

ALLIANCE GAMING CORP
Form 10-K/A
October 28, 2004

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K/A-1

Amendment No. 1 to Form 10-K

**ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2004

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 (No Fee Required)**

For the transition period from to .

Commission File Number 0-4281

ALLIANCE GAMING CORPORATION

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of
incorporation or organization)

88-0104066

(I.R.S. Employer
Identification No.)

6601 S. Bermuda Rd. Las Vegas, Nevada 89119

(Address of principal executive offices)

Registrant s telephone number: (702) 270-7600

Registrant s website: www.alliancegaming.com

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$0.10 par value

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in the Exchange Act Rule 12b-2).

Yes No

The aggregate market value of the common equity held by non-affiliates of the registrant was approximately \$457,627,900 as of October 27, 2004.

The number of shares of Common Stock, \$0.10 par value, outstanding as of October 27, 2004, according to the records of registrant's registrar and transfer agent, was 51,043,670.

DOCUMENTS INCORPORATED BY REFERENCE

None.

General

Alliance Gaming Corporation (Alliance , the Company or the Registrant) hereby amends its Annual Report on Form 10-K for the fiscal year ended June 30, 2004 by (i) deleting its responses to Items 10-13 contained in its original filing and replacing them with the following Items 10-13 and (ii) adding certain exhibits to be filed in accordance with Item 15.

PART III

ITEM 10.

DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

ITEM 10.

DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT4

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The following tables and accompanying information sets forth the names of, and certain information with respect to, each of the directors, executive officers and other significant employees of the Company.

Name	Age	Position with the Company
Richard Hadrill	51	Director and Chief Executive Officer(1)
David Robbins	45	Director, Chairman of the Board of Directors
Jacques André	67	Director
Anthony DiCesare	42	Director
Joel Kirschbaum	53	Director
Kevin Verner	46	Director
Robert Saxton	51	Executive Vice President, Treasurer and Chief Financial Officer
Mark Lerner	55	Senior Vice President for Law and Government, General Counsel and Secretary
Steven Des Champs	39	Senior Vice President Finance and Chief Accounting Officer
Robert Miodunski	53	Consultant (2)

(1) Mr. Hadrill became Chief Executive Officer of the Company effective as of October 1, 2004.

(2) Mr. Miodunski was previously the Company's President and Chief Executive Officer and a director of the Company, but resigned effective as of September 30, 2004. He is remaining with the Company until December 31, 2004, in order to assist in the transition to Mr. Hadrill as the new Chief Executive Officer of the Company. Commencing January 1, 2005, Mr. Miodunski will be retained by the Company as a consultant.

The Company's bylaws provide that the Board of Directors shall consist of no fewer than three nor more than nine directors, with the exact number to be fixed by the Board of Directors. The Company's bylaws provide that the Board of Directors shall be divided into three classes as nearly equal in number as possible, with each class having a term of three years. The Board of Directors has fixed the number of directors at seven, of which six positions are filled. The resignation of Mr. Miodunski from the Board of Directors effective as of September 30, 2004 has created a vacancy, and the directors are in active discussions with qualified candidates for the position. See Meetings of the Board of Directors; Committees for additional information.

The following table sets forth the term of each director and committee assignments for the fiscal year ended June 30, 2004, and as of October 27, 2004. See Meetings of the Board of Directors; Committees for additional information.

Director	Director Since	Term Expires	Committee Membership	
			as of June 30, 2004	as of October 27, 2004
Jacques André	1996	2004	(1)(3)	(1)(2)(3)
Richard Hadrill	2003	2004	(1)(3)	None.
Anthony DiCesare	1994	2005	(2)	None.
Joel Kirschbaum	1994	2005	(2)(3)	None.
Kevin Verner	2001	2005	(1)(3)	(1)(2)(3)
David Robbins	1997	2006	(1)(2)(3)	(1)(2)(3)

(1) Member of the Audit Committee.

(2) Member of the Nominating and Corporate Governance Committee.

(3) Member of the Compensation Committee.

