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The MICHIGAN GAMING Newsletter



IGAMING NORTH AMERICA CONFERENCE COMES TO A CLOSE - IGAMING ADVANCES IN NEVADA

The third annual iGaming North America Conference, (“iGNA”), came to a close yesterday. The event was held from February 19-21, 2013 at the Planet Hollywood Resort & Casino in Las Vegas, Nevada. iGNA is a networking and education event based around the convergence of land-based and online gambling.

The goal of the conference was 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.

Frank Fahrenkopf, president and CEO of the American Gaming Association (AGA) noted that he “wouldn’t be surprised if a new [federal online gaming] bill was introduced in this session.” He noted that he was “still hopeful something will get done.”

Mr. Fahrenkopf, who has been the CEO of the AGA since its inception in 1995, has presided over several notable accomplishments for the association, including the positive findings and recommendations of the National Gambling Impact Study Commission, the establishment and good works of the National Center for Responsible Gaming, and the worldwide success of industry trade shows the Global Gaming Expo and G2E Asia. He will transition away from his AGA position effective June 30, 2013.

Nevada Passes Interactive Gaming Bill

Yesterday, February 21, 2013, Nevada Governor Brian Sandoval signed Assembly Bill 114 into law, which authorizes expanded interactive gaming.

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The bill, which was fast tracked through the Nevada legislative process after only eighteen days of the current session, removes the provision requiring federal legislation or Department of Justice approval before online gaming licenses are made active, effectively establishing online gaming in Nevada. The bill also requires the Nevada Gaming Commission to adopt regulations authorizing the Governor to enter into agreements with other states to conduct interactive gaming.

“This is an extraordinarily important bill to our economy,” stated Gov. Sandoval. “I signed into law the frame work that will usher in the next frontier of gaming in Nevada. This bill is critical to our state’s economy, and ensures that we will continue to be the gold standard for gaming regulation.”

The new legislation removes regulatory barriers impeding interstate online gaming. Specifically, it allows Nevada licensees to enter into compacts with other states to offer online gaming. Under the bill, operating licenses for gaming establishments would only be available to a “resort hotel that holds a nonrestricted license to operate games and gaming devices.”

The bill would ban for a period of five years some companies who illegally participated in the online gaming market between 2006 and 2011.

Notably, similar efforts to allow for online gaming have been introduced in several states including New Jersey and Delaware. New Jersey Governor Chris Christie stated Tuesday that he would sign into law an internet gaming bill if certain changes are made to currently proposed legislation. Additionally, the Delaware Lottery is currently seeking requests for proposals for bids from vendors to operate the state’s centralized online gaming system under the stipulation that it would be up and running by September 30 of this year.

FOUR WINDS INVITATIONAL SELECTS EVENT BENEFICIARY

Today, February 22, 2013, the Pokagon Band of Potawatomi Indians, owners of the Four Winds Casinos, announced that proceeds from the second annual Four Winds Invitational golf tournament will be donated to Memorial

Children’s Hospital. The Invitational will feature a field of professional women golfers competing on the Symetra Tour – Road to the LPGA. It will be held from Friday, June 21 through Sunday, June 23, 2013 at the Blackthorn Golf Club in South Bend, Indiana.

“Last year, along with the support of several local sponsors, we raised \$53,000 to support the purchase of a lifesaving pediatric ambulance, which will touch the lives of more than 500 critically ill and injured children each year,” said Matt Wesaw, Chairman of the Pokagon Band of Potawatomi Indians. “We are extremely pleased that this year we will support the purchase of a neonatal incubator transport unit, which will further enhance Memorial Children’s Hospital’s ability to serve the community.”

The Four Winds Invitational was established in 2012 as a part of the Symetra Tour – Road to the LPGA.

