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# The MICHIGAN GAMING Newsletter



## GUN LAKE TRIBE SECURES FUNDING FOR CASINO CONSTRUCTION

On Tuesday, July 20, 2010, the Match-E-Be-Nash-She-Wish Band of Pottawatomis Indians ("Tribe") announced that it has finalized financing to complete construction of the Gun Lake Casino, located in Wayland Township, Michigan. The Tribe's tentative opening date for the Gun Lake Casino is set for early 2011.

"Securing this loan is another significant achievement in our tribal government's effort to become economically self-sufficient. This development ensures badly needed jobs and services for our tribal citizens, and our neighbors in the local community," stated D.K. Sprague, Tribal Chairman.

Goldman Sachs will provide the \$165 million loan to the Tribe. The loan will accrue interest at twelve percent and is for a term of five years. The Tribe reserves the option to pay the loan back, in full, after the third year.

"With this loan, we are confident we can quickly build a state-of-the-art facility that will be competitive with any casino in Western Michigan. We look forward to providing a great entertainment experience," said Mr. Sprague.

Phase I plans call for a 83,000 square foot facility that will feature 1,400 slot machines, 36 table games, an entertainment lounge, and a casino bar. It will be operated by the Tribe's management partner, MPM Enterprises, LLC, owned by an affiliate of Station Casinos, Inc., as well as private investors from Michigan.

For more information on the casino's construction progress, please visit <http://gunlakecasino.com>.

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## MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR JUNE, 2010

On July 20, 2010, the Michigan Gaming Control Board (“MGCB” or “Board”) released the June, 2010 total adjusted revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino, and Greektown Casino. Overall, June revenue for the Detroit market was \$109.8 million, up slightly compared to June, 2009. Specifically, revenue for MGM Grand Detroit Casino was up by 5.6%, while revenues for MotorCity Casino and Greektown Casino were down by .9% and 6.2% respectively, compared to the same month last year.

Month in 2010	Total Adjusted Revenue 2010		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$47,468,319.04	\$35,923,997.65	\$28,023,801.67
February	\$48,622,651.56	\$36,511,115.12	\$29,809,377.11
March	\$52,548,328.50	\$41,234,840.59	\$33,481,265.74
April	\$49,605,147.69	\$37,322,007.23	\$31,981,992.16
May	\$48,836,322.62	\$38,386,776.02	\$29,688,544.04
June	\$46,220,269.94	\$36,543,168.85	\$27,038,009.97
<b>Total</b>	<b>\$293,301,039.35</b>	<b>\$225,921,905.46</b>	<b>\$180,022,990.67</b>

Month in 2010	Total Adjusted Revenue 2010		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$111,416,118.36	\$10,145,657.65	\$13,258,518.09
February	\$114,943,143.79	\$10,502,769.73	\$12,528,802.67
March	\$127,264,434.83	\$8,595,465.95	\$13,871,823.40
April	\$118,909,147.08	\$7,041,099.55	\$12,961,097.03
May	\$116,911,642.68	\$7,065,070.99	\$12,743,369.05
June	\$109,801,448.76	\$6,703,838.54	\$11,968,357.91
<b>Total</b>	<b>\$699,245,935.48</b>	<b>\$50,053,902.41</b>	<b>\$76,217,806.96</b>

The figures above do not include: 1) wages and benefits paid to casino employees; and 2) payments to suppliers, service providers or vendors.

On March 9, 2010, Greektown Casino received a tax base reduction certification from the MGCB. For the months of January and February, the State of Michigan’s share for the wagering tax reflected in the Greektown Casino numbers released by the MGCB was 12.1% and the City of Detroit’s share was 11.9%

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for a total tax of 24%. This 24% tax historically applied to all three Detroit casinos. As a result of all three casino facilities being deemed “fully operational,” they are subject to a wagering tax of 19% , with 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’s tax rollback was retroactive to February, 2009, and thus the casino will receive ongoing tax credits to offset prior payments.