Director, Executive Officer and Other Significant Employee Biographies

Richard Haddrill was appointed a director in April 2003 and effective October 1, 2004, was appointed Chief Executive Officer of the Company. Prior to becoming Chief Executive Officer of the Company, Mr. Haddrill was the President and Chief Executive Officer and board member of Manhattan Associates, a leading supply chain software company. Prior to joining Manhattan Associates, Haddrill was President, Chief Executive Officer and a board member of Powerhouse Technologies. He joined Powerhouse in 1994 as Executive Vice President and was promoted to President and CEO in 1996. From 1992 to 1994, Haddrill was based in Paris, France, as President of computer software company KnowledgeWare's international subsidiaries, which included responsibility for 24 offices on three continents. Mr. Haddrill also held key leadership positions with the accounting firm Ernst & Young from 1975 until 1991. Mr. Haddrill is also the President of Bally Gaming, a subsidiary of Alliance. He also serves as Vice-Chairman of Manhattan Associates and is on the boards of Danka Business Products and Outlooksoft.

David Robbins served as a director from July 1994 to September 1997 and as Chairman of the Board of Directors of the Company from February 1997 to September 1997. In December 1997 he was again elected to the Board of Directors and since that time has served as Chairman of the Board. Mr. Robbins is a certified public accountant and since 1984 has been a practicing attorney, and from September 1995 to the present has been with Reitler Brown LLC, where he was formerly a partner and is presently of counsel. Mr. Robbins is also a private investor and investment manager and has since October 2001 served on the board of directors of Medisys plc, a U.K. public company.

Jacques André was appointed a director in August 1996. Since October 2002, Mr. André has been a Vice President of A.T. Kearney Executive Search. Mr. André was a partner with Ray & Berndtson, Inc., an international executive search firm, from 1975 until September 2002.

Anthony DiCesare was appointed a director in July 1994. Mr. DiCesare was employed by Kirkland Investment Corporation (KIC), which was the sole general partner of Kirkland Ft. Worth Investment Partners, L.P. (KFW), from April 1991 to July 1994. Mr. DiCesare served as Executive Vice President-Development of the Company from July 1994 through June 1997. Mr. DiCesare's principal occupation since June 1997 has been as a private investor.

Joel Kirschbaum was appointed a director in July 1994 and served as Chairman of the Board of Directors of the Company from July 1994 to March 1995. Mr. Kirschbaum is the sole stockholder, director, and officer of KIC. He has been engaged in operating the businesses of KIC and KFW since January 1991 when KIC and KFW were established, and of GSA, Inc., the general partner of Gaming Systems Advisors, L.P., since June 1993. Prior to that time, he worked at Goldman, Sachs & Co. for thirteen years, during the last six of which he was a General Partner. When he established KIC and KFW, Mr. Kirschbaum resigned his general partnership interest in Goldman, Sachs & Co. and became a limited partner. Mr. Kirschbaum resigned his limited partnership interest in Goldman, Sachs & Co. in November 1993.

Kevin Verner was appointed as a director in April 2001. From 1997 to 2000, Mr. Verner held various positions with WMS Industries, Inc. and WMS Gaming, the last of which was Chief Operating Officer. Prior to his employment at WMS, Mr. Verner was Vice President of New Business Development at R.J. Reynolds Tobacco Co., where he held various marketing and senior management positions for sixteen years. Mr. Verner is currently chief executive officer of Cognitive Learning Systems, Inc. and a CEO Advisor for Alpha Capital Fund III.

Robert Saxton was appointed Chief Financial Officer and Treasurer in March 2000 and Executive Vice President in December 2003. Mr. Saxton joined the Company in 1982 as controller. He became a Vice President of United Coin Machine Co., a subsidiary of Alliance, in 1987 and was elected Vice President Casino Operations for Alliance in December 1993, and Senior Vice President Casino Group in June 1996. Mr. Saxton also serves as President of Rainbow, a subsidiary of Alliance. Mr. Saxton received a dual B.S. from the University of Nevada, Las Vegas, and is a certified public accountant in Nevada.

