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The MICHIGAN GAMING Newsletter



A NOTE FROM THE EDITORS:

Regulatory Management Counselors, P.C. is honored to provide detailed coverage of last week's Global Gaming Expo ("G2E"), held September 23-26 in Las Vegas, Nevada. The show, now into its 13th year, continues to provide opportunities for the industry to exchange ideas and develop new and innovative paths to success. The American Gaming Association ("AGA") and Reed Exhibitions, the organizers of the event, are to be commended for the top quality conference events and exhibit hall.

13TH ANNUAL GLOBAL GAMING EXPO CLOSES IN LAS VEGAS

On Thursday, September 26, 2013, the 13th annual Global Gaming Expo ("G2E") drew to a close at the Sands Expo and Convention Center in Las Vegas, Nevada. The event hosted a number of enlightening panel discussions, prominent keynote speakers, and an exhibit hall featuring the industry's latest technologies, products and services. In addition, more than 400 speakers shared their expert knowledge during 136 conference sessions.

The G2E show floor featured more than 450 companies from all sectors of the gaming industry from 32 countries, including Australia, Canada, China, Germany, Japan, Korea, Mexico, South Africa, the United Kingdom and the United States. Notably, this year's G2E was the largest show since 2008.

The conference is the world's largest gaming industry trade show and focuses on providing a comprehensive look at the gaming industry by offering opportunities for members in the field to advance the industry in new and innovative ways.

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If you are interested in more information on G2E 2013 or would like information on next year's events, please visit www.globalgamingexpo.com.

GAMING EXPERTS DISCUSS CURRENT AND ONGOING REGULATORY REFORM EFFORTS

On Tuesday, September 24, 2013, a panel of gaming experts discussed regulatory reform initiatives within the casino gaming industry. The panel discussion, entitled "G2E Future Watch on Regulation: Ensuring Integrity, Promoting Innovation," focused on the industry's ongoing efforts to create an open dialogue between the casino industry and its regulatory bodies to help streamline and unify the regulatory compliance processes currently being utilized. The session was moderated by American Gaming Association ("AGA") Senior Vice President & Executive Director Judy Patterson. Panelists included Andrew Smith, Director of Research for the AGA; John McManus, Executive Vice President and General Counsel for MGM Resorts International; Mark Lerner, Senior Vice President and General Counsel for Bally Technologies, Inc.; and Robert Russell, Gaming Analyst for Regulatory Management Counselors, P.C.

Notably, the session reviewed the results of G2E's annual Future Watch Survey, which focuses on how regulation impacts various aspects of the commercial casino industry's business, as well as that of its suppliers and vendors. Research from the report was compiled by surveying select casino operators and gaming equipment manufacturer executives.

"Much of our industry's success is due to our history of a strong regulatory system, but outdated approaches are hampering both the industry and the regulatory system," said Judy Patterson. "Moving forward, this year's survey results give us insights into areas where we can make significant reform to strengthen both our business and the regulatory process."

According to the report, 94 percent of survey respondents feel that casino companies and their suppliers are at least somewhat at a competitive disadvantage compared to other companies in the

hospitality and entertainment due to burdensome regulations. In addition, a full 95 percent agree that gaming companies cannot offer the latest and most innovative products to customers because regulatory approvals and testing seriously delay time to market.

Notably, 76 percent of respondents indicated that technology, if used appropriately, can lead to more comprehensive oversight with fewer burdens on business operations. It is important to note that 88 percent of those surveyed indicated that, over the past five to ten years, the regulatory community has become less rigid and more amenable to updating and modernizing regulations.

All panelists agreed that creating an open dialogue between operators/suppliers and their respective regulatory bodies is essential to creating beneficial change and streamlining such processes. Session panelist Mark Lerner noted a central problem with implementing an updated regulatory structure that is more easily able to keep up with the advancing changes in technology.

Mr. Russell and Mr. McManus then highlighted some of the previously implemented changes throughout various jurisdictions such as Michigan and New Jersey, and commended the AGA, Association of Gaming Equipment Manufacturers, and the respective regulatory agencies for their efforts to implement such changes. Mr. Russell noted the importance for ongoing efforts to help educate regulators on the importance of moving reform initiatives forward to ensure the integrity of the industry while taking a deeper look at the implications involved with cumbersome processes.

