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The MICHIGAN GAMING

Newsletter



RMC G.M. ANNOUNCES ITS FORMATION

Below is a press release issued by RMC Gaming Management that we are excited to announce:

Combining the talents of senior gaming executives, lawyers and business management consultants, David S. Schugar, Robert R. Russell and David D. Waddell, Esq., announce the formation of RMC Gaming Management, LLC (RMC G.M.). RMC G.M. is a specialized casino operations firm that benefits from its relationship with the RMC Network of companies, a group that brings legal and human capital management expertise to compliment the casino management services of RMC G.M.

“RMC G.M. was created to assist casino owners and their financial backers achieve the maximum return on their investment,” says Principal, David Schugar. Mr. Schugar noted that, “as the casino gaming industry is experiencing a new sense of normal, it is RMC G.M.’s goal to assist equity holders in rebalancing their operations so that they can navigate these challenging times and come out a stronger, healthier enterprise.”

Principal, Robert Russell, noted that “the creation of RMC G.M. is a natural evolution for the RMC Network of companies. Over the past two decades, I have had the honor of working with David Schugar as an executive leader of a large cap client, as board members of a prominent gaming industry organization, as analytical and legal support of his own IP company, and now as a colleague. David’s leadership over the RMC G.M. entity brings me great pride as I have experienced firsthand his tremendous wealth of casino operations knowledge. As with the other businesses in the RMC Network, RMC G.M. will deliver a superior service experience and unique expertise to its clients.”

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About The RMC Network:

RMC G.M. – RMC Gaming Management, LLC (www.rmcmgm.com) is a casino management and consulting firm that specializes in assisting casino enterprises with EBITDA ranging from \$10 million to \$100 million. RMC G.M. is composed of casino management and industry consulting personnel who have decades of experience working for Native American and commercial casinos in a wealth of jurisdictions across the United States.

RMC Legal – Regulatory Management Counselors, P.C. (www.rmcllegal.com) is a full service law firm that places emphasis on legal and consulting services in the gaming industry. The firm is made up of dedicated legal, business, consulting, and public relations experts who are able to serve the diverse needs of clients in heavily regulated industries.

RMC Agency – Recruitment Management Consultants, LLC (www.rmcagency.com) is a Human Capital Management firm with a specialization in Information Technology expertise. Members of RMC Agency have experience in serving the employment needs of individuals, small to mid-sized businesses, and Fortune 500 companies by using innovative techniques to recruit and retain top talent.

For additional information on the services RMC G.M. provides, contact David S. Schugar at 702-900-2130, Schugar@rmcmgm.com or online at www.rmcmgm.com

US 6TH CIRCUIT COURT DENIES BAY MILLS REQUEST TO STAY INJUNCTION

On Wednesday, June 29, 2011, the United States 6th Circuit Court of Appeals denied a motion that would have lifted the Western District of Michigan's injunction that is currently keeping a casino in Vanderbilt, Michigan, closed. The motion, made by the Bay Mills Indian Community ("Tribe"), owners of the Vanderbilt casino, comes after the Western District court denied a motion to

stay the injunction on April 14, 2011.

On March 29, 2011, the Western District court issued a preliminary injunction that required the Tribe to close the Vanderbilt casino during the ongoing litigation between the Tribe and the state of Michigan and the Little Traverse Bay Band of Ottawa Indians surrounding the casino. The court concluded that the Vanderbilt casino is not operating on "Indian Lands" as required by federal law. In doing so, the court rejected the Tribe's argument that the Vanderbilt land qualifies as "Indian Land" because it was purchased from the earnings of a land trust and was used to consolidate and enhance tribal landholdings. In addition to examining the merits of the "Indian Land" issue, the court order stated that immediate closure of the Vanderbilt casino would serve the public interest as "Bay Mills is operating the Vanderbilt Casino illegally." The order also stated that the Little Traverse Bay Band of Ottawa Indians would be economically harmed by the continued operation of the Vanderbilt casino due to a loss of patrons.

