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The MICHIGAN GAMING Newsletter



EXECUTIVE DIRECTOR SUBMITS REVISED CHARITY GAMING RULES

On Wednesday, September 18, 2013, the Executive Director of the Michigan Gaming Control Board (“MGCB”), Richard Kalm, submitted proposed rules regulating charitable “Millionaire Parties” operating in the state to the Michigan Department of Licensing and Regulatory Affairs (“LARA”). Currently, the Executive Director regulates Millionaire Party events under rules established by the Bureau of State Lottery, the former regulator of such gaming activity. Oversight of Millionaire Parties was transferred to the Executive Director of the MGCB on April 11, 2012 through Executive Order 2012-4, as part of Governor Snyder’s efforts to consolidate state agency oversight of certain gaming activity.

The proposed rules would require additional disclosure requirements from charitable organizations seeking licensure for Millionaire Party events, including whether the charity or its principal officers have ever been convicted of certain crimes and are involved in any pending litigation, as well as evidence that the charity has raised at least \$2,000.00 in non-gaming related fundraising in the past year. The rules also require review and approval of gaming areas prior to the award of a license.

In addition to these requirements, the proposed rules provide additional requirements for locations where charity gaming is operated. Under these changes, a single location may only host Millionaire Party events up to thirty days per year. Rental agreements for locations must be at fair market value and may not exceed \$250.00 per day for the location rental, including food and drink sales.

In order to become effective, the proposed regulatory changes must comply

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with the Michigan Administrative Procedures Act of 1969. This process includes publication of the draft changes, as well as times for public comment and review of the proposed rules before they become final.

The full text of the proposed rule changes are available through the LARA website, [here](#).

Notably, on September 4, 2013, State Representative Jeff Farrington (R-Utica) introduced [House Bill 4960](#) that, if passed, would amend the Traxler-McCauley-Law-Bowman Bingo Act to expand charitable gaming activity in the state. If House Bill 4960 is passed into law, many of the proposed regulatory amendments submitted by the MGCB Executive Director this past Wednesday would need to be revised in accordance with the new legislation. House Bill 4960 was referred to the House Committee on Regulatory Reform on September 4, 2013.

GAMING INDUSTRY “G2E” TRADE SHOW KICKS OFF NEXT WEEK IN LAS VEGAS

The 2013 Global Gaming Expo (“G2E”) will be held September 23-26 at the Sands Expo and Convention Center in Las Vegas, Nevada. This marks the 13th anniversary of the G2E, and the show is slated to be its largest show since 2008. G2E is the largest gaming industry trade show and conference event for the international gaming entertainment industry and provides gaming professionals with access to new products and technologies, valuable networking opportunities, and unmatched educational programming.

To date, this year’s G2E will feature more than 455 companies from all sectors of the gaming industry and more than 125 exhibitors from 32 countries, including Australia, Canada, China, Germany, Japan, Korea, Mexico, South Africa, the United Kingdom and the United States.

“We are thrilled to welcome all of the new exhibitors, as well as our returning exhibitors, to G2E 2013,” said Courtney Muller, senior vice president at Reed Exhibitions, co-host of G2E along with the American Gaming Association. “This year, the G2E show floor will be nearly 10

percent larger than last year’s and the largest showcase since 2008. It will provide gaming professionals with access to cutting-edge products and services that will shape the industry for years to come.”

In addition, the G2E will feature keynote addresses on a variety of industry topics. The Opening Day Keynote will be held on September 24 at 10:30 am in the Venetian Ballroom and will feature a performance by the improvisational comedy enterprise The Second City, which is a comedy act used by many successful corporations—helping them become more innovative and team driven. The troupe will use humor and open conversation to honestly identify challenges within corporate environments.

“This year’s diverse series of keynote events are sure to provide attendees with unique educational and entertainment experiences that can only be found at G2E,” said Ms. Muller. “Not only will we hear from the industry’s top gaming professionals at the State of the Industry and tribal gaming keynote panel discussions, but we will also kick off our keynotes with what is sure to be an entertaining performance by The Second City improv group. This one-of-a-kind lineup illustrates the reason why G2E is regarded as the world’s premier trade show and conference event for the gaming industry.”

On Wednesday, September 25 at 10:30 am in the Venetian Ballroom, the annual State of the Industry keynote session will feature five top executives from gaming’s leading operators and suppliers. They will provide insight into today’s important issues and trends, as well as what the future holds for the industry. Moderated by journalist Jon Ralston, known for hosting Nevada’s public affairs program “Ralston Reports,” the diverse panel of experts includes Holly Gagnon, president and CEO of Pearl River Resort; Virginia McDowell, president and CEO of Isle of Capri Casinos, Inc.; Tobin Prior, CEO of Ultimate Gaming; Anthony Sanfilippo, president and CEO of Pinnacle Entertainment, Inc.; and Timothy J. Wilmott, president and COO of Penn National Gaming, Inc.

The keynote series will conclude on the final day of G2E 2013, on Thursday, September 26 at 9:00

am in the Venetian Ballroom with a roundtable discussion featuring Victor Rocha, owner and editor of Pechanga.net, as the moderator, and several knowledgeable government affairs professionals who will discuss a host of tribal gaming issues. The eight-member panel will include Eddie Ayoob, partner at Barnes & Thornburg; Chuck Bunnell, chief of staff, External & Governmental Affairs for the Mohegan Tribe; Jason Giles, executive director of the National Indian Gaming Association; John Guzik, founding partner of The Franklin Partnership, LLP; John Harte, member of the Mapetsi Policy Group; Pete Kirkham, president of Red Maple Consulting, LLC; Jana McKeag, president of Lowry Strategies; and John Tahsuda, vice president of tribal affairs at Navigators Global.

