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By Thomas A. Jingoli

Welcome to the 2010 edition of *Nevada Gaming Lawyer*. In addition to my role as head of compliance at Konami Gaming, Inc., I also serve as the current President of the Association of Gaming Equipment Manufacturers (AGEM), a non-profit trade organization with more than 90 global members.

AGEM is an international trade association representing manufacturers and suppliers of electronic gaming devices, systems, table games, key components and support products and services for the gaming industry. AGEM works to further the interests of gaming equipment suppliers throughout the world. Through political action, trade show partnerships, educational alliances, information dissemination and good corporate citizenship, the members of AGEM work together to create benefits for every company within the organization.

Together, AGEM has assisted gaming regulatory agencies and commissions and has participated in the legislative process to help solve problems and create a business environment where AGEM members can prosper while providing a strong level of support to education and responsible gaming initiatives.

While it has been a challenging past year overall, the supplier segment of the gaming industry has actually fared rather well. AGEM has member companies all around the world, but the organization is anchored by the big slot machine companies, most of which have a large base of operations in Nevada and specifically in Las Vegas. We count the likes of Aristocrat Technologies, Aruze Gaming America, Bally Technologies, GTECH, IGT, Konami and WMS among our influential members. Many of the big slot machines companies are publicly traded and some have reported record sales and revenues over the past year, so it's certainly not all doom and gloom. Product innovation, creative financing and finding markets both domestically and internationally that are buying machines helped drive positive results.

Member attorneys of the Gaming Law Section and

their law firms play a number of important roles in the work of AGEM. Some law firms whose attorneys are members of the Gaming Law Section are also members of AGEM, such as Lewis and Roca, LLP. In addition, many member attorneys of the Gaming Law Section are also members of other organizations such as the International Masters of Gaming Law, which is also a member of AGEM. These Gaming Law Section attorney members also assist AGEM with gaming law developments worldwide. For instance, members of the Gaming Law Section with the law firm of Lionel Sawyer & Collins represented AGEM's interests before both the Nevada State Gaming Control Board and the Nevada Gaming Commission concerning the recent adoption of amendments to Nevada Gaming Commission Regulation 14. Afterwards, the same

The total direct economic output of the gaming equipment manufacturing industry fell modestly to \$12.1 billion in 2009, down 4.7 percent from 2008, while direct and indirect output was down 4.6 percent from 2008. Despite a modest decline in top-line revenues, the gaming equipment manufacturing industry supported approximately 30,000 direct jobs and an additional 21,800 indirect positions in 2009. Direct employment within this industry reflected a 1.4-percent increase from the prior year. Perhaps the most impressive number from the supplier side of this industry is the payment of an average annual wage of \$68,600 during 2009, which was well above the national average equivalent of \$40,400 for the private sector, according to U.S. Department of Labor annualized estimates.



Association of Gaming Equipment Manufacturers

law firm also sponsored a seminar held at its offices in Las Vegas regarding a presentation on the background and meaning of these regulatory amendments.

During 2009, the gaming equipment manufacturing industry generated significant economic output, supported tens of thousands of employees and paid billions of dollars in salaries and wages despite a struggling national economic climate. Research and analysis conducted by Nevada-based Applied Analysis on behalf of AGEM demonstrates the relative strength of the sector as a whole. Total output (direct and indirect) sourced to the industry was \$23.5 billion during 2009, while aggregate employment reached 51,800 and salaries and wages paid to sector employees totaled \$3.5 billion.

In addition to economic contributions, the industry has supported a number of charitable organizations and remains actively involved in legislative matters throughout the United States. Gaming expansions and proposals in emerging jurisdictions continued throughout 2009, particularly as municipalities considered gaming as a measure to mitigate fiscal revenue shortfalls. These expansions, combined with international demand, supported an increased number of employees.

Suppliers also do a good job of providing health care and retirement plans for their employees, while also supporting a strong commitment to making local purchases. Gaming equipment manufacturers generally report positive expectations that market conditions will improve during the next 12 months. Approximately 75 percent of them believe improvements are likely, while about two out of ten, or about 21.4 percent, thought conditions would stay about the same, and less the 5 percent expect conditions to deteriorate further.

And so, while we are all rooting for the economic climate to improve, I'm proud to say that the supplier side of the gaming industry is doing its part to make that happen sooner rather than later.

*Mr. Jingoli has served as President of AGEM since January 2009. He joined Konami Gaming, Inc. in June 2003 as the Sr. Director of Compliance. In this capacity, he directs and coordinates activities of the Compliance Department, which oversees regulatory and technical compliance, as well as the company's quality assurance laboratory worldwide. He also serves as the Compliance Officer for Konami, Konami Australia Pty Ltd and Konami Corporation. Mr. Jingoli is a former Agent with the New Jersey Division of Gaming Enforcement and holds a Masters degree from the University of Nevada Las Vegas, William F. Harrah College of Hotel Administration. **NGL***