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The MICHIGAN GAMING Newsletter



GRAND TRAVERSE TRIBE MAKES LOCAL DISTRIBUTIONS

On Friday, August 8, 2014, the Grand Traverse Band of Ottawa and Chippewa Indians (“Tribe”) announced that the Tribe had allocated over \$689,000 to local units of government as part of its local revenue sharing payments. The funds were awarded to 37 separate causes, including funding for educational programs, fire and EMS services, and other public needs.

The Tribe provides semi-annual payments of 2 percent of its revenue from slots and other electronic games to local units of government in accordance with a consent decree entered by the US District Court for the Western District of Michigan. Funds are to be used to compensate local units of government from public mitigation costs associated with the operation of a gaming facility. The Tribe allocated funding for 37 projects after reviewing proposals from 80 applicants. Awards included funding for prisoner housing in Antrim, Benzie, Charlevoix, and Leelanau Counties, Indian education programs in several area school districts, equipment for local fire fighters, and contributions to local public assistance programs, among others.

According to information from the Michigan Gaming Control Board, between 1994 and November 2013 the Tribe has made over \$31.5 million in revenue payments to local units of government. The next 2 percent funding determination by the Tribe is scheduled to be made in December.

The Tribe operates the Turtle Creek Casino & Hotel in Williamsburg, as well as the Leelanau Sands Casino & Lodge in Suttons Bay.

SOARING EAGLE TERMINATES CEO

According to a recent report by *The Morning Sun*, Wendy Reeve has been dismissed from her position as CEO of the Soaring Eagle Casino & Resort. Ms. Reeve was responsible for overseeing all gaming and hospitality functions for the Soaring Eagle Casino & Resort and Saganing Eagles Landing Casino.

Ms. Reeve was hired as CEO in May of 2013. She has more than 30 years working in the gaming industry. Previous to this role, Ms. Reeve worked at the Sycuan Casino located in San Diego, California. Her experience also includes opening casinos in Aruba, Guatemala and Panama.

A call to the Saginaw Chippewa Indian Tribe seeking additional details was not returned to *The Michigan Gaming Newsletter* by the publication date of this story.

NEW JERSEY GOVERNOR VETOES SPORTS WAGERING BILL; SPORTS WAGERING EXPANSION EFFORTS HALTED

On Monday, August 11, 2014, New Jersey Governor Chris Christie vetoed state Senate Bill (SB) 2250, a measure that would repeal New Jersey's existing state law prohibitions against sports wagering "at casinos or gambling houses in Atlantic City or at current running and harness horse racetracks in this State." SB 2250 was introduced in late-June and quickly passed both houses of the legislature by wide margins. The bill was introduced in response to the September, 2013 ruling by the U.S. Third Circuit Court of Appeals which upheld the prohibition on the expansion of sports wagering into New Jersey by virtue of the Professional and Amateur Sports Protection Act ("PASPA"), the federal law which currently 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. Notably, however, the Third Circuit opinion also provided that PASPA does not "... prohibit New Jersey from repealing its ban on sports wagering."

The U.S. Supreme Court denied review of the Third Circuit's opinion in June, 2014, thus leaving this decision as the binding precedent in New Jersey.

Following the Supreme Court's decision, State Senator Ray Lesniak (D-Union) introduced SB 2250 as a mechanism to repeal the state laws that made sports betting illegal at state casinos and horse tracks, and which were in place before the enactment of PASPA in 1992. In doing so, the argument was that sports wagering conducted at a racetrack or casino under procedures developed solely by the racetrack or casino, and not licensed by a state agency or run pursuant to a state legislative scheme, would not be considered unlawful gambling under New Jersey law, and would not explicitly run afoul of the PASPA prohibitions (which only prohibit a governmental entity from authorizing, advertising or licensing a sports wagering operation; or a person from running a sports wagering operation pursuant to state law).

Governor Christie, however, vetoed SB 2250, while remaining open to other options to legally expand sports wagering into New Jersey. In a letter to the New Jersey Senate explaining his veto, Governor Christie stated:

"While I do not agree with the Circuit Court's conclusion, I do believe that the rule of law is sacrosanct, binding on all Americans. That duty adheres with special solemnity to those elected officials privileged to swear an oath to uphold the laws of our Nation. In a novel attempt to circumvent the Third Circuit's ruling, this bill states that all prohibitions against wagering on the results of any professional, college, or amateur sport or athletic event, set forth in State law would no longer apply to wagering at casinos or racetracks in this State. In essence, this bill partially deregulates betting at casinos and racetracks in an effort to sidestep federal law. While I support the intentions of the Legislature to continue our shared commitment to enhancing the economic viability of our gaming industry, I cannot sign this bill, which was introduced on the same day the Supreme Court declined to hear our appeal, and then was rushed to final passage just three days later. Ignoring federal law, rather

than working to reform federal standards, is counter to our democratic traditions and inconsistent with the Constitutional values I have sworn to defend and protect. While I remain open to exploring legally sound ways to let the State's casinos and racetracks offer sports wagering, I am mindful that this process takes time. As the sponsors point out, the Third Circuit's opinion may not have foreclosed all legal avenues for permitting sports wagering within the State. Now that the Supreme Court has made clear that it will not be taking the case, the time is right to examine the Third Circuit's opinion carefully and determine if a different approach towards sports wagering would comply with federal law, and further whether this new approach would be in the best interests of the State. In the meantime, we must respect the rule of law and the decisions of our courts."

