

**September 28, 2018**

**Volume 24, Issue 30**

For more information on Michigan's gaming industry, please visit [www.michigangaming.com](http://www.michigangaming.com)

*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*

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

*Distribution Coordinator*

**Julie Williams**  
Phone: 517.507.3861  
[jwilliams@rmclegal.com](mailto:jwilliams@rmclegal.com)

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

A publication of  
**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



## **FREE EXHIBIT HALL ACCESS GLOBAL GAMING EXPO 2018**



**OCTOBER 8—11  
SANDS EXPO CENTER  
LAS VEGAS, NV**

Michigan Gaming Newsletter subscribers are encouraged to take advantage of complimentary exhibit hall access to the Global Gaming Expo 2018!

Simply click the icon above for fast and simple registration. Stop by RMC's Booth #3316 and learn what's happening in this ever-changing industry.

For additional show information, please visit: [www.GlobalGamingExpo.com](http://www.GlobalGamingExpo.com).

### **HOUSE REGULATORY REFORM COMMITTEE HEARS TESTIMONY ON PROPOSED AMENDMENT TO THE MICHIGAN GAMING CONTROL ACT**

On Wednesday of this week, the House Regulatory Reform Committee heard testimony on HB 5881 ("Bill") which seeks to amend the Michigan Gaming Control and Revenue Act ("Gaming Act"). Committee Chair Representative Iden is the sponsor of the Bill which originally was drafted to allow the

Gaming Control Board to have discretion regarding applicants who might have been convicted of a crime more than 10 years ago. Currently, the Gaming Act prohibits the Gaming Control Board (“MGCB”) from licensing those who have a conviction for a felony or a misdemeanor involving theft or dishonesty. Under the Bill, the Board would be given the discretion to look at the applicant’s entire background in deciding whether licensing is appropriate.

Representative Iden noted that the Gaming Act has not been updated in 20 years. He said that “the commercial casinos in the City of Detroit have some updates that they have been able to work with the MGCB on, to ensure that they are in fact in compliance with new changes occurring in today’s market as well as to ensure that they are able to benefit the largest workforce.”

Both Michael Neubecker, President and Chief Operating Officer of MGM Grand Detroit and Bruce Dall, President of MotorCity Casino testified before the Committee. Mr. Dall noted that the Gaming Act has not been updated since 1997. “Technology has changed dramatically . . . Bill Clinton was our President, the Dow passed 7,000, Google was founded a year later and now has 85,000 employees . . . and you could only use coins to operate a slot machine. So things have changed, technology has changed . . .”

Mr. Neubecker noted that the three Detroit casino operators have invested over \$2.2 billion in their casino complexes, and employ a workforce of 8,000 with 51% coming from the City of Detroit, and from a tax standpoint in 2017 alone the casinos remitted over \$370 million in gaming taxes. He said that the proposed changes fall into three buckets:

- Occupational Licensing
- Vendor Licensing
- General Cleanup Provisions

Regarding occupational licensing issues, Mr. Dall noted that the current law is very rigid, and was adopted at a time when people believed that the Mafia was involved in the industry. If you have a

felony, you are out. He suggested that there should be some time limit on this. He stressed that every change would still leave it up to the discretion of the MGCB. He noted that he sits on the Mayor’s Workforce Board, and a big hot topic is returning citizens, and the casinos would like to have the opportunity to fill some open jobs.

The vendor licensing changes relate to changes to nongaming vendors. Mr. Neubecker stated that “unfortunately, right now for a vendor to do business with us, it is not easy. It requires a burdensome background check, it is expensive, and it even gets more complex if the ownership is made up of various individuals. So a person could be a passive investor with maybe only a one percent interest, but they still would have to go through a complete background check. . . we are looking for some relief from that . . . a lot of times we will put significant items up for bids and get no replies.” He noted that it is a whole lot easier for publicly traded companies to do business with the casinos, and with some changes they can make a path for small businesses and local businesses to do be able to supply the casinos.

Mr. Dall noted that the last set of changes are definitional changes. For instance, the Gaming Act currently says that gaming should occur in a “building” rather than “buildings”. He noted that if you go to other jurisdictions, you might go to a slot tournament in the convention center, which is part of the complex. He suggested the casinos want the ability to do the same. He also noted the need for the strengthening of FOIA protections, so that private individual information does not get released. He further noted that they are looking to do away with the quarterly audit requirement, as Michigan is the only state in the country that requires it. He noted that the casinos report and pay taxes in Detroit on a daily basis, and requiring quarterly audits just does not make sense.