The keynote addresses on Monday and Tuesday will take place from 10:30-11:30 am, and Thursday's address will take place from 9-10 am. All keynotes will be held in Venetian Ballroom G and are open to all G2E attendees.

To learn more about G2E, including full conference schedules, please visit <http://www.globalgamingexpo.com/>

TWO MICHIGAN GAMING PROFESSIONALS RECOGNIZED AS “EMERGING LEADERS” BY GLOBAL GAMING EXPO

The Global Gaming Expo (“G2E”) has recognized Robert Russell, Gaming Analyst at Regulatory Management Counselors, P.C. and Jamie Stuck, Tribal Council Vice Chairperson of the Nottawaseppi Huron Band of Potawatomi, as “Emerging Leaders” in the gaming industry who are under the age of 40. Mr. Stuck has been awarded an Emerging Leaders Scholarship, which covers the cost of a conference pass to the 2013 G2E, which will be held from September 24-26 at the Sands Expo and Convention Center in Las Vegas, as well as a two-night hotel stay.

Mr. Russell has been awarded as a G2E Honorarium, which recognizes leaders in the gaming industry under the age of 40 who meet the

“Emerging Leaders” criteria and also serve on the G2E advisory board.

Mr. Russell has served on the G2E advisory board since its inception and has been a strong advocate for practical regulation of the gaming industry. He has served on the AGA Task Force on Regulatory Reform, and he has made significant contributions in communication of the benefits of the industry in numerous publications and presentations.

In a press release, Courtney Muller, Senior Vice President at Reed Exhibitions, which is the co-host of the G2E along with the American Gaming Association, said “[a]s we looked at our past events and began planning for G2E this year, we realized that we wanted to do more to infuse the show with the energy and enthusiasm of the younger generation. We are thrilled to recognize these seven emerging leaders with G2E Conference scholarships and to provide all emerging leaders who are attending G2E with specialized opportunities to meet and learn from others in the industry.”

In addition to the recognition of Mr. Russell and Mr. Stuck, G2E announced that Emerging Leaders Scholarships, which were awarded in conjunction with The Innovation Group, had also been provided to:

- Mario Alfaro, corporate slot manager at Dreams Hotel Casino Spa (Temuco, Chile),
- Leslie Lumley, marketing director at Yakama Nation Legends Casino (Yakima, Wash.),
- Corey Nyman, director of operations at Nyman Group, Ltd. (Las Vegas),
- Anna Polatschek, manager of social responsibility, Nova Scotia Provincial Lotteries and Casino Corporation (Halifax, Nova Scotia),
- David Vatthanavong, pit manager at Sugarhouse Casino (Philadelphia), and
- Jerry Wilson, lead artist of social games at High 5 Games (New York).

In addition, the G2E also awarded Honorariums to Nehme Abouzeid, executive director of brand marketing and advertising at Wynn Las Vegas & Encore Resort, and Jason Gastwirth, senior vice president of entertainment at Caesars Entertainment, Inc.

To learn more about G2E, including full conference schedules, please visit <http://www.globalgamingexpo.com/>

THIRD CIRCUIT COURT OF APPEALS UPHOLDS BAN ON NEW JERSEY SPORTS WAGERING

On Tuesday, September 17, 2013, a three judge panel of the United States Court of Appeals for the Third Circuit issued a 128-page Opinion and Judgment affirming the February, 2013 decision of the U.S. District Court (D.N.J.) to issue a permanent injunction prohibiting the State of New Jersey from implementing a recently enacted law which would allow for sports wagering to be held at the Atlantic City Casinos and the state's horse race tracks. The decision to uphold the ban on the expansion of sports wagering to New Jersey (which was a 2-1 majority decision) effectively finds that the Professional and Amateur Sports Protection Act ("PASPA"), the federal law which prohibits the expansion of sports wagering outside of the licensed Nevada sports books and certain limited lottery games and sports pools previously authorized in Oregon, Delaware, and Montana, is constitutional. The Court's majority concluded:

"Having examined the difficult legal issues raised by the parties, we hold that nothing in PASPA violates the U.S. Constitution. The law neither exceeds Congress' enumerated powers nor violates any principle of federalism implicit in the Tenth Amendment or anywhere else in our Constitutional structure...New Jersey and any other state that may wish to legalize gambling on sports within their borders are not left without redress. Just as PASPA once gave New Jersey preferential treatment in the context of gambling on sports, Congress may again choose to do so or, more broadly, may choose to undo PASPA altogether. It is not our place to usurp Congress' role simply because PASPA may have become an unpopular law. The forty-nine states that do not enjoy PASPA's solicitude may easily invoke Congress' authority should they so desire." Opinion at p. 105-106.

Of note, in a 22-page opinion which concurred with the majority in part, but also dissented in part,

Judge Thomas Vanaskie stated that he did find PASPA's prohibitions to be unconstitutional:

"...the federal prohibition of state-authorized sports gambling does not emanate from a federal regulatory scheme that expressly or implicitly preempts state regulation that would conflict with federal policy. Instead, PASPA attempts to implement federal policy by telling the states that they may not regulate an otherwise unregulated activity. The Constitution affords Congress no such power." Opinion at p. 122.

The Defendants in the case (including New Jersey Governor Chris Christie, the President of the New Jersey Senate, the Speaker of the New Jersey General Assembly and the Director of the New Jersey Division of Gaming Enforcement , among others) may now seek to have the matter reconsidered, either by this three judge panel, or by the entire Third Circuit Court of Appeals sitting en banc. They may also request a writ of certiorari for review by the United States Supreme Court. A spokesman for Governor Christie has stated that he will take the matter to the U.S. Supreme Court, if necessary.

For the full opinion, please visit: <http://www2.ca3.uscourts.gov/opinarch/131713p.pdf>