



Conversations w/Tino

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Tino Magnatta: Hello and welcome to another episode of GT Radio. Tonight I have a very, very great guest. His name is Matt Olin, CEO of Apache Gaming Enterprises. Hello, Matt. Welcome to the show.

Matt Olin: Hello, thanks.

Tino Magnatta: Really happy that you're able to come on the show tonight. Before the show, we were talking a little bit about emails and communication with your team, and you were telling me that you're able to do a lot remotely with your team. Tell me a little bit about the team and how important that is to doing what you do and making things run the way that they run.

Matt Olin: Well, you know, that's a great question. Especially when you find yourself in today's environment where you're dealing with you know, multiple appointments, meetings, emails, and I think as I mentioned to you just before we came on, I'm averaging about 300 emails a day, and trying to work our way through it. Then if you have multiple properties like we do, yeah, that's always a challenge too, so we've really gotten to the point where we're able to work pretty much remotely from wherever we need to.

At CPN we can remote in. I can log into my work computer from here. I have an office at Apache Gold. I have an office at Apache Sky. We're just able to maintain just constant communication, and now technology's amazing these days.

But also as I said, when it comes to gaming and guest service, and working with team members and employees, and presence on the gaming floor, that's the one thing you can't replace, so that is one thing, being present is critical, but in terms of being able to accomplish work, man, I can get more done some days from my home office than I can from any other office. That's pretty amazing.

It's great technology. I think when we were talking earlier, you said you used to keep a bag of quarters for a pay phone.

Tino Magnatta: Yeah, that's right. So back in the day when I was in the movie business in the '80s, and I think this was even before pagers. I don't know if you remember the pagers. Used to get a beep and then you'd call in.

Matt Olin: I do. Sadly I do.

Tino Magnatta: I used to be on the road, and I'd have to pull over to a phone booth and return my calls if it was something that needed attending, you know? I'd be in a phone booth for like an hour returning calls, putting quarters in. That's all changed. Tell me a little bit about the importance of being on the floor and in touch with what's going on at the casino. How is that so important to your job?

Matt Olin: Well, you know, it's really vital. It's really the thing that keeps you in touch. Most importantly of all of course are your guests. Literally spending time walking the floor, getting to know all of your guests, but certainly of course all your high-value gamers on a personal level, but all gamers. It's important that interaction.

We have a guest service program, and I have had anywhere I go, and I'll steal a line from Steve at Raving. He mastered it, so I can't claim it for myself, but I always say it when I introduce myself. Our guest service program is above and beyond, and my introduction is, "What do we sell in the gaming business?" Of course a lot of people say, "Winning," and different things like that.

The response is, "What we sell is an experience." That experience is the gaming experience. It's got peaks. It's got valleys. It's got ups and downs, and at the end of the day it's about your guests coming in and interacting personally with all of the team members. That includes, it must include the CEO who is on the floor interacting and shaking hands and talking to our guests.

The gaming industry as it exists today really is a guest experience, and I'm sure later on in the conversation we'll go where we think the industry is headed, but for today, the Baby Boomers are what built this growth in gaming, and one of the main reasons they come to the casino is to not just gamble, but to interact with team members and other guests. That's what they do.

Tino Magnatta: Yeah, it's almost like it's a part of their home. Part of the way they go to their friends-

Matt Olin: It really is.

Tino Magnatta: It's an extension of it.

Matt Olin: And let me tell you, I've been in the business almost 30 years, and I can't tell you just how many weddings, bar mitzvahs, and funerals, and you name it that I've been to of our guests because that's what we're there to do. We're there to get to know them and interact. It means a lot to them.

Tino Magnatta: Yeah, and you know, from the sounds of it, you run a very personable staff, so that's pretty important. Tell me a little bit about your background. Where you're born, your parents, tell me a little bit about that.

Matt Olin: Sure, sure. I'm dating myself a bit, so I won't tell you when I was born, I'll just tell you where if that's okay. So I was born in Boulder, Colorado. Spent a good part of my childhood there. My father was an attorney, and he was actually during the time that I was there, he was associate dean and then dean for a brief period of time at the University of Colorado Law School.

I was there until middle school or so, then ended up moving to Southern Colorado. I sort of grew up in a small town in Southern Colorado. Ended up going to college at the University of Southern Colorado, and then back to Boulder where I went to University of Colorado at CU campus.

Tino Magnatta: Oh, that's great. You know, what kind of things were you into as a kid?

