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For more information on Michigan's gaming industry, please visit [www.michigangaming.com](http://www.michigangaming.com)

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# The MICHIGAN GAMING Newsletter



## MICHIGAN GAMING EXPANSION BALLOT INITIATIVES

Michigan voters will potentially have the ability to consider two separate gaming expansion ballot initiatives this November as a result of the efforts of the organizations *Racing to Save Michigan* and *Michigan Is Yours*. Earlier this year, ballot committees for both groups submitted their ballot language to the Michigan Board of State Canvassers. The ballot committees are now working to obtain the necessary signatures to put the ballot initiatives on the November state-wide ballot. The two proposals are summarized below. It is important to note that each committee will be required to submit 380,126 valid signatures by July 5, 2010.

### Michigan Is Yours

Key Proposed Ballot Provisions:	
<ul style="list-style-type: none"> <li>Seven Casinos to be developed in the cities of:</li> </ul>	
1. Muskegon	2. Flint
3. Lansing	4. Port Huron
5. Detroit	6. Benton Harbor
7. Detroit/Wayne County Metropolitan Airport	
<ul style="list-style-type: none"> <li>Exclusively authorizes C-My-Casino Inc. (or its assignee) to develop and conduct casino gaming at the new casinos</li> </ul>	
<ul style="list-style-type: none"> <li>Subject to a 19% wagering tax</li> </ul>	
<ul style="list-style-type: none"> <li>Regulated and policed by the Michigan Gaming Control Board</li> </ul>	

On Friday, April 16, 2010, the Michigan Board of State Canvassers approved amended petition language which, if approved by Michigan voters in November, would allow a total of seven additional casinos in Muskegon,

Lansing, Detroit, Detroit/Wayne County Metropolitan Airport, Benton Harbor, Flint, and Port Huron.

Similar petition language was approved by the Board of State Canvassers on February 26, 2010. The newly amended petition changes the location of one of the proposed casino venues from Romulus to Port Huron as well as removes a provision seeking to legalize sports betting in Michigan.

According to recent reports, the group *Michigan Is Yours* is backed by Benton Harbor Mayor Wilce Cooke and former Detroit gaming commissioner Frank Stella. Specifically, the petition indicates that casinos would be developed by C-My-Casino Inc., a Warren based company.

The ballot initiative would amend the Michigan Constitution, which currently forbids any expansion of commercial casinos in the state.

According to a search by the *Michigan Gaming Newsletter*, the group *Michigan Is Yours* does not currently have an operating website.

### **Racing to Save Michigan**

<b>Key Proposed Ballot Provisions:</b>
<ul style="list-style-type: none"><li>• Five ‘racino’ locations at existing racetracks</li></ul>
1. Pinnacle Race Course
2. Hazel Park Harness Raceway
3. Northville Downs
4. Sports Creek Raceway
5. Mount Pleasant Meadows
<ul style="list-style-type: none"><li>• Three additional casinos in the state in addition to the three Detroit casinos to be determined by application and state approval</li></ul>
<ul style="list-style-type: none"><li>• Subject to a wagering tax of 30%</li></ul>
<ul style="list-style-type: none"><li>• Regulated and policed by the Michigan Gaming Control Board</li></ul>

A separate ballot initiative is being pursued by

*Racing to Save Michigan*, a group headed by Hazel Park Harness Raceway CEO Dan Adkins, which seeks to amend Michigan’s Constitution to authorize eight new casino gaming venues in the state.

According to the petition language, five licenses would be granted to Michigan’s horse racetracks to create ‘racinos’ and three other licenses would be given to independent casinos in Michigan.

The petition provides that the newly implemented casinos would be subject to a wagering tax of 30% of adjusted gross receipts. Specifically, 75% of tax revenue would be paid directly to a state fund established to provide expenditures for public education, economic development, programs related to horse breeding and racing, preventing and treating compulsive gambling and grants for Michigan high school graduates to attend a public college, university or vocational education program in Michigan.

20% of the remaining tax revenue would be paid directly to the state to be disbursed to each county in the state, based on population. 3% of the tax revenue would be paid to the county in which the casino is authorized, and the remaining 2% would be paid directly to the city, township or village in which a casino is authorized.

The group supporting the proposal is establishing a website at: [www.michiganwins.org](http://www.michiganwins.org). The website is currently under construction.

### **Ballot Petition Opposition**

On Tuesday, April 20, 2010, the group *Protect MI Vote* announced opposition to the two casino gaming petitions outlined above. The group seeks to encourage voters not to sign casino expansion petitions that “go against the Michigan Constitution and contain flawed provisions.”

