

# THE INNOVATION GROUP OF COMPANIES



**Innovation Capital**  
Investment Bankers



Client and Company News for November 2007

## The Innovation Group of Companies In the News

Maryland watching its neighbors [more »](#)  
Kentucky trying to hang on to their purses [more »](#)  
Track values soaring, but not in Ohio [more »](#)  
Financing provides clear sailing for Rock Island [more »](#)  
Michael Soll's homecoming [more »](#)

## The Innovation Group of Companies Published Articles



**Paul Girvan**, The Innovation Group's managing director and **Joe Witterschein**, vice president marketing services co-wrote an article for the August/September issue of **Canadian Gaming Business** on database analysis. Read the article [here](#).

**Dino Guiliano**, The Innovation Group's director of Latin American operations & emerging markets research, wrote the cover story of the October **Global Gaming Business Magazine**. Read the whole story [here](#).



Dino Guiliano's feature article from The Innovation Group's July newsletter was also picked up by the October **International Gaming and Wagering Business**. You can read in our newsletter archive [here](#).  
[<< back to top](#)

## Maryland watching its neighbors

**Innovation Group of Companies Chairman**



**Steve Rittvo** was quoted on the issues related to the different approaches Maryland could take to putting slot machines in race tracks. While most of the consideration is being given to the state's leasing of the machines and placing them in tracks, according to Steve Rittvo, it doesn't make that much difference

## It's about synergy

**Steve Rittvo**  
Chairman, The Innovation Group of Companies



For years, The Innovation Group had been analyzing gaming markets and casino sites, usually resulting in a report that advised a client on what to build, where, and how big. And during those years, our involvement usually ended there. But since the launch of Innovation Project Development, the fourth affiliate of the Innovation Group of Companies, the synergy we'd hope to offer our clients has come about, beyond our expectations. Now, among various combinations of the four affiliates, we've begun working together as one multi-faceted organization that can bring clients through the various stages of development that can bring their ideas to life and keep the momentum going.

[more »](#)

## Visit us at G2E - Booths 2466 and 2464



Members of all four affiliates of The Innovation Group of Companies will be on hand to greet you in one of the most comfortable booths at G2E. Steve Rittvo and members of The Innovation Group,

Innovation Capital, Innovation Marketing and Innovation Project Development will be on hand to say hi and chat about our latest projects and yours. A lot has happened among the Group of Companies this year, with more and more collaborations of multiple affiliates working for the same client.

**The Innovation Group of Companies on**

whether the state provides them or the racetrack facility leases them directly. In "Maryland might take tip from Delaware" by Greg Garland and James Drew in the *Baltimore Sun.com*, Steve commented that if a state provides them, it just passes along the costs by taking a bigger share of the slots proceeds. While Governor Martin O'Malley is pushing for the addition of slots as a way to help state budgets, there are still many legislative and community hurdles to overcome. Read more at: <http://www.theinnovationgroup.com/newsletter/pdf/Maryland.pdf>

<< back to top

## Kentucky trying to hang on to their purses

The debate rages from all sides as to whether Kentucky should allow casinos to go into the state's racetrack, and beyond. Issues include the effect it could have to raise purses and what the state is now losing to its neighbors as Kentuckians cross the borders to gamble. So, of course, the discussions are about how much revenue will really be generated overall should the slots go in. In "Jury's out on casinos as a boost to economy," by Janet Patton of *Kentucky.com*, **Innovation Group of Companies Chairman Steve Rittvo** is quoted on the casino gaming revenue potential. Based on work The Innovation Group has done in the market, Steve is already familiar with the numbers. If casinos were to be allowed at tracks only, Steve reported that the figure could be "\$1 billion in gross gaming revenue. And then if you had some free-standing casinos on top of that ... \$1.4 billion. I think that is very attainable." Read more at:



<http://www.theinnovationgroup.com/newsletter/pdf/Kentucky.pdf>

<< back to top

## Track values soaring, but not in Ohio

Another state where consideration is being given to the value of slots at tracks is Ohio. However, Ohio is still in the stage of discovering what impact that neighboring states' slots-supported tracks are having on tracks at home, and is not yet moving forward with legislation. As gaming revenue has boosted purses in other states and lured horsemen out of Ohio, it's also affected the value of the tracks in those other states. **Innovation Capital President Matt Sodl** was quoted on the impact on one such track, where he was a financial advisor. In "Ohio tracks watch others win," by Alexander Coolidge in Cincinnati's *Enquirer.com*, Matt is quoted on the impact of slots across the border at Indiana Downs. Before legislators permitted slots, Matt estimated the facility's entire value was about \$40 million. Now the total value is estimated at about \$171 million. Read more at: <http://www.baltimoresun.com/news/local/politics/bal-md.slots28sep28,0,7832441.story>



