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The **MICHIGAN GAMING** Newsletter



VOTERS AUTHORIZE UP TO FOUR CASINOS IN OHIO

On Tuesday, November 3, 2009, Ohio voters approved Issue 3 by a 53 percent vote, thus allowing casinos to be built in the cities of Cleveland, Cincinnati, Columbus, and Toledo, Ohio. Previous attempts to amend Ohio's constitution and add a casino to the state of Ohio have failed in 1990, 1996, 2006, and 2008.

The tax rate for the casinos will be set at 33%, the minimum capital investment per casino location is \$250 million each, and each casino is required to pay a \$50 million licensing fee. According to the organization "Yes on Issue 3," the primary backers of the casino proposal, Issue 3 will create 34,000 new jobs and mandates \$2 billion in private investment, \$200 million in licensing fees, and an estimated \$651 million annually in revenue for Ohio counties, cities, school districts, and state programs.

According to the Ohio Jobs and Growth Committee, the passage of Issue 3 "... may seem like the finish line, but it's really the beginning to something much bigger, There is much to be done...and we're ready to roll up our sleeves to get to work." The statement went on to note that the Committee will "... work with the members of the General Assembly to help them craft legislation that will set the state for successful and well-regulated casino gaming in Ohio. We will work with the Casino Control Commission to obtain the necessary licenses to operate the casinos in Cleveland and Cincinnati and Columbus and Toledo. Then we will get busy on the actual design and construction of the casinos. And that's when Ohioans will start to see the real benefits of their vote."

In addition, Quickens Loan founder and owner of the Cleveland Cavaliers basketball team Dan Gilbert said in a statement released by his office that the

(Continued on page 2)

newly approved casinos will create a “healthy competition throughout the Great Lakes region.”

Casino operator and proponent of the Ohio plan, Penn National Gaming, stated that it hopes to open casinos in Toledo and Columbus by 2012.

The impact Ohio casinos will have on the surrounding casino gaming market is unclear. Richard Kalm, executive director of the Michigan Gaming Control Board, told *The Associated Press* “[w]e’re cautiously optimistic there’s going to be a bit of an impact but not a profound impact.”

When commenting on the recent passage, Casino Association of Indian president Mike Smith stated “[i]t is a big hit, a significant hit.” Indian Senate Appropriations Chariman Lucke Kinely (R-Noblesville) told the *Associated Press* that Indiana gaming venues are “... going to get smacked and I’m not sure what the right solution is for them.”

According to a recent report in the *Windsor Star*, across the U.S./Canadian border, CAW Local 444, which represents 2,800 Caesars Windsor workers, stated the implementation of casinos in Ohio is “going to be damaging for us.” Windsor-Techumseh Members of Parliament Joe Comartin has reintroduced a private member’s bill to legalize Las Vegas-style sports betting facilities in Canada, as the *Windsor Star* reported that he isn’t ‘convinced that the status quo will allow the casino (Caesars Windsor) to survive.’

The casino plan was backed by the Ohio Jobs and Growth Committee, lead by such figures as Dan Gilbert, former U.S. Congressman and former Mayor of Cincinnati Charlie Luken and Penn National Gaming. Other investors and supporters include the group MyOhioNow, which supported the 2008 casino initiative. The 2008 initiative would have allowed for a single casino site in southwest Ohio, but it failed in the November 2008 election, gaining just 37.6% of the vote.

Under the passed amendment, Penn National Gaming will be allowed to operate casinos in Cincinnati and Toledo, while Gilbert will run casinos in Cleveland and Columbus, Ohio.

HORSE RACING FUNDING REINSTATED

On November 5, 2009, funding for the Office of the Racing Commissioner, the agency responsible for regulating Michigan’s horse racing industry, has been reinstated with the passage of House Bill 4311 (HB 4311). The bill was presented to Michigan Governor Jennifer M. Granholm for her signature this morning.

The Governor’s press office indicated that she will sign the bill.

Earlier this year, Granholm used her line-item veto authority to eliminate the Office of the Racing Commissioner, objecting to the Legislature’s plan to use casino money to help fund the maintenance of the office, and stating that horse racing program should be self-supporting.

HB 4311 allots \$1.8 million to the Racing Commissioner’s office. The funding comes from the Agricultural Equine Fund, which collects dollars from Michigan’s 3.5 percent tax on simulcast races, licensing, and fines. An additional \$5 million will be set aside to pay all awards, training and other programs that support the continuation of the horse racing industry.

Under the recent Executive Order, which combined the Department of Environmental Quality and the Department of Natural Resources, the Racing Commissioner’s office is set to come under the authority of the Michigan Gaming Control Board, and the Commissioner’s position is set to be eliminated as of January 17, 2010. The Senate continued to push the oversight functions of horseracing into the Michigan Department of Agriculture (“MDA”), making the MDA Director the final authority on horseracing issues.

GREEKTOWN CASINO-HOTEL TO OPEN NEW POKER ROOM

On October 30, 2009, Greektown Casino-Hotel announced the addition of a new poker

(Continued on page 3)

room, scheduled to open on November 23, 2009. The new room will feature 13 tables in a non-smoking atmosphere and will include a separate room for private games. It replaces the area formerly occupied by The Alley Grill.

Greektown's new poker room includes "The Road to the Big Game", "No Limit Free Roll" and "Bounty Hunter Bonus" tournaments. A pager and digital screen system will notify players when their seat is ready. The room will also include a wall of fame and free collectible tournament chips.

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MICHIGAN LOTTERY INTRODUCES NEW INSTANT TICKET

On November 2, 2009, the Michigan State Lottery announced the introduction of its new \$2 instant ticket. *It's a Wonderful Life*, is based upon the classic holiday movie and is currently available featuring five set scenes from the 1946 film.

"Lottery tickets make great gifts," Lottery Commissioner M. Scott Bowen stated, "*It's a Wonderful Life* evokes fond memories so this ticket is sure to be a big seller."

According to a recent report by the *Detroit Free Press*, unofficial Michigan Lottery figures show that the state lottery saw a two percent increase in ticket sales from Oct. 1, 2008, through September 30, 2009, with \$2.3 billion in total sales.

The Michigan Lottery states that over 95 cents of every dollar spent on Michigan Lottery tickets is returned to the state in the form of contributions to the state School Aid Fund, prizes to players and commissions to retailers. In fiscal year 2009, the contribution to schools was over \$715 million.

DAILY AGA SMARTBRIEFS

The American Gaming Association (AGA), which produces the Global Gaming Expo, has recently introduced *AGA SmartBriefs*, a free daily e-newsletter which keeps the gaming industry up