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The MICHIGAN GAMING Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES YEAR-END AND DECEMBER CASINO REVENUES

The Michigan Gaming Control Board (“MGCB” or “Board”) released the year end aggregate revenues for 2015. Total adjusted aggregate revenue figures for the three Detroit casinos—MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino were up 3.3% during 2015 when compared to 2014.

Month in 2015	Total Adjusted Revenue 2015		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$46,227,016.63	\$38,061,452.27	\$26,733,375.86
February	\$47,523,251.14	\$39,023,483.79	\$27,875,609.34
March	\$49,824,133.92	\$43,432,911.12	\$30,646,861.38
April	\$51,849,138.07	\$40,532,401.92	\$28,167,335.92
May	\$51,747,439.96	\$39,825,609.22	\$28,242,004.16
June	\$47,328,471.77	\$37,006,364.49	\$25,595,355.54
July	\$48,731,187.77	\$38,735,882.74	\$27,306,479.48
August	\$43,554,725.44	\$37,075,822.19	\$26,823,834.55
September	\$45,237,115.01	\$35,736,055.07	\$26,582,832.25
October	\$47,477,189.34	\$37,769,745.48	\$27,592,315.54
November	\$46,712,513.10	\$36,239,634.08	\$25,727,516.66
December	\$55,832,577.09	\$41,056,001.04	\$28,574,793.62
Total	\$582,044,759.24	\$464,495,363.41	\$329,868,314.30

Month in 2015	Total Adjusted Revenue and Taxes 2015		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$111,021,844.76	\$8,992,769.43	\$12,101,381.08
February	\$114,422,344.27	\$9,268,209.89	\$12,472,035.53
March	\$123,903,906.42	\$10,036,216.42	\$13,505,525.80
April	\$120,548,875.91	\$9,764,458.95	\$13,139,827.47
May	\$119,815,053.34	\$9,705,019.32	\$13,059,840.81
June	\$109,930,191.80	\$8,904,345.54	\$11,982,390.91
July	\$114,773,549.99	\$9,296,657.55	\$12,510,316.95
August	\$107,454,382.18	\$8,703,804.96	\$11,712,527.66
September	\$107,556,002.33	\$8,712,036.19	\$11,508,492.25
October	\$112,839,250.36	\$9,139,979.28	\$12,299,478.29
November	\$108,679,663.84	\$8,803,052.77	\$11,846,083.36
December	\$125,463,371.75	\$10,162,533.11	\$13,675,507.52
Total	\$1,376,408,436.95	\$111,489,083.39	\$150,028,519.63

Specifically, 2015 aggregate revenues for MGM Grand Detroit was up by 3.7%, MotorCity Casino was up by 4.4%, and Greektown Casino was up 1% when compared to aggregate company revenue from 2014.

When compared with December 2014, MGM'Grand Detroit's monthly revenue was up 11.4%, MotorCity Casino's revenue increased 3.6%, and Greektown Casino's revenue rose by 0.6%.

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 the full year 2015 for MGM Grand Detroit, MotorCity Casino, and Greektown Casino were 42%, 34%, and 24%, 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.

INDIANA LAWMAKERS INVITE FANTASY OPERATOR TO STATE, INTRODUCE OVERSIGHT LEGISLATION

On Monday, January 6, 2016, the Republican Caucus for the Indiana House of Representatives issued a statement inviting FanDuel to relocate from its current headquarters in New York to Indiana. The invitation was extended amidst ongoing litigation between FanDuel and the New York Attorney General over the legality of FanDuel's daily fantasy sports operations. In addition, companion legislation was introduced in the Indiana House and Senate that, if passed, would authorize and regulate fantasy sports contests.

Representative Alan Morrison and Senator Jon Ford stated in the release that “[t]hough FanDuel is headquartered in New York, Attorney General Eric Schneiderman has tried to ban FanDuel from operating....With the backlash they have received in their home state, we propose FanDuel more their headquarters to Indiana.”

The statement also notes that the legislators are “calling for basic consumer protections and transparency, so consumers who use fantasy sports sites in Indiana are protected. By adding some industry-accepted consumer protections, we hope to give all participants the assurance of a fair game while participating in these sites. We believe that sports drafting is a game of skill and not of chance.”

Legislation was introduced by Rep. Morrison and by Sen. Ford, both on January 7, 2016, which would amend the state's horse racing laws to permit paid fantasy sports contests. [House Bill 1168](#) and [Senate Bill 339](#) are companion bills that include language that would clarify that fantasy sports do not constitute “gambling” as defined under state law and would establish a Paid Fantasy Sports Division within the Indiana Horse Racing Commission that would regulate operations. The legislation also includes a \$5,000 annual licensing fee for operators, allow those 18 or older to participate in contests, and include protections against insider participation in games.