Representative Iden stated that a substitute bill will be out to the Committee members within a few days. He expressed hope for a vote on the Bill next week after these changes are made.

The MGCB filed a card with the Committee expressing no position on the Bill.

## **THE CASINO ASSOCIATION OF INDIANA HOSTS SPORTS WAGERING FORUM**

The Casino Association of Indiana hosted a two-day Sports Wagering Forum on September 24<sup>th</sup> and 25<sup>th</sup>, featuring faculty from the University of Nevada, Las Vegas International Center for Gaming Regulation and the American Gaming Association. The Casino Association of Indiana was formed to support the Indiana casino industry and includes eleven casino properties among its membership. The session on September 24<sup>th</sup> broadly focused on sports wagering policy considerations and the session on September 25 broadly focused on the regulation of sports wagering.

The faculty members included Jennifer Roberts, Associate Director of the International Center for Gaming Regulation, Greg Gemignani, an adjunct professor at University of Nevada Las Vegas law school, and John English, Managing Director of Sports Betting & Technology for Global Market Advisors. The topics were wide-ranging, with presentations covering the taxation of sports wagering, the Wire Act and federal legislation, preserving sports integrity, mobile sports betting, internal controls and risk management. The panel laid out for attendees the way that Nevada has handled sports wagering issues as a model for other states that are now moving forward with legalizing sports wagering following the Supreme Court striking down PASPA.

Matt Bell, the President and CEO of the Casino Association of Indiana stated: “The Casino Association of Indiana was thrilled to partner with UNLV to host the 2018 Indiana Sports Wagering Forum. We were very pleased with the high turnout of legislators and regulators, and we believe that the information presented gives Indiana policy makers a great opportunity to have an informed debate on the subject of sports wagering in 2019. There is a lot of interest in this

topic among Indiana policy makers, and we hope the information provided so excellently from the UNLV faculty will enrich the debate.”

The Indiana legislature had introduced legislation earlier this year to legalize sports wagering, but ultimately determined that it would be beneficial to commission a study. Accordingly, the Indiana Gaming Commission agreed this past summer to a contract with Las Vegas-based consultants Eilers & Krejcik to advise legislators and regulators in moving forward in 2019 with legislation to legalize sports wagering.

## **MUSKEGON MAN CONVICTED OF RUNNING AN ILLEGAL GAMBLING OPERATION**

According to a press release dated September 26, 2018, a jury convicted a 46 year old Muskegon man of conducting an unlicensed and illegal gambling operation out of his Muskegon business. The felony charge was filed in 2016 following a joint investigation by the Michigan Attorney General’s Office, Muskegon County Sheriff’s Department and the Michigan Gaming Control Board. The conviction took place in Ingham County Circuit Court on September 21.

James Scott Postema could face a 10-year prison sentence and/or a maximum \$100,000 fine on the felony charge of conducting an unlicensed gambling operation with wagering at Triple Cherries Internet Café, 1930 Apple Ave., in Muskegon.

In August 2016, authorities obtained search warrants against Postema and his business, which culminated in a raid of the Apple Avenue location and his home. Law enforcement officers seized currency, bank and credit union accounts, money orders and computer equipment associated with the illegal business.

Postema also was convicted on a second felony count of using computers to commit a crime, which carries a maximum sentence of 10 to 20

years in prison and/or a \$10,000 fine. He also is barred from obtaining a license under the Michigan Gaming Control and Revenue Act.

“Illegal gambling operations are a burden on local communities,” said Richard Kalm, executive director, Michigan Gaming Control Board in the press release. “They do not operate with the tight controls a licensed casino uses to ensure fair gaming. We work closely with the Attorney General’s office and local authorities to identify and shut down unlicensed operations to protect citizens from being victimized.”

Postema will face sentencing on November 7 in Ingham County Circuit Court.

## **NEW AGEM WEBSITE GOES LIVE**

The updated AGEM web site is now live at <https://www.agem.org/>

The updating and rebranding of the site was designed to put the focus on the AGEM members. The general design was created to coordinate with the rest of AGEM’s current advertising and trade show presentations.