SPORTS WAGERING EXPANSION BILLS INTRODUCED IN CONGRESS

On February 13, 2013, two (2) separate bills that seek to amend provisions of the Professional and Amateur Sports Protection Act, the federal law that prohibits sports wagering outside of the licensed Nevada sports books and certain limited lottery games and non-banking sports pools previously authorized in Oregon, Delaware and Montana, were introduced in Congress. House Resolution (“HR”) 625, entitled the “Sports Gaming Opportunity Act of 2013” was introduced by Representative Frank LoBiondo (R-NJ) and seeks to allow States that enact a sports lottery, sweepstakes or other wagering scheme during a four year period (running from January 1, 2013 through January 1, 2017) to be exempt from PASPA’s sports wagering prohibitions.

HR 626, entitled the “New Jersey Betting and Equal Treatment Act of 2013”, was introduced by Representative Frank Pallone (D-NJ), and seeks to exclude only the State of New Jersey from PASPA’s prohibitions to the extent a sports lottery, sweepstakes or other wagering scheme is approved by the state legislature.

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New Jersey is somewhat unique in this regard, as the provisions of PASPA, which was enacted in 1992, provided a one-year window of opportunity for the State of New Jersey to pass a law setting forth a sports wagering scheme to be conducted within that state's regulated casinos. Though Atlantic City was the second largest commercial gaming region in the country at that time, the New Jersey legislature failed to statutorily authorize a sports wagering scheme before this window closed on January 1, 1994. However, in 2011, and in spite of PASPA's explicit prohibitions, New Jersey enacted a sports wagering law that allows sports betting at casinos and racetracks - - though this measure will not become effective until PASPA is amended or declared unconstitutional.

The professional sports leagues (including the NFL, NBA, NHL and Major League Baseball) and the NCAA have recently filed suit in the U.S. District Court for the District of New Jersey (Case No. 12-cv-04947-MAS-LHG) challenging the New Jersey sports wagering law, while New Jersey has responded by challenging the constitutionality of PASPA. Oral arguments on each sides' respective motion for summary judgment were heard on February 14th, with the presiding judge deciding to reserve his decision. It is unknown when the Court will ultimately rule in this regard.

Both HR 625 and HR 626 have been referred to the House Judiciary Committee for review. These current bills mirror measures that were introduced during the last Congressional session, though neither prior bill (HR 3797 and HR 3809, respectively) was able to make it out of the House Judiciary Committee.

DEBATE CONTINUES ON CANADIAN SINGLE GAME SPORTS WAGERING BILL

On Tuesday, February 12, 2013, the Canada Parliament continued its debate on Bill C-290 ("C-290), legislation that, if passed, would allow for single-game sports wagering throughout Canada. The bill, titled "an Act to amend the Criminal Code (Sports Betting)", would amend the Criminal Code by removing the current ban on

single-game sports wagering in Canada.

The bill was first offered to the Canadian House of Commons by Joe Comartin, a Member of Parliament representing Windsor-Tecumseh, in February of 2011. In introducing the bill, Mr. Comartin stated that "this is a very important bill from this perspective. That industry is very big, and it is entirely controlled by organized crime at the present time." According to the Canadian Gaming Association, currently there is upwards of \$10 Billion in sports betting going on in Canada, only \$450 Million of which is considered legal. The bill was unanimously passed in the House of Commons on March 2, 2012.

The debate last Tuesday allowed opposing members to present their arguments against the bill in the Senate. Linda Frum, a Senator representing Ontario, focused on presenting the views of various professional sports leagues opposing the bill, stating that "[d]uring our committee hearings, the testimony of the representatives of major sports leagues – and I repeat the testimony of the organizations that are most directly impacted by this bill – was unequivocal. They strongly and vociferously opposed Bill C-290....They consider Bill C-290 to be an attack on their standards and on their industry." Additional commentary noted the fear that expanded sports wagering would allow for widespread corruption of professional sports programs. Ms. Frum's comments were echoed by fellow Senator John D. Wallace, representing New Brunswick, who stated his concerns that the bill would allow for negative impacts on amateur sports as well.

If passed, the bill would repeal s.200(4)(b) of the Criminal Code which prohibits placing monetary bets on "a single sporting event or athletic contest." Currently sports wagering in Canada takes places through provincial government products such as Sport Select and ProLine, and only through parley-style wagers.