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Editor in Chief

David D. Waddell, Esq.

Phone: 517.507.3859

waddell@rmclegal.com

Senior Gaming Analyst & Editor

Robert R. Russell, II

Phone: 517.507.3858

russell@rmclegal.com

Reporter and Associate Editor

Dustin M. Ford

Phone: 517.999.5414

dford@rmclegal.com

Reporter

Douglas L. Minke

Phone: 313.221.9380

minke@rmclegal.com

Reporter

Blaine R. DeGracia

Phone: 517.507.3857

degracia@rmclegal.com

Subscription information:

info@michigangaming.com

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RMC Ventures, LLC

University Place Center
333 Albert Ave, Suite 450
East Lansing, MI 48823
Phone: 517.507.3860
Fax: 517.908.0235
www.rmclegal.com

The MICHIGAN GAMING Newsletter



GOV. SNYDER APPOINTS MEMBERS TO MICHIGAN GAMING CONTROL BOARD

On Thursday, February 9, 2012, Governor Rick Snyder announced his appointments to the Michigan Gaming Control Board (Board), including the appointment of the Board's new chairman. The appointments were made in compliance with section four of the Michigan Gaming Control & Revenue Act of 1997 ("Act").

Governor Snyder has appointed Andrew Palms and Patrick McQueen as new board members. In addition, he appointed current board member Benjamin Friedman to the vacant board seat previously held by Jim Plakas. The Governor also appointed current board member Robert L. Anthony as the Board Chairman. Mr. Anthony's term expires on December 31, 2014.

Mr. Anthony retired as a senior risk and quality partner of the Pricewaterhouse Coopers LLP. Mr. Anthony served global clients over his career working closely with client audit committees and senior management on matters that included entity-wide risk analysis and risk management. He also served as a member of the Pricewaterhouse Coopers Global Audit Policy Board.

Andrew Palms will take the seat currently held by Benjamin Friedman. Judge Friedman, who was originally appointed by Governor Jennifer Granholm in 2004, will be moved to the board seat that has been vacant since Jim Plakas' retirement at the end of 2011. Patrick McQueen has been appointed to the seat that was last held by former Board Chairperson Barbara Rom. Ms. Rom was originally appointed by Governor Granholm in 2004 and retired in December of 2011 at the end of her term.

Mr. Palms is the executive director of communications systems at the University of Michigan. He has worked in communication systems with the university for over 20 years assisting in the design and implementation of data and voice systems throughout the campus.

The Hon. Benjamin Friedman is a partner at the law firm Friedman & Lichterman, P.C. Prior to entering private practice, Judge Friedman served as the Michigan 45B District Court judge and was recognized in 2010 by the State Bar of Michigan for 50 years of membership.

Mr. McQueen is the managing director of McQueen Financial Advisors. He has served in prominent roles in the Michigan financial industry throughout his career, including serving 23 years at Manufacturer's Bank. Mr. McQueen also served as the Commission of the Michigan Financial Institutions Bureau under former Governor Engler from 1993 to 1999.

Both Mr. Palms and Mr. McQueen will serve four-year terms that expire on December 31, 2015. Mr. Friedman will serve for the remainder of Mr. Plakas' former term that will expire on December 31, 2012. The appointments are subject to the advice and consent of the Michigan Senate.

Mr. Michael Watza of Northville, a partner in Kitch Drutchas Wagner Valitutti & Sherbrook, continues to also serve on the Board with his term effective through December 21, 2012.

The MGCB is responsible for implementing the Michigan Gaming Control & Revenue Act, as amended (Public Act 69 of 1997; MCL 432.201). Section 432.204 (17)(i) of the Act states that three members of the board are required to constitute a quorum, except when making determinations on applications for casino licenses, where four members are required to constitute a quorum. The current appointments create a full five-member Board, as contemplated by the Act.

MGCB RELEASES FEBRUARY PUBLIC MEETING AGENDA

Tomorrow, February 14, 2012, the Michigan Gaming Control Board (MGCB) will hold its Regular Public Meeting.

