

January 13, 2012

Volume 18, Issue 1

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A publication of

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# The MICHIGAN GAMING Newsletter



## MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR DECEMBER 2011

The Michigan Gaming Control Board (“MGCB” or “Board”) has released the December, 2011 total adjusted revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino. Overall, aggregate revenue for the Detroit Market was up by 3.4% for 2011, when compared to aggregate revenues from 2010.

Month in 2011	Total Adjusted Revenue 2011		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$48,709,927.15	\$38,680,985.61	\$27,673,308.06
February	\$46,916,833.57	\$38,591,311.83	\$28,992,514.21
March	\$54,466,307.80	\$45,244,701.71	\$33,101,456.98
April	\$52,162,289.78	\$41,512,570.85	\$31,657,354.70
May	\$51,196,720.20	\$38,800,817.32	\$30,042,825.97
June	\$47,531,731.66	\$36,826,112.83	\$28,949,876.41
July	\$50,966,222.78	\$40,090,240.13	\$29,050,954.03
August	\$49,579,309.45	\$38,037,787.80	\$27,470,288.34
September	\$48,562,691.89	\$38,406,374.92	\$26,863,130.17
October	\$48,333,490.57	\$37,656,236.01	\$29,539,400.92
November	\$49,018,163.26	\$37,691,579.66	\$28,400,063.81
December	\$52,265,945.70	\$40,439,462.16	\$31,016,472.83
<b>Total</b>	<b>\$599,709,633.81</b>	<b>\$471,978,180.83</b>	<b>\$352,757,646.43</b>

Month in 2011	Total Adjusted Revenue 2011		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$115,064,220.82	\$9,320,201.89	\$12,542,000.07
February	\$114,500,659.61	\$9,274,553.43	\$12,480,571.90
March	\$132,812,466.49	\$10,757,809.79	\$14,476,558.85
April	\$125,332,215.33	\$10,151,909.44	\$13,661,211.47
May	\$120,040,363.49	\$9,723,269.44	\$13,084,399.62
June	\$113,307,720.90	\$9,177,925.39	\$12,350,541.58
July	\$120,107,416.94	\$9,728,700.77	\$13,091,708.45
August	\$115,087,385.59	\$9,322,078.23	\$12,544,525.03
September	\$113,832,196.98	\$9,220,407.96	\$12,407,709.47
October	\$115,529,127.50	\$9,357,859.33	\$12,592,674.90
November	\$115,109,806.73	\$9,323,894.35	\$12,546,968.93
December	\$123,721,880.69	\$10,021,472.33	\$13,485,685.00
<b>Total</b>	<b>\$1,424,445,461.07</b>	<b>\$115,380,082.34</b>	<b>\$155,264,555.26</b>

Specifically for 2011, aggregate revenue for MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino was up by 3.1% to nearly 600 million, 5.7% to \$471.9 million, and 0.9% to \$352.8 million respectively in comparison to the same month last year.

All three casinos 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.

The figures released by the Michigan Gaming Control Board are the gross receipts less winnings paid to wagerers. The figures do not include: 1) any fees or other relevant city, state or federal taxes; 2) wages and benefits paid to casino employees; 3) payments to suppliers, service providers or vendors; and 4) other normal business expenses.

## MGM GRAND DETROIT WINS GOLD KEY AWARD FOR 2011

On Monday, January 9, 2012, MGM Grand Detroit announced that it has been selected by *Meetings & Conventions* (“M&C”) magazine as a winner of its Gold Key Award for 2011. The Gold Key Award recognizes outstanding meetings properties from across the world.

Winners of the award were nominated and selected by readers of *M&C* based upon the overall professionalism and quality of the property. According to the announcement, readers honored 144 domestic and 21 international hotels and resorts as Gold Key winners. The selections are based on criteria including: staff attitude; quality of meeting rooms; quality of guest services; food and beverage service; proficiency of handling reservations; availability of technical/support equipment and range of recreational facilities.

“The dedication to quality has always been a trademark of *M&C*’s readers who represent the highest level of meeting and incentive professionals. The 2011 Gold Key winners have met these tough standards by providing outstanding service,” said Kirk Lewis, *Meetings & Conventions* Publisher. “The entire *M&C* staff commends the properties that have demonstrated the qualities to earn the Gold Key distinction.”

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## **POWERBALL TICKET PRICE INCREASES**

On Monday, January 9, 2012, in honor of the Powerball's 20<sup>th</sup> birthday, the Michigan Lottery announced several new changes to its Powerball game to take effect on January 15. Among the changes of the redesigned game is a price increase to \$2 per wager.

In addition, Powerball jackpots will start at \$40 million and provide better odds. Players will continue to play the new Powerball game by selecting their first five numbers from 1 to 59 but the red Powerball number, or the sixth number, will be selected from 1 to 35. The Michigan Lottery reports that overall odds of winning a prize in the game are 1 in 31.8 and odds to win the jackpot will be reduced from 1 in 195 million to 1 in 176 million.

The Michigan lottery estimates that the average jackpot will become \$255 million, up from the current average of \$141 million. For more information, visit: <http://www.michigan.gov/lottery/>.