G2E PANEL DISCUSSION FOCUSES ON POTENTIAL SPORTS WAGERING EXPANSION

A panel discussion at last week's Global Gaming Expo in Las Vegas focused on the existing efforts to try to expand legalized sports wagering throughout the United States. The panel discussion, entitled "It's a Fantasy: How Sports Betting Can Work in All Casinos," was moderated by attorney Lloyd Levenson, President of Cooper Levenson, Attorneys at Law. Panelists included

Bill Pascrell, a lobbyist with Princeton Public Affairs Group; Art Manteris, Vice President of Race and Sports Book Operations at Station Casinos; Eamon Tolland, President of Paddy Power North America; and Steve Roberg, Managing Director of Virtual Racing Systems at Inspired Gaming Group.

Given the ongoing lawsuit between the State of New Jersey and the U.S. Federal Government regarding 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. Mr. Pascrell, who is a lobbyist in New Jersey and has been involved in this issue in the past, shared his opinion that it is not a question of “if” sports wagering is allowed in New Jersey, but a question of “when.” He noted that, although the Third Circuit Court of Appeals recently upheld the constitutionality of PASPA, he was encouraged by the dissenting opinion in the case, which he believes effectively stated the rationale as to why PASPA should be found unconstitutional. Mr. Pascrell also stated his opinion that the current U.S. Supreme Court is uniquely positioned to take up this case and rule in New Jersey’s favor, hopefully by the end of 2014.

Mr. Tolland spoke to his company’s successful on-line sports wagering operations in Europe, and stressed that, in an effort to combat corruption and the possible throwing of sporting contests, his company works with the European sports leagues and makes them aware of any wagering anomalies that could suggest illicit activity occurring in a particular game or match. Mr. Tolland also expressed confidence that sports wagering will be available in the United States in the near future.

Mr. Manteris noted that fantasy sports wagering has not really taken root in Nevada, and further shared his opinion that there is no compelling evidence that it would work in a Nevada casino/sports book environment, though he did note that it could be successful in other jurisdictions. Mr. Pascrell also stated that, although New Jersey has passed regulations for fantasy sports wagering in the Atlantic City properties, not a single casino has yet to publicly offer these wagers. He did note, however, that the New Jersey casino operators are

currently busy gearing up for intrastate internet wagering.

EXPERT PANEL DISCUSSES DEVELOPING TRIBAL RELATIONSHIPS WITH SURROUNDING COMMUNITIES

On Wednesday, September 25, 2013 at the 2013 Global Gaming Expo (“G2E”), a panel of tribal gaming experts discussed the importance of developing strong relationships between Native American tribes and state and local units of government. During this session, each panelist described successful strategies for creating such partnerships, as well as the various benefits that Native American governments can experience from strengthening these relationships.

The panel was moderated by Ms. Kari McCormick, Director of Client Services-Native American Division for Kitchell Contractors. Panelists included Mr. Tom Linton, Council Member for the Morongo Band of Mission Indians; Alfonso Rodriguez, Director of Community and Economic Development for the Fort McDowell Yavapai Nation; and Mr. Jamie Stuck, Tribal Council Vice Chair for the Nottawaseppi Huron Band of Potawatomi.

After introductions by Ms. McCormick, Mr. Linton began the discussion with an overview of the Morongo Band’s current economic development efforts and the role that local and state bodies play in these efforts. He noted that the tribe has a large presence in the local community, as it is the largest employer in the area. The tribe’s business ventures include a travel center, Ruby’s Diner, a golf club, an In-N-Out Burger, in addition to other ongoing projects. He noted that tribal sovereign immunity is the most important factor when navigating relationships between state and local government partners and that the tribe’s participation in several local governing boards do not require the waiver of such immunity.

One particular example of government-to-government cooperation cited by Mr. Linton related to a 20-mile bypass road constructed across

tribal lands. He noted that the tribe worked closely with local and county governments to plan the road so that tribal members had direct access to alternate transportation routes and that the road was placed so as to maximize the benefit to tribal members.