The agenda includes the following items:

- A. Consider the Licensing Division Staff's Recommendations Regarding Level 1 and Level 2 Occupational License Applications
- B. Consider the Executive Director's Report and

Licensing Division's Staff Recommendation Regarding the Pending Supplier License Application of

- 1. Rhiannon Creations, Inc. d/b/a Body Bliss, Board File No. SL005380-12-001
- C. Consider the Executive Director's Reports and Licensing Division's Staff Recommendations Regarding the Pending Supplier License Renewal Requests of
 - 1. Advertising Specialties, LLC, Board File No. SL001616-12-001
 - 2. Chef Source, Inc., Board File No. SL001276-12-001
 - 3. C.L. Rieckhoff Company, Inc., Board File No. SL004151-12-001
 - 4. Contract Design Group, Inc., Board File No. SL003690-12-001
 - 5. Renaissance Man Food Services, LLC, Board File No. SL004299-12-001
 - 6. Paltronics, Inc., Board File No. SL003217-12-001
 - 7. TCS John Huxley America, Inc., Board File No. SL001026-12-001
 - 8. The End Zone Chicken & Ribs, LLC, Board File No. SL002059-12-001
 - 9. Voice Data Systems, LLC, d/b/a VDS, Board File No. SL004343-12-001
- D. Consider the Executive Director's Report and Licensing Division Staff's Recommendation Regarding the Suitability of Required Key Person of Supplier Licensee IGT
 - 1. Eric Alton Berg, Board File No. SL000002-12-001
- E. Consider the Executive Director's Report and Licensing Division Staff's Recommendation Regarding the Suitability and Eligibility of Required Key Person of Casino Licensee Greektown Casino, LLC
 - 1. Darrell Burks, Board File No. GTC-12-001

The MGCB meeting will take place at the Detroit Office Hearing Room, located at Cadillac Place,

(Continued on page 3)

3062 W. Grand Blvd., Suite L-700, Detroit, Michigan at 9:30 a.m. on February 14th.

GUN LAKE CASINO CELEBRATES ONE YEAR ANNIVERSARY

Friday, February 10, 2012, marked the one year anniversary of the opening of the Gun Lake Casino, located in Wayland Township, Michigan. In recognition of its one year anniversary, the casino announced that it plans to celebrate for the entire month of February.

“We’re very excited to celebrate our first anniversary,” commented John Shagonaby, chief executive officer of the Gun Lake Tribal Gaming Authority. “We’re thankful to the local community for the support, the guests of Gun Lake Casino, our management partner, Station Casinos, along with all of our team members. We look forward to many more successful years to come.”

The Gun Lake Casino, located off of U.S. 131 between Kalamazoo and Grand Rapids, is owned by the Gun Lake Tribe and is operated by the Tribe’s management partner, MPM Enterprises, LLC, owned by an affiliate of Station Casinos, Inc. and private investors from Michigan. The casino opened on February 11, 2011 and features 1,450 slot machines and 28 table games. In addition, the facility offers a food court, multiple dining options, lounges, and live entertainment.

MGM GRAND DETROIT AND MICHAEL MINA’S SALTWATER RECEIVE AAA FOUR-DIAMOND AWARDS FOR 2012

For the fourth consecutive year, MGM Grand Detroit and celebrity Chef Michael Mina’s award-winning restaurant, SALTWATER, have earned AAA’s 2012 Four Diamond rating.

“We are honored to once again be bestowed with two Four Diamond awards from AAA,” said MGM Grand Detroit General Manager Steve Zanella. “Our team members work tirelessly to ensure that every guest receives the highest caliber

service and most memorable experience. This award really goes to them.”

MGM Grand Detroit’s hotel features 400 guest rooms, including nine rooftop VIP suites and 56 corner suites. The hotel provides a separate entrance and private living room for hotel guests only. It also features 20,000 square feet of event space, meeting rooms, and executive board rooms allowing for up to 1,200 people for an event.