Matt Olin: Well, I was active. I was involved in sports. Probably my passion has been martial arts. Heck, I don't remember when, I'd say in my early teens I got involved in Shudokan with an individual in that small town that I grew up in who was a master in Shudokan, and he took me all the way through my black belts. Then as I sort of moved on into different places, I ended up also getting a black belt in Kenpo and then ultimately a black belt in Tai Kwon Do.

My sensei who awarded me my black belt in Tai Kwon Do was Master Kim who was the sensei for the world Tae Kwon Do headquarters, so that was pretty amazing to be able to train under him. But also in high school I was involved in a lot of sports. I actually ended up going to college on athletic scholarships and track and other activities like that.

Tino Magnatta: Yeah, pretty amazing, so competition is in your blood.

Matt Olin: Yeah, I was born with it, man. When it's in your blood, you just got to do it.

Tino Magnatta: You just got to do it. Yeah, great background in the arts. I love the arts too. Love Bruce Lee. Did you have any idea what you would do with your life when you were growing up? Did you have any inkling that you would be in the business? I know you had some early experiences.

Matt Olin: Yeah. You know, it's funny. It'd say I'm like 99% of anyone who has no clue what they're going to do when they grow up, so it seems to me your first reaction is to turn toward what people do around you that's familiar. In my case my dad was a pretty accomplished attorney. My mom was a professor at the university, so my inkling was to pursue my law degree, but I had a lot of experience in hospitality.

I started in the hospitality business in the food and beverage industry when I was 12 years old. I'm sure I'll bore your audience, but when I was 12 I got a job at a local restaurant peeling potatoes. By the time I was 21, amazingly, I owned and operated that restaurant, so I love food and beverage-

Tino Magnatta: Wow.

Matt Olin: Yeah, it was just the luck of the draw. It was a really nice steakhouse, and loved doing it. I worked the line and just did all the prep work, so it was kind of interesting. My goal at that time was law school, and my dad, I don't know why,

but he said, "Nah, they're turning out attorneys a dime a dozen. You don't want to do that. Go into something else."

Tino Magnatta: Wow.

Matt Olin: Yeah, I ended up getting into gaming just by chance, just by investment. I'll fill you in here in just a bit, but it ended up that I was an investor in different types of businesses, and we ended up investing in small town buildings in rural communities in Colorado and got involved in that whole constitutional amendment.

Tino Magnatta: Wow, that's incredible. It's cool.

Matt Olin: Never thought I'd be in gaming.

Tino Magnatta: How'd it all happen?

Matt Olin: Well you know, again, as I think I explained I was kind of in the hospitality business, also kind of a young entrepreneur. With family we owned some construction businesses and a few other things, and we ended up again, with family initially with ownership in Central City, Colorado, and in the last '80s, probably most people on the phone will have no clue what I'm talking about, but in the late '80s there was an initiative in Colorado to do something very similar what had happened in North Dakota in terms of limited-stakes gaming.

Folks in Central City, Colorado and Cripple Creek, Colorado were passing around petitions to amend the state constitution to allow limited-stakes gaming, and I was a big part of that, got deeply involved in it, and we ended up investing and raising money to get signatures on petition to amend the state's constitution. We're actually fortunately successful at it.

One kind of funny story, I'll keep it brief, but the Cripple Creek group that was circulating petitions, and the Central City group both were spending pretty much all the money they had, and we'd all kind of run out of money. We weren't quite there yet, so we all got together and said, "Well, we need about \$5,000 to bring this thing home, and to get it out to the ballot." We all talked and talked for a bit and we said, "You know, the only person I know who's got \$5,000 to spare is the owner of the Black Forest Inn down in Black Hawk," and so we went down and met with the owner, and he said, "Yeah, I'll put it up." He said, "But you've got to include Black Hawk in the gaming district."

Now, I don't know how many people are familiar with the Colorado area, but now Black Hawk dominates everything. At the time that I talked with, it was just something you drove through on the way to Central City. So we got it on the ballot and we got it passed. Then with partners, we owned and operated three casinos in Colorado, the first one which opened on October 1, 1991, opening day. We were the third casino in the state to open.

Tino Magnatta: Wow. Tell us a little bit about what it was like back then to be involved in something like that.

Matt Olin: You know, it was amazing. Again, I was a kid. I was, heck, in my late 20s, and brand new to the industry, and you know, fortunate enough and blessed enough to be a partner and an owner in...

Our first casino was fairly small, but I didn't know anything about gaming. I was smart enough... When I say, "I, I, I," me with family and other investors found partners who knew a little something about gaming, and then I spent my first year and a half or so just learning the business. It was probably the funnest time I've ever had.