<< back to top

## Financing provides clear sailing for Rock Island

## G2E Conference Sessions

Some of our staff members have also been invited to participate in G2E conference sessions, so be sure and check our schedule below:

### Steve Rittvo - Chairman, The Innovation Group of Companies,

3DD01: Design for Demographics: How Consumer Trends Impact Architecture,  
8:00AM - 9:00AM, Wednesday, November 14, 2007  
and  
3MK05: Branded Casinos: The Next New Concept,  
3:15PM - 4:15PM, Wednesday, November 14, 2007

### Stephen J. Szapor, Jr. - President, The Innovation Group,

2MK03: Drilling Deeper: Enhancing Ethnic Marketing,  
11:45AM - 12:45PM Tuesday, November 13, 2007

### Scott Fisher, Ph.D. - Managing Director, The Innovation Group,

2GG04: Emerging Gaming Markets: Asia,  
2:00PM - 3:00PM, Tuesday, November 13, 2007

### Joe Witterschein, VP Marketing Services, The Innovation Group,

1PC04: Instant Gratification: How To Maintain Long-Term Loyalty,  
1:00PM - 2:00PM, Monday, November 12, 2007  
(G2E Training & Development Institute)

### Matt Sodl, President, Innovation Capital,

2PG02: Conquering Competition: When Racinos Battle Commercial and Indian Gaming,  
9:15AM - 10:15AM, Tuesday, November 13, 2007

### Robert Kelly - President, Innovation Project Development,

2DD05: Amenity Absolutes: The Dos and Don'ts of Non-Gaming Assets,  
3:15PM - 4:15PM, Tuesday, November 13, 2007

### Denis Finigan, President, Urban Systems Associates,

2DD02: Building Big on Small Lots: High Density Architecture,  
9:15AM - 10:15AM, Tuesday, November 13, 2007

<< back to top

## Innovation Capital

Investment Bankers

## A look back at Kevin Scheible's first year with Innovation Capital



Kevin Scheible, Vice President, Innovation Capital

Kevin is currently vice president of Innovation Capital, working out of the company's Los Angeles office. When Kevin joined Innovation Capital, he hit the ground running.

The Jumer family received major financing that will enable them to move

forward in developing a casino resort complex in the Quad Cities market. Innovation Capital's role as Sole Placement Agent and Financial Advisor for the financing was profiled in "Rock Island Boatworks receives \$126 million financing from Innovation Capital" in *BYM Marine & Maritime News*.

**Innovation Capital President Matt Sodl** was quoted saying that "despite the turbulent credit markets, this debt financing was consummated because of the strong underlying project fundamentals and the commitment of the Jumer's team. Once completed, this will be the premier gaming property in the Quad Cities market and a great asset for the Jumer family, the employees and customers." The new Jumer's Casino Rock Island Resort will feature a 204-room hotel, four restaurants, a covered parking structure, as well as over 1,100 slot machines, 30 table games, and other entertainment amenities. In addition to Innovation Capital's role, The Innovation Group had also been involved in the Rock Island project with market assessments and focus groups to measure the feasibility of the plan. Read more at:

<http://www.theinnovationgroup.com/newsletter/pdf/RockIsland.pdf>

<< back to top

*He already had nine years of finance-related experience in the gaming and leisure industries. He had been a key member of the Gaming & Leisure industry group at Bank of America and Banc of America Securities. He later established an independent consulting firm, Momentum Capital Advisory, to work with tribes and middle-market gaming companies on casino developments and related financing projects. Since joining Innovation Capital in the fall of 2006, Kevin has carved out a role that encompasses everything from new business development and client management to transaction structuring and execution. He has worked on and closed transactions ranging from debt private placements and high yield issuances, to M&A advisory assignments. In addition, he has pending assignments that include a private equity capital raising, buy-side and sell-side M&A mandates, a lease financing and a host of other debt financing opportunities for greenfield casino developments located across the country and internationally.*

*Here are Kevin's comments on his first year at Innovation Capital.*

[more »](#)

## Michael Soll's homecoming



**Innovation Group Executive Vice President Michael Soll** was interviewed upon his return to company by Roger Gros, publisher of *Global Gaming Business Magazine*. Michael returned after 10 years, during which he held positions at Hard Rock Café International, Inc., Caesars Entertainment, Starwood Hotels & Resorts Bear Stearns. Listen to the podcast at:



<http://www.theinnovationgroup.com/podcasts.asp>

<< back to top

## It's about synergy - continued

Based on the realization that many of our clients were ready to find the financing to start the development that we helped them envision, in 2004, we formed Innovation Capital as investment banking firm with a practice dedicated to the gaming, leisure and hospitality industries. Just recently, Innovation Capital acted as the sole placement agent for Jumer's Rock Island Casino and secured \$126 million in financing. The Innovation Group had done market assessments and revenue projections that showed the potential of the expanded resort development.

