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Editor in Chief:

David D. Waddell, Esq.
Phone: 517.507.3859
waddell@rmclegal.com

Senior Gaming Analyst & Editor:

Robert R. Russell, II
Phone: 517.507.3858
russell@rmclegal.com

Reporter

Douglas L. Minke
Phone: 313.221.9380
minke@rmclegal.com

Reporter

Blaine R. DeGracia
Phone: 517.507.3857
degracia@rmclegal.com

Subscription information:
info@michigangaming.com

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RMC Ventures, LLC

University Place Center
333 Albert Ave, Suite 450
East Lansing, MI 48823
Phone: 517.507.3860
Fax: 517.908.0235
www.rmclegal.com

The MICHIGAN GAMING Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR JUNE 2008

The Michigan Gaming Control Board (MGCB) has recently released the June, 2008 total adjusted revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino. Aggregate revenue and taxes for all three Detroit casinos for the month of June 2008 were up by .56% in comparison to the same month last year. Revenue for MGM Grand casino was up by 26.22%, in June 2008, while MotorCity and Greektown casinos were down by 10.01% and 18.47% respectively, in comparison to the same month last year. The figures released by the MGCB are the gross receipts less winnings paid to wagerers.

| Month in 2008 | Total Adjusted Revenue 2008 | | |
|---------------|-----------------------------|-------------------------|-------------------------|
| | MGM Grand Detroit | MotorCity Casino | Greektown Casino |
| January | \$46,637,248.81 | \$39,366,692.84 | \$27,534,937.58 |
| February | \$47,021,788.41 | \$38,326,971.88 | \$26,999,351.20 |
| March | \$50,217,833.17 | \$41,307,354.29 | \$32,230,050.35 |
| April | \$46,864,254.06 | \$40,703,507.79 | \$28,572,470.64 |
| May | \$52,973,612.49 | \$41,948,166.18 | \$28,131,129.20 |
| June | \$48,671,864.67 | \$38,097,328.05 | \$23,227,140.19 |
| Total | \$292,386,601.61 | \$239,750,021.03 | \$166,695,079.16 |

The figures do not include: 1) the State of Michigan share of the wagering tax; 2) the City of Detroit portion of the wagering tax; 3) any fees or other

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relevant city, state or federal taxes; 4) wages and benefits paid to casino employees; and 5) payments to suppliers, service providers or vendors.

For Greektown Casino, the State of Michigan's share of the wagering tax is 12.1% and the City of Detroit's share is 11.9%, for a total tax of 24%. This 24% tax has historically applied to all three Detroit casinos.

MGM Grand Detroit and MotorCity Casino have received a tax base reduction certification as a result of their facilities being declared "fully operational" by the MGCB. These properties are now subject to a wagering tax of 19%, with a 10.9% of this levy to go to the City of Detroit and 8.1% to be paid to the State of Michigan.

GREEKTOWN CASINO TO HIRE 400 EMPLOYEES

In preparation for the opening of its permanent casino and hotel facilities in January, 2009, Greektown Casino has announced that they will begin hiring up to 400 additional full-time employees.

Some available positions that Greektown Casino is seeking to fill include catering, food and beverage, restaurant, housekeeping, and security services.

Casino officials have indicated a desire to hire locally and have partnered with the Detroit Workforce Development Department, which will begin pre-screening job candidates today. Some job openings will begin as early as August of this year.

Craig Ghelfi, CEO of Greektown Casino told *The Detroit News*, "[w]e're seeking high-caliber applicants from the city of Detroit and elsewhere to staff what will be a world-class hotel resort. The people we hire to staff our hotel must demonstrate an ability to deliver the exemplary guest service for which we are known."

Those selected during pre-screening will be invited to be interviewed later this month.

CAESARS WINDSOR CASINO AND RESORT UPDATE

On June 19, 2008, Caesars Windsor, formerly Casino Windsor, officially opened its re-branded casino resort. Since the opening of Caesars Windsor, the casino has experienced steady patron attendance, according to casino officials. Caesars Windsor is owned by the Ontario Lottery and Gaming Corporation and is operated by Harrah's Entertainment.