I literally worked every single job in the casino, whether it was dealing or cage or count and drop or bartending or housekeeping. I worked every job for two or three months just to learn it from the ground up, and that's how I broke into the business, just learning what I was doing there and ultimately ended up opening the second larger casino, also in Central City.

I had the first option to purchase a spot of land that is now the Lodge Casino in Black Hawk, but I ended up in a conflict with my partners, and we ended up opening one in Cripple Creek, so I lost my option unfortunately. I wish I still had that one back, but we opened the one in Cripple Creek, and in 1993 we took that public on NASDAQ and did quite well trading at 20 times earnings, and ended up in a reverse triangular mortgage, sorry reverse triangular merger with Century Casinos.

They ended up buying out that property, and Century's still there. It's now Legends Womacks, and they're still trading on NASDAQ believe it or not.

Tino Magnatta: Wow.

Matt Olin: When we merged with Century in 1994, we were trading at \$2.50 a share, and now they're trading, I think their symbol is CNTY, they're trading at eight bucks a share.

Tino Magnatta: Wow. Pretty incredible. What a story. Tell me, Matt, a little bit about what were the hardest things that you had to get through when you started learning the casino business, because you came at it in a very different way. You actually were involved in building some of the first casinos in the state. What was that like? What were some of the hardest things that you had to get through?

Matt Olin: Well, you know, I think a lot of it I've already kind of described. A lot of the hardest part was the fact that we were really pioneers, and at that time, even though it was sort of being to be post-IGRA, there really weren't a lot of states that had gaming. I mean, Nevada did and New Jersey, and then there was limited stakes in North Dakota, and now of course in Colorado and some of the

other ones. Obviously the hardest thing is learning the business, but even before then being kind of a young entrepreneur breaking into the business, we were expanding quickly and we formed a LLC and a couple of C-corps.

Probably the biggest part was initially developing, designing, and then more importantly financing in this sort of, at that time, new market, high risk opening casinos. So from basically 1990 to 1993, my primary function was to finance, develop, build, and open three different casinos.

Then, I think in addition to that I had to learn the industry from the ground up. That was a challenge. I think, as I told you, the way I did that was I just forced myself to literally walk a mile in the shoes of all the team members, understand what they did every day so I could really understand not only the business from the ground up, but how best to run and manage the business. That's been a challenge.

But then, you know, as we know, it never ends. Over the last almost 30 years, you have to stay in touch with professional development and best practices, and what's happening in the industry and the newest trends. Even today, new trends in sports betting, mobile betting, internet, competitive e-sports, analytics, so the challenge never ends.

Tino Magnatta: Yeah, I know it continues on.

Matt Olin: Yes, that's it.

Tino Magnatta: Now, you had a relationship with working with George Maloof. Can you tell us a little bit about how that happened, and also tell us a little bit about the man himself.

Matt Olin: Yeah. Again, back in those early days in Central City, the Maloof family came from New Mexico, and you may or may not know, they had not gotten into the gaming business until they entered the business in Colorado, and their first casino that they opened was in Central City, Colorado, just down the street from the two that we owned.

So George and I kind of became friends, and sort of peers. I can't stake claim that I taught him much about the business, but I helped him open his first casino, and kind of showed him what we did. After we sold our casinos, I took a few days off, as in a year or so, and George called me one day and said, "Hey, would you come up and run our casino in Colorado? We're out at Fiesta and kind of focusing on that," so I had the opportunity to spend some time working for George there, and then subsequently ended up going out to Fiesta and helping build The Palms.

In terms of George himself, brilliant guy, great entrepreneur, loved working with him. It was interesting in the days when I was in Colorado because he'd call from

Fiesta, we'd have a call once a week, and George is an interesting guy in terms of a boss because one, we'd kind of been peers, and so we had a lot of mutual respect, but he was still my boss. We had an arrangement where we'd have a phone call every Thursday. He'd call and we'd go through the numbers and how the business was doing. It was so funny because George would be just abrupt and, "This is terrible and these numbers are awful and what are you doing? What the heck's going on out there?" It was a pretty rough five or 10 minute call, and it was always so funny because at the end of the call he'd say, "Okay, Matt, well you're doing a great job. Thanks." Great guy to work for.

Tino Magnatta: That's a great story. I love that one.

Matt Olin: He was funny.

Tino Magnatta: And he did that all the time, right?

Matt Olin: Every Tuesday. Every Tuesday afternoon we had that call.

Tino Magnatta: Well you know what that's called? That's called the Harvard School of Business.

Matt Olin: Yup, there you go. There you go.