According to Senator Alan Cropsy, “Michigan voters should decline to sign these flawed casino petitions. They would result in a loss of our constitutional right for each community to have a voice on gaming expansion.”

Other coalition members include State

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Representative Bert Johnson (D-Detroit); State Senator Buzz Thomas (D-Detroit); Representative Bob Genetski (R-Saugatuck); Marty Dodge, Vice President of the Kalamazoo Regional Chamber of Commerce; and James Muffett, President of Citizens for Traditional Values.

Protect MI Vote has established a website at: <http://www.protectmivote.com/>

## 2004 Constitutional Amendment

In addition to authorizing additional casinos, both ballot petitions would require that Section 41 of Article IV of the Michigan Constitution be altered or abrogated if the petition passes. Specifically, the current proposals have been developed in response to Proposal 1 of 2004, which amended the Michigan Constitution to require both a statewide and local vote to approve any additional forms of gaming expansion.

Under the Michigan Constitution, both initiatives require signatures to be collected from Michigan residents totaling 10 percent of the votes cast in the last governor's election to amend the constitution. In this case, 380,126 signatures will be required to be filed with the state by July 5, 2010.

If passed, either proposal for an expansion of casino gaming in Michigan would be regulated by the Michigan Gaming Control Board.

For more information, please contact *The Michigan Gaming Newsletter* at [info@michigangaming.com](mailto:info@michigangaming.com).

## FIREKEEPERS CASINO TO OPEN HEALTHCARE FACILITY FOR TEAM MEMBERS

On Monday, April 19, 2010, FireKeepers Casino officials announced a partnership with Borgess Health to open an exclusive health clinic for their 1,500 team members.

The health clinic is set to open on May 1, 2010 and will offer team members a 766 square foot facility which will be staffed by a mid-level provider. A doctor will also be available on an as-

needed basis.

"FireKeepers Casino is dedicated to taking care of our team members, along with promoting healthy life-styles," commented Peggy Houston, Director of Human Resources at FireKeepers Casino. "The new clinic is an example of our continuous commitment to our team members' well-being, while striving to be an employer of choice."

An open house for the opening of the new health clinic will be held on Thursday, April 29, 2010 at 11:30 a.m. at FireKeepers Casino.

According to the casino, the clinic is part of an initiative to promote healthy lifestyles through preventative care, consulting, assessments and providing nutritional recommendations.

## AGA ELECTS NEW BOARD MEMBERS

On Wednesday, April 21, 2010, the American Gaming Association ("AGA") announced the election of four new members to the board.

The new elections include: Michael Leven, president and COO of Las Vegas Sands Corp.; William S. Newby, managing director and head of gaming and leisure investment banking for the Americas at USB Investment Bank; Tim Parrott, CEO of Shuffle Master, Inc.; and Anthony Sanfilippo, president and CEO of Pinnacle Entertainment, Inc. Mr. Leven and Mr. Sanfilippo are new board members, while Mr. Parrott and Mr. Newby both previously served on the board.

Mr. Leven, Mr. Parrott and Mr. Sanfilippo were chosen as Class I board members. Mr. Newby will serve as an at-large member of the board.

"We are excited to welcome Michael and Anthony to the AGA board, and thrilled to have Bill and Tim back," said Frank Fahrenkopf, president and CEO of the AGA. "These men bring a wealth of experience in all sectors of the gaming industry from casino operations and financing to gaming equipment manufacturing. I know that their knowledge and insight will be invaluable in guiding the AGA."

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The other members of the AGA Board include chairman Keith Smith, president and CEO of Boyd Gaming; vice chairman Richard Haddrill, CEO and director of Bally Technologies; Brian Gamache, chairman and CEO of WMS Gaming; Patti Hart, president and CEO of International Game Technology; Gordon Kanofsky, CEO and vice chairman of Ameristar Casinos; Nick Khin, president of the Americas for Aristocrat Technologies; Gary Loveman, chairman, president and CEO of Harrah's Entertainment, Virginia McDowell, president and COO of Isle of Capri Casinos; Jim Murren, chairman and CEO of MGM MIRAGE; Larry Ruvo, senior managing director of Southern Wine & Spirits of Nevada; and Timothy Wilmott, president and COO of Penn National Gaming.

## **MICHIGAN SENATE APPROPRIATIONS COMMITTEE APPROVES FUNDING FOR MORE HORSE RACING DATES**

The Michigan Senate is expected to meet next week to debate a proposed Senate Substitute to House Bill 5407 ("HB 5407"), a measure that would change the amount of funding and number of race dates for the state's horse racing industry.