Though State Sen. Lesniak has stated publicly that he would explore the possibility of overriding the Governor's veto, this does not seem to be a likely outcome. Governor Christie's veto thus effectively ends the current attempts to expand sports wagering into New Jersey.

POKAGON FUND ANNOUNCES OPERATIONAL CHANGES

On Tuesday, August 5, 2014, the Pokagon Fund ("Fund") announced changes to its operations and funding allocation process at its annual Grantee Appreciation Event. The changes come amidst declining funding commitments in an effort to ensure that the Fund is well positioned to provide future allocations.

The Fund is a non-profit organization established in 2000 through an agreement between the Pokagon Band of Potawatomi Indians ("Tribe") and the City of New Buffalo, which has a 99-year term. Its service area includes Chikaming Township, Three Oaks township, and New Buffalo Township. The Fund is separate and apart from the Local Revenue Sharing Board established to distribute revenue payments from the Tribe to local units of government and receives contributions from the net win received from electronic games of chance at the Tribe's Four Winds Casino Resort according to a graduated payment schedule.

The decline in revenue is attributed to the agreement's funding schedule, which phases in a decrease in the percentage of net win to be allocated to fund each year. The initial two years of payment, made in 2007 and 2008, were set at 2 percent of the net win, followed by 1 percent of net win from 2009-2011, and 0.75% of net win from 2012 through the remainder of the agreement's term. However, according to presentation materials from the event, the annual total for grants provided by the Fund have increased each year, from a total annual awards of approximately \$2.6 million in 2010/2011 to over \$4.2 million in 2013/2014.

Accordingly, the presentation's analysis notes that it is anticipated that the Fund would run out of discretionary income in June of 2015 if changes in the funding process did not occur. The proposed changes include reviewing grants on a quarterly basis (opposed to monthly), revised grant application forms to account for a more competitive review of grant requests and a \$10,000 limit per grant request. The grant application changes will be reflected in the Fund's operations beginning in January 2015.

The Fund's 2013 Annual Report notes the numerous awards and initiatives that are undertaken by the Fund. These include numerous grants to local schools, museums, and public services, scholarships for high school students and adults, grants to addiction centers and charitable organizations, as well as other initiatives that benefit the Fund's service area. For more information on the Pokagon Fund, please visit the Fund's website at: <http://www.pokagonfund.org/>

FINAL CALL FOR AGA'S 14TH ANNUAL COMMUNICATIONS AWARDS ENTRIES

The American Gaming Association ("AGA") is currently accepting entries for the 14th annual AGA Communications Awards. The deadline to submit entries is next Friday, August 29, 2014.

The Communications Awards recognize outstanding achievement in advertising, public

relations, and financial and corporate communications in the global gaming industry. According to the AGA, it is the only such award of its kind and celebrates the creativity of industry's communication efforts.

Winners will be recognized during the Communications Awards Luncheon held in conjunction with Global Gaming Expo (G2E) on Wednesday, October 1 at the Sands Expo and Convention Center in Las Vegas.

All companies involved in the casino, lottery or pari-mutuel industries are eligible to submit entries in any of 15 categories including:

- Increasing reach
- Direct mail
- Print advertisement
- Broadcast advertisement
- Bettering communities
- Unifying voice
- Annual report
- Employee publication
- Handling hot potatoes
- Making headlines
- Leading edge
- Website
- Digital direct marketing
- Mobile marketing
- Social media outreach

To access category information as well as the entry form, please visit https://www.omnicontests4.com/Default.aspx?comp_id=1419

GLOBAL GAMING EXPO EARLY BIRD SPECIALS EXPIRE SEPTEMBER 5

Early Bird Discounts for the 2014 Global Gaming Expo (G2E), to be held at The Sands Expo and Convention Center in Las Vegas, Nevada, from September 30 to October 2, expire on September 15.

Early Bird Discounts include group discounts, Native American Casino Registration packages

and special hotel and travel deals which registrants may take advantage of on the G2E website.

Attendees will also have the opportunity to apply for Express Badges for G2E 2014. Expo organizers say the new badges will expedite registration and check-in time, thus creating more ease and convenience.

Over 30,000 gaming professionals from around the world are scheduled to attend this year's G2E from all gaming industry trades and sectors. To register, or for more information about G2E, please visit www.globalgamingexpo.com.