Mr. Rodriguez followed, stating that it is important to remember that, for tribes, economic development means the successful operation of businesses. He noted that the goals of tribal governments differ in this area from state or local governments, as tribal governments directly operate businesses in addition to creating a favorable governmental environment for those businesses to operate. As such, it is important for tribes to focus on driving business and community growth in addition to its traditional government functions.

Mr. Stuck then provided a description of how the Nottawaseppi Huron Band of Potawatomi integrates itself and its members in local and state affairs by participating in various community groups and government boards. Importantly, Mr. Stuck emphasized that participation in community efforts in surrounding communities is often more about creating lasting relationships and a mutual understanding of community issues beyond merely monetary distributions from local revenue sharing boards. Further, Mr. Stuck noted a federal substance abuse prevention program in which the Nottawaseppi Huron Band partnered with other Potawatomi tribes in the area, noting that it is also important to work closely with other Native American tribes and groups to advance common goals.

As an example of the benefits of local government relationships, Mr. Stuck discussed a situation in which a county water line had to be moved on incredibly short notice on tribal land, a process that normally takes several weeks. Because of the tribe's close relationship with the county, the tribe was able to directly contact the county, explain the immediate need, and the county expedited the process to provide assistance to the tribe within a matter of days. Finally, Mr. Stuck noted that the tribe's participation on state and local boards helps to ensure that tribal issues are considered and addressed by state officials, as well as to develop beneficial relationships between governments.

The discussion ended with questions from the audience that noted continued struggles to develop relationships in a sometimes hostile atmosphere. Mr. Stuck responded by noting that these relationships sometimes take a long time to develop and that it is important to educate members of local and state governments on the importance of tribal sovereignty and the role that it plays in tribal development.

G2E HOLDS REGULATOR ROUNDTABLE BREAKFAST FOCUSING ON IGAMING ISSUES

A Regulator's Roundtable Breakfast was held on Tuesday, September 24th as part of this year's Global Gaming Expo ("G2E") focus on increasing regulator participation at the show. The event featured opening comments by David Waddell, President, Regulatory Management Counselors, P.C., and included an update on the status of internet gaming regulation in the United States presented by James Kilsby and Kevin Cochran of GamblingCompliance. The iGaming presentation focused on the newly-created regulatory schemes to handle intrastate internet wagering in Delaware, Nevada and New Jersey, as well as legislation that is currently pending in California, Massachusetts, Pennsylvania, and at the federal level.

After the presentation, attendees participated in a roundtable discussion with the presenters to review their view of the direction of iGaming legislation. The discussion reviewed case law and other unique considerations that regulators face when attempting to establish an online gaming model for their jurisdiction, both for commercial and tribal operators, in addition to the prospects for federal legislation and its potential effects on current state efforts.

INDUSTRY LEADERS HONORED AT AGA COMMUNICATIONS AWARDS

On Wednesday, September 25, 2013, the American Gaming Association (AGA)

honored 10 different gaming companies, casino properties and equipment manufacturers with Gaming Voice Awards for communications excellence in 15 categories. The awards recognize outstanding corporate communications, public relations and advertising in the gaming industry and were presented at a ceremony held at the Sands Expo and Convention Center in conjunction with Global Gaming Expo (G2E), the gaming industry's premier trade show.

"Gaming companies build the most entertaining properties, create the most innovative games and have the most friendly and attentive employees, but if no one knows about them, how can they experience them?" said Judy Patterson, senior vice president and executive director of the AGA, who served as emcee for the awards presentation. "Today's winners have done a truly outstanding job telling the world about the excellent work that the gaming industry does every day."

The biggest award winner was MGM Resorts International. MGM property ARIA Resort and Casino took the top spot in the Best Employee Publication category for its Pulse daily pre-shift newsletter, while its parent company was recognized in the Best Customer Publication, Best Communications Campaign and Best Digital Direct Mail categories. M Life Magazine's win for Best Customer Publication was its third straight in the category, making it the day's only repeat winner.