Tino Magnatta: A lot of people didn't go to Harvard, but the people who are very successful, they use that methodology. My father was like that too. He'd never give me a compliment, and then at the end he'd go, "Yeah, but you did a pretty good job, but it's not that great."

Matt Olin: Yup. That's George.

Tino Magnatta: Because he always wanted you to do better, right?

Matt Olin: Oh, absolutely. Yeah. Yeah, I don't care how you're doing. You need to do better.

Tino Magnatta: Yeah, yeah, never good enough.

Matt Olin: Great guy and entrepreneur. What he did with The Palms is fascinating when I ended up out there at the Fiesta he brought me out to run Fiesta because he was going to take Ed over to The Palms, Ed Fasulo. I remember in the early days we were all part of the team that built The Palms, George share his concept of how he was going to put it right there across from the Rio, and he was going to get 50% local and 50% Strip, and he was going to dominate that market.

I remember arguing with him saying, "George, Rio's already got that market cornered. You don't have a chance. You're crazy. I don't know why you're doing this." He proved me wrong in every way that could be proven wrong, right? I

mean, The Palms became such a huge success. I credit the man. He has a degree of genius.

Tino Magnatta: Yeah, yeah. The numbers are still like that. During the day it's a locals place, and at night it becomes like a strip place, so that hasn't changed.

Matt Olin: Yeah, yeah. Amazing.

Tino Magnatta: Really hasn't changed. Pretty incredible. Tell me a little bit about what you think were the forces that happened when the crash happened in '08, and kind of broke that whole thing up. What happened there?

Matt Olin: Well you know, of course we all felt '08. So the first thing that happened was '08. You know, I mean up until '08 all of us in the gaming business thought that whether we were in growth markets or depression markets, we all believed that it never really affected gaming, because they never seemed to in the past, but 2008 was different. The impacts on gaming were devastating.

It really hit Vegas and it really hit The Palms, and a lot of other properties. So back to George, they of course went from a majority interest in The Palms and a controlling management lead in The Palms, and pretty much got down to essentially nothing. They were terribly impacted.

I think for them it was a combination of course without a doubt 2008, but I think also they, and a lot of other casinos in Vegas at the time did this too, they got caught up in having too many partners, being over leveraged. They had just invested too much money in that second hotel tower, and the combination between too much debt and too rapid an expansion, and you know, over-leveraging really was sort of the downfall of the Maloof's sort of domination with The Palms.

Of course Palms survived, as did Stations, even though unfortunately all the Stations investors got crushed. Frank and Lorenzo ended up fortunately coming out all right at the end I guess, but same kind of thing. Just rapid expansion and too much debt.

Tino Magnatta: Yup, yup, just the luck of the draw. Tell me a little bit about travel gaming in your first job, and what that was like for you.

Matt Olin: Well, you know, getting into travel gaming as you've heard so far I spent a predominant part of my life either as an owner or in Nevada in corporate gaming. When an opportunity in travel gaming came along, there were a lot of people that I knew in the industry who were saying, "Oh, don't go there. It's not necessarily stable. It can be very political. You need to stay in corporate gaming." I remember in my own mind thinking, sort of chuckling saying, "Really? Corporate gaming's the most political environment I've ever been in." The old joke in Vegas is, "In Vegas it's not what you know, it's who you know."

I ended up getting an opportunity with the Southern Ute Tribe in Four Corner, Colorado, and it was an incredible experience. The Southern Ute Tribe is amazing to work for. They have incredible business acumen. At the time they were the richest tribe in the country. For me the transition was easy. I spent seven years with them and helped them design, develop and build and finance the Sky Ute Casino. It was about a \$200 million project.

We went out to the bond market, and their credit's so good, we were the only casino that I know of in the nation at the time that had a AAA bond rating, and still is AAA.

Tino Magnatta: Wow.

Matt Olin: Yeah. So ensuing tribes that I worked for, same scenario. They're incredible to work for, high professional. The San Carlos Apache Tribe, they have almost 19,000 members. They're greatly diversified, multiple businesses. Really amazing what they're doing. What a great tribe to work for. I'm proud to, and blessed to be able to work for them.

Tino Magnatta: Great project, yeah. Really, really cool. Matt, tell me what it takes to be a great CEO, and maintain that over years.

Matt Olin: Well, you know, that's the recipe. You know, I think first of all what it takes, you've got to have passion for the business. I mean, you've just got to love what you're doing. If you don't love what you're doing, go find something else to do.

In fact, the chairman here at San Carlos Tribe and I talk all the time. We text all the time, and we talk about... He sent me a text the other day that said, "Well, I'm 25/8 like the rest of us." You've got to be passionate. It just never stops. You don't put your phone down whether you know, communicating, whether it's 2:00 a.m. or noon.