OHIO GAMING EXPANSION BILL REPORTED OUT OF COMMITTEE

On Wednesday, February 8, 2012, the Ohio General Assembly’s House State Government and Elections Committee reported a substitute for House Bill (“HB”) 386, a sweeping measure that makes a number of revisions to the laws governing Ohio’s four commercial casinos, the Ohio Lottery’s offering of video lottery terminals, and Ohio horse racetracks. Of note, HB 386 provides for the following:

- A casino operator license is “transferrable”, subject to the approval of the Casino Control Commission and the payment of a \$1.5 million application fee.
- The Casino Control Commission is considered a “law enforcement agency,” under Ohio law, and its gaming agents are to be considered “law enforcement officers.”
- The definition of “institutional investor” under the Casino Law has been modified to mean an entity owning more than 5% but less than 15% of an ownership interest in a casino facility, casino operator, management company or holding company.
- A key employee license applicant's name, the business address of the casino operator, management company, or holding company employing the applicant, and the county, state, and country of the applicant's residence is not considered confidential information and will be subject to public information requests.
- The Director of the Ohio Lottery Commission is to promulgate rules relative

(Continued on page 4)

to video lottery terminals (VLT) games and to license VLT technology providers, testing laboratories, and gaming employees. The bill specifies that rules for VLT games are to be adopted under the abbreviated rule-making procedure and are not subject to legislative review and invalidation.

- Horse racing permit holders authorized to conduct VLT gaming shall receive a commission on VLT income as set in rule 3770:2-3-08 (which currently provides that racetrack owners would receive 66.5% of VLT income).
- Each horse racing permit holder must conduct at least 75 live racing days in calendar year 2013, 100 in 2014, and 125 in 2015 and thereafter. The Racing Commission is given discretion to reduce the number of days, and horsemen associations may negotiate an agreement for fewer live racing days, subject to a lower limit of 50 per year.
- Each horse racing permit holder must simulcast races on a minimum of 360 days each calendar year.

In addition, [HB 386](#) requires the Director of Alcohol and Drug Addiction Services to complete a study to identify the current status of gaming addiction problems within Ohio and makes certain changes to charitable gaming operations within the state.

The Committee substitute for HB 386 will now move to the full House of Representatives, where a vote on the measure is expected next week. If approved, the bill would then move to the Senate for consideration.

IGAMING NORTH AMERICA CONFERENCE—MARCH 4-6

The second annual iGaming North America Conference will be held May 4-6, 2012 at the Planet Hollywood Resort & Casino in Las Vegas, Nevada. The show is designed to introduce the land-based gaming businesses of North America to the global iGaming industry.

The goal of the conference is to educate and

increase understanding regarding the potential regulatory impacts of internet gambling in the U.S. and Canada, and to provide critical information regarding the players, resources, legislative framework and topics that are important to the commercial gaming segment. Last year's conference had 300 delegates from many of the major land based and Internet gaming companies. Conference organizers feel that regulation in the U.S. and Canadian markets appears imminent as several bills for regulation are pending in various jurisdictions. Other focus points of the conference include commercial success, technology and geolocation issues, and opportunities surrounding iGaming that are not well understood by many of those in the traditional gaming industry in North America.

"With the surge in activity at both the state/provincial as well as federal levels, the time is right for all of the operators, consultants, vendors and suppliers focused on the North American audience to come together for this important informational event," stated Anthony Cabot, Partner at Lewis and Roca.

Organizers BolaVerde Media Group, Lewis & Roca, and The Innovation Group have taken a new approach in designing the curriculum as a "boot camp" for entrants into the North American iGaming markets. The event will provide education and training to prospective participants in the regulated U.S. and Canadian Internet gaming market. The aim of the program is to provide attendees a roadmap and the tools necessary to get from Point A (regulatory approval) to Point B (launch) with a firm handle on capital, staffing, marketing and operational needs.

Those who should consider attending include:

- Existing land-based (commercial and Native American/First Nation) operators
- iGaming operators and associations
- Lottery, racing, sports betting and skill game representatives
- Government entities and regulators Industry vendors and suppliers
- Law firms Financial institutions
- Accountants and consulting firms
- I.T. and software providers Marketing, media

(Continued on page 5)

- and communications firms
- Other individuals and organizations interested in learning about the potential for legalized iGaming in North America

A list of the speakers and sessions can be found at: <http://igamingnorthamerica.com>.

For more information, visit: www.igamingnorthamerica.com.

FREE ONLINE WEBINAR—ARE YOU READY FOR FINCEN AND IRS CHANGES?