As a result of Michigan's budgetary crisis, proper funding for the regulation of horse racing in Michigan was severely cut. As a result, the industry has been faced with a possible dramatic reduction in live racing dates. The Senate Appropriations Committee has allocated additional funding to allow for a total of 217 racing dates to be allocated among the state's six horse racing facilities. Previous funding would have only allowed for a total of 104 racing dates throughout the year.

On April 22, the Senate Appropriations Committee voted to give immediate effect to House Bill 5407 and referred the bill to the Senate Committee of the Whole. If recommended for passage by the Committee of the Whole to resolve differences with the House version.

## **RMC LEGAL, DOWLING ADVISORY GROUP AND RESORT ADVANTAGE PRESENT PART III OF FREE ONLINE WEBINAR SERIES; COMPLIANCE ALERT: KEY ISSUES FOR 2010**

On Wednesday, May 5, 2010 at 2:00 p.m. EST, Jim Dowling of Dowling Advisory Group will be presenting part three of a four part series entitled, *Are you prepared for BSA; OFAC and FACTA? You Think Your Casino is Compliant—Will an IRS Auditor Agree?* Series 3 will focus on how casinos can prepare for a Title 31 examination by the IRS, how to develop and implement an effective anti-money laundering program and how to prepare for an audit. Series 3 will provide relevant information for commercial and Native American casinos in Michigan and across the United States.

To register for the free online Webinar Series, please visit <http://www.resort-advantage.com/events-news/events-webinars/bsa-ofac-facta-series.html> (Scroll to the bottom of page).

The Webinar Series is being produced through the joint efforts of RMC Legal, Dowling Advisory Group, Resort Advantage, and Convey Computer Systems, Inc.

Series 1 and 2 focused on the BSA and OFAC standards and gaming compliance requirements. In addition, it reviewed the FACTA/Red Flags Rule and gave an overview of new regulations, proposed enforcement, and potential application to the gaming industry. To obtain a copy of Series 1 and 2 materials, please click or copy and past the following: <http://www.resort-advantage.com/events-news/events-webinars/bsa-ofac-facta-series.html>

Persons who should consider attending the Webinar include casino operators, compliance managers and directors, accountants, regulators and lawyers.

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## **PRESIDENT OF REGULATORY MANAGEMENT COUNSELORS, P.C. TO SPEAK AT ANNUAL SOUTHERN GAMING SUMMIT**

On May 5-6, 2010, Attorney David Waddell will speak as a Title 31 casino industry panelist at this year's 17<sup>th</sup> Annual Southern Gaming Summit, held at the Mississippi Coast Coliseum & Convention Center in Biloxi, Mississippi.

The panel that Mr. Waddell will speak on is entitled: *Navigating Title 31 Compliance*. The Bank Secrecy Act requires each casino to have a program and procedures for monitoring compliance. The IRS is actively conducting system reviews. IRS and industry panellists will provide insight that will help casino operators understand the requirements and implement appropriate programs.

Other speakers include: Karen L. Brown-Wichman, CPA, Director of Internal Audit, American Casino & Entertainment Properties, LLC; Charlotte McGuffin, Bank Secrecy Act Technical Advisor, Internal Revenue Service; Gary Watkins, Senior Analyst, Bank Secrecy Act, Internal Revenue Service.

David Waddell is an attorney and president of Regulatory Management Counselors, P.C. and has 25 years of experience helping clients resolve business issues in heavily regulated industries. His areas of practice include gaming law, Title 31 compliance, business, tax and municipal law.

Mr. Waddell is a co-author and creator of *The Michigan Gaming Law Legal Resource Book*, and chief editor of *The Michigan Gaming Newsletter*. From 1999-2008, he wrote extensively for *The Detroit News* in his Michigan Gaming News column. He also sits on the editorial board for the *Gaming Law Review* and *Global Gaming Business Magazine* and has been listed in *Best Lawyers in America* for gaming.

The Southern Gaming Summit is the largest commercial gaming trade show outside of Las Vegas, Nevada and offers conference sessions, a trade show educational floor, and multiple business opportunities. Speakers at the event

include experts representing a broad cross-section of the gaming industry and will explore issues such as gaming operations, marketing, tribal gaming, finance, and "big picture" trends in the gaming industry. This year, the Southern Gaming Summit is being co-located with the Bingo World Conference, a trade show showcasing numerous bingo and gaming industry experts.

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## **JOIN THE MICHIGAN GAMING INDUSTRY LINKEDIN GROUP**

The Michigan Gaming Industry LinkedIn Group is designed to allow those interested in Michigan gaming-related matters to connect with different aspects of Michigan's gaming industry. It creates a central hub for persons involved with the industry as an employee, supplier, operator, lender, or regulator to connect and share information.

For more information, or to join the group please visit: <http://www.linkedin.com/groups?home=&gid=2847523&trk=anet ug hm>.