But then it takes just dedication. As much as experience as you can possibly get, just in all aspects of the business. Focus, drive, hard work, commitment to leadership, and I think also a real commitment to professional growth and development.

Tino Magnatta: Yeah, that's really the... And the team, right?

Matt Olin: Well, yeah. So that's the next step, right? So there's that, but then you really as a leader you've got a team, and of course your team includes your executive team and the people you get around you in getting the best and the brightest that you can around you in challenging them.

Also, again, and this sort of goes back to the early part of the conversation, about developing the organization as a team meaning you've got to empower your team members, the people out there every day, those line-level people

who are working so hard and interacting with your guests and making sure that you're communicating with them, holding regular meetings with your team members, and working collaboratively. Getting the executive team involved, making decisions as a group. At the end of the day, you're only as good as the team that, frankly, you're blessed to work with.

You've got to have a commitment to them to keep them involved and engaged, and hearing what they have to say, and spending time with line-level team members and having regular meetings with not only line-level, but executive team members in a very collaborative environment where no decision, no critical decision for the organization goes without input from everybody.

Frankly, I love dissension. I don't like when everybody agrees on anything, so I like team members who are going to step up and tell me I'm wrong.

Tino Magnatta: What is your advice to younger people coming up into the business?

Matt Olin: You know, I would say you've got to be hungry to learn. I mean, you've really got to be hungry to take on this industry and you've got to work hard. You've got to challenge yourself. Don't be afraid to take on new challenges. Don't get too stuck in one position. Get out and try different things. And then don't be afraid to get in front of your boss and show him what your ideas are and how you can exceed and excel in certain areas.

And then, as with everything, if you really want to stay ahead of things since you're young and you want to move up, be forward thinking. If we all think today that the gaming industry is just brick and mortar and slot machines, anybody who thinks that, the industry already left them behind. The future of this industry is no longer that to a large degree. It's things that we're only just now thinking of, like mobile gaming and application-based gaming, and mobile sports.

The big thing now as we all know is competitive e-sports. You know if you're young and you're getting into the industry, stay a step ahead. Don't think that where it is today is where it will be five years from now.

Tino Magnatta: What do you think of all the proliferation of gaming that's happened especially within the last five years, and how is that going to affect our industry? Are we looking at a bubble? Because if you look at the numbers of casinos in the amount of money that's been spent on expansions that are still being spent, is it too excessive?

Matt Olin: You know, certainly I think that brick and mortar gaming still has a place, and certainly opportunities in certain markets to continue to expand, particularly in major metro markets, but my personal opinion is the gaming industry's evolving like all other industries evolve. I think we all know that in this industry, brick and mortar gaming has really been, again, primarily that of the Baby Boomer

generation, but we're coming into an age where Gen Xers and Millennials, that's just not their thing. They don't really do the, "Let's go into the casino and pull a handle on a slot machine."

Now, I mean many of them will, and some larger metro casinos are kind of reinventing things like doing the Saturday night bingo parties and things like that, but the industry's at risk, and as it is today it's going to have to reinvent itself. I think that probably comes down to just some of the things we just talked about, that well, I don't think brick and mortar will ever go away. I think it's going to have to look towards things that will attract the next few generations, which again, could be... Well, we certainly know it's mobile gaming. That's a huge industry. Within the casinos, we certainly know it might be micro-tracking gaming, application-based gaming, and fantasy sports is still huge. Of course now competitive e-sports. So the industry's got some work ahead of it.

If we think we're just going to settle in, keep on expanding existing casinos, I don't think that's where it's at. I mean, Vegas is a great lesson where... The Strip, even today after 2008 from a gaming perspective is still losing money. The money they're making is on tourism and hotel rooms and destination travel and food and beverage. They're not making it, even now, on the gaming floor.

Tino Magnatta: Yeah, it's been a silent shift you know, somewhere in the line of 75/25, 75 in the gaming and 25% on the gambling, correct?

Matt Olin: Right, yeah. Yeah, that's right. I think that's working its way out. You know, as we know on travel gaming now, travel gaming has just, thanks to IGRA, taken such a massive share of gaming across the nation. For travel gaming, it's not quite the same scenario as the Strip, but if we all don't realize that's where we're headed then we're crazy.

You know, we in travel gaming are going to have to come to the realization that the gaming industry is really going to have to reinvent itself to really start looking at the next generations going forward, and how are we going to attract and appeal to those generations, and how do we change as an industry? It's an interesting time.