Next Thursday, February 23, 2012, Resort Advantage will be hosting Part 2 of its free Winter Webinar Series, which seeks to address critical FinCEN and IRS Reporting Requirements for the casino gaming industry. “Are You Ready for FinCEN and IRS Changes? - Preparation for e-Filing Transition” will cover pertinent transition deadlines, legal impacts for failing to meet deadlines, training, and ideas for creating a detailed transition plan for companies.

The webinar series will include industry experts from Convey Compliance, Dowling Advisory Group and Regulatory Management Counselors, P.C.

During this webinar, a panel of industry experts will be on hand to share real-world experiences with properties that have completed the transition to the new electronic filing process. They will provide best practices on how to perform a smooth transition as well as provide a sample transition plan to assist in a property’s compliance, audit and IT staff.

Series Part 1: “2012 FinCEN and IRS Reporting Requirements—What You Will Need!” focused on compliance reporting requirements for 2012 and how they will impact the regulatory procedures and controls within the following four areas: 1-Persons doing business at the property; 2-Forms management / electronic submission; 3-Staff regulatory knowledge; and 4-Reporting / auditing requirements. The seminar can be viewed online at the link provided at the end of this article.

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

To register for the free online Webinar Series, or to view the December 8th presentation, please visit: <http://resort-advantage.com/events-news/events-webinars/2012-winter-webinar-series-part-1.html>

26TH NATIONAL CONFERENCE ON PROBLEM GAMBLING—JULY 13-14

On July 13-14, 2012, the National Council on Problem Gambling (“NCPG”) will be holding its 26th National Conference on Problem Gambling in Milwaukee, Wisconsin and is currently looking for sponsors to support this year’s event.

For more than 25 years, the NCPG has brought together leaders in prevention, education, treatment, responsible gaming, research and recovery. Last year’s event included more than 500 attendees engaged in over 50 sessions and workshops given by almost 150 presenters.

According to conference organizers, sponsorship opportunities increase an organization’s visibility in a cost-effective way by allowing sponsors to choose their level of commitment. All sponsorships support for the conference goes to the NCPG as well as the Wisconsin Council on Problem Gambling. Sponsorships received by June 1, 2012 will be included in conference materials and recognized in any materials created after the date of commitment.

The Sponsorship Opportunities form can be found by clicking [here](#). Should you have any questions, please contact Barbara Rollins, Director of Development and Membership at 202.547.9204 or ncpg@ncpgambling.org.

(Continued on page 6)

AGA RELEASES REPORT SHOWING ECONOMIC IMPACTS OF COMMERCIAL CASINO INDUSTRY

On Monday, February 6, 2012 the American Gaming Association (AGA) released a comprehensive report showing that the economic impacts of the commercial casino industry spread throughout the entire U.S. economy in 2010. The report, “Beyond the Casino Floor: Economic Impacts of the Commercial Casino Industry,” is the first of its kind and offers new in-depth analysis of the gaming industry, including data on the effects of industry spending as well as industry supported and induced spending. The report shows the economic activity supported by the commercial casino industry is roughly equivalent to 1 percent of the \$14.5 trillion U.S. gross domestic product in 2010.

“There is no doubt the commercial casino industry is a significant and vital part of our nation’s economy,” said Frank J. Fahrenkopf, Jr., president and CEO of the AGA. “The industry generates and supports economic activity that stretches far beyond the communities that host casinos and into the greater American economy.”

According to the report, 566 casinos in 22 states supported about \$125 billion in spending and nearly 820,000 U.S. jobs in 2010. Taking all lines of spending into account, commercial casinos directly generated \$49.7 billion in consumer spending and about 350,000 jobs, with salaries and benefits totaling nearly \$15 billion in 2010. When indirect and induced impacts are taken into account, the industry supports an additional \$76 billion in spending with suppliers and other businesses, and more than 470,000 additional jobs.

Of the previously mentioned roughly \$125 billion in spending supported by commercial casinos in 2010, about two-thirds of this activity was generated in the host and surrounding counties and about one-third was generated in other counties across the U.S. One-third — or \$15.2 billion — of the commercial casino industry’s revenue in 2010 came from non-gaming sources, including food and beverage sales, hotel operations, retail, entertainment, and meetings and conventions.

