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# The **MICHIGAN GAMING** Newsletter



## **MICHIGAN GAMING CONTROL BOARD RELEASES MAY 12, 2015 REGULAR PUBLIC MEETING AGENDA**

The Michigan Gaming Control Board (“MGCB”) will hold its regular public meeting on Tuesday, May 12, 2015 at the MGCB Detroit office, Cadillac Place, 3062 West Grand Blvd., Suite L-700, in Detroit.

The agenda for the meeting includes the following items:

- A. Consider the Licensing & Investigations Division Recommendations Regarding Level 1 and Level 2 Occupational License Applications
- B. Consider the Executive Director’s Report and Licensing & Investigations Division Recommendations Regarding the Pending Supplier License Applications of
  - 1. Royal Magnate, Inc., Board File No. SL006696-15-001
- C. Consider the Executive Director’s Reports and Licensing & Investigations Division Recommendations Regarding the Pending Supplier License Renewal Requests of
  - 1. Allied - Eagle Supply Company, LLC
  - 2. Assemblers (III), LLC, Board File No. SL006483-15-001
  - 3. BAC Greektown, LLC, Board File No. SL006106-15-001
  - 4. Cadillac Coffee Company, Board File No. SL000440-15-001
  - 5. Custom Architectural Sheet Metal Specialists, Inc., Board File No. SL006461-15-001
  - 6. Davis Iron Works, Inc., Board File No. SL005189-15-001
  - 7. FL Management, L.L.C. d/b/a Fantasee Lighting, Board File No. SL005686-15-001
  - 8. Gaming Partners International USA, Inc. d/b/a GPI USA, Board File

- No. SL000201-15-001
- 9. General Linen Supply Company d/b/a General Linen and Uniform Service, Board File No. SL000917-15-001
- 10. Lavdas Enterprises, Inc. d/b/a Lavdas Limousines, Inc., Board File No. SL001574-15-001
- 11. Lorio, Ross Entertainment Agency Inc. d/b/a Lorio, Ross Sterling Entertainment Agency Inc., Board File No. SL001123-15-001
- 12. MIG East, LLC, Board File No. SL001191-15-001
- 13. Renaissance Man Food Services, LLC, Board File No. SL004299-15-001
- 14. TCS John Huxley America, Inc., Board File No. SL001026-15-001
  - a. New Key Persons: Eric Poulton & Todd Paulden Cravens
- 15. Voice Data Systems, LLC, Board File No. SL004343-15-001
- 16. VSR Industries, Inc., Board File No. SL000270-15-001

D. Consider the Executive Director’s Reports and Licensing & Investigations Division’s Recommendation Regarding the Requests to Withdraw of Supplier Licensees

- 1. KONE Inc., Board File No. SL000122-15-001
- 2. The End Zone Chicken & Rib, LLC, Board File No. SL002059-15-001

E. Consider the Executive Director’s Report and Licensing & Investigations Division’s Recommendation Regarding Suitability of New Key Person of Casino Licensee Greektown Casino, LLC

- 1. NF Athens LLC, Board File No. GTC-2015-002

F. Consider the Executive Director’s Report and Licensing & Investigations Division’s Recommendation Regarding the Pending Transfer of Interest In

- 1. Davis Iron Works, Inc., Board File No., Board File No. SL005189-15-002
- 2. Athens Acquisition LLC, Board File No. GTC-2015-001

- 3. PCT Security, LLC, Board File No. SL006028-15-001
- 4. Voice Data Systems, Inc., Board File No. SL004343-15-002

G. Consider Board’s Acceptance of Acknowledgments of Violation of Casino Licensee Detroit Entertainment, LLC d/b/a MotorCity Casino

- 1. CDA-2015-1
- 2. CDA-2015-2

The meeting will begin at 9:30 a.m. with the staff briefing, followed immediately by the agenda items. The meeting will take place in the Cadillac Place in Detroit’s New Center Area near the John Lodge Freeway (M-10), between Second Avenue and Cass Avenue. The Fisher Building and the Albert Kahn Building are nearby landmarks.

For more information regarding the MGCB, please visit their website at: [www.michigan.gov/mgcb](http://www.michigan.gov/mgcb)

## MICHIGAN CASINO COMPLIANCE COMPANY HIGHLIGHTED ON HERO’S JOURNEY

Recently, Brian Ferrilla, Founder and Managing Director of Resort Advantage, was highlighted on the Casino Enterprise Management radio show *Hero’s Journey with John Acres*. The discussion provided insight into steps that can be taken to ensure financial reporting compliance in the gaming industry, and also provided insight into the success Mr. Ferrilla and his Michigan-based company have had in providing casinos with assistance in this ever-evolving area.

