

August 3, 2012

Volume 18, Issue 24

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A publication of

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The _____ MICHIGAN GAMING _____ Newsletter



MGCB NOTICE OF PUBLIC MEETING

The Michigan Gaming Control Board (“MGCB”) will hold its regular public meeting on Tuesday, August 14, 2012 at the MGCB Detroit office, Cadillac Place, 3062 West Grand Blvd., Suite L-700, Detroit. The meeting will begin at 9:30 a.m. with the staff briefing, followed immediately by the regular agenda items. The Cadillac Place is 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.

The purpose of the Board meeting is to conduct Board business regarding the implementation, administration and enforcement of the provisions of the *Michigan Gaming Control & Revenue Act*, as amended, Public Act 69 of 1997, MCL 432.201, et seq (“the Act”), related to the licensing, regulation and conduct of casino gaming in the City of Detroit.

The meeting is open to the public and questions, comments and suggestions from the public regarding Board business and the licensing, regulation and conduct of casino gaming in Detroit under the Act, are welcomed and encouraged during the public comment portion of the meeting.

HEARING SET FOR CASINO EXPANSION BALLOT INITIATIVE CHALLENGE

On Monday, August 6, 2012, the Michigan Court of Appeals will hear arguments in the action filed last week by Protect MI Vote that seeks to keep a ballot proposal to authorize additional casinos in the state from being placed on the November 2012 ballot. The proposal, submitted by Citizens for More Michigan Jobs (“CMMJ”), seeks to authorize the operation of eight additional commercial casinos throughout the state and to change the wagering tax rate and distribution schedule.

The lawsuit, filed against the Secretary of State on July 25, 2012 in the name of “Protect MI Constitution,” alleges that the ballot proposal is unconstitutional and, therefore, cannot be placed on the November ballot. Protect MI Vote asserts that the proposal language violates Michigan law by seeking to directly amend voter-initiated legislation as well as to amend the state constitution. In a press release on the matter, Protect MI Vote has taken the position that the petition must be submitted as two separate questions, one that amends the state constitution to allow for expanded gaming activity and one that amends the Michigan Gaming Control and Revenue Act (“Act”), in order to be constitutional. Furthermore, Protect MI Vote has argued that the proposed amendments to the Act do not meet the proper technical requirements to be placed on the November 2012 ballot.

In response, CMMJ has contended that the proposal was carefully drafted to comply with all ballot initiative requirements under Michigan law. CMMJ has intervened in the present litigation and, on August 2, 2012, the court issued an order that allows the group to appear and argue at the August 6, 2012 hearing.

The hearing has been set for 10:00 a.m. at the Hall of Justice, 925 Ottawa Street in Lansing.

SUMMER COMPLIANCE SERIES: TRANSFERS OF OWNERSHIP INTEREST

In addition to its traditional coverage of developments in the state’s gaming industry, The Michigan Gaming Newsletter is proud to announce its first annual Summer Compliance Series. From June until the end of August, The Michigan Gaming Newsletter will be publishing a regular column in order to provide readers with a basic understanding of Michigan gaming regulatory structures and considerations. The following is a general discussion of the state’s compliance requirements and should not be considered legal advice.

As part of the continued reporting and monitoring requirements for casino operators and suppliers licensed by the Michigan Gaming

Control Board (“MGCB”), licensees are required to receive MGCB approval prior to entering into a transaction that would result in a transfer of ownership in the licensee. These requirements are contained in Part 5 of the MGCB Administrative Rules (“Rules”) and are detailed in Board Resolution 2001-05 (“Resolution 2001-05”). Transfer of interest approvals are required in a number of circumstances, including when a licensee issues new company stock, repurchases existing stock, allows stockholders to transfer stock among each other, or any other transaction resulting in a change of ownership percentage among its stockholders.

When contemplating a transfer of interest, it is important to keep in mind that a transfer of interest must receive approval by the MGCB prior to the actual transfer. Though all transfers require prior approval, those meeting the thresholds set forth below must receive formal approval by Board order.

For publicly-traded licensees, the transfer of interest provisions requiring Board approval apply to those transfers that result in a party acquiring more than 5% ownership interest in the licensee. For privately held companies, the threshold for requiring prior transfer approval is set at 1% of the ownership interest in the licensee. Also, if the acquiring party is considered an “institutional investor” (generally, a financial institution that holds the interest for investment purposes only and meets the requirements of Section 6c of the Michigan Gaming Control and Revenue Act and related Rule provisions), then transfer approval is subject to Part 5 of the Rules and Resolution 2001-02.

For those parties that exceed the thresholds above, the MGCB will conduct a review of the interest holder and must find that the holder meets the relevant qualification and licensing standards contained in the Act and the Rules. Depending on the type and amount of interest sought, the acquiring party may be required to complete and file the appropriate licensing applications with the MGCB and receive MGCB approval prior to completing the transfer of interest (i.e., completion of the business disclosure or personal disclosure form).

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For transfers of interest of less than 1% of the total ownership percentage in the licensee, Resolution 2001-05 delegates the authority for approval to the Executive Director and, therefore, formal approval by the Board is not required. Furthermore, qualification and suitability approvals are not required for these transfers, though the Executive Director may determine on a case-by-case basis that qualification and/or suitability may be required for certain parties to the transaction.

Those interested in learning more on the transfer of interest provisions for casino or supplier licensees can visit the MGCB's website at the following [link](#). The website provides additional detail on the transfer of interest process, as well as the appropriate forms to use when applying for a transfer of interest.

AGA AND CASINOS PROMOTE 15TH ANNUAL RESPONSIBLE GAMING EDUCATION WEEK

This week, casinos and gaming companies from across the United States joined with the American Gaming Association (AGA) and the National Center for Responsible Gaming (NCRG) to participate in the 15th annual Responsible Gaming Education Week. The theme for the week is an extension of the AGA's 2012 "All In" campaign highlighting the gaming industry's corporate social responsibility efforts with a focus on responsible gaming as a community issue and using gaming employees as ambassadors to further the effort.

"Gaming companies spend a great deal of time and effort educating employees about responsible gaming, and this year's theme will ask employees to think about their relationship with this important issue and how they can be responsible gaming resources within their communities," said Frank Fahrenkopf, president and CEO of the AGA. "However, responsible gaming also is a deeply personal issue, so we are asking employees to think about how their daily lives are affected by responsible gaming."

In connection with Responsible Gaming Education Week, the AGA is sponsoring a contest for industry employees through which they can create

posters, essays and videos that showcase what responsible gaming means to them. The best entries will be featured on the AGA's website. The deadline to enter the contest is **August 13**. More information can be found at: www.americangaming.org/AllInContest.

In addition, the AGA is working with the National Center for Responsible Gaming to release a new research-based guidebook for human resources and employee assistance professionals that answers frequently asked questions regarding gambling disorders and responsible gaming. The new resource is available for download at: www.ncrg.org/gamblingandhealth.

As it has in the past, the AGA created buttons, stickers and ribbons for gaming companies and properties to make available to employees to help promote Responsible Gaming Education Week.