Mark Lerner was appointed Senior Vice President for Law and Government, General Counsel, and Secretary in August 2000. Mr. Lerner joined the Company in 1996 as assistant general counsel. Prior to his employment at the Company, Mr. Lerner was general counsel for Becker Gaming, Inc. from 1994 to 1996; was a partner with Jones, Jones, Close & Brown (now Jones Vargas), a Las Vegas law firm, from 1987 to 1994; and was deputy attorney general for the Nevada Gaming Commission and the State Gaming Control Board from 1983 to 1987.

Steven Des Champs re-joined the Company in February 2000 as Vice President Finance and was promoted to Senior Vice President and Chief Accounting Officer in August 2000. Mr. Des Champs was previously employed by the Company as Director of Finance from October 1995 to November 1998. From December 1998 to January 2000, Mr. Des Champs was the Chief Financial Officer for PDS Gaming, a provider of lease financing for the gaming industry. Prior to joining Alliance, Mr. Des Champs worked for the accounting firm of KPMG from 1988 to 1995. Mr. Des Champs is a certified public accountant in Nevada.

Robert Miodunski joined Alliance in March 1994 and held various positions including Chief Executive Officer from April 2001 and a member of the Board of Directors until he resigned from both positions effective September 30, 2004. From January 1991 to March 1994, Mr. Miodunski was President of Mulholland-Harper Company, a sign manufacturing and service company. From 1984 through 1990, Mr. Miodunski held various positions with Federal Signal Company, the last of which was Vice President and General Manager of the Midwest Region of the Sign Group.

Meetings of the Board of Directors; Committees

During the fiscal year ended June 30, 2004, the Board of Directors held ten meetings. Each director attended at least 75 percent of the aggregate of all meetings of the Board of Directors and of all committees on which such person served during such period. In addition, the Board of Directors has affirmatively determined that Messrs. André, Robbins and Verner are independent directors under the New York Stock Exchange (the NYSE) listing standards. The Board of Directors is currently in discussions with qualified candidates, who meet the NYSE listing standards for independence, to join the Board of Directors.

Audit Committee. The Audit Committee of the Board of Directors was comprised of Messrs. André, Hadrill, Robbins (Chairman), and Verner for the fiscal year ended June 30, 2004. Effective October 27, 2004, the Audit Committee is comprised of Messrs. André, Robbins and Verner. The functions of the Audit Committee include reviewing, engaging or re-engaging an independent accounting firm to audit the Company's financial statements for the then-current fiscal year; reviewing and determining the policies and procedures of the Company and management in maintaining the Company's books and records and furnishing information necessary to the independent auditors; reviewing and determining the adequacy and implementation of the Company's internal controls, including the internal audit function and the adequacy and competency of the related personnel; and reviewing and determining such other matters relating to the Company's financial affairs and accounts as the Audit Committee may in its discretion deem desirable. The Audit Committee met seven times during the fiscal year ended June 30, 2004.

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The Audit Committee is governed by a charter which is attached as Exhibit 99.1 to this Annual Report. The Board of Directors has affirmatively determined that Messrs. André, Robbins and Verner meet the independence standards of Section 303.01(B)(2)(a) and (3) and 303A.02 of the NYSE listing standards and are financially literate, as required by Section 303A.07(a) of the NYSE listing standards, as such qualification is interpreted by the Company's Board of Directors in its business judgment. In addition, the Board of Directors has determined that Mr. Robbins is an audit committee financial expert, pursuant to Item 401(h) of Regulation S-K. The Board of Directors made this determination based on Mr. Robbins' qualifications and business experience, as briefly described above under Director and Executive Officer Biographies.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee of the Board of Directors was comprised of Messrs. DiCesare, Kirschbaum (Chairman) and Robbins for the fiscal year ended June 30, 2004. Effective October 27, 2004, the Nominating and Corporate Governance Committee is comprised of Messrs. André, Robbins and Verner. This Committee advises and makes recommendations to the Board of Directors on all matters concerning the selection of candidates as nominees for election as directors. The Nominating and Corporate Governance Committee met once during the fiscal year ended June 30, 2004; however, board of director nominations were approved by unanimous written consent of the Nominating and Corporate Governance Committee

and subsequently approved for submission to a vote of the shareholders by unanimous vote of the full board. The Nominating and Corporate Governance Committee will in the future consider nominees recommended by stockholders. Stockholders should submit the names of proposed nominees in writing attention of the Corporate Secretary, Alliance Gaming Corporation, 6601 South Bermuda Road, Las Vegas, Nevada 89119, along with appropriate background information. The Nominating and Corporate Governance Committee is governed by a charter which is attached as Exhibit 99.2 to this Annual Report.