Tino Magnatta: So are we being threatened also by other entertainment, concerts, theaters, movies? And how do we stay ahead of that?

Matt Olin: Yup. Great point. At the end of the day we're all fighting for disposable dollars. That's exactly right that not only are we threatened by other casinos and other gaming opportunities, most of which now as we know are all mobile and online, and many of them sadly as we know are illegal unfortunately, because the industry hasn't kept up with internet, intranet, and mobile gaming, so there's a lot of that that we're competing with, but yeah, we're competing with all disposable dollars.

We're competing with going to the ballgame, and as we said, one of the biggies is competitive e-sports. I think we just heard about a young man playing a video game that won three million, so that's a huge industry in and of itself.

That's something as an industry we always have to realize is the only scraps we get are those of disposable dollars, whether they're going out to dinner or going to play a slot machine.

Tino Magnatta: Yeah, yeah, it's all disposable. Is understanding data what sets you apart from the competitors?

Matt Olin: Well, you know, certainly in our current world, I think that our industry's evolved so much that probably the biggest... Where I spent most of my time is in analytics. What I mean by spending a lot of my time in analytics is the old fashioned types of analytics was just sort of combing through your active player database and sending out offers as a percentage of reinvestment, and not really understanding, not really diving deep into understanding the data, the power of the data you have in what you do, particularly yes, in your active player database, but also through other resources.

To me, I have begun to focus a huge amount of my time on higher level analytics, and marrying the different types of analytics between financial analysis, slot analytics, and marketing analytics in a way that you can really drill down into the active player database and be most effective in things like let's take market segmentation modeling.

Most casinos have these crazy models about how they segment their different markets in the active player database for reinvestment focuses. They'll do things like \$25 at a time or whatever. We're at a point where we're much more advanced and we're using algorithms to really define the segmentation modelings from a market perspective to put the highest density of population in each segment closest to the mean.

But we also marry that with slot analytics, so starting to really use pretty high level algorithms to customer-tailor your slot product on your gaming floor in a way that matches the habits, likes, and desires of those active players in your particular market. Those kind of take some interesting algorithms too to just track the habits and behaviors of your gamers as you bring in new machines and involve your gaming floor to really understand what manufacturer types of games, what denomination types of games, and other components of games that your market, your current gamers tend to migrate to.

It's gone from sort of some rudimentary low level, you know, we kind of think we understand analytics to some really some very high level algorithms that now more and more can help you put the best gaming product on the floor, gets you the best segmentation modeling, and gets you at the exact perfect reinvestment rate based on all of that data.

Now, beyond that, how do you talk to your uncarded gamers? Now more and more we're starting to look at ways where we're able to extract that data from within the casino and from externally, where we can not only start customizing our analytics to our active player database, but we can actually start taking a very close careful look at our uncarded gamers. That's some kind of breakthrough stuff that we're really having a lot of success with.

Tino Magnatta: That's great stuff. This has been fantastic. Should we take some calls?

Matt Olin: Yeah, that'd be great.

Tino Magnatta: Okay, great. Hello, this is Tino Magnatta, do you have a question for Matt?

Nick: Good evening, guys. It's awesome here. How's it going, Matt?

Matt Olin: Great. How about you?

Nick: Great, great. You definitely have a unique background. I don't know of anybody who started off as an investor and then became an operator. That's definitely a unique-

Matt Olin: Yeah, I-

Nick: Go ahead.

Matt Olin: I started at the other end of the spectrum, didn't I?

Nick: You did. You did. Normally it's the exact opposite. I won't take that much time because you had a fantastic outline of your experience and your career. One question I have is what are some of the rules that you have when you're looking at building a new property?

Matt Olin: Wow. All good. That's actually a great question for such a very short, simple one. So, obviously the first rule of thumb when you're building a new property, and I've had the good or bad fortune depending on how you look at it at designing, developing, financing, building and opening seven new casinos over my career, so I certainly learned through experience.

Of course it goes without saying that the first rule is that you have to have a feasibility study that you have belief in and you can rely on, obviously based on gravity, modeling, and what the true potential market for whatever facility is that you're going to build. I've got to be candid with you, there's a lot of great folks out there who do that. I won't name names, and there's a lot who aren't so great, and so when you get a good feasibility study, go get a sanity check and get another one. That's the first part, because the key is you want to design and develop a property in the right market that fits the market, and so many times people way overbuild their facilities. That's a giant problem, and I've seen it

countless times that the feasibility studies were unreliable or you know, the operators wanted to go way beyond what would be a reasonable scope in terms of building that facility.