## **FEDERAL GOVERNMENT CLARIFIES ONLINE GAMING RESTRICTIONS**

On Friday, December 23, 2011, the United States Department of Justice ("Department") announced through an official memorandum opinion relative to lottery matters that the Department would no longer consider non-sports related wagers to be prohibited under the Wire Act ("Act"). Prior interpretations by the Department considered all forms of interstate wagering occurring over wire communications as being prohibited by the Act.

The memorandum was issued in response to official inquiry submitted by the State of New York and the State of Illinois regarding separate lottery proposals that allowed for the sale of state lottery tickets to adult residents within each respective state. However, both states' proposed lottery structures required the routing of electronic data to occur across state lines which, under prior interpretations, may have violated the Act even though only state residents would be allowed to

participate in the wagering activity.

The Department revisited its past interpretation of the Act based, in part, on the apparent conflict between the Act and the Unlawful Internet Gambling Enforcement Act ("UIGEA"). Under the UIGEA, intermediate routing of data used to place a wager is explicitly excluded from scope of prohibited activities under the law. Past interpretations broadly applied the Act to all wire communications crossing state lines, regardless of whether the data ultimately returned to the same jurisdiction where the information originated.

The Department now considers the language of the Act to apply only to wire communications that cross state lines in connection on placing a wager on "any sporting event or contest" and not to other forms of wagering. 18 U.S.C. § 1084(a). Therefore, under the Department's new interpretation, the transmission of wagering information on any other activity is not prohibited under the Act, bringing uniformity between the UIGEA and the Act. Accordingly, the memorandum concludes that the Act does not prohibit the New York or Illinois lottery schemes but limits the scope of the opinion to an analysis of the Act and does not apply a legal analysis under UIGEA.

The Department also provided its new interpretation in a public letter addressed to Senators Harry Reid and Jon Kyl who, in July of 2011, submitted a letter to the Department requesting review and clarification of the policy regarding enforcement of the Act. The letter was sent in response to the recent crackdown on online gaming activities by the federal government and urged the Department to continue pursuing illegal online gaming outlets. The Department's response reiterates the newest interpretation of the Act and states that the new interpretation "will not undermine the Department's efforts to prosecute organized criminal networks...and those gambling businesses under the Unlawful Internet Gambling Enforcement Act."

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# OHIO GAMING UPDATE

## Video Lottery Terminals

In late December, MTR Gaming Group, Inc. became the first Ohio racetrack owner to submit a video lottery terminal (“VLT”) license application to the Ohio Lottery Commission (“Commission”), seeking to place VLTs at its Scioto Downs facility in Columbus, Ohio. Under a newly-enacted law, Ohio’s seven horse racetracks have been authorized to operate a total of 17,500 VLTs (up to 2,500 per track location). In exchange for the placement of VLTs, racetrack owners are required to invest \$150 Million into their facilities and pay a \$50 Million licensing fee.

Though the Commission passed a number of administrative rules governing the licensing of VLTs at the state’s horse tracks on an expedited basis in October, 2011, so far MTR is the sole applicant, perhaps due to a lawsuit filed by the organization, Ohio Roundtable, which alleges that the placement of VLTs at racetracks violates the Ohio Constitution. Ohio Attorney General Mike DeWine has recently filed a motion to dismiss the lawsuit, arguing, among other things, that Ohio Roundtable lacks standing to challenge the VLT law. In a recent press release, Jeffrey Dahl, President and Chief Executive Officer of MTR Gaming Group, said, “[b]ased on our review of the matter and the Attorney General’s independent evaluation as set forth in the motions to dismiss, we are confident that the current lawsuit filed in Ohio to prevent the casinos and VLTs from proceeding is meritless, and as such, we have started the process of obtaining our gaming license with the state. We look forward to receiving our license – which we expect to be issued within a reasonable time frame – and developing the Scioto Downs VLT facility, which we believe will drive significant long-term stockholder value and create hundreds of jobs in the Columbus area.”

In addition, a public hearing will be held on January 26, 2012 regarding four additional amended administrative rules that the Commission is proposing to adopt. The proposed rules relate to video lottery hours of operations (allowing operation of VLTs on a 24/7 basis), the type of video lotto terminals allowed, video lottery terminal maintenance and repair, video lottery prize payments, as well as security and

surveillance procedures.

## Commercial Casinos

The Ohio Casino Control Commission (“OCCC”) is continuing its bi-weekly meeting schedule in order to address the regulatory and licensing issues associated with the construction and opening of the state’s four new commercial casinos. Due to the unique licensing structure under the Ohio gaming law, the OCCC, the casino operators, and the anticipated casino vendors, are working to clarify which individuals and/or business need to be licensed.

The OCCC has announced that future meetings will be held on January 18, February 1, February 15, March 7 and March 21, 2012.