Compensation Committee. The Compensation Committee of the Board of Directors was comprised of Messrs. André, Haddrill, Kirschbaum, Robbins, and Verner (Chairman) for the fiscal year ended June 30, 2004. Effective October 27, 2004, the Compensation Committee is comprised of Messrs. André, Robbins and Verner. This Committee makes recommendations concerning the compensation of the Company's executive officers and other employees. The Compensation Committee met six times during the fiscal year ended June 30, 2004. The Compensation Committee is governed by a charter which is attached as Exhibit 99.3 to this Annual Report.

Office of the Chairman. The Office of the Chairman was formed on June 30, 2004, to oversee the transition and management succession from Mr. Miodunski to Mr. Haddrill. The Office of the Chairman consists of Messrs. Robbins, Kirschbaum and Haddrill. In addition, Mr. Miodunski will meet with and advise the Office of the Chairman on transition and management succession issues.

Compliance with Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act of 1934 (the Exchange Act) requires the Company's directors and executive officers and persons who own more than 10 percent of a registered class of the Company's equity securities (Insiders) to file with the Securities and Exchange Commission (the SEC) initial reports of ownership and reports of changes in ownership of the Company's Common Stock. Insiders are required by the Commission's regulations to furnish the Company with copies of all Section 16(a) reports filed by such persons. To the Company's knowledge, based on its review of the copies of such reports furnished to the Company during the fiscal year ended June 30, 2004, all Section 16(a) filing requirements applicable to Insiders were complied with.

Code of Ethics

The Company has adopted a code of ethics and business conduct (the Code of Ethics) for chief executive, chief financial and principal accounting officers and for members of its Board of Directors. The Code of Ethics is attached to this Annual Report as Exhibit 14. In the event the Company makes any amendment to, or grants any waiver from, a provision of the Code of Ethics that applies to the principal executive officer, principal financial officer or principal accounting officer that requires disclosure under applicable SEC rules, the Company intends to disclose such amendment or waiver and the reasons therefor on its website. The Company undertakes to provide any person without charge a copy of any of the Code of Ethics upon receipt of a written request. Requests should be addressed to: Alliance Gaming Corporation, 6601 South Bermuda Road, Las Vegas, Nevada 89119, Attention: Corporate Secretary.

ITEM 11. EXECUTIVE COMPENSATION

Executive Compensation

The following table sets forth the compensation paid or to be paid by the Company to the Company's chief executive officer and the two other most highly compensated executive officers receiving over \$100,000 per year (the Named Executive Officers) for services rendered in all capacities to the Company during the fiscal year ended June 30, 2004.

Summary Compensation Table *

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Name and Principal Position	Fiscal Year Ended June 30, 2004	Annual Compensation		Other Annual Compensation (2)	Long-Term Compensation Securities Underlying Options/ SARs (3)	All Other Compensation (4)
		Salary	Bonus			
Robert Miodunski (1) President and Chief Executive Officer	2004	\$ 478,846	\$ 465,000		100,000	\$ 6,375
	2003	450,000	522,000		100,000	5,500
	2002	426,923	688,000		100,000	4,759
Robert Saxton (5) Executive Vice President, Treasurer, and Chief Financial Officer	2004	\$ 357,307	\$ 279,240		60,000	2004
	2003	333,000	350,000		50,000	5,700
	2002	313,846	469,000		110,000	5,300
Mark Lerner (6) General Counsel	2004	\$ 232,308	\$ 94,000		25,000	\$ 6,307