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The MICHIGAN GAMING Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR SEPTEMBER, 2014

The Michigan Gaming Control Board (“MGCB” or “Board”) released the September, 2014 total adjusted revenue figures for the three Detroit casinos—MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino. Overall, the revenue for the Detroit market was down 3.0% compared to the same reporting period last year. Through September 30, the Detroit casinos’ year-to-date aggregate revenue was down 2.9%. Specifically, revenue for Greektown Casino was up 4.7%, while revenue for MGM Grand Detroit Casino and MotorCity Casino was down 4.4% and

Month in 2014	Total Adjusted Revenue 2014		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$41,231,507.57	\$31,710,276.19	\$23,106,523.77
February	\$47,575,032.11	\$37,245,026.02	\$25,788,555.32
March	\$50,756,665.25	\$42,961,184.96	\$31,218,833.96
April	\$46,974,038.53	\$38,240,494.81	\$27,058,910.49
May	\$47,385,946.12	\$39,070,816.47	\$28,051,733.40
June	\$49,682,916.37	\$34,026,664.62	\$25,298,039.91
July	\$46,343,669.19	\$36,460,812.42	\$28,531,147.02
August	\$47,205,939.88	\$37,911,812.76	\$27,545,154.13
September	\$43,262,784.01	\$33,252,420.87	\$26,596,444.33
Total	\$420,418,499.03	\$330,879,509.12	\$243,195,342.33

Month in 2014	Total Adjusted Revenue and Taxes 2014		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$96,048,307.53	\$7,779,912.91	\$10,469,265.52
February	\$110,608,613.45	\$8,959,297.69	\$12,056,338.87
March	\$124,936,684.17	\$10,119,871.42	\$13,618,098.57
April	\$112,273,443.83	\$9,094,148.95	\$12,237,805.38
May	\$114,508,495.99	\$9,275,188.18	\$12,481,426.06
June	\$109,007,620.90	\$8,829,617.29	\$11,881,830.68
July	\$111,335,628.63	\$9,018,185.92	\$12,135,583.52
August	\$112,662,906.77	\$9,125,695.45	\$12,280,256.84
September	\$103,111,649.21	\$8,352,043.59	\$11,239,169.76
Total	\$994,493,350.48	\$80,553,961.39	\$108,399,775.20

6.8% respectively, during September 2014 when compared to the same month last year.

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.

The market shares for MGM Grand Detroit, MotorCity Casino, and Greektown Casino for June 2014 were 42%, 32%, and 26%, respectively.

The figures released by the 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, services providers or vendors; and 4) other normal business expenses.

PRESIDENT OBAMA SIGNS GUN LAKE TRUST LAND REAFFIRMATION ACT

On Monday, September 29, 2014, President Obama signed into law [Senate Bill 1603](#) (S.1603), an act that reaffirms the land upon which the Gun Lake Casino sits in Wayland, Michigan as “trust land” and further ratifies and confirms the prior actions of the Secretary of the Interior in taking this land into trust for the benefit of the Match-E-Be-Nash-She-Wish Band of Pottawatomis Indians (“Gun Lake Tribe”). S.1603, which was sponsored by Senator Debbie Stabenow (D-MI), was previously passed by the U.S. Senate in June, 2014 and passed the U.S. House of Representatives in September, 2014.

“This is a historic day for the Tribe and Indian Country. This new law not only reaffirms the trust status of our land, but also permanently ends the frivolous legal challenges that our Tribe and the local community have faced for more than ten years,” stated D.K. Sprague, Chairman of the Gun Lake Tribe. “We are pleased that Congress and the President of the United States have vindicated our position.”

S.1603 resolves confusion over the status of the subject land following the U.S. Supreme Court's 2009 decision in the matter of *Carciari v Salazar*, which held that the Bureau of Indian Affairs can only approve decisions to take land into trust for tribes that were "under federal jurisdiction" as of 1934. As the Gun Lake Tribe was not federally recognized until 1999, lawsuits had been filed challenging the validity of the Gun Lake Casino. S.1603 obviates any pending or future challenge to the Indian trust lands in this regard, as section 2(b) of the bill provides "[n]otwithstanding any other provision of law, an action (including an action pending in a Federal court as of the date of enactment of this Act) relating to the land described in subsection (a) shall not be filed or maintained in a Federal court and shall be promptly dismissed."

"This legislation addresses a technical issue created by a recent court decision, and I was pleased to support the community in passing this bill to promote economic development in the region," said Senator Debbie Stabenow, the chief sponsor of the bill.

PANEL DISCUSSES DAILY FANTASY SPORTS AT GLOBAL GAMING EXPO 2014

On Wednesday, October 1, 2014, a panel of daily fantasy sports operators and sports wagering consultants discussed the evolving fantasy sports industry and its implications on traditional sports wagering activities. The panel, entitled "Legal and Booming: Fantasy and Sports Betting in the U.S. and Beyond," focused on various legal and operational considerations for those offering fantasy sports games in the United States.

