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Editor in Chief

David D. Waddell, Esq.

Phone: 517.507.3859

waddell@rmclegal.com

Senior Gaming Analyst & Editor

Robert R. Russell, II

Phone: 517.507.3858

russell@rmclegal.com

Reporter and Associate Editor

Dustin M. Ford

Phone: 517.999.5414

dford@rmclegal.com

Reporter

Douglas L. Minke

Phone: 313.221.9380

minke@rmclegal.com

Reporter

Blaine R. DeGracia

Phone: 517.507.3857

degracia@rmclegal.com

Subscription information:

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

The MICHIGAN GAMING Newsletter



EXECUTIVE DIRECTOR REVISES CHARITY GAMING RULES

On July 29, 2013, the Executive Director of the Michigan Gaming Control Board (“MGCB”), Richard S. Kalm, issued a letter notifying those companies and individuals that have participated in a Millionaire Party charitable gaming event of certain changes to the charity gaming rules and regulations. The letter states that the changes are in response to MGCB investigations into charitable gaming events that revealed “an inherent lack of internal controls at many events.”

Charitable gaming events in Michigan are conducted in accordance with the Traxler-McCauley-Law-Bowman Bingo Act of 1972 (“Bingo Act”). Authorized gaming activities include raffles, numbers games, bingo, and Millionaire Parties, events that include traditional casino-style games such as blackjack, poker, roulette, and craps. While the Bingo Act delegates oversight of all charity gaming activity to the state lottery, licensing and regulation of Millionaire Party events was transferred to the Executive Director of the MGCB by Executive Order No. 2012-4, entered April 11, 2012, as part of Governor Rick Snyder’s efforts to consolidate the functions of state regulatory agencies.

According to the letter, the MGCB retained a gaming consultant to conduct an audit of current Millionaire Party activity throughout the state. In addition, it stated “[w]hat has been observed and acted upon indicates several areas of deep concern relating to gaming integrity, compliance with the Bingo Act, and protecting the charities involved,” including incidents involving law enforcement agencies since 2010 at Millionaire Party Events.

The letter includes an attachment listing eight changes to the way in which Millionaire Parties must be conducted as of September 1, 2013. These changes include:

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1. No more than three Millionaire Party events may be conducted at a single location per day.
2. Each event must now be held between 8am and 12am.
3. Only cash tips are allowed.
4. Any computer used for recordkeeping must not contain remote access or remote access software.
5. Seed money for tables is now included in the overall \$15,000 per day chip limit per charity.
6. Only one charity may seed and have its chips available at a table.
7. Educational organizations must keep a separate account for managing proceeds from Millionaire Party events.
8. The “educational subordinate” and “religious subordinate” classifications for charities have been eliminated. Those charities that hold qualifications in either of these classifications must reapply for qualification.

Although the changes do not change the language of the Bingo Act or administrative rules regarding Millionaire Party conduct, they do embody changes in the Executive Director’s interpretation of many regulatory provisions or reinforce existing regulatory policy. The letter further notes that additional changes or requirements, including potential rule changes, may be issued in the future to further regulate Millionaire Party activity.

To obtain a copy of the letter or its attachments, please visit the MGCB’s website at <http://www.michigan.gov/mgcb/>

MICHIGAN TRIBAL GAMING LITIGATION UPDATE

Supreme Court Sets Briefing Schedule in Vanderbilt Casino Case

On July 26, 2013, the U.S. Supreme Court set deadlines for briefs to be filed by the State of Michigan and the Bay Mills Indian Community (“Tribe”) in the matter involving the Tribe’s Vanderbilt casino. The State of Michigan, as the Petitioner that filed this appeal, must file its brief on the merits on or before August 20, 2013, while

the Tribe’s brief is due on or before October 24, 2013. Given this briefing schedule, court observers believe that this matter will likely be argued in the fall, and decided by the end of the Court’s 2013-14 term.

