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*Editor in Chief*

**David D. Waddell, Esq.**  
Phone: 517.507.3859  
[waddell@rmclegal.com](mailto:waddell@rmclegal.com)

*Senior Gaming Analyst & Editor*

**Robert R. Russell, II**  
Phone: 517.507.3858  
[russell@rmclegal.com](mailto:russell@rmclegal.com)

*Reporter and Associate Editor*

**Blaine R. DeGracia**  
Phone: 517.507.3857  
[degracia@rmclegal.com](mailto:degracia@rmclegal.com)

*Reporter*

**J.J. Burchman**  
Phone: 517.999.5414  
[burchman@rmclegal.com](mailto:burchman@rmclegal.com)

*Reporter*

**Matt Thornburg**  
Phone: 517.507.3860  
[mthornburg@rmclegal.com](mailto:mthornburg@rmclegal.com)

*Subscription information:*  
[info@michigangaming.com](mailto:info@michigangaming.com)

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**RMC Ventures, LLC**

Asher Court  
321 W. Lake Lansing Rd.  
East Lansing, MI 48823  
Phone: 517.507.3860  
Fax: 517.908.0235  
[www.rmclegal.com](http://www.rmclegal.com)

# The \_\_\_\_\_ MICHIGAN GAMING \_\_\_\_\_ Newsletter



## **MICHIGAN GAMING CONTROL BOARD RELEASES JANUARY 10, 2017 REGULAR PUBLIC MEETING AGENDA**

The Michigan Gaming Control Board ("MGCB") will hold its regular public meeting on Tuesday, January 10, 2017 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 Casino Audit & Enforcement Division's Recommendations Regarding Level 1 and Level 2 Occupational License Applications
- B. Consider the Executive Director's Reports and Licensing & Investigations Division's Recommendations Regarding the Pending Supplier License Applications of
  1. Carmela Foods Distributing, Inc., Board File No. SL006786-17-001
  2. Envy Modular Wall Systems, Inc., Board File No. SL006545-17-001
  3. Gable Signs & Graphics, Inc., Board File No. SL007055-17-001
  4. TIE Leasing Company, Board File No. SL004400-17-001
- C. Consider the Executive Director's Reports and Licensing & Investigations Division's Recommendations Regarding the Pending Supplier License Renewal Requests of
  1. Allied-Eagle Supply Company, LLC d/b/a Allied Office Specialists, Board File No. SL003802-17-001
  2. Arrow Motor & Pump, Inc., Board File No. SL001683-17-001
  3. Atlas Wholesale Food Company, Board File No. SL000812-17-001

4. Data Financial, Incorporated, Board File No. SL005853-17-001
5. Davis Iron Works, Inc., Board File No. SL005189-17-001
6. Del Bene Produce, Inc., Board File No. SL000620-17-001
7. General Linen Supply Company d/b/a General Linen Uniform Service, Board File No. SL000917-17-001
8. Interblock Luxury Gaming Products D.d. d/b/a Interblock D.d., Board File No. SL005524-17-001
9. International Market Place, Inc. d/b/a Fishbones Rhythm Kitchen Café, Board File No. SL000141-14-001
10. Master Craft Carpet Service, Inc. d/b/a Master Craft Floors, Board File No. SL004494-17-001
11. MIG East, LLC, Board File No. SL001191-17-001
12. Trendell Tile, LLC, Board File No. SL006639-17-001

D. Consider the Executive Director’s Report and Licensing & Investigations Division’s Recommendation Regarding Suitability of New Key Persons of Casino Licensee Detroit Entertainment L.L.C. d/b/a MotorCity Casino

1. Marian Ilitch Trust U/A Marian Ilitch Trust Agreement #2 and MCC Special Trust U/A Marian Ilitch MCC Trust Agreement #2

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

1. Detroit Entertainment, L.L.C. d/b/a MotorCity Casino, Board File No. MCC-2017-001

The meeting will begin at 9:30 a.m. with 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.

## IRS ISSUES FINAL CASINO TAX REGULATIONS

On December 30, 2016, the Internal Revenue Service (“IRS”) officially issued its final regulations on tax information reporting for winnings from slot machines (and bingo and keno). Several controversial proposals were not adopted including:

- The electronic player tracking proposal wherein gambling winnings were required to be reported if (1) the total amount of winnings netted against the total amount of wagers during the same session of play was \$1,200 or more, and (2) at least one single win during the session was \$1,200 or more without regard to the wager.
- The conceptual idea of lowering reporting thresholds of \$1,200 for bingo and slot machine play and \$1,500 for keno.

Additionally, the optional aggregation method, payee ID, and other provisions, appear in the final regulation, to incorporate many of AGA’s technical suggestions, such as use of gaming day for optional aggregation.

