with Nevada's gaming enforcement office, where he headed up the investigation that became the basis of Martin Scorsese's 1995 film, "Casino." After that, he held top jobs at major properties such as the Golden Nugget in Las Vegas and Trump Taj Mahal in Atlantic City, before partnering with New York real estate magnate Morris Bailey to buy the struggling Resorts in August 2010.

"He was my top executive at the Taj Mahal and he did a tremendous job," said Donald Trump. "Everybody liked him and respected him."

Throughout his career Gomes was famous for his publicity stunts, such as bringing a tic-tac-toe-playing chicken to Atlantic City's Tropicana. The chicken soon became a major attraction.

His plans for Resorts included giving it a "Boardwalk Empire"-inspired "Roaring 20s" motif, booking an adults-only "Cirque"-style production show, and opening the world's first gay disco inside a casino. Thanks in part to Mr. Gomes's efforts, Resorts went from a nearly bankrupt property to last year's *Philadelphia Daily News* Casino of the Year.

"At a time when the city's fate truly hangs in the balance, his death in an immeasurable loss," wrote Chuck Darrow in the *Philadelphia Daily News*. "Atlantic City needed him far more than he needed it, not just for his vision, enthusiasm and dedication to his city and

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The Catania Consulting Group, Inc., doing business as Catania Gaming Consultants (CGC), offers a full service international gaming consultancy. CGC provides a variety of services to all sectors of the gaming industry, including

profession, but for the many charitable endeavors he and Resorts embraced, and his unshakable belief that AC's best days lie ahead."

New Report Demonstrates Economic Impact of Gaming

A new report commissioned by the American Gaming Association (AGA) underscores the importance of the casino industry for state and local economies. The report, "Beyond the Casino Floor: Economic Impacts of the Commercial Casino Industry," looked at communities both with and without casinos to see how they were affected by the industry.

The report showed 566 casinos in 22 states supported some \$125 billion in spending and 820,000 US jobs in 2010, meaning the commercial casino industry equals nearly one percent of the country's GDP. Commercial casinos directly generated \$49.7 billion in consumer spending and about 350,000 jobs, with salaries and benefits totaling nearly \$15 billion in 2010.

The most surprising part of the report was the figures that came from markets without casinos—that is, outside of the 22 gaming states. When indirect and induced impacts were factored in, gaming supported an additional \$76 billion in spending with suppliers and other businesses, as well as more than 470,000 additional jobs.

The indirect impact of casinos was the one piece of information missing from previous studies, said AGA President and CEO Frank Fahrenkopf, Jr. "This study gives us a total picture as to where we are as an industry."

That picture may make things easier for the AGA to work with Congress to develop online gaming legislation or to protect other industry interests. One key figure reported by the study is that after factoring in taxes from businesses that have an indirect relationship with gaming, taxes paid by the gaming industry in 2010 jumped from \$16 to \$25 billion. Armed with that data, the AGA could find itself with a more sympathetic Congressional audience.

New Bill Would Allow Mobile Gaming in New Jersey Casinos

Two new pieces of proposed legislation spell good news for Atlantic City. The first would allow land-based casinos to incorporate mobile gaming on their turf. The second would create a tax credit program for non-gaming development projects.

Both bills, which will now go before the full NJ State Senate for review, were sponsored by State Senator Jim Whelan, Chairman of the Senate State Government, Wagering, Tourism and Historic Preservation Committee.

"Atlantic City is the economic engine of south Jersey and much of

governments, casino operators, game manufacturers, software providers, lotteries, payment processors and the horseracing industry.

Our goal is to provide clients with the information, experience, and contacts necessary to develop, regulate and operate both casinos and ancillary companies. The governments for which CGC has previously provided assistance in drafting gaming regulations and establishing gaming regulatory structures include the following: The Mohawk Territory of Kahnawake, located just outside Montreal; the United States Virgin Islands; Antigua and Barbuda; the Philippines; and the Canadian Provinces of Prince Edward Island and Nova Scotia.

Combined, the partners and associates of CGC listed below have over 75 years of gaming experience.

the state's tourism-based economy and we have to be willing, from time to time, to revisit regulations and laws that may limit the resort's appeal and national competitiveness," said Whelan.

Whelan said that by tweaking current laws, legislators can "give casinos more regulatory freedom to offer diverse gaming opportunities to their patrons and can ensure that the state is doing its part to encourage non-gaming development within the designated tourism zone within Atlantic City."

Chiligaming and Golden Nugget Partner for Gaming Website

Golden Nugget has announced an online gaming partnership with Chiligaming, an international developer and operator of games and gambling products.

Chiligaming has an iGaming platform that allows it to connect to any poker platform or online gaming content provider, a central feature of potential US regulations. The Golden Nugget site will be a free-play website, and is due to launch within the next quarter.

Golden Nugget expects the US to legalize online gaming before the site goes live. "We believe that online gaming is inevitable in the U.S. and that the Golden Nugget will be well positioned to compete when U.S. laws allow for online gaming," Fertitta said.

Resorts World Racino a Win for New York

New York's nine racetrack casinos continue to do well, according to a new study commissioned by the New York Gaming Association (NYGA). The study found that the racinos had about \$1.96 billion in economic activity last year, created more than 17,400 jobs, and provided \$830.5 million to the state education fund.

The newly-opened Resorts World Casino New York City, which has been operating since October at the Aqueduct racetrack, earned a total of \$139.9 million as of January. About 44 percent of that, or \$61.5 million, has gone to the state education fund.

The company also created about 1,500 permanent jobs and 1,400 construction jobs, most of which went to local residents. Local politicians stressed that job creation was a top priority and praised Resorts World for hiring locally, especially among minorities and women.

NYGA plans to release a second study soon with projections for future earnings and job growth if state officials allow racinos to have live table games, a prospect to which many state officials seem amenable.

Please feel free to contact us with any licensing and gaming compliance needs. Our law firm, Catania & Ehrlich, is also

available for any of your gaming law needs.

Sincerely,

Frank Catania, Gary Ehrlich and Keith Furlong
Catania Consulting Group, Inc.

Catania Gaming Consultants

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