

June 14, 2013

Volume 19, Issue 17

For more information on Michigan's gaming industry, please visit www.michigangaming.com

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

A publication of

RMC Ventures, LLC

Asher Court

321 W. Lake Lansing Rd.

East Lansing, MI 48823

Phone: 517.507.3860

Fax: 517.908.0235

www.rmclegal.com

The MICHIGAN GAMING Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR MAY, 2013

The Michigan Gaming Control Board (“MGCB” or “Board”) released the May, 2013 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 May, 2013 from the same reporting period last year. Specifically, revenue for MGM Grand Detroit Casino and Greektown Casino was down by 6.6%, and 3.8%, respectively, while revenue for MotorCity Casino was up 7.1% in May, 2013 in comparison to the same month last year.

Month in 2013	Total Adjusted Revenue 2013		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$45,053,237.92	\$35,104,651.68	\$26,014,038.75
February	\$46,465,030.58	\$38,280,263.88	\$26,554,877.16
March	\$54,317,934.38	\$45,753,508.81	\$34,689,130.33
April	\$48,995,129.99	\$39,735,195.61	\$31,309,701.67
May	\$48,326,080.76	\$39,604,092.95	\$28,589,982.46
Total	\$243,157,413.63	\$198,477,712.93	\$147,157,730.37

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.

(Continued on page 2)

Month in 2013	Total Adjusted Revenue and Taxes 2013		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$106,171,928.35	\$8,599,926.20	\$11,572,740.19
February	\$111,300,171.62	\$9,015,313.90	\$12,131,718.71
March	\$134,760,573.52	\$10,915,606.46	\$14,688,902.51
April	\$120,040,027.27	\$9,723,242.21	\$13,084,362.97
May	\$116,520,156.17	\$9,438,132.65	\$12,700,697.02
Total	\$588,792,856.93	\$47,692,221.41	\$64,178,421.41

The market shares for MGM Grand Detroit, MotorCity Casino, and Greektown Casino for May 2013 were 41%, 34%, and 25% respectfully.

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.

MGCB EXECUTIVE DIRECTOR RICK KALM REAPPOINTED

On Wednesday, May 22, 2013, the Michigan Senate voted unanimously to affirm Governor Snyder’s reappointment of current Michigan Gaming Control Board (“MGCB”) Executive Director Richard S. Kalm. Mr. Kalm’s new term officially began on June 3, 2013 and expires June 2, 2019.

In an interview with *The Michigan Gaming Newsletter*, Mr. Kalm noted the goal of ensuring integrity across a diverse gaming jurisdiction. “I was humbled and honored to have the opportunity to serve the state of Michigan for a second term as the Executive Director of the Michigan Gaming Control Board. During my first term, which covered the last six years, the agency has sought to establish a regulatory system that ensures the fairness of commercial casino gaming in Detroit. In addition, the agency has also been charged with overseeing Horse Racing and Michigan’s millionaire party charitable gaming licensing, along with monitoring compliance of the various Native American tribal casino compacts Statewide. With these additional duties however the agency Mission has remained the same as we apply it to the different forms of gaming. That is to ensure the conduct of fair and honest gaming to protect the interest of the citizens of Michigan.”



MGCB Executive Director Mr. Richard Kalm

Mr. Kalm was initially appointed as Executive Director by former Governor Jennifer Granholm on March 29, 2007 and has served in the position since. He was recently quoted in a *Global Gaming Business Magazine* op-ed piece authored by AGA President and CEO Frank J. Fahrenkopf, Jr., noting that Mr.

(Continued on page 3)

Kalm had led several regulatory changes to decrease burdens on licensed businesses while maintaining the oversight necessary to ensure that the industry operates with the utmost integrity. These efforts have included increasing the vendor registration threshold for non-gaming vendors from \$5,000 to \$15,000, increasing utilization of “shelf approvals” for debt approvals, and acceptance of the Multijurisdictional Personal History Disclosure Form, a universal individual licensing form used across several gaming jurisdictions.

Mr. Kalm was formerly the chief of staff for the Macomb County Sheriff’s office and a long-time law enforcement official in several capacities. He holds an associate’s degree in law enforcement and a bachelor’s degree from Wayne State University and is also a graduate of the Michigan State Leadership Academy and F.B.I. National Academy in Quantico, Virginia.

MICHIGAN GAMING CONTROL BOARD APPROVES TRANSFERS OF INTEREST IN GREEKTOWN CASINO

At its public meeting on Tuesday, June 12, 2013, the Michigan Gaming Control Board (“MGCB”) approved transfers of interest in Greektown Superholdings, Inc., the ultimate parent company of Greektown Casino, LLC, from multiple investment funds managed by Brigade Capital Management, LLC and Standard General, LP to Athens Acquisition, LLC (“Athens”), an entity ultimately owned by Mr. Dan Gilbert. Once these sale transactions close, Athens Acquisition, LLC will hold a 97.87% economic interest and a 97.2% voting interest in Greektown Superholdings, respectively. Pursuant to a short form merger clause in the April 8, 2013 Stockholders Agreement between Greektown Superholdings, Inc. and Athens Acquisition, LLC, the remaining shares in Greektown Superholdings must now be sold to Athens, given that it has acquired more than 90% of the outstanding shares of the company. An Athens spokeswoman has told *The Detroit News* that the remaining shares will be acquired “as soon as reasonably possible”.