Bensalem, Pennsylvania's Parx Casino was another multiple Voice Award winner, taking top honors in the prestigious Multi-format Advertising Campaign category for its "Get Lucky in No Time" campaign and in Best Outdoor Advertising for its "New Jersey Transit Station Domination," which was part of the "Get Lucky in No Time" effort.

The tribal gaming sector was well-represented, with Northern Quest Resort & Casino in Spokane, Washington earning a win for Best Television Advertisement for its "Q-Cash" spot and Pechanga Resort & Casino in Temecula, California being named as the top entry in the Best Social Media Program category.

Four categories were won by companies that supply or support the casino industry. The Best Website category saw Konami Gaming, Inc. take home the Gaming Voice Award for its Fortune Chaser microsite. International Game Technology (IGT) grabbed the Best Annual Report trophy, and judges named the 2013 launch of Gasser Chair Company's "Gasser Dazzles" campaign the top Print Advertising Campaign. Testing lab Gaming Laboratories International (GLI) took top honors in the Best Print Advertisement category.

The day's other juried winners include The Venetian Hotel in the Best Direct Mail category for its Baccarat Tournament Invitation; the recently-opened Maryland Live! Casino for Best Radio Advertisement; and LotteryHUB in the Best Mobile Marketing category.

The AGA also honored Victor Rocha, owner and editor of Pechanga.net, with the 2013 Lifetime Achievement Award for Gaming Communications. Pechanga.net is a source of Indian and gaming news on the Internet, combining original reporting with links to hundreds of articles each day on Tribal and gaming topics. In 2013, he hosted the first annual Indian Country Online (ICON) conference on all aspects of Internet gaming and social media. Rocha has earned many awards, including VCAT's 2001 Catalyst Award, Global Gaming Business Magazine's 40 Under 40 (2001), the National Indian Gaming Association's 2002 Outstanding Contribution to Indian Country, and Raving's 2012 Casino Marketing Lifetime Achievement Award.

"Victor isn't just a journalist, he's also a fierce advocate for the Indian gaming sector and the gaming industry as a whole," Patterson said. "Victor has helped spread and normalize commercial gaming beyond Las Vegas and Atlantic City and is an important part of why Indian gaming is no longer a cottage industry, but one that brings economic development, employment and a better life to so many."

Awards were presented in 15 categories, and a panel of judges with expertise in advertising,

marketing, public relations, Internet design, graphic arts and financial communications determined the winners from among 203 total entries.

2013 Gaming Voice Award Winners

Best Annual Report

International Game Technology (IGT) – “Building on Our Momentum”

Best Communications Campaign

MGM Resorts International – “Inspiring Our World: A Musical Journey”

Best Customer Publication

MGM Resorts International – “M Life Magazine”
(Assisting Agency: Custom Publishing Group, Inc.)

Best Digital Direct Mail

MGM Resorts International – “Reaching Loyalty Members on Facebook”

Best Direct Mail

The Venetian Hotel – “Baccarat Tournament Invite”
(Assisting Agency: DREX)

Best Employee Publication

Aria Resort & Casino – “ARIA PULSE Daily Preshift”

Best Mobile Marketing

LotteryHUB – “LotteryHUB: 160,000 Downloads”

Best Multi-format Advertising Campaign

Parx Casino – “Get Lucky in No Time”
(Assisting Agency: Barker DZP)

Best Outdoor Advertisement

Parx Casino – “New Jersey Transit Station Domination”
(Assisting Agency: Barker DZP)

Best Print Advertisement

Gaming Laboratories International (GLI) – “Giving You the World”
(Assisting Agency: Steinbeck Communications)

Best Print Advertising Campaign

Gasser Chair Company – “Gasser Dazzles Campaign”

(Assisting Agency: Concussion, LLP)

Best Radio Advertisement

Maryland Live! Casino – “GO LIVE!”
(Assisting Agency: Gaga Marketing)

Best Social Media Program

Pechanga Resort & Casino – “Pechanga Social Media”

Best Television Advertisement

Northern Quest Resort and Casino – “Q-Cash”
(Assisting Agency: Hanna & Associates)

Best Website

Konami Gaming, Inc. – “Fortune Chaser Microsite” – gaming.konami.com/fortunechaser
(Assisting Agency: Concussion, LLP)