The 6th Circuit's June 29th order states that the Western District's decision to maintain the injunction was proper despite the fact that "the statutory and regulatory issues presented have not been widely addressed." The order briefly states that the Tribe has not adequately demonstrated that it has a likelihood of success in the case and that the Western District did not appear to abuse its discretion in issuing the April 14th order denying a stay of the injunction.

OHIO LEGISLATURE APPROVES GAMING-RELATED MEASURES FOR STATE

On Tuesday, June 28, 2011, the Ohio legislature approved several aspects of Governor John Kasich's recent agreement with casino developers which allows Video Lottery Terminals at Ohio's seven racetracks and requires the casino developers to pay additional fees to the state, according to the *Cleveland Plain Dealer*.

Earlier this month, Gov. Kasich reached deals with Penn National Gaming and Rock Ohio Caesars

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LLC, but certain provisions required legislative approval. Rock Ohio Caesars LLC is a joint venture partnership between Rock Gaming, LLC and Caesars Entertainment Corporation. Specifically, casino developers will pay the state an additional \$110 million over ten years as well as a one-time \$50 million licensing fee. The casinos are still subject to an ongoing 33 percent casino tax, as established by the 2009 state constitutional amendment that allows casinos to be built in Cleveland, Columbus, Toledo and Cincinnati.

In addition, the recently approved legislation will allow Penn National Gaming to move racetracks to Dayton and Youngstown, Ohio. The legislation incorporates aspects of the casino negotiations and has the support of the governor.

Last month, Casino developer Rock Gaming LLC halted construction on the site due to uncertainty regarding the application of the Ohio Commercial Activity Tax on casino wagering. Previous to the recent agreements, Ohio legislators were advocating for an interpretation of the application of the tax on wagering activity under which casinos would pay taxes on the total amount wagered at the casino. The new legislation applies Ohio's Commercial Activity Tax on casino revenue after winnings have been paid out, instead of on all wagers at casinos.

In a statement released earlier this month, Penn National Gaming, Inc. President and COO Timothy Wilmott stated, "[r]eaching an agreement with the Administration allows us to meet our primary goal of keeping our Ohio projects moving forward. While we continue to believe in the strength of our State Constitutional protections, any further delay caused by uncertainty would benefit no one – particularly the thousands of construction workers building our two projects, the 3,200 permanent casino jobs that will be generated, as well as every community across Ohio that will benefit from the hundreds of millions of dollars in new tax revenues. With this matter behind us, we look forward to working cooperatively with the Governor's office and General Assembly to bring this new industry to life."

FOUR WINDS CASINO RESORT ANNOUNCES 250 ROOM HOTEL EXPANSION AND NEW MULTI-USE EVENT CENTER

On Friday, July 1, 2011, the Pokagon Band of Potawatomi Indians ("Tribe") announced that Four Winds Casino Resort will soon expand to include an additional 250 hotel rooms and a multi-use event center. Construction is currently underway and is expected to be completed in summer 2012. The Tribe also announced that it closed on a \$410 million refinancing which will be used for payment of outstanding bonds and loans used for the development and operation of Four Winds Casino Resort.

A new nine-story hotel tower containing 250 hotel rooms will be situated adjacent to the current hotel tower. It will contain a mix of suites and standard rooms and will be furnished in the same style as the current hotel rooms. Once the new hotel tower opens, Four Winds Casino Resort will have a total of 415 hotel rooms.

The multi-use event center will be located next to the casino and can be configured in a variety of ways including a 1,600 seat entertainment space that will feature concerts by major headline acts. The space will also be available for a variety of special events, conferences and banquets.

Matt Wesaw, Chairman of the Tribe, said in a press release that "the expansion validates the continued success we have had at Four Winds Casino Resort since it opened in August 2007. The hotel expansion and event center also fulfill the vision we had for the property dating back to its original conception."

"The number one request that we received from our guests since opening was to add more hotel rooms," said Matt Harkness, General Manager for Four Winds Casino Resort. "By adding 250 rooms, we'll be able to accommodate a larger number of guests, including those coming to the property for big name entertainment at our new event center."