Over \$430M (Canadian) was invested into the construction and renovation of the casino's new facilities. The revamping of the Ontario, Canada casino added a new 27-story Augustus Tower which includes 369 additional hotel rooms, bringing the grand total to 758 rooms. The newly built, 5,000 seat Colosseum entertainment center is the largest in the region, out-sizing even the Colosseum at Caesar's Palace in Las Vegas. Both additions make the new Caesars Windsor the largest casino resort in all of Canada with over 100,000 square feet of convention space.

According to Communications and Community Affairs Director, Holly Ward, "we have a very exciting week ahead of us. Our new Colosseum is featuring three sold-out performances; one by comedian Chris Rock and two by country singer Reba McEntire." This week's sold-out performances may be a positive indication of how well Caesars Windsor is attracting casino patrons, and the wagering dollar.

Although attendance and revenue figures are not yet available, the casino was averaging between 9,000 and 11,000 people per day prior to the opening of the re-branded facility, and casino officials were optimistic that this number would increase.

During Casino Windsor's early years, it was a dominant casino property in the Windsor/Detroit market. Most estimates figure that 80% of Casino Windsor's players have historically been from Michigan and northern Ohio, and thus it has had a strong dependence on American players that needed to cross the international border.

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The September 11, 2001 terrorist attacks on the United States produced an undesired ripple effect for Casino Windsor, resulting in lasting and persistent revenue drops. The increased American/Canadian border security created cross-border commuting issues, resulting in increased travel time and inconvenience. Consequently, a percentage of the tourists from the United States that visited Casino Windsor chose to stay closer to home and patronize the three Detroit commercial casinos.

The revenue figures for the casino will be available next quarter and will ultimately be the best indicator of how well Caesars Windsor is performing in the Detroit/Windsor market. With added entertainment options and needed convention space, Caesars Windsor appears to be poised to take a large share of the Detroit/Windsor market, and to increase the competition for the Detroit casinos.

THE LITTLE RIVER BAND PURCHASES GREAT LAKES DOWNS

Yesterday, Magna Entertainment Corp. announced that it has sold Great Lakes Downs near Muskegon, Michigan to The Little River Band of Ottawa Indians (the "Little River Band"). A press release from Magna Entertainment stated that the approximately 85-acre thoroughbred race track facility near the intersection of I-96 and U.S. 31, which closed in November, 2007, was sold for \$5 Million in cash, less customary closing adjustments.

Following the announcement of the transaction, Tribal Chief Larry Romanelli issued the following statement, "[w]e are pleased to be able to make this investment in Western Michigan's economy as it will help bring jobs, businesses and tourism to the area. The move is being made by the tribe as a commitment to serve a region that is part of our historic 9-county service area. We are especially pleased to be in a position to work with a community and region that has expressed a strong desire to work with us for the mutual benefit of all our people."

The Tribe's director of commerce, Robert Memberto, told *The Grand Rapids Press* that the

Tribe's primary goal is to build a casino, but that there is no specific timetable for getting it built, noting that a final decision will depend on a gaming market study of the Muskegon region. A number of governmental approvals will also be needed. The Little River Band currently owns and operates the Little River Casino Resort near Manistee, Michigan.

PENNSYLVANIA CASINO CONSTRUCTION GAINS EQUITY PARTNER

Yesterday, a deal was signed between Detroit business man Don Barden and Chicago based Walton Street Capital to fund the construction of the Majestic Star Casino and Hotel in Pittsburgh, Pennsylvania.

The deal calls for \$120 million in financing toward the construction of the \$780 million casino. Walton Street Capital includes billionaire Neil Bluhm.

Mr. Barden currently owns casinos in Indiana, Colorado, Mississippi and Las Vegas.

Located on Pittsburgh's North Shore, the 400,000 square-foot multi-purpose facility is planned to include four restaurants, sports bar, beer garden, coffee shop, and two nightclubs.

The deal must now go before the Pennsylvania Gaming Control Board for final approval before the parties can proceed with closing on the financing agreement. The parties are anticipating a June 2009 opening.