The Innovation Group's consultant services for some clients had also directed them to change the marketing focus of their operations. Recognizing that our marketing insights could continue to benefit clients if extended beyond our reports, in 2005, we formed Innovation Marketing as a joint venture with PRACO, an established, full-service marketing, advertising and public relations firm. The management advisory services and business planning that The Innovation Group provided for the Sandia Resort & Casino, have now been extended through the continued marketing and advertising programs of Innovation Marketing.

And last year, at G2E 2006, we announced that we had brought in Robert Kelly, an industry veteran in all phases of project concept, design and development, to form Innovation Project Development, an owner's rep project management services company capable of providing consulting advice or total development oversight. Innovation Project Development provided the Potawatomi Bingo Casino with order of magnitude cost estimates to budget the proposed facility, and also wrote descriptions and architectural outlines for each component to enable the management team and owners to make more informed decisions about moving forward on the project. The Innovation Group had done the marketing assessments that showed the viability of the project.

The success stories of these collaborative efforts among the affiliates are increasing. The Innovation Group's feasibility studies for the expansion of Foxwoods Resort Casino, which incorporated market research managed by the staff of Innovation Marketing, is now having owner's rep oversight provided by Innovation Project Development. Innovation Project Development is currently performing pre-construction services for the Akwesasne Mohawk Nation for a project for which The Innovation Group

did the market assessments. The feasibility studies that The Innovation Group did for the Snoqualmie Tribe's casino project took a giant step forward when Innovation Capital coordinated the largest financing package to date for a start-up Native American casino development. And sometimes, multiple affiliates are even brought in as one cohesive team. LHT Capital hired the team to maximize the value of its equity interests in the Indiana Downs Race Track, with Innovation Capital acting as financial advisor, The Innovation Group as consultant for market assessments and Innovation Project Development to provide construction cost estimates. And Innovation Project Development has extended Innovation Group work for many other clients, even internationally, by putting the assumptions into bricks and mortar programs with an order of magnitude costs.

Clients who've experienced the team approach have appreciated it. Paul Estridge, Jr. of LHT Capital commented, "The whole Innovation team was instrumental in the sale of my company's equity interests in Indiana Downs. The market study and the construction estimates performed by The Innovation Group and Innovation Project Development, respectively, provided the basis for Innovation Capital's superior advice in determining the value of Indiana Downs and LHT's position. The three teams worked together seamlessly, which enabled a rapid turnaround of work product that was key in the intense and time sensitive negotiations that transpired. I am truly fortunate to have joined forces with an organization that possesses such broad capabilities in the gaming industry."

These collaborations are just few examples of what The Innovation Group of Companies' business model is intended to do - provide a broad range of consulting, financial, marketing and construction management services for clients. Often, the lines between companies blur, and some staff members wear hats for more than one affiliate.

But what it all comes down to is significant benefits for the client, with seamless transitions that result in little or no learning curves, which mean efficiencies in time and money.

That's synergy. And that's just the beginning.

[<< back to top](#)

---

## A look back at Kevin Scheible's first year with Innovation Capital - continued

"The clients we serve at Innovation Capital tend to be smaller companies, Native American tribes without significant existing operations and/or entrepreneurs in the gaming space. As such, we are often working directly with the ultimate stakeholders - rather than a large corporation's finance staff. Therefore, our execution really makes a difference. Most banks, for example, will typically include the role of "financial advisor" to the company issuing capital or pursuing some other type of transaction. However, working in the middle market has redefined the perception of financial advisor in my mind from a mere title in name to a true role with a company. In the absence of a corporate finance staff, many of our clients have essentially outsourced this important function to Innovation Capital bankers, and I believe the results speak for themselves."

"Fortunately, I have a very diverse set of skills and experience to pull from, having come from a much larger institution where our investment banking team interfaced regularly with various product groups (debt capital markets, equity capital markets, M&A, private placements, leasing, derivatives, etc.) depending on the specific transaction or situation."

