

January 31, 2008

Volume 14, Issue 4

For more information on Michigan's gaming industry, please visit www.michingangaming.com

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

Subscription information:

info@michingangaming.com

A publication of

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 GOVERNOR APPOINTS THREE MEMBERS TO MICHIGAN GAMING CONTROL BOARD

Yesterday, Michigan Governor Jennifer Granholm announced the appointment of Michael J. Watza to the Michigan Gaming Control Board ("MGCB"), and the reappointments of Judge Benjamin Friedman and Barbara Rom to the seats that they both previously held on the MGCB. The MGCB is charged with regulating and overseeing the operation of the three Detroit casinos in accordance with the Michigan Gaming Control and Revenue Act. The Governor's press release provided:

Michael J. Watza of Northville, partner of Kitch, Druthas, Wagner, Valitutti and Sherwood, is appointed for a term expiring December 31, 2010. He succeeds the Honorable Michael L. Stacey whose term has expired.

The Honorable Benjamin Friedman of Huntington Woods, partner of Friedman & Lichterman, P.C. law firm and previous 45B District Court judge, is reappointed for a term expiring December 31, 2011.

Barbara Rom of Bloomfield Hills, partner of Pepper Hamilton, LLP law firm in Detroit, is reappointed for a term expiring December 31, 2011.

The board is responsible for overseeing the licensing and control of casino gaming operations, manufacturers of gaming devices, and gaming employees.

These appointments are subject to Section 6 of Article V of the Michigan State Constitution of 1963. They stand confirmed unless disapproved by the Michigan Senate within 60 days.

(Continued on page 2)

The individuals named above join Chairman Damian Kassab and Board Member Donald Robinson to constitute the first time that all seats on the MGCB have been filled since Judge Michael Stacey's term expired on December 31, 2006. The MGCB's next scheduled meeting will be at 10:00 a.m. on February 12, 2008.

PLANS TO PRIVATIZE MICHIGAN LOTTERY MEET OPPOSITION

According to a January 23, 2008 report by the Michigan Information & Research Services Inc. (*MIRS*), some in the Michigan Legislature, including House Speaker Andy Dillon (D-Redford), are considering partly privatizing or leasing the Michigan State Lottery in order to pay retired teachers' health insurance costs. These retired teacher health benefits cost the state approximately \$572 million per year. House Speaker Dillon has suggested this privatization plan as part of his emphasis on using "non-tax" avenues to solve some of the state's fiscal problems.

Dillon's plan calls for setting up a health care fund for retired teachers which would emulate those created for retired autoworkers. The fund would ultimately be financed by the money received from the sale or lease of Michigan's State Lottery.

However, State Representative Mark Meadows (D-East Lansing) wants to set up a pre-paid health care trust fund which would not require privatization of Michigan's State Lottery. Meadows told *MIRS* last week, "[w]e are in the process right now of creating a trust fund to help districts pay for retired teachers' health insurance. The lottery is a good source of money for the fund."

The State of Michigan currently contracts with GTECH Corp., a private Providence, Rhode Island-based corporation, to handle lottery ticket distribution and online lottery game sales.

Doug Pratt, director of communications for the Michigan Education Association (MEA), views the idea as a "quick fix" at best, and would rather leave the Lottery alone. Pratt told *MIRS*, "[i]t's a bad idea – they are mortgaging future funds for another quick fix." He went on to say, "[i]t provides a small but important part of our school funding and we need the money to provide quality programming." Pratt also pointed out that the idea may even be unconstitutional and may require a statewide vote to approve such a deal pursuant to the provisions of Proposal 04-1.

Last year, Indiana considered legislation to privatize the Hoosier Lottery. The 2007 proposal was supported by Indiana Governor Mitch Daniels, who wanted the revenue from the lottery privatization to assist a life sciences fund and a scholarship program for college graduates who stay in-state after graduation. The plan initially received Senate approval with a 27-20 vote in the Republican-controlled Senate. The plan called for a privatization which would have generated \$1 billion up front with annual payments of \$200 million for the 30-year lease. The proposal ultimately stalled in the Democratically-controlled House and was pulled from consideration in April, 2007.

CONGRESSIONAL HEARING SCHEDULED FOR BILLS RELATED TO POTENTIAL TRIBAL CASINO PROJECTS IN MICHIGAN

Next Wednesday, February 6, 2008, the Congressional House Natural Resources Committee will consider House Resolution 2176 and House Resolution ("HR") 4115, dealing with the approval of certain land claim settlements that could pave the way for tribal casino projects in Port Huron and Wayne County, Michigan.

HR 2176, which was introduced by Representative Bart Stupak (D-Menominee) in May, 2007, seeks to approve a land claim settlement between the Bay Mills Indian Community (the "Bay Mills Community") and the Governor of Michigan. Under the terms of the land claim settlement, the Bay Mills Community will forego all claims to certain lands located in Chippewa County known as Charlotte Beach (the "Charlotte Beach Lands"), in exchange for having certain lands in Port Huron, Michigan be taken into trust by the federal government and declared part of the Bay Mills Community's reservation so that gaming can be conducted thereon pursuant to the Indian Gaming Regulatory Act ("IGRA").

Similarly, HR 4115, which was introduced by Representative John Dingell (D-Dearborn) in November, 2007, also seeks to approve the land claim settlement between the Sault Ste. Marie Tribe of Chippewa Indians ("Sault Tribe") and the Governor of Michigan related to the same Charlotte Beach Lands. In exchange for the extinguishment of the Sault Tribe's claims to the Charlotte Beach Lands, the federal government will take certain land into trust and declare that land as part of the Sault Tribe's reservation. The Sault Tribe has indicated that the land in trust would be located in Wayne County.

(Continued on page 3)

NEW U.S. – CANADIAN BORDER CROSSING RULES TAKE EFFECT

Starting today, the federal government began the implementation of new security rules that now require U.S. and Canadian citizens to show either a passport, or a driver's license and birth certificate, citizenship card, naturalization certificate or green card when they enter the United States. The Department of Homeland Security's website states that during a transitional period, persons that do not present proof of citizenship upon entry to the United States will be presented with a flyer explaining the new rules.

A separate proposal to require passports in order to enter the United States by land has been postponed. The Department of Homeland Security originally proposed that passport requirements take effect during the summer of 2008. However a bill signed into law by President George W. Bush in December of 2007 delayed the passport requirement until the summer of 2009.

The Detroit media reported today that, despite the changes in the security rules, border crossings at the Detroit/Windsor checkpoints were operating at usual capacity with no delays. Casino Windsor, which operates in Ontario, Canada, and whose customer base is largely made up of American tourists, began running radio advertisements that passports are not required to cross the international border until 2009. Casino Windsor's website contains a detailed section explaining to its American customers what documentation is required to cross back into the United States.

According to a report issued by the State Department, 2007 was a record setting year for American's applying for passports, with a record 18.4 million issues, up from 12.1 million in 2006. Currently 30% of Americans now hold a valid passport, up from 27% in 2006.

Persons that want to learn more about the border crossing requirements are encouraged to visit:

[http://www.dhs.gov/xnews/releases/
pr_1201786444210.shtm](http://www.dhs.gov/xnews/releases/pr_1201786444210.shtm)