Daily fantasy sports operators have been the

subject of increased attention to their operations since advertising efforts were increased this fall. Jurisdictions have taken varying approaches in regulating the activity. FanDuel and its primary competitor, Draft Kings, are currently facing legal challenges over their daily fantasy operations in New York, which includes claims that the two operators are operating illegal gambling schemes and promoting those operations through false or misleading advertising. In Massachusetts, State Attorney General Maura Healey has released a draft set of daily fantasy regulations under the state's consumer protection laws seeking to regulate aspects of the operations. Other jurisdictions, such as Indiana, may potentially pass legislation that either authorize operations or clarify that daily fantasy contests are not prohibited by current law.

On January 7, 2016, both House Bill 1168 and Senate Bill 339 were referred to their respective chamber's Committee on Public Policy.

TEN GAMING TRENDS FOR 2016

Global Gaming Business magazine (“GGB”) recently provided insight as to ten gaming trends to watch during 2016. Below is an excerpt of the article from GGB's November, 2015 Issue:

1. Content Is King

Slot manufacturers are teaming with third-party content providers to grab and hold new patrons
It's become a truism of the U.S. gaming industry that slots will be in trouble if millennials don't get in the game—and fast. Certainly, younger players are not likely to sit on a row of clanging one-armed bandits like their parents and grandparents. But slots can be maximized with the right product and delivery. Hence, the rise of third-party content providers. Their specialty: games built for the mobile generation. [Continue...](#)

2. Tangled Together

DFS and eSports are two industries tangentially connected
Daily fantasy sports has dominated the conversation in the gaming world over the past year, but with the industry facing its first real

crisis, its continued growth is now less certain than it was just a couple of months ago. But another emerging market appears ready to swoop in and assume the mantle of the next big thing in gaming if DFS falters: eSports wagering. [Continue...](#)

3. Analyze This

Big Data takes deep-dive analytics

Arthur Conan Doyle's fictional sleuth Sherlock Holmes once said, "The temptation to form premature theories upon insufficient data is the bane of our profession." [Continue...](#)

4. The Skill Debate

The rush toward skill-based games is not quite a rush—yet

Ever since regulators in New Jersey and Nevada called upon slot manufacturers to submit games using an element of skill—a move aimed at luring the millennial generation to the slot floor to make up for sagging revenues—industry pundits and the mainstream media have been addressing the issue with what has approached obsession. [Continue...](#)

5. The Right Choice

Guests, not operators, driving food and beverage venues

As the world continues to go more and more casual, in many aspects of life, we are seeing this quite significantly impact upon food and beverage decisions and destinations, and now on the casino F&B environment. Your guests want what they want, when they want it, and in a setting they are comfortable in—basically the ultimate a la carte dining, drinking and enjoying venue. The idea of choice. [Continue...](#)

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7. Here and Now

The trend that never was

There's been a lot of panic over the past year about the aging of the casino population and who is going to replace them. In the past, that hasn't been much of an issue, because once a person reached 40 or so, they slowly began to ramp up their casino play and eventually became robust casino gamblers, because they become empty-nesters and their disposable income increases. In addition, they've always enjoyed the entertainment and camaraderie they'd find at casinos. [Continue...](#)

8. Stalled But Not Forgotten

U.S. online gaming expansion still on track

State legislatures were presented with a roadmap for legalizing and regulating online gaming following a September 2011 opinion rendered by the Department of Justice that limited the 1961 Wire Act to sports betting. In the two years following the ruling, several states were quick to take advantage of the opinion. [Continue...](#)

9. India: The Next Great Opportunity

A more stable, capitalist nation could be gaming's new frontier

As Macau can attest, relying on the Chinese gamer is both extremely rewarding and volatile. While operators in all Asian markets continue to enjoy the fruits of Chinese patronage and work to grow this segment, savvy operators are always looking for the next big casino development opportunity. The next new opportunity could in fact be a sleeping giant: India. [Continue...](#)

10. Bigger and Better

Social gaming gets lost in the iGaming shuffle

Daily fantasy sports and the legalization of online gambling are dominating iGaming industry news these days, yet there is another industry that produces 15-20-times as much revenue as DFS and New Jersey's online gaming industry combined, that remarkably receives 15-20-times less exposure. [Continue...](#)

11. Technology and Regulations

Tribes seeking to generate more from casino floor

With American Indian gaming expanding at an annual post-recession growth rate of less than 3 percent, tribes in the coming years will be looking to improve slot machine technology and profitability in an effort to generate more government revenue from the casino floor.