

December 5, 2014

Volume 20, Issue 33

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The MICHIGAN GAMING Newsletter



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

The Michigan Gaming Control Board (“MGCB” or “Board”) released the November, 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 4.5% compared to the same reporting period last year. Through November 30, the Detroit casinos’ year-to-date aggregate revenue was down 2.2% when compared to the same reporting period last year. Specifically, revenue for

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
October	\$47,044,684.28	\$37,675,876.39	\$28,654,577.50
November	\$43,547,041.66	\$36,833,928.99	\$26,398,768.90
Total	\$511,010,224.97	\$405,389,314.50	\$298,248,688.73

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
October	\$113,375,138.17	\$9,183,386.19	\$12,357,890.06
November	\$106,779,739.55	\$8,649,158.90	\$11,638,991.61
Total	\$1,214,648,228.20	\$98,386,506.48	\$132,396,656.87

Greektown Casino was up 2%, while revenue for MGM Grand Detroit Casino and MotorCity Casino was down by 6.2% and 6.8%, respectively, during November 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 November 2014 were 41%, 34%, and 25%, 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.

GUN LAKE TRIBE RELEASES DETAILS OF REVENUE SHARING PAYMENTS

On Wednesday, December 3, 2014 the Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians (“Gun Lake Tribe”) announced the disbursement of its fall revenue sharing payments to the State of Michigan and local revenue sharing board. Specifically, the state of Michigan received a total of \$7,030,280 while the local revenue sharing board received \$1,672,209.

“Once again we hit an important milestone in surpassing \$60 million in revenue sharing contributions to

the state and local governments,” said D.K. Sprague, Chairman of the Gun Lake Tribe. “We know these funds have improved the quality of life in our community and helped to create jobs statewide through our contributions to the Michigan Economic Development Corporation.”

The revenue sharing payments are distributed semi-annually under the terms of the tribal-state gaming compact and are calculated from electronic gaming revenues reported from April 1, 2014 to September 30, 2014.

COURT REJECTS NEW JERSEY SPORTS WAGERING LAW

On Friday, November 21, 2014, the U.S. District Court for the District of New Jersey (“District Court”) held that the recent New Jersey law that partially repealed the state’s sports wagering ban was preempted by the Professional and Amateur Sports Protection Act (“PASPA”), the federal law banning sports wagering. In its opinion, the District Court stated that “[w]hile novel, the recent legislation conflicts with PASPA and thus must yield to federal law,” held that the New Jersey law was therefore invalid, and granted a permanent injunction to giving effect to the New Jersey law. The state has appealed the decision to the U.S. Third Circuit Court.

The New Jersey statute, signed into law on October 17, 2014 by New Jersey Governor Chris Christie, would have allowed for sports wagering to occur in the state’s casinos and horse racetracks. It would have done so by repealing the state’s gaming licensing and authorization laws as it relates to sports wagers placed in a casino or horse racetrack by individuals who are 21 years or older. The law was premised on the language of PASPA itself, which makes it illegal for a government entity “to sponsor, operate, advertise, promote, license, or authorize by law or compact” gambling based on sporting events or for individuals to do the same in accordance with a state law or compact. (28 USC §3702). The state claimed that since its law merely decriminalizes sports wagering in specific instances, there is no government authorization or regulation of the activity and thus no violation of PASPA. In addition to the statute, the state attorney general

issued a Law Enforcement Directive and Formal Opinion on September 8, 2014 directing law enforcement officials to allow sports wagering in accordance with the law.

The law did, however, limit sports wagering to specific locations and prohibited some forms of sports wagering. For instance, sports wagering would not be prohibited in casinos and horse racetracks (including former tracks that were in operation within 15 years of the law’s effective date), but would remain illegal in nearly all other locations. In addition, wagers could not be placed on college sporting events occurring in New Jersey or involving a New Jersey college team, regardless of the location of the event.

Shortly after passage of the New Jersey law, the NCAA, NHL, NBA, MLB, and NFL filed a complaint in the District Court seeking a declaratory ruling that the law was in violation of PASPA and seeking an injunction against its implementation. The leagues argued that that “[w]hile styled as a “repeal,” [the New Jersey law] is nothing more than a de facto authorization of sports gambling” and that New Jersey’s “attempts to authorize sports gambling is just as unlawful as its previous attempts.” (*National Collegiate Athletic Association, et. al. v. Christopher J. Christie, et. al.*, Case No: 14-6450, Complaint, Par. 5, 9). Furthermore, the leagues claimed that by only allowing sports wagering in licensed and regulated gaming establishments, the law in fact regulates gambling activity despite claiming the opposite.

The District Court largely agreed with the leagues’ arguments, holding that

In this Court’s view,...PASPA preempts the type of *partial repeal* New Jersey is attempting to accomplish in the 2014 Law, by allowing some, but not all, types of sports wagering in New Jersey, thus creating a label of legitimacy for sports wagering pursuant to a state scheme....New Jersey’s attempt to allow sport wagering in only a limited number of places, most of which currently house some type of highly regulated gambling by the

State, coupled with New Jersey's history of attempts to circumvent PASPA, leads to the conclusion that the 2014 Law is in direct conflict with the purpose and goal of PASPA and is therefore preempted.

(National Collegiate, supra, Opinion, p.24, 26 (November 21, 2014) (emphasis in original)). Importantly, the District Court Opinion noted that the Congressional intent in passing PASPA was to prevent a widespread authorization of sports wagering at the state-level and that New Jersey's law violated the spirit of PASPA despite the state's claims that there was no specific authorization of the activity.

On November 21, 2014, the date of the District Court's Opinion, New Jersey filed a Notice of Appeal noting that it would be appealing the case to the US Third Circuit Court. The Third Circuit has yet to schedule oral arguments for the case.

AGA RELEASES BEST PRACTICES GUIDE FOR AML COMPLIANCE

On Thursday, December 4, 2014, the American Gaming Association ("AGA") announced the release of a comprehensive set of Anti-Money Laundering ("AML") Best Practices to guide the efforts of casinos to better protect the industry from money laundering and other forms of illicit finance.

To view the AGA's Best Practices for Anti-Money Laundering Compliance, please [click here](#).

"Today marks a milestone for the gaming industry, which has come together to develop the first-of-its-kind, forward-looking set of Best Practices that reflect our industry's commitment to a strong culture of compliance," said Geoff Freeman, president and chief executive officer of the AGA. "We look forward to further bolstering our partnership with FinCEN to prevent money laundering and protect the integrity of the U.S. financial system."

To remain compliant with the federal Bank

Secrecy Act ("BSA") and associated AML regulations, casino companies have developed risk-based programs that discourage illicit financial behavior thus helping to safeguard the integrity of the casino industry.

The Best Practices guide illustrates the AGA's continued commitment to a strong culture of compliance. It includes a wide range of procedures and "red flags" specifically tailored to the casino industry with the aim of preventing, detecting and reporting of illicit financial activity.

GLOBAL GAMING EXPO INSIDE THE INDUSTRY VIDEO SERIES ENTERS SECOND YEAR

On Wednesday, November 3, 2014, the Global Gaming Expo ("G2E") announced the initial release of its Inside the Industry video series for 2014. The series, sponsored by Bally Technologies, features a new lineup of top industry executives who were in attendance at G2E 2014 who share their insights on the industry and leadership. The Inside the Industry video series debut features Bob Morse, President of Hospitality for Caesars Entertainment.

Future industry videos will be introduced on a bi-monthly basis.

To view the interview with Mr. Morse, please [click here](#).