In responding to a question from MGCB Chairman Robert Anthony regarding another

matter involving Greektown Casino at the June 12 MGCB public meeting, Glen Tomaszewski, the Casino’s Chief Financial Officer, said that he did believe that Greektown Superholdings would eventually become a private entity no longer listed on a public exchange. However, Mr. Tomaszewski said that he did not believe that this would occur before Greektown Superholdings, Inc. files its Form 10-Q with the Securities and Exchange Commission following the second quarter of 2013.

As Athens and Greektown Superholdings management work to establish a new financing structure, the MGCB also voted at the June 12 meeting to temporarily suspend the “fixed charge coverage ratio” financial covenant that was placed on Greektown Casino by the 2010 MGCB Order approving the Casino’s current debt facility. Greektown Superholdings management told the MGCB that it is working to put in place new financing, which it hopes to present to the MGCB at either the August or September, 2013 public meetings.

MICHIGAN GAMING CONTROL BOARD BEGINS ACCEPTING MULTI-JURISDICTIONAL PERSONAL DISCLOSURE FORM

On Friday, May 31, 2013, the Michigan Gaming Control Board (“MGCB”) began accepting the Multi-Jurisdictional Personal Disclosure Form (“MJPHDF”) for individuals in key employment or ownership positions with casino operators and suppliers. The MJPHDF is a uniform licensing and qualification form used across many domestic and foreign gaming jurisdictions, including Nevada, New Jersey, Mississippi, and Ohio, which was developed by the International Association of Gaming Regulators. The benefit to industry suppliers doing business in Michigan will be that they can provide the already assembled MJPHDF, which saves time and money for these business. A more complete list of jurisdictions that accept the Multi-Jurisdictional form can also be found at www.casinovendors.com under the Licensing Guide Section.

Those applicants in Michigan required to complete

the MJPHDF must also complete the Multi-Jurisdictional Supplemental Personal Disclosure Form (“Supplement”), which requests additional information aimed at state-specific disclosure requirements not contained in the MJPHDF. Under Michigan’s Supplement, the applicant must provide additional information related to personal history, political contributions, as well as a summary income statement.

Because the MJPHDF is standard in many prominent gaming jurisdictions, applicants with multi-jurisdictional business models will be able to more easily format and complete the Michigan forms. The transition towards acceptance of the MJPHDF and Supplement is part of the MGCB’s continued efforts to review and adapt regulatory practices to increase efficiency while maintaining careful oversight of gaming activity in the state.

“It is our responsibility to ensure the gaming laws enacted by the legislature are properly applied,” stated MGCB Executive Director Richard Kalm. “The MGCB is striving to make the licensing process as streamlined as possible. By adopting the multi-jurisdictional disclosure form we allow individuals who are licensed in several jurisdictions to complete the disclosure only once therefore eliminating unnecessary regulatory requirements.”

For more information on the MGCB’s licensing practices, as well as to obtain copies of the MJPHDF and Supplement, please visit the MGCB’s website at: <http://www.michigan.gov/mgcb/>

DEBATE CONTINUES ON CANADIAN SPORTS WAGERING LEGISLATION

On Tuesday, June 11, 2013, debate resumed in the Canadian Senate on Bill C-290, legislation that seeks to amend the country’s criminal laws to allow for single game sports wagering.

While the legislation unanimously passed in the Canadian House of Commons in March of 2012, it has faced opposition in debates in the Senate over the past year. Under current law, only parlay-style wagers are allowed and are offered through

provincial government products. Opponents of the legislation have cited concerns regarding problem gambling and opposition by major sports leagues.

Tuesday’s debate, however, was presented by Senator Terry M. Mercer, a supporter of the bill. Mr. Mercer echoed supporting statements from other legislators, noting that “this bill is important for jobs and revenues in Canadian border towns like Windsor and Niagara Falls, Ontario, or other communities across the country....What is across the border from these communities? Michigan, New York and Washington, with big populations of people that have money to gamble, and we could provide an outlet for that.”

Mr. Mercer also stated that the legislation provides an opportunity to provide oversight and regulate an activity that currently occurs on a widespread basis underground, a move that would provide greater protections for the public.

Bill C-290 remains in the Senate at its Third Reading, the final stage of debate before a final vote. A final vote on the legislation has not yet been scheduled as of the date of this publication.