## **U.S. HOUSE FINANCIAL SERVICES COMMITTEE HOLDS HEARING ON INTERNET GAMING REGULATORY BILL**

On Wednesday, July 21, 2010 the House Financial Services Committee held an informational hearing to review House Resolution (HR) 2267, the Internet Gambling Regulation, Consumer Protection and Enforcement Act. The proposed legislation was introduced on May 6, 2009, and Wednesday’s hearing was the second time that the House Financial Services Committee has taken up the bill for discussion. Yesterday, the Committee announced that it will meet and hold a mark up on HR 2267 on Tuesday, July 27, 2010, at 10:00 a.m.

Below is a May 6, 2009 summary of HR 2267 written by the Congressional Research Service:

- The Internet Gambling Regulation, Consumer Protection, and Enforcement Act grants the Secretary of the Treasury regulatory and enforcement jurisdiction over the Internet Gambling Licensing Program established by this Act.
- Prescribes administrative and licensing requirements for Internet betting.
- Prohibits any person from operating an Internet gambling facility that knowingly accepts bets or wagers from persons located in the United States without a license issued by the Secretary.
- Requires the Secretary to assess:
  - fees against licensee institutions to cover the cost of administering this Act; and
  - specified civil money penalties upon

licensees or other persons for willful violation of this Act or related regulations.

- Cites safeguards required of licensees, including:
  - (1) tax collection related to Internet gambling;
  - (2) safeguards against fraud, money laundering, and terrorist finance; and
  - (3) safeguards to combat compulsive Internet gambling.
- Requires the Secretary and any qualified state or tribal regulatory body to prescribe regulations for:
  - (1) development of a Problem Gambling, Responsible Gambling, and Self-Exclusion Program;
  - (2) a list of persons self-excluded from gambling activities at licensee sites; and
  - (3) a program to alert the public to the existence, consequences, and availability of the self -exclusion list.
- Prohibits a person who is prohibited from gambling with a licensee from collecting any winnings, or recovering any losses that arise as a result of prohibited gambling activity.
- Shields a financial transaction provider from liability for engaging in financial activities and transactions on behalf of a licensee, or involving a licensee, if such activities are in compliance with federal and state laws.
- Permits states and Indian tribal authorities to opt-out of Internet gambling activities within their respective jurisdictions.
- Prohibits electronic cheating devices.
- Subjects violators of this Act to civil and criminal penalties.

A press release issued by the Poker Players Alliance on Wednesday, stated that HR 2267 “establishes the needed licensing and regulatory framework for the United States to exercise appropriate control and oversight over Internet poker and other forms of Internet gaming. Testifying in support of the legislation were

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professional poker player Annie Duke, Ed Williams, President and Chief Executive Officer, Discovery Federal Credit Union and The Honorable Lynn Malerba, Tribal Chairwoman, Mohegan Tribe of Connecticut. This legislation is further supported by a diverse network of organizations including the American business community and the U.S. Chamber of Commerce.”

Persons interested in monitoring HR 2267 can do so at <http://theppa.org>

## **DETROIT CITY COUNCIL APPROVES PURCHASE OF FORMER MGM GRAND CASINO SITE**

On Tuesday, July 20, 2010, the Detroit City Council approved the funding necessary for transforming the old MGM Grand Detroit Casino site into the City’s new public safety headquarters. By a 5-4 vote, the former casino will house the city’s police and fire department headquarters, as well as a new crime lab operated by the Michigan State Police. The approval allocates \$6.3 million for the purchase of the building, and allows for the sale of \$100 million in bonds to fund both the purchase and the renovation of the site.

According to Detroit Mayor Dave Bing, “It will allow us to establish a consolidated public safety headquarters that is more efficient and effective in protecting our residents.” He has also said the 400,000 square foot building should be finished by the fall of 2012.

In 1999, MGM Grand Detroit opened a temporary casino at the site, which overlooks the Lodge Freeway. In 2007, MGM Grand Detroit Casino moved into its current \$800 million facility located on Third Street near the intersection with Michigan Avenue. The former casino building has been vacant since that time.