That's the first part, understanding your market, understanding what the potential for the market is, understanding what the correct amenities are for that market. That should all be part of the research and the development of what the facility's going to look at.

From there you get into all kinds of real specific things that you have to evaluate from a development perspective, which includes, not the least of which is site and location, access, and then I see, beyond that there's all kinds of things where people make terrible mistakes, including not understanding the environment in which they're building and developing and constructing a casino.

I hope I answered your question, but I think the bottom line is it really comes down to you've got to start with the right model. You've got to really know your market. You've got to be very careful not to overbuild. If anything, build in phases.

Nick:

Yeah, that was great. Selfishly I've focused on in the construction side, the maintain of the build versus the cost of construction, because you spend extra money on building a hotel room a certain way or a floor the certain way and it takes longer to clean it and more money to maintain over time. Your capital expense is actually eaten up over a period of time if you haven't thought about how you're going to maintain that building once it's open.

Matt Olin:

You know, and that's a great point too and I didn't really get into that, but you know you've got a really good point in terms of ergonomics and efficiency of the facility, and focusing on the actual construction component of it and the design of the building, in terms of efficiencies of operation and even also during development, how you can more effectively value engineer and efficiently build it.

There's even things like the last facility I was involved in opening, simple mistakes were made as part of the construction where they didn't do a geo tech before they started moving dirt, and they failed to do a hydrological study, and it ended up in a nightmare in terms of site development and access to water. I really like your approach of okay, once you've made the decision to build, how are you going to design that facility in a way that's really ergonomic, that can really minimize operational costs and maximize revenue. That's interesting you point that out.

Nick:

No, great. Absolutely. Thank you for entertaining me. I'm not sure you want to talk about that, but I was happy to hear you do it. Thank you.

Tino Magnatta: Great answers. Great questions. Thanks, Nick. Appreciate it. Have a good night. Great questions.

All right, let's go to the next one here. Hello, this is Tino Magnatta. Do you have a question for Matt?

Michael Kahn: Aloha, Matt. Aloha, Tino. This is Michael Kahn. How are you today?

Matt Olin: Great. Aloha.

Michael Kahn: Aloha.

Tino Magnatta: Very good. Aloha.

Matt Olin: Are you calling from Hawaii today?

Michael Kahn: Not today unfortunately. I'm calling from the great state of Ohio today, but I am from Hawaii. So, Matt, you've gotten some great points. You know, one of the things, you get a guy with your kind of background, what was the first thing that you kind of realized once you transitioned into operations that you realized that they aren't BSing you in terms of to an investor, right? You're like, "Wow, they really meant what they said the first time I made that transition and understand the challenges."

Matt Olin: Yeah, that's a good point. Yeah, because as you know before I wasn't an operator, I was an investor. That's how I opened casinos. Man, when was that point that I realized it? I came to the realization that the folks that were pitching the development and the operators were fairly substantially overstating the potential upside of the operation, and understating the challenges and the risks involved in keeping the operation profitable and successful, and what the potential downsides were to the investments.

I learned that early in the '90s when my partners and I opened casinos and the partners were the experts. When we first opened, everything that they said worked well. The facility was... We were printing money it was doing so well. But they way underestimated the challenges that were coming, the competitive nature of the environment, the operational challenges that we were going to be facing. We ended up going through a period of time where... A lot of people don't realize that casinos can lose money, but let me tell you what, they can lose money.

As an investor, I was writing checks to keep the doors open for many, many months until I finally ended up having to take over operations. I hope I'm answering your question, but as an investor in the gaming industry, it's easy to get pulled in to operators and developers who number one, don't understand their challenges, and number two, greatly overstate the potential upside to what you're getting yourself into.

Michael Kahn: No, I think you hit the nail on the head there. Certainly just kind of seeing that realization. You know, they're always trying to sell the sizzle, not necessarily the steak, for getting that investment money, but I think it's fantastic that you got that there so, obviously being an operator now probably makes you a better investor.

I think one of the things as a CEO, you're probably looking to invest time in your biggest resources, which is your team members. So how do you identify your high potential team members, and what do you do to kind of really develop them?

Matt Olin: Yeah, that's a really good question too. I love to develop what I call KPIs, and I like to develop recognition reward programs that are based on key performance indicators at all levels, line level employees. When I have employees who excel, when they're performing, I want to make it measurable. I want to understand it. I want to be able to recognize and identify sort of rock stars within the organization.

I also develop what I called career development programs. When we have individuals who are committed and devoted and out there and performing, that number one we have ways to understand that. In my view, my feeling in management is if you can't measure it, you can't manage it, so I'd look for ways to identify when team members, managers, directors, whomever they are, are really excelling. How do I see that and how do I identify it?

