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The _____ MICHIGAN GAMING _____ Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES & WAGERING TAXES FOR RECORD MARCH 2019 AND 1ST QUARTER 2019

In a [press release](#) dated April 10, 2019, the Michigan Gaming Control Board (“MGCB” or “Board”) released the March 2019 revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino. Numbers for the First Quarter of 2019 were also released.

The three Detroit casinos reported a record \$140.3 million in aggregate revenue for March 2019, a 1.3% increase from the same month last year. The results were 22.5% above the monthly revenue in February 2019. The previous monthly revenue record was \$138.6 million set in March 2018.

Please see the linked [State of Michigan official financial report](#).

Revenue increased at MGM by 1.9% to \$59.2 million. MotorCity recorded a revenue decrease of 0.3% to \$49.1 million. Greektown revenue increased by 1.5% to \$32 million, all compared with March 2018 results.

The March 2019 market shares for MGM Grand Detroit, MotorCity Casino and Greektown Casino were 42%, 35% and 23% respectively.

During March 2019, the three Detroit casinos paid \$11.4 million in gaming taxes to the State of Michigan, compared with \$11.2 million for the same month last year. The three casinos reported submitting \$16.7 million in wagering taxes and development agreement payments to the City of Detroit in March 2019.

First Quarter Report 2019

First quarter combined aggregate revenue of \$367 million was a 1.9 percent increase from the same period last year. For the quarter, MGM Grand Detroit

led with a 3.9 percent increase in revenue at \$157.6 million. Greektown revenue at \$84.2 million was up 1.5 percent. MotorCity's quarterly revenue of \$125.2 million was down a fractional 0.3 percent compared with last year. Through March, the three casinos recorded a 2.3% aggregate revenue increase compared with results for the first three months of last year. The state received \$29.7 million in gaming taxes for the quarter compared with \$29.2 million paid in 2018.

All three casinos are subject to a wagering tax of 19%, with 10.9% of this levy payable to the City of Detroit and 8.1% payable to the State of Michigan.

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; nor 4) other normal business expenses.

SOARING EAGLE NAMES NEW SLOT DIRECTOR

According to an article in the Morning Sun this week, the Soaring Eagle Casino and Resort has named Kirk Walraven as its new Slot Director. Mr. Walraven was promoted from his position as a Senior Slot Technician, where he worked for eleven years. He is a veteran, having served in the Persian Gulf as a member of the U.S. Marine Corps. He is also a member of the Saginaw Chippewa Indian Tribe.

NEW HAMPSHIRE COURT HOLDS HEARING ON WIRE ACT MOTION FOR SUMMARY DISPOSITION

In January 2019, the Department of Justice ("DOJ") issued a Wire Act Opinion ("2019 Opinion") that reversed a prior 2011 DOJ Opinion that held that the Wire Act only applied to sports gambling. In response to the 2019 Opinion, the New Hampshire Lottery Commission brought suit, arguing that the 2019 Memo was incorrect as a matter of law and that if enforced, would shut

down New Hampshire's online lottery sales. On April 11, 2019, New Hampshire Federal District Court Judge Paul Barbadoro held a multiple hour oral argument on the DOJ's motion to dismiss the lawsuit. Multiple states, including Michigan, as well as industry groups have filed amicus briefs and participated in oral arguments.

DOJ attorneys began the hearing by arguing that New Hampshire did not have standing because there was no "credible fear of prosecution". He cited the recent April 8, 2019 memo from DOJ assistant attorney general Rod Rosenstein in which the DOJ indicated that the 2019 Opinion did not address iLottery and that the DOJ was still evaluating whether the Wire Act prohibited that activity. The judge was skeptical of the argument, pointing out that the 2011 DOJ Opinion was issued at the direct request of state lotteries. The judge also independently raised the question of whether the Wire Act could apply to states, although he conceded that iLottery not only involves states but also their individual employees and vendors.

The next topic in the oral argument was the previous First Circuit Court and Fifth Circuit Court opinions that addressed whether the Wire Act was only applicable to sports gambling. The DOJ argued that the language in the First Circuit opinion was not a holding but mere dicta and therefore not binding precedent. The judge noted that while the Fifth Circuit opinion clearly was a holding, it was not binding on New Hampshire. It would, however, have influence as he stated: "its reasoning certainly has to be considered."

The attorneys next argued about the statutory language, the impact of grammar and whether the language was sufficiently ambiguous to look beyond the plain language. The judge was adamant that the statute was poorly written: "If you don't think this is an ambiguous statute, you're both wrong. This statute is a mess of a statute." The parties also argued whether any ruling by the judge would be in the form of a declaratory judgment, with counsel for NeoPollard (the vendor for both Michigan and

New Hampshire's iLottery programs) arguing that the judge must fully vacate and set aside the 2019 Opinion. The Michigan assistant attorney general testified that the 2019 Opinion has potentially deprived states of \$80 billion in revenue if they are not allowed to sell online lottery tickets.

At the conclusion of the hearing, Judge Barbadoro ruled that the Rosenstein memo does not provide sufficient grounds for dismissal of the case. He also gave the DOJ 14 days to submit a brief if it wanted to contest the plaintiffs' argument that the Wire Act does not apply to states.

AGEM ANNOUNCES RESULTS OF ECONOMIC IMPACT STUDY

According to a report released April 10, 2019, by the Association of Gaming Equipment Manufacturers (AGEM), the global gaming supplier industry generated a total economic impact of \$55.8 billion. This action was supported by more than 202,000 employees, including 61,700 direct employees, and created a total of \$14.1 billion in wages and salaries during 2018.

The report titled "[Impact Analysis: Global Gaming Supplier Industry](#)" was the result of an independent study commissioned by AGEM. The report reflects a recurring update and the most comprehensive review to date of the global gaming supplier industry. It also analyzes the size and scope of this technology-driven sector, specifically identifying AGEM members' global reach spanning every regulated gaming market in the world.

"Existing suppliers are growing and new players are entering the space and this report accurately reflects a dynamic sector that is focused on innovation for gaming markets throughout the world," said **Marcus Prater, Executive Director of AGEM**. "In summary, the report paints a picture of a healthy overall gaming industry where commercial casinos and tribal properties are capitalizing on advanced technologies and game

content from a vast array of creative suppliers to grow their business while providing their customers with new and exciting forms of entertainment."

Highlights of the report include:

- Including direct (\$20.7 billion), indirect (\$15.9 billion) and induced (\$19.2 billion) impacts, the global gaming supplier segment generated a total of \$55.8 billion of economic output (revenue) in 2018.
- Including direct (\$5.6 billion), indirect (\$3.9 billion) and induced (\$4.6 billion) impacts, the global gaming supplier segment supports a total of approximately \$14.1 billion in annual wages and salaries to 61,715 direct, 54,856 indirect and 85,869 induced employees for a total, with the multiplier effect, of 202,440 employees. Over the past 5 years, direct employment has grown from 50,594 to 61,715, an increase of 22 percent.
- The average direct wage per employee in the industry reached approximately \$91,240 in 2018, reflecting a significant premium to the current U.S. average annual wage of \$51,960, as listed by the Bureau of Labor Statistics.
- The industry has an especially strong impact in Nevada and overall employs a broad range of workers, including high-end technical professionals and engineers responsible for hundreds of millions of dollars in research and development expenditures annually.

Click [here](#) to visit the AGEM website.