Mr. Acres and Mr. Ferrilla also discussed the details of how unscrupulous individuals may seek to use a casino to launder money and the risks of operating in a high cash volume business. Maintaining compliance includes a strong set of internal procedures and systems that seek to prevent unlawful activities and to prevent those seeking to exploit existing processes from doing so. As criminal activities evolve, a property is increasingly tasked with combining several data points from different divisions within the

operations to maintain compliance with financial regulations. Therefore, it is important for casinos to facilitate communications between various departments and to track and recognize which patron activities, in the aggregate, represent suspicious activity worthy of greater investigation. In addition, the discussion included a broad overview of the goals of government regulation and how regulations need to be tailored so as to not overly burden businesses.

“As we see today and we read in newspapers and throughout the industry, particularly the gaming industry, compliance is becoming more important in the mission of FinCEN and BSA to try and prevent money laundering,” stated Mr. Ferrilla. “Compliance processes are designed to help reduce the risk in the processes that these financial intuitions, ergo casinos in our industry, have to be aware of.”

Resort Advantage is a Michigan-based compliance software company that has carved out a niche in the international gaming industry providing gaming properties with automated solutions for Title 31, Anti-Money Laundering, and other ongoing regulatory compliance issues. The company is based in Southfield, Michigan and has worked with a number of casinos across the U.S. to refine existing compliance plans, ensure that gaming employees are trained by providing educational webinars and other outlets, and assisting companies in maintaining compliance in cost effective ways.

To listen to the interview, please visit the Casino Enterprise Management website, here: <http://www.cemaudioedge.com/episode/heros-journey-john-acres-brian-ferrilla>. More information on Resort Advantage, is available at the company’s website, here: <http://www.resort-advantage.com/>

## **COMPLIANCE SUMMARY: VENDOR EXEMPTIONS AND WAIVERS FROM SUPPLIER-LICENSING REQUIREMENTS**

*In addition to its regular coverage of gaming news, The Michigan Gaming Newsletter will be providing compliance updates and summaries of the various legal and regulatory requirements for*

*companies involved in the state’s gaming industry. This week, we have included a review of the new vendor licensing and registration requirements that affect non-gaming businesses. The following is a general discussion of the state’s compliance requirements and should not be considered legal advice.*

The Michigan Gaming Control Board (“MGCB”) requires that certain individuals or entities that supply goods or services to the Detroit casinos apply for and receive a valid supplier license, vendor registration, or exemption from the state’s gaming licensing process. This article will broadly discuss the new non-gaming vendor requirements that were enacted earlier in the year.

Resolution 2015-01 (“Resolution”), effective February 1, 2015, rescinds non-gaming supplier licensing requirements that were issued by the MGCB through various resolutions dating back to 1998, the most recent of which occurred in 2012. The Resolution provides guidance for the MGCB’s licensing policy for non-gaming suppliers – vendors that provide goods or services that generally do not affect the gambling activity at the casino, such as advertisers, food providers, outdoor maintenance, and other companies – primarily by increasing the business volume thresholds that trigger licensing requirements.

Those non-gaming suppliers that provide less than \$50,000 in any 12-month period are now automatically exempt from the licensing process. There are no reporting or approval requirements for these companies. The MGCB previously allowed for automatic exemptions for those companies providing up to \$15,000 worth of goods or services in any 12-month period. Automatic exemptions are also available for certain fields of commerce or business types, such as those that are regulated by another state agency, professional service providers (legal, etc.), financial institutions, and similar industries.

Non-gaming suppliers that provide \$50,000-\$400,000 worth of goods or services in a rolling 12-month period may apply for a license exemption with the MGCB. The MGCB previously allowed for discretionary exemptions for those companies providing \$15,000-\$300,000 worth of goods or services in any 12-month

period. Those businesses that fall into this category must complete the Vendor Exemption Application form, which requests basic identification information, a description of the goods provided, a basic tax and criminal history, as well as for information on the company's executives and owners among other items. The fee for the initial exemption application is \$200. Renewal applications must be submitted annually with a \$100 renewal fee.

Those companies that provide non-gaming goods and/or services in excess of the \$400,000 per 12-month period must first obtain a Non-Gaming Supplier License from the MGCB before doing business with the Detroit casinos. Notably, temporary licenses are available so that a company can do business while the MGCB reviews and investigates the applicant. Non-gaming license applications will be covered in more detail in *The Michigan Gaming Newsletter* in the coming weeks.

As a general rule, those seeking any type of gaming approval should be thorough, forthright, and work closely with gaming regulators to ensure that the license application process goes smoothly. The MGCB has guides and materials on their website (link below) to guide those new to the gaming industry. The MGCB also holds outreach events such as last week's Pure Michigan Gaming Summit making MGCB representatives available to respond to questions from interested parties. In addition to publicly available resources, those with complicated corporate structures or potential background issues may seek representation in front of the MGCB by private gaming licensing experts.

For more information regarding the MGCB, please visit their website at: [www.michigan.gov/mgcb](http://www.michigan.gov/mgcb).