This case, which could set significant precedent in the area of Indian gaming, will involve review of two specific issues: (1) whether a federal court has jurisdiction to enjoin activity that violates the Indian Gaming Regulatory Act (“IGRA”) but takes place outside of Indian lands; and (2) whether tribal sovereign immunity bars a state from suing in federal court to enjoin a tribe from violating IGRA outside of Indian lands.

In November, 2010, the Tribe opened a casino in Vanderbilt, Michigan on land that was approximately 125 miles south of its reservation located in Michigan’s Upper Peninsula. The casino was closed following the entry of a preliminary injunction issued by the U.S. District Court for the Western District of Michigan in March, 2011. The Tribe then appealed this decision to the Sixth Circuit Court of Appeals, which reversed the decision of the District Court. The State of Michigan has currently appealed the Sixth Circuit’s decision to the U.S. Supreme Court.

Two Additional Tribes File Amicus Briefs in Lansing Casino Case

The Saginaw Chippewa Indian Tribe of Michigan (“Saginaw Chippewa Tribe”) and the Nottawaseppi Huron Band of the Potawatomi (“NHBPI”) have filed amicus briefs with the U.S. 6th Circuit Court of Appeals in the matter involving the Sault Ste. Marie Tribe of Chippewa Indians’ (“Sault Tribe”) plans to open a tribal casino in Lansing, Michigan. In agreement with the position of the State of Michigan, both the Saginaw Chippewa Tribe and the NHBPI argue that the preliminary injunction issued by the U.S. District Court for the Western District of Michigan on March 5, 2013, which effectively froze any further meaningful development of the proposed Lansing casino, should be affirmed.

In addition to the filing of these amicus briefs, the parties in the case, The Sault Tribe and the State of Michigan, have both also filed their appellate

briefs, including a reply brief that was filed by the Sault Tribe on July 3, 2013. As the briefing schedule is now complete, it appears that the Court may entertain oral argument in this matter yet this summer.

The Sault Tribe is currently appealing the above mentioned preliminary injunction, which ruled that the Sault Tribe could not apply to have certain parcels of property in Lansing taken into trust by the U.S. Secretary of the Interior unless and until it obtained written revenue sharing agreements with the other federally-recognized Indian Tribes in Michigan pursuant to Section 9 of the Sault Tribe's Tribal-State Gaming Compact with the State of Michigan. Having the subject land taken into trust is one of the required steps that an Indian tribe must take in order to open a casino pursuant to the federal Indian Gaming Regulatory Act.

The Sault Tribe is proposing to invest \$245 Million in building and operating the 125,000 square foot Kewadin Lansing Casino, which is to be located at Michigan Avenue and Cedar Street in downtown Lansing on property adjacent to the Lansing Center.

MGCB NOTICE OF PUBLIC MEETING

The Michigan Gaming Control Board ("MGCB") will hold its regular public meeting on Tuesday, August 13, 2013 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.

For more information regarding the MGCB, please visit their website at: www.michigan.gov/mgcb

GLOBAL GAMING EXPO EARLY BIRD SPECIALS

Early Bird Discounts for the 2013 Global Gaming Expo (G2E), to be held at The Sands Expo and Convention Center in Las Vegas, Nevada, from September 24-26, run through August 30.

Early Bird Discounts include group discounts, Native American Casino Registration packages and special hotel and travel deals which registrants may take advantage of on the G2E website.

Attendees will also have the opportunity to apply for Express Badges for G2E 2013. Expo organizers say the new badges will expedite registration and check-in time, thus creating more ease and convenience.

G2E is the pre-eminent trade show for the worldwide gaming-entertainment industry, providing access to the latest and most innovative new products, the most current education and the best networking opportunities in the business. The flagship event in the G2E family of events, G2E is held annually in Las Vegas. It is organized by the AGA and [Reed Exhibitions](http://www.reedexhibitions.com), with a commitment to creating an event that is by the industry and for the industry.

Over 30,000 gaming professionals from around the world are scheduled to attend this year's G2E from all gaming industry trades and sectors. To register, or for more information about G2E, please visit www.globalgamingexpo.com.