The panel was moderated by Ms. Lynne Levin Kaufman, Partner at Cooper Levenson, P.A., and included Mr. Jason Robins, CEO of DraftKings, Owen O'Donoghue, Gaming Marketing Solutions Team at Facebook, Mr. Dennis Driver, Head of Trading and Betting Operations for GTECH, and Mr. Joe Asher, CEO of William Hill.

Ms. Kaufman began by noting that approximately 36-40 million U.S. players participate in some form of fantasy sports annually. Mr. Asher noted that Nevada, the only domestic jurisdiction that offers full-scale sports wagering, has seen recent growth in live sports wagering, which has not been negatively affected by the state's recent authorization of mobile wagering platforms. In addition, as noted by Mr. Driver, the international sports wagering market has seen significant growth in European and Asian markets as jurisdictions expand or authorize sports wagering. Mr. Driver also noted several current issues facing international sports wagering operators, including protecting against match fixing and monitoring and regulating exchange wagering operations.

The issue of daily fantasy sports contests has unique legal implications due to the federal Professional and Amateur Sports Protection Act of 1992, which only allows for full wagering on sports in Nevada and limited sports lotteries in Oregon, Delaware, and Montana.

Mr. Robins stated that he believes the contests are skill-based and, therefore, no "wagering" activity is occurring because the element of chance has been minimized. In addition, he noted that data supports the assertion that daily fantasy sports are a game of skill by showing player improvement over time and the continued success of skilled players. In support of this argument, proponents have also cited the Unlawful Internet Gaming Enforcement Act of 2006, which contains an exemption from the definition of "bet or wager" for fantasy sports games that have "outcomes [that] reflect the relative knowledge and skill of the participants" and that are based on the individual outcomes of professional athletes that do not all play on the same team. (31 USC 5362(1)(E)(ix)(II)).

Notably, the panel did not discuss in detail the unique laws in some jurisdictions which broadly outlaw wagering on contests or activities where the outcome is uncertain. There also was limited discussion of the impact of fantasy sports shifting from season long contests to weekly or daily contests on the "skill" argument.

Mr. Robins noted, at the prospect of legalized sports wagering on a national level, that the

expansion would benefit the overall fantasy sports market as there appears to be a continued demand for such products. The panel agreed that fantasy sports options will continue to expand as interactive entertainment platforms evolve, but that the dynamics will depend upon whether legalized sports wagering expands.

GAMING PROFESSIONALS DISCUSS REGULATORY REFORM AT G2E 2014

On Wednesday, October 1, 2014, a panel of gaming regulatory professionals discussed ways that regulations could be improved to streamline processes for both regulators and the gaming industry at large, without jeopardizing the integrity of gaming oversight. The panel, “Efficiencies in Regulation: First-Hand Case Studies” shared current and former regulator stories of adopting and adapting the American Gaming Association’s (“AGA”) recommendations for regulatory change.

The panel was led by Mr. Mark Lipparelli, Board Trustee of the University of Nevada Foundation and included A.G. Burnett, Chairman of the Nevada Gaming Control Board; Andrew Smith, Senior Director of Research, AGA; and Ronnie Jones, Chairman of the Louisiana Gaming Control Board.

The panel discussion opened by exploring the most effective processes to effectuate regulatory change at the state level. Mr. Burnett noted that the two-tiered system of statutory law and regulations inherently posed issues, and although the regulatory body may be open to making certain changes to its regulations, they must still remain in accordance with the statutory intent of the law. He continued by noting that it is much less difficult to effectuate changes at the regulatory level than at the legislative level due to the timing of the process. Mr. Jones also noted his openness to regulatory change and noted that the majority of the recently proposed regulatory changes recently placed before the Louisiana Gaming Control Board have been accepted by his agency. Many of these recently adopted regulations can be accessed by [clicking here](#).

Other specific areas where regulatory change has been sought includes duplicative regulations and the removal of certain regulations that no longer serve their original purpose. Andrew Smith of the AGA noted the ongoing efforts of his association in effectuating regulatory change throughout the industry at large and that generally, regulatory agencies are extremely receptive to change. For a complete list of states that the AGA has made suggested regulatory reform priorities lists please [click here](#). Mr. Jones added that the most effective way to effectuate change is to engage the regulatory body from the start of the process and form clear lines of communication.

Mr. Smith pointed out that AGA’s priority list for regulatory change includes revising licensing requirements, creating a more unified form system, and digitizing the process across jurisdictions. He went on to note that although there is more to be done, beneficial progress has been made throughout the industry.

To learn more about the AGA’s Regulatory Reform campaign, please visit: <http://www.americangaming.org/government-affairs/regulatory-reform>.