According to the AGA, state and local governments would have received fewer gaming tax dollars as a result of the proposals set forth by the IRS. In response to the proposals announced by the IRS nearly two years ago, the AGA organized a grassroots campaign, met with members of Congress from eleven states and facilitated research that concluded a more appropriate tax threshold should be at least \$4,700 when adjusted for inflation.

“We look forward to continuing to work with the IRS and our federal partners to modernize regulations and protect millions of casino customers around the country,” said AGA President & CEO, Geoff Freeman.

For more information please visit:

[www.regulations.gov/docket?D=IRS-2015-0006](http://www.regulations.gov/docket?D=IRS-2015-0006)

## **FINCEN ISSUES GUIDANCE ON SHARING SUSPICIOUS ACTIVITY REPORTS WITH U.S. PARENTS AND AFFILIATES OF CASINOS**

On January 4, 2016, the Financial Crimes Enforcement Network (“FinCEN”) issued a statement to remind and confirm that, under the Bank Secrecy Act (“BSA”) and its implementing regulations, a casino that has filed a Suspicious Activity Report (“SAR”) may share the SAR, or any information that would reveal the existence of the SAR, with each office or other place of business located within the United States of either the casino itself or a parent or affiliate of the casino.

FinCEN states that sharing SARs with domestic parents and affiliates will facilitate a casino’s ability to identify suspicious transactions and, in addition, a parent or affiliate’s respective anti-money laundering (“AML”) efforts may be enhanced by reviewing the casino’s SARs and obtaining a clearer and more comprehensive understanding of the activities the casino has identified as suspicious. Additionally, the released statement notes that the sharing of SARs within a casino’s domestic corporate organization structure is consistent with the purpose of Title II of the BSA. FinCEN concludes that, while BSA regulations generally prohibit SAR disclosure, casinos may share SARs and any information that would reveal the existence of a SAR, with U.S. parents and affiliates that are subject to the SAR requirement under the BSA.

In particular, SAR disclosures are authorized to explicitly recognized parties. According to FinCEN, provided that no person involved in the transaction is notified that the transaction has been reported, casinos are expressly permitted to disclose SARs to:

- FinCEN
- Any Federal, state, or local law enforcement agency;
- Any Federal regulatory agency that examines the casino for compliance with BSA;

- Any state regulatory authority that examines the casino for compliance with state laws requiring compliance with the BSA;
- Or any tribal regulatory authority that examines the casino for compliance with tribal laws requiring compliance with the BSA.

Regulations also provide that casinos may:

- Disclose the underlying, transactions, and documents upon which a SAR is based, including, but not limited to disclosures to another financial institution, or any director, officer, employee or agent of a financial institution, for the preparation of a joint SAR;
- And share a SAR, or any information that would reveal the existence of a SAR, within a casino’s corporate organization structure for purposes consistent with Title II of the BSA, as determined by regulation or in guidance.

However, there do exist limitations on sharing SARs or information that would reveal the existence of a SAR. Specifically, casinos may not share SARs or revealing information with:

- Parents, affiliates, offices, or other places of business located outside the United States, including non-U.S. offices of domestic parents or affiliates;
- Individuals or entities within a parent or casino’s organization structure who perform functions unrelated to gaming;
- A financial institution without an independent SAR-filing obligation, such as a check casher; or
- A money services business that may be co-located with a casino but is not an affiliate of the casino.

Notably, an affiliate that obtains a SAR (or information that reveals the existence of a SAR) cannot forward that SAR (or information) to another affiliate. According to FinCEN, there may also be circumstances under which a casino, its parent or affiliate, or both would be liable for direct or indirect disclosure of a SAR, or any information that would reveal the existence of a SAR, to any person who is the subject of the SAR.

In this regard, FinCEN suggests that casinos have policies, procedures, and internal controls in place to ensure that the confidentiality of SARs is protected.

To view the official FinCEN guidance page, [click here](#).

## **MICHIGAN LOTTERY AMPHITHEATER AT FREEDOM HILL SPONSORSHIP TAKES EFFECT**

On January 1, 2017, what was previously known as the Freedom Hill Amphitheatre became the Michigan Lottery Amphitheatre at Freedom Hill. The renaming stems from a deal announced in August of 2016 wherein the Michigan Lottery agrees to pay Freedom Hill's owners \$300,000 a year over the next three years, according to *macombdaily.com*.

In addition to a new, larger LED sign on Metro Parkway, the payments made by the Michigan Lottery will help upgrade beverage facilities, seating and attract more shows and artists. This is the first naming rights the Lottery has been involved with.

"We're excited to have our name out here because it increases player interest and awareness in the games and our mission to help fund public education," said Jeffrey Holyfield, public relations director for the Lottery. "And that's good for Michigan schools."