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The MICHIGAN GAMING Newsletter



BUREAU OF INDIAN AFFAIRS HOLDS MUSKEGON COUNTY CASINO HEARING

On October 16, 2015, the Bureau of Indian Affairs (“BIA”) held a public scoping meeting at the Fruitport Middle School Auditorium to consider public comments on a proposed casino development by the Little River Band of Ottawa Indians (“Tribe”).

Officials from the local school board and township supervisor’s office noted their support for the project, citing the potential for increased public funding and job creation, as well as the potential to spur other economic growth..

In 2008, the Tribe purchased the former Great Lakes Downs racetrack, and later, adjacent parcels, in an effort to establish a site for a tribal casino. The Tribe sought to amend the current Tribal-State Gaming Compact in 2010 to include a Fruitport-based casino, but the proposal stalled in the legislature. The plan was revived in October of 2013, when the Tribe and Governor Snyder agreed to waive certain rights held by the state which, in turn, allowed the Tribe to move forward with the federal approval process. Since the initial land purchase, the Tribe has negotiated local operating agreements with Fruitport Township and Muskegon County which cover the provision of municipal and public safety services for the future development.

The public scoping meeting is part of the larger environmental impact review conducted by the BIA during its project evaluation. For more information on the environmental review, including details on the Environmental Impact Statement, please visit: <http://www.littlerivereis.com/>.

LTBBOI ANNOUNCES CLASS II FACILITY IN MACKINAW CITY

On Monday, October 19, 2015, Northern Michigan's 9&10 News reported that the Little Traverse Bay Band of Odawa Indians ("Tribe") plans to move forward with a Class II gaming facility in Mackinaw City, despite the village council voting down a Class III facility last week.

According to the reports, Odawa casino general manager stated, "[w]e'll continue to be a good neighbor. It's unfortunate that we didn't have the support for a Class III facility, which would have benefited both of us, but it doesn't change our plans."

Under federal law, the Tribe is not required to share Class II gaming revenues with the state or local governments.

Notably, last week, on Thursday, October 15, 2015, the Mackinaw City Village Council voted down a request, 4-3, from the Tribe regarding its proposal to build a Class III casino development in the city limits.

In September of 2003, the Mackinaw City Village Council voted against a similar development by a 6-1 margin. Since then, there have been a number of public hearings regarding a tribal casino development, including an April 2013 hearing in Mackinaw City a 550 slot machine development was proposed in Emmet County.

The Tribe currently operates the Odawa Casino Resort in Petoskey. Under the Tribe's Tribal-State Gaming Compact, the Tribe may build a second facility on land holdings in Emmet or Charlevoix Counties. The second facility, however, must first receive the approval of the local unit of government affected by the development.

DAILY FANTASY SPORTS INDUSTRY CONTINUES TO RECEIVE ATTENTION AT STATE AND FEDERAL LEVELS

Following the October 15, 2015 Nevada Gaming Control Board Notice to state licensees stating that the operation of daily fantasy sports ("DFS")

requires a sports book license in Nevada, several additional state Attorney Generals, Governors and Federal congressmen have weighed in on the emerging industry. In addition, according to reports in *The New York Times*, the N.C.A.A. sent a notice this week to DraftKings and FanDuel cancelling a meeting with them in light of several official inquiries, including those by the Federal Bureau of Investigations and the New York attorney general's office, into the fairness of the games. *The New York Times* article also noted that in August of 2015, ten prominent football conferences and the N.C.A.A. had asked both website operators to stop offering fantasy games based upon college sports "because they were inconsistent with our values, bylaws, rules and interpretation regarding sports wagering" and could violate "various state laws."

In additional developments, Massachusetts Attorney General Maura Healey's office issued the following statement "[t]he federal statute dealing with unlawful Internet gambling left to the states the ability to regulate fantasy sports. We are seeking extensive information about the industry and have spoken with the leading companies directly as part of this review." Attorney General Healy further stated that "[t]here is little question that the this industry will need to be regulated in order to protect consumers."

In addition to DraftKings and FanDuel there are at least an additional 19 other fantasy sports contest websites operating within the United States.

STATION CASINOS ANNOUNCES IPO

On October 13, 2015, Station Casinos, LLC ("Station") filed an S-1 registration statement with the Securities and Exchange Commission ("SEC") noting that the company will be making an initial public offering of stock through a new entity, Station Casino Corp. The announcement was made on the same day that Station announced that it had entered into an agreement to purchase all outstanding interests of Fertitta Entertainment ("Fertitta") for a total of \$460 Million.

Station began operations in 1976 in the Las Vegas

market. The company went public in 1993, but was taken private in 2007 in a management-led buyout. In 2009, Station filed for Chapter 11 bankruptcy, emerging in June 2011 with Fertitta owning approximately 45% of the restructured company.

According to the draft prospectus filed with the SEC, Station operates 21 gaming properties across the country, with the majority located in the Las Vegas area. Station owns a 50% interest in MPM Enterprises, LLC, which is the manager of the Gun Lake Casino, a tribal casino owned by the Match-e-be-nash-she-wish Band of Pottawatomi Indians.

FIREKEEPERS CASINO 400 NASCAR RACE SPONSORSHIP ANNOUNCED

On October 20, 2015, the Michigan International Speedway (“MIS”) announced its partnership with FireKeepers Casino to sponsor Pole Day for both NASCAR Sprint Cup Series races at MIS in June of 2015.

“We are pleased to continue our partnership with FireKeepers Casino and its increased involvement with NASCAR for the FireKeepers Casino 400 in June,” MIS President Roger Curtis said. “The key to successful partnerships is finding organizations which have similar goals. Michigan International Speedway and FireKeepers Casino are committed to bringing tourists to the state. We both want people to come to this state and see all the wonderful things it has to offer – beautiful landscapes, fun activities year-round and awesome NASCAR racing.”

According to the announcement, each year about 385,000 people visit MIS, about 60 percent of which come from outside Michigan. These events generate an economic impact of more than \$414 million annually. For more information on the event, please visit <http://www.mispeedway.com>.

“CASINO MALL” APPLICANTS FILE SUIT AGAINST ILLINOIS GAMING BOARD

On October 20, 2015, applicants seeking to establish a “casino mall” concept in Illinois filed suit against the Illinois Gaming Board (“Board”) challenging the denial of their video gaming terminal license applications.

The plaintiffs, Hometown Plaza, LLC, Bellas Hometown, LLC, and Gigis Hometown, LLC, all sought video gaming terminal licenses for adjacent properties in a strip mall, characterized as “video gaming malls.” Although the properties would remain separately operated and have separate entrances, the Board denied the licenses and indicated that the concept would violate the spirit of the state’s gaming laws by creating a de facto casino in the strip mall. The plaintiffs have argued that the decision was not based on the merits of their applications.

During its September 22, 2015 public meeting, the Chairman of the Board, Donald R. Tracy noted that the concept created “backdoor casinos... without the traditional safeguards of licensed casinos, such as regulated security, on-site Board oversight, position limits, self-exclusion rules, and internal controls.” Further, the Board stated that the Illinois legislature did not intend to authorize video gaming malls through the Video Gaming Act, citing letters received by the Board from state legislators on the issue. The Board unanimously denied the three licenses after a brief discussion at its September 22 hearing.

The Board has not filed an answer in the litigation at this time. The case is *Hometown Plaza, LLC, et al. v. Illinois Gaming Board, et. al.*, Cook County Circuit Court, Chancery Division, Case No. 2015-CH-15439.