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The MICHIGAN GAMING Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR JUNE, 2012

The Michigan Gaming Control Board (“MGCB” or “Board”) released the June, 2012 total adjusted revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino. Overall, revenue for the Detroit Market was down 1.6% in June, 2012 from the same reporting period last year. Specifically, revenue for MGM Grand Detroit Casino and Greektown Casino was down by .004%, and 5.8%, respectively while revenue for MotorCity Casino had increased by .002% during June, 2012 in comparison to the same month last year.

Month in 2012	Total Adjusted Revenue 2012		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$47,869,082.24	\$36,708,630.10	\$29,607,452.04
February	\$53,443,696.53	\$42,922,456.88	\$32,560,470.47
March	\$57,181,553.70	\$43,543,183.32	\$34,602,503.13
April	\$52,125,745.86	\$39,350,932.55	\$31,868,439.41
May	\$51,719,743.97	\$36,964,111.37	\$29,720,467.91
June	\$47,326,715.28	\$36,905,378.50	\$27,259,606.31
Total	\$309,666,537.59	\$236,394,692.72	\$185,618,939.27

Revenues for the month of June, although slightly lower than the same reporting period last year, fared well. Although the Hollywood Casino in Toledo, Ohio recently opened, the slight decline in revenues was likely due to other factors. Historically, the MGCB has reported decreases in revenue for the summer months, and any significant impact from the Ohio casino is not expected to impact revenues substantially, if at all, for three to six months.

Month in 2012	Total Adjusted Revenue 2012		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$114,185,164.38	\$9,248,998.32	\$12,446,182.92
February	\$128,926,623.88	\$10,443,056.60	\$14,053,002.00
March	\$135,327,240.15	\$10,961,506.45	\$14,750,669.18
April	\$123,345,117.82	\$9,990,954.54	\$13,444,617.84
May	\$118,404,323.25	\$9,590,750.18	\$12,906,071.23
June	\$111,491,700.09	\$9,030,827.71	\$12,152,595.31
Total	\$731,680,169.57	\$59,266,093.74	\$79,753,138.48

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 wagers. 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.

SUMMER COMPLIANCE SERIES: GAMING SUPPLIER INITIAL LICENSING PROCESS

In addition to its traditional coverage of developments in the state's gaming industry, The Michigan Gaming Newsletter is proud to announce its first annual Summer Compliance Series. From now until the end of August, The Michigan Gaming Newsletter will be publishing a regular column in order to provide readers with a basic understanding of Michigan gaming regulatory structures and considerations. The following is a general discussion of the state's compliance requirements and should not be considered legal advice.

The Michigan Gaming Control and Revenue Act (the "Act") and the Michigan Gaming Control Board Rules (the "Rules") regulate providers of gaming and non-gaming goods and services to Detroit casino license applicants and casino licensees. This article will broadly discuss the initial supplier license application and review process for gaming-related suppliers and individuals. In a [prior article](#), the topic of "nongaming" supplier licensing and/or registration was discussed

The Michigan Gaming Control Board ("MGCB" or "Board") requires that certain individuals or entities supplying gaming-related goods or services to the Detroit casinos apply for and receive a valid supplier license prior to conducting business.

Gaming suppliers are generally defined as persons or businesses providing gaming-related goods/services to a casino and must file for licensure regardless of the amount of business conducted. Gaming-related goods/services are generally defined as those directly related to the conduct of gambling, or which

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otherwise affect the play and results of gambling games or devices (dice, tables, gaming chips, tokens, security cameras, etc.). Each supplier license is issued for a period of one year and must be renewed annually.

The MGCB may issue a gaming supplier license an entity that applies for a license and pays the applicable fee set by the board. Under the Rules, an applicant must pay a \$5,000 annual license fee. Additional application fees ranging between \$500 and \$2,500 apply to companies depending on the dollar amount of business conducted with the casino. Importantly, it is the burden of the applicant to establish by clear and convincing evidence its suitability as to integrity, moral character, and reputation; personal and business probity; financial ability and experience; responsibility; and other criteria considered appropriate by the board. MCL 432.207a(1).

Additionally, a separate Occupational License is required if an individual is employed by a supplier licensee and his or her work duties are related to or involved with the gambling operation, or if the individual performs work in a restricted area of a casino. Key management officials may also be identified by the MGCB as requiring a suitability determination in connection with the issuance of a gaming-related supplier's license. In general, individual licenses or suitability reviews are required for those participating in senior management positions and for those workers that directly access the goods provided or provide services to the casino property.

During the interim background investigation phase of the MGCB licensing process, a temporary license may be issued to a supplier of goods or services. To obtain a temporary license, the applicant must: submit a completed application and applicable fees; submit a written statement of intent from the casino evidencing a business engagement; pass a preliminary review of the application and criminal history investigation; and have no apparent deficiencies in the application that would warrant denial.

Depending on the number of individual qualifiers identified by the MGCB as requiring licensure or a suitability determination, the background investigations could take six weeks or more to complete. Background investigations will include

MGCB background checks as well as personal interviews with key qualifying individuals to review the individual's personal history. Once the MGCB staff has concluded its review of the application, a staff report recommending a licensing action will be drafted and submitted to the Board. The Board will then make a final determination on the license application at a regular public meeting.

If the applicant is denied licensure, the MGCB has established an Administration Review process that calls for a hearing officer to make a final recommendation to the MGCB. If the MGCB issues a denial, the statute allows for appeals to be made to a Circuit Court. If a request is not made in a timely manner, then the notice of denial becomes the Board's final decision. Those who have been denied a license must wait one year before reapplying for licensure.

To learn more about the MGCB or supplier licensing, please visit: www.michigan.gov/mgcb/.

GUN LAKE TRIBE REFINANCES CASINO DEBT

Yesterday, July 19, 2012, the Match-E-Bé-Nash-She-Wish Band of Pottawatomi ("Gun Lake Tribe") announced that it refinanced \$165 million in outstanding debt that was incurred to build its Gun Lake Casino in west Michigan. The debt refinancing was completed three years in advance of the scheduled July 20, 2015 maturity date.

The refinancing process was led by KeyBank's Native American Financial Services division. "The Authority is grateful to KeyBank for being an outstanding financial partner. This relationship has allowed the Tribe to lower its interest costs and have the flexibility to consider expanding the Gun Lake Casino. At this time, we do not have definitive plans to expand, but with this refinancing, it is now possible," said John Shagonaby, CEO of the Gun Lake Tribal Gaming Authority.

"We are very pleased to have secured favorable terms to refinance our existing debt. This shows a

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lot of confidence in our operations and optimism for a bright future, not only for our citizens, but the local economy,” stated D.K. Sprague, Gun Lake Tribal Chairman. “As a result of the financial markets improving and the Gun Lake Casino exceeding expectations, the Tribe was able to significantly reduce its cost of borrowing.”

The 82,000 square foot Gun Lake Casino is located off of U.S. 131 between Kalamazoo and Grand Rapids, and features 1,450 slot machines, 28 table games, a 225 seat café, food court, and other entertainment amenities.

The Michigan Gaming Newsletter would like to thank Scott Nuyttens and Peter Stern for their contributions to this issue.