In 2010, the gaming industry directly paid nearly

\$16 billion in taxes, with its effective tax rate totaling 32 percent, which is significantly higher than the economy-wide total tax burden of 27 percent. When indirect and induced economic activity is taken into account, the industry generated close to \$25 billion in taxes in 2010.

“The data in this report shows the significant scope of impact of this industry,” said Dr. Coleman Bazelon, principal at The Brattle Group. “This report shows the economic activity spurred and supported by the commercial casino industry has a ripple effect throughout the nation’s greater economy.”

“Beyond the Casino Floor” was prepared by The Brattle Group, a consulting firm specializing in economics. The report is based on economic modeling and analysis and supported by data from AGA member companies and publicly available sources.

FAIRPLAYUSA MONITORS DEVELOPING ONLINE GAMBLING—ADVOCATES REGULATED AND SAFE ONLINE POKER

FairPlayUSA is a coalition of law enforcement officials, consumer protection experts, poker players, companies in the commercial gaming industry and other Americans concerned about Internet gambling. The group seeks to educate policymakers, and the public on the internet gambling laws.

FairPlayUSA advocates the implementation of online gambling laws and creating a strict regulatory framework for online poker. According to their website, the group feels that the need for federal legislation is key to having safe and regulated online gambling. Specifically, they state that “[o]nly federal legislation can address the problems associated with illegal offshore gambling and online poker, and provide much needed enforcement of our Internet gambling laws and consumer protections. Such legislation would establish a strict regulatory framework for poker while preserving the sovereign rights of states and tribes to opt-out of this activity.”

(Continued on page 7)

Notably, on Thursday, February 9, 2012, the United States Senate Committee on Indian Affairs held its second hearing on internet gambling. The committee session, entitled “Oversight Hearing on the U.S. Department of Justice Opinion on Internet Gaming: What’s at Stake for Tribes,” heard testimony from gambling expert and Senior Professor at Whittier Law School I. Nelson Rose, who stated that “[t]here is no Federal statute that would prevent a state from legalizing virtually any form of internet gambling with the exception of sports betting,” Mr. Rose testified. “States can legalize it, they can form compacts for interstate and even international to form pools of players.” To watch the Committee hearing in its entirety, please [click here](#).

FairPlayUSA points to several criteria that it feels provides solutions to many of the immediate issues associated with implementing online gambling. Their suggestions include:

1. Modernize and strengthen the Wire Act of 1961 with conforming amendments to the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA) to unambiguously eliminate illegal internet gambling.
2. Provide tools to crack down on unlicensed foreign operators who do not comply with U.S. law, empowering law enforcement to shut down the illegal operators coupled with assistance from financial institutions.
3. Enhance penalties for those who violate the law.
4. Give states and tribes the authority to authorize or prohibit online poker subject to strict regulatory mandates and sophisticated tools to block consumers in those states that choose to prohibit online poker.
5. Establish a strict state gaming regulatory framework for licensing and enforcement of online poker in jurisdictions that choose to accept it.
6. Require licensed operators to offer state-of-the-art problem gambling controls, including limits on wagers, deposits, losses, and playing time.
7. Mandate that operators of licensed online poker sites maintain a transparent record of all transactions and player identities and comply with existing U.S. laws on federal bank secrecy and suspicious transaction reporting.
8. Require that technologies currently used

successfully in other age-sensitive industries be used to combat underage poker play.

9. Mandate technological safeguards be utilized to ensure that games are fair and honest, offering the same strict regulatory scrutiny as commercial poker rooms.
10. Mandate that players' deposits be maintained in escrow accounts and available on demand.

FairPlayUSA is led by the Honorable Tom Ridge, former Pennsylvania governor, the country’s first secretary of the U.S. Department of Homeland Security, and president and CEO of Ridge Global; Greg Raymer, 2004 World Series of Poker Main Event Champion; Mike Sexton, professional poker player and poker visionary; Louis J. Freeh, former FBI Special Agent, founder and Senior Managing Partner of Freeh, Sporkin and Sullivan; and Parry Atfab, attorney, child advocate and expert of consumer and family cybersafety issues.

For more information on FairPlayUSA, please visit: www.fairplayusa.com.