

Remarks of Lee Amaitis
President and CEO, Cantor Gaming
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I am Lee Amaitis the President and CEO of Cantor Gaming. First, thank you Chairman Segerblom, Vice Chairman Kihuen, Chairman Frierson, and Vice Chairman Ohrenschall, members of the Senate and Assembly judiciary committees for allowing me to make this presentation to you. As you may know, Cantor Gaming is the gaming affiliate of Cantor Fitzgerald, which is a multi-billion dollar global financial services company. Cantor Gaming was born out of ideas when Cantor Fitzgerald was rebuilding itself from the ashes of its near elimination when Cantor Fitzgerald lost more than two thirds of its entire work force in the terrorist attacks on September 11, 2001. Dedicated people, vision and technology drove Cantor Fitzgerald's recovery and regrowth in the global financial services industry. When we looked at other industries to apply our dedication, vision and technological knowhow, we saw gaming as an industry with many parallels and opportunities for growth. We had a vision that the proper application of technology could simultaneously grow revenue while making management and compliance easier.

Thanks to the cooperation, courage, foresight and hard work of the Nevada Legislature, we have been given the opportunity to bring our vision to life and I believe, despite foreseen and unforeseen challenges, our vision is becoming more real every day.

In 2005, we worked with the Nevada legislature to enact mobile gaming legislation that brought gaming on hand-held devices to the footprint of non-restricted resort hotel casinos. Cantor Gaming believed that the video game generation would be attracted to this type of gaming and that it could bring gaming revenue growth to previously unproductive areas of large Nevada gaming establishments. Today, there are three other licensed mobile gaming operators in addition to Cantor Gaming, including companies such as IGT. Cantor itself operates mobile gaming at 7 resort hotel casinos in Nevada today.

In 2007, again thanks to the hard work of the Nevada legislature, we were able to address issues related to mobile gaming, race & sports and the one licensee rule that paved the way for Cantor to operate as a primary licensee bearing the primary risk of investing in its vision while sharing in

the reward with our resort hotel casino establishment partners as our vision of growth unfolds. Today, Cantor is operating as a non-restricted licensee within 7 major resort hotel casinos in Nevada.

In 2009, we were back before you again to discuss event wagering as another method of growing gaming revenue in Nevada. The idea was novel then and is still novel, but thanks to the willingness of the Legislature to let the market and Nevada's regulatory system govern this form of wagering, the legislation was enacted. This has led to approvals for offering wagers on poker events and air races. We still believe that over time, this will lead to more interesting wagers that will continue to add to the growth of gaming revenue in Nevada.

In 2011, we returned to this body to ask that private gaming laboratories be used to help get product to the Nevada gaming floor faster to grow our business and the industry at large in Nevada. At that time there was significant opposition from those that thought it would hurt jobs in Nevada and would damage Nevada's regulatory prowess in the area of gaming device regulation. For Cantor Gaming, it was a speed to market issue that would benefit the industry as well as Cantor Gaming. Today, two of the world's largest private gaming labs, BMM and GLL have located significant operations in Nevada. As a result Nevada added several hundred high paying technology jobs in Nevada. Ultimately, regulatory oversight has remained vigilant, innovators are again seeing Nevada as a jurisdiction of first choice for new devices, Nevada became a leading international jurisdiction for private gaming labs and we believe all of this is helping to drive growth in Nevada's recovering gaming industry.

While making sports wagering more than an amenity form of wagering was always part of Cantor Gaming's vision, it wasn't until 2009 when the M Resort opened that Cantor Gaming's technology vision for growing race and sports wagering was given its first live operational venue. Cantor Gaming was permitted to be licensed as the race and sports operator at the M Resort based upon its operation of Mobile Gaming at the M Resort. Cantor made a substantial investment in the build out of the book and the technology used by the book at it was wildly popular with patrons. It wasn't long before Cantor Gaming expanded to the Hard Rock, Cosmopolitan, Palms, Silverton, Palazzo, Venetian, and Tropicana Las Vegas. As Cantor Gaming grows and succeeds at each location, so do each of our resort hotel casino partners. It is this

model, along with hub and satellite books in non-restricted locations, that Cantor Gaming seeks to preserve in any legislation discussed from this hearing.

When it comes to the policy discussion before you today, we see this really as a discussion of Race & Sports wagering in Nevada, and how our state can best manage and benefit from such gaming activity, especially in light of today's quickly changing technological environment. As discussed, Cantor Gaming has worked hard to be a leader in this market and we hope our vision and expertise can be a helpful addition to this discussion. Our thoughts and concerns regarding any legislation that may come out of this policy discussion are:

1. Our primary purpose here is to preserve the status quo with regard to Cantor Gaming's ability to obtain and maintain race and sports licenses at non-restricted establishments where it is a mobile gaming operator. We understand there is not any intent on behalf of the NRA to affect this business model, however we want to be careful that any bills enacted this session based on the issues raised in the policy discussion today do not unintentionally affect this business model, which has created rewards not only for Cantor Gaming, but for our non-restricted casino partners and the industry as a whole by contributing to the growth of the race and sports industry in Nevada.
2. With regard to remote race and sports wagering, as you know, this has been offered statewide via the telephone for decades. Today, there are new technologies available to improve this customer experience. This body has already taken steps toward creating a framework for using remote wagering technology for interactive gaming. We suggest that you leverage the work that is being done in this area for race and sports wagering, and consider having remote race and sports wagering be subject to the same account establishment, account funding, geo-location and player verification mechanisms as are used for interactive gaming. I mention this because interactive gaming has been so thoroughly discussed and explored that the State could reap the benefits of this experience twice by using the same standards for forms of remote wagering, namely remote race wagering and remote sports wagering on an intrastate basis.
3. Finally, recently, Cantor Gaming, along with one of our non-restricted casino partners, have been approached by restricted tavern locations to place some type of sports kiosk in their locations. However, Cantor Gaming's discussions have been for devices of limited functionality and no revenue sharing. Additionally, we do not have any kiosks deployed in

such locations at this time. As our partners are resort hotel casinos, and as our culture is one of growth through technology within the boundaries of the law, we understand the difficulty in balancing these competing policies.

To wrap things up: Since entering the gaming industry in Nevada, we have worked through challenges we expected, and many we didn't. We have had successes and we have had disappointments. We have looked to build on our success and learn from our mistakes. Our vision in 2005 is still with us, and although it has required periodic adjustment as we have learned more about gaming as an industry, as we have adapted culturally, and as we have worked to integrate new technologies, I believe our vision is being validated as technology led solutions are stimulating growth while making management and compliance easier.

In the eight years that Cantor Gaming has been in Nevada, we have grown from an idea to having over 400 employees. To date, we have committed over 200 million dollars of our own money, not borrowed or leveraged money, to our projects in Nevada. We have gone from a vision of applying financial style technology to gaming, to developing, and implementing such technology, to growing and breaking a billion dollars in annual sports handle. Mobile gaming has gone from a dream, to a reality in 7 major resort hotel casinos. And we think the best is yet to come, for Cantor Gaming, for the gaming industry, and for the State of Nevada.

Cantor Gaming's vision in 2005 would not have been able to live and grow without the vision, foresight, stamina, courage and hard work of the Nevada Legislature. For all of this, we owe you, the Nevada Legislature, a great deal of thanks.

With that, I am happy to take any questions you have.