"Two of my success stories in the last year include a client for whom we secured the best pricing ever for a Native American start-up high yield financing. Innovation Capital was exclusive financial advisor to the Snoqualmie Entertainment Authority, which was pursuing a financing without a CFO. Another example was the premium valuation obtained in our sell-side advisory assignment for LHT Capital, LLC, which was the minority investor in Indiana Downs that was also operating without a finance staff."

"In my short time at Innovation Capital, I have really experienced how the whole Innovation Group of Companies can work together to provide gaming clients with a more diverse package of services than most any competitor. From market studies to development space planning, marketing plans to short-term management solutions, and let's not forget creative financing solutions, our firm is becoming not only a 'one-stop shop' for gaming clients, but a 'must-stop shop'."

You can contact Kevin Scheible at Innovation Capital at 310-335-2080, [kscheible@innovation-capital.com](mailto:kscheible@innovation-capital.com)

[<< back to top](#)

---

For more information on The Innovation Group of Companies, visit [www.InnovationGroupOfCompanies.com](http://www.InnovationGroupOfCompanies.com) or contact one of the offices below.

### The Innovation Group

**Denver:** 7852 South Elati Street, Suite 100  
Littleton, Colorado 80120  
303.798.7711 voice, 303.798.7171 fax  
Stephen J. Szapor, Jr.: [szapor@theinnovationgroup.com](mailto:szapor@theinnovationgroup.com)

**New Orleans:** 400 North Peters Street, Suite 206  
New Orleans, Louisiana 70130  
504.523.0888 voice, 504.523.0899 fax  
Paul Girvan: [pgirvan@theinnovationgroup.com](mailto:pgirvan@theinnovationgroup.com)  
Scott Fisher: [sfisher@theinnovationgroup.com](mailto:sfisher@theinnovationgroup.com)

**Atlantic City:** 6601 Ventnor Avenue, Suite 11  
Ventnor, New Jersey 08406

### Innovation Capital

**Los Angeles:** 222 N. Sepulveda Boulevard, Suite 2000  
El Segundo, California 90245  
310.335.2085 voice, 310.356.3323 fax  
Matt Sodl: [msodl@innovation-capital.com](mailto:msodl@innovation-capital.com)

**Denver:** 7852 South Elati Street, Suite 100  
Littleton, Colorado 80120  
303.339.4520 voice, 303.339.4521 fax  
Rob Stephens: [rstephens@innovation-capital.com](mailto:rstephens@innovation-capital.com)

### Innovation Project Development

**Mississippi:** 9414 Three Rivers Road, Suite 1

609.487.9585 voice, 609.487.9590 fax  
Ernie D'Ambrosio: [ernied@theinnovationgroup.com](mailto:ernied@theinnovationgroup.com)

**Aspen:** 231 Midland Avenue, Suite 204  
Basalt Colorado 80120  
970.927.1400 voice, 970.927.3955 fax  
Steve Rittvo: [srittvo@theinnovationgroup.com](mailto:srittvo@theinnovationgroup.com)

**Minneapolis:** 480 W 78th Street, Suite 110  
Chanhassen, Minnesota 55317  
952.906.3831 voice, 952.906.3821 fax  
Joe Witterschein: [joew@theinnovationgroup.com](mailto:joew@theinnovationgroup.com)

**Orlando:** 174 W. Comstock Avenue, Suite 202  
Winter Park, FL 32789  
407.702.6648 voice, 407.702.6748 fax  
Michael Soll: [msoll@theinnovationgroup.com](mailto:msoll@theinnovationgroup.com)

**Costa Rica:** Centro Corporativo Plaza Roble - Escazú  
CDN International Suites, Edificio el Pórtico - 1er Nivel  
San José, Costa Rica  
+506.201.1544 voice, +506.201.1414 fax  
Dino Guiliano: [dguiliano@theinnovationgroup.com](mailto:dguiliano@theinnovationgroup.com)

Gulfport, Mississippi 39503  
228.248.0088 voice, 228.248.0089 fax  
Bob Kelly: [bkelly@innovationpd.com](mailto:bkelly@innovationpd.com)

**New Jersey:** 503 Washington St., #2  
Hoboken, New Jersey 07030  
646.342.5248 voice, 866.864.8885 fax  
Joel Rittvo: [jrittvo@innovationpd.com](mailto:jrittvo@innovationpd.com)

### **Innovation Marketing**

6 North Tejon Street, 4th floor  
Colorado Springs, Colorado 80903  
303.779.3393 voice, 719.473.0754 fax  
Meredith Vaughan: [mvaughan@praco.com](mailto:mvaughan@praco.com)

To be removed from this mailing list, reply to this email with "Remove" typed in the subject line.