In almost every organization I've been in, I develop a bonus program and a recognition program based on a balanced scorecard that uses those key performance indicators, and really, as a result recognizes the focused, hardworking, dedicated team members and gives them those types of rewards, but then also couples that with a career development program that helps get them on a new career track where they actually can meet with a career development counselor. We can find ways to move them into the next levels.

We do that for tribal members, but we also do it for non-tribal members including paying for education and other types of things that we can help them kind of advance their careers and bring them to the top. One of the things I always say to my managers and directors is, "Who do you spend most of your time with? Your top performers or your weakest team members?" Not that we don't already know the answer to that. They spend 90% of their time with the weakest team members and they ignore their top performers.

What I try to impress upon them is reverse that model. Don't waste your time on your weakest team members. Spend time with them. Try to develop them. Coach them. Mentor them. But at some point move on and focus on your top performers. That's where your future is, and that's where their future is. That's one of management's weakest problems. They spend their time in the weeds dealing with difficult employees.

Tino Magnatta: Yeah. Good point. It's a waste of time.

Michael Kahn: That's a true statement and good points. Hey, just one more, as an investor obviously I think it comes down, and as a business operator, it's all about those margins, right? How do you now as you've moved around, and you've probably seen the different margins the different properties operate on, how do you go for that efficiency model where you're going to get the best you can for that particular property in terms of margins?

Matt Olin: Cool question. So, number one, I love your point. It's all in the margins. When I put together performance measurement matrix and KPIs, I use common size statements. I do not use financial statements. I'm sure everybody knows that common size are margin statements. Most organizations have limited control over the actual dollar size of revenues from time to time, and season to season, they have some, but it's limited. But what they do have control over are the margins.

Everything that I reward and recognize is based in the margins in common size statements, and I benchmark. There's a lot of tools out there to benchmark, so believe me I'm not trying to plug, but I'll only plug it because it's one of the better tools if it's all right to do this, I use the Joseph Eve Cost of Doing Business Annual Statements because they benchmark industry to industry. I challenge my organization to meet and exceed industry benchmarks based on the margins, based on common size statements from the Eve Report.

I actually have graphs and reports where I can dollar for dollar match our expenses, our labor margins, our cost of goods sold margins, our operational efficiencies, even some pretty high level data in terms of time on device, you know, dollar value and size of active player databases and different things like that, but as an investor in terms of deliveries to you, if I'm the operator and you're the investor, I better benchmark and I better be able to prove that we're at or better than industry standard.

Tino Magnatta: Great stuff.

Michael Kahn: That's fantastic. You're really hitting all the key focuses there. It was a pleasure to talk to you sir, and hopefully one day I'll get to meet you at the GTE or something. Good luck to you. Continued success, and you guys have a good night.

Matt Olin: Yeah, you too.

Tino Magnatta: Thank you so much. Thanks for calling in.

Michael Kahn: Aloha.

Tino Magnatta: Aloha. Matt-

Matt Olin: Yeah, aloha. By the way I used to own a condo on the Big Island.

Tino Magnatta: Oh, really? I like the Big Island. Whereabouts? Kona or...

Matt Olin: You know what? I had a condo on Waikoloa on the golf course there for... I bought it in '99 and sold it in 2005, so miss doing that.

Tino Magnatta: Wow. I like the Big Island. I like the Big Island. Big Island's cool.

Matt Olin: Yeah, my favorite island.

Tino Magnatta: Yeah, yeah. There's that town that The Rock is from, Dwayne Johnson. Hilo.

Matt Olin: Oh yeah.

Tino Magnatta: Yeah. There's no tourism. It's all Hawaiian up there. It's pretty cool. Matt, we've run out of time. It's been a great interview. I really appreciate you coming on the show. I'm looking forward for you to come back on. You said some incredible stuff. We've gotten some incredible feedback. Thanks for coming on tonight.

Matt Olin: Oh, I appreciate it. Thanks for having me on.

Tino Magnatta: No problem. You have a good night, and continued success to you.

Matt Olin: Yup. You as well. Thank you.

Tino Magnatta: Thanks, buddy. Bye bye.

That was great. Matt had some amazing insight, especially because he started as a casino owner and then transitioned into a casino operator. So September 16th I have Jess Martinelli from The D. That's Monday, September 16th and it's going to be fantastic. Great speaker. Wait till you hear his stories. Really, really cool and funny.

Remember, everybody's got a story to tell. You just have to have time to listen. You all have a good evening, and I'll talk to you soon. Bye.

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