## AGA ELECTS RICHARD HADDRILL AS AGA BOARD CHAIRMAN

In December, 2011, the American Gaming Association (“AGA”) announced at its annual meeting that it has elected Richard Haddrill, CEO and director of Bally Technologies, Inc., to a two-year term as chairman of the organization. Mr. Haddrill, who served as the AGA vice chairman for the past two years, follows Keith Smith, president and CEO of Boyd Gaming Corporation, in the position. James Murren, CEO of MGM Resorts International, replaces Mr. Haddrill as the AGA’s new vice chairman.

“Keith’s leadership during the past two years has been a true asset to the AGA, and we are grateful for the effort he has put into moving the entire industry forward,” said Frank J. Fahrenkopf, Jr., president and CEO of the AGA. “I am extremely confident that Dick and Jim will provide the AGA with the guidance and insight to best serve all of our members and help our industry take advantage of the new opportunities that will avail themselves in the coming year.”

Additionally, the AGA board welcomed a new director Adam Rosenberg, managing director and global head of the gaming group for Goldman Sachs & Co. Mr. Rosenberg previously served as director-elect and was elected for a one-year term as an at-large director. He succeeds Robert Heller,

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managing director and head of gaming and leisure for the Americas at UBS Investment Bank, whose term had expired. Richard Byrne, CEO of Deutsche Bank Securities, Inc., was designated by the AGA board as a director-elect for the coming year.

Mr. Murren and Mr. Smith were re-elected to the AGA board of directors for three-year terms, as were Patti Hart, CEO of International Game Technology, and Gavin Isaacs, CEO of Shuffle Master, Inc. Larry Ruvo, senior managing director of Southern Wine & Spirits of Nevada, was re-elected to a one-year term as an at-large director.

Other current members of the AGA board include Biran Gamache, chairman and CEO of WMS Gaming Inc.; Gordon Kanofsky, CEO and director of Ameristar Casinos, Inc.; Nick Khin, president of the Americas for Aristocrat Technologies, Inc.; Michael Level, president and COO of Las Vegas Sands Corp.; Gary Loveman, president, CEO and chairman of Caesars Entertainment Corporation; Virginia McDowell, president and CEO of Isle of Capri Casinos, Inc.; Antholy Sanfilippo, president and CEO of Pinnacle Entertainment, Inc.; and Timothy Wilmott, president and COO of Penn National Gaming, Inc.

For more information about the AGA, please visit [www.americangaming.org](http://www.americangaming.org).

## **NCRG ELECTS ALAN FELDMAN AS CHAIRMAN OF BOARD**

On Monday, January 9, 2012, The National Center for Responsible Gaming (“NCRG”) announced Alan M. Feldman, senior vice president of public affairs for MGM Resorts International, has been selected as the new chairman of the organizations board of directors. The NCRG board also elected Mark Vander Linden, executive officer of the Office of Gambling Treatment and Prevention at the Iowa Department of Public Health, to join as a board member.

Mr. Feldman replaces Glenn C. Christenson, managing director of the investment firm Velstand Investments, LLC, who has served as chairman of the board of directors for three years and will

remain on the board.

“Alan has long been a strong voice in the gaming industry on issues of responsible gaming and finding effective methods for addressing gambling disorders. He has an unwavering commitment to the NCRG,” Christenson said. “I am delighted to remain on the NCRG board to support Alan’s leadership as the NCRG continues to address these issues through peer-reviewed research and public education.”

Mr. Feldman has served on the NCRG board since 2000. In addition to serving on the Board, he is a board member of the Nevada Council on Problem Gambling and has previously served as a member of the Athletes and Addictions Task Force at Harvard University Medical School, Division on Addictions.

Mr. Vander Linden is the executive officer of the Office of Gambling Treatment and Prevention, where he oversees all problem gambling services for the state including treatment, prevention, workforce development, social marketing and evaluation. He is also the board president of the Association of Problem Gambling Service Administrators and holds advisory roles with the Midwest Consortium on Problem Gambling and Substance Abuse and the Prairielands Addiction Transfer Technology Center.

“We are excited to have Mark on the NCRG board, as his experience will lend great insight on the public health perspective of problem gambling,” Mr. Feldman said. “he has already been a champion for the NCRG in helping us organize treatment provider workshops and speaking at the NCRG Conference of Gambling and Addiction, and we look forward to working with him ore in the coming years.”

The NCRG board of directors also announced that it has allocated more than \$1.5 million for grants in 2012 to support research on the prevention and treatment of gambling disorders. This is the largest amount of funding that the NCRG has allocated in the organizations 15-year history.

The NCRG board of directors includes representatives from the gaming industry and the treatment and regulatory communities. Additional

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board members include NCRG President William Boyd, executive chairman of Boyd Gaming Corporation; NCRG Treasurer and Secretary Judy Patterson, senior vice president and executive director of the American Gaming Association; Sue Cox, founding executive director of the Texas Council on Problem and Compulsive Gambling; Kevin Mullally, general counsel and director of government affairs for Gaming Laboratories International; Phil Satre, chairman of International Game Technology; Jennifer Shatley, vice president of responsible gaming policies and compliance for Caesars Entertainment Corporation; and Bruce Shear, president and CEO of Pioneer Behavior Health.

For more information regarding the National Center for Responsible Gaming, please visit [www.ncrg.org](http://www.ncrg.org).