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The _____ MICHIGAN GAMING _____ Newsletter



DETROIT CASINOS' YEAR-TO-DATE AGGREGATE REVENUE DOWN 39.2 PERCENT THROUGH APRIL

Since the closure of Detroit casinos in mid-March, there has been a large decrease in revenue. For the first four months of this year, aggregate revenue is down 39.2 percent compared to the first four months in 2019. Since casinos were closed for the month of April, there was no revenue to report.

In addition to the aggregate revenue decrease that the casinos have seen as a result of COVID-19, Detroit taxes paid by casinos through April 30 have decreased by \$15.6 million in the first four months of the year compared to 2019. The casinos have also seen a \$23 million decrease in wagering taxes. Fantasy contest operators reported for the first quarter that they paid \$240,547 in state taxes from their \$2,863,655 in revenue.

MGM RESORTS INTERNATIONAL RELEASES HEALTH AND SAFETY PLAN FOR RE-OPENING UNITED STATES PROPERTIES

On Tuesday of this week, MGM Resorts International (NYSE: MGM) released a report outlining the health and safety protocols the company is implementing prior to re-opening its domestic properties and resorts which were temporarily closed in March due to the COVID-19 pandemic. The report details MGM Resorts' "Seven-Point Safety Plan" – a multi-layered set of protocols and procedures designed in conjunction with medical and scientific experts to deter the spread of the virus, protect customers and employees and rapidly respond to potential new cases.

"Preparing for the moment we can re-open our doors, MGM Resorts focused on developing a plan that puts health and safety at the center of everything we do. Our 'Seven-Point Safety Plan' is the result of months of consultations with public

health experts and outlines our comprehensive approach to welcoming guests back safely," said MGM Resorts Acting CEO and President Bill Hornbuckle. "Our properties will not look the way they used to for a while, and that's not only okay, it's critically important. We will continue providing the hospitality experiences we are known for, but we must do so safely. We will continue working with experts and following guidance from the World Health Organization, Centers for Disease Control and Prevention (CDC) and government officials and regulators as we evolve these protocols based on the latest information."

MGM Resorts is working with Dr. Shannon Magari, ScD, MPH, MS as its lead health and safety advisor for this process. Dr. Magari is the Vice President of Health Sciences for Colden Corporation, an occupational health, safety and environmental firm. Dr. Magari obtained her Master of Science from the Thayer School of Engineering at Dartmouth College and received her doctoral training and served as a postdoctoral research fellow at the Harvard School of Public Health – specializing in Occupational Epidemiology.

OVERVIEW: MGM RESORTS' SEVEN-POINT SAFETY PLAN

MGM Resorts' Seven-Point Safety Plan is as follows:

1. Screening, Temperature Checks and Employee Training: MGM Resorts has implemented employee-screening measures to assess signs and symptoms of infection and whether the employee resides or cares for someone who has recently been diagnosed with the virus. Employees are currently and will continue to go through temperature checks before entering properties. Guests will be asked to abide by a similar self-screening protocol prior to arriving and during their stay. Guests who have reason to believe they may have been exposed to the virus are strongly urged to follow CDC guidelines for self-quarantine and not travel. We will look forward to welcoming those guests once the self-quarantine period is complete.

2. Mandatory Masks and Personal Protective Equipment (PPE): All MGM Resorts employees will be provided and required to wear an approved mask when on our properties. We will also strongly encourage guests to wear masks in public areas and offer masks to any guests who need one, free of charge. Gloves will continue to be worn by employees who require them to do their jobs, such as food handlers and employees who clean public areas. Additional categories of employees required to wear PPE will be identified by medical experts.

- **Drink service:** We will ask guests to minimize the amount of time masks are removed when drinking on the casino floor.
- **Eating:** We will ask guests to refrain from eating on the casino floor to minimize the amount of time masks are removed.

3. Physical Distancing: Six-foot physical distancing policy will be in place, wherever feasible, with floor guides serving as reminders throughout MGM Resorts properties. From time-to-time, six-foot distancing will be challenging – and in those cases, reasonable mitigating protocols will be implemented, such as plexiglass barriers or eye protection for employees. Plexiglass barriers will be installed in areas throughout casinos and lobbies, where appropriate, for the safety of guests and employees. Signage will be installed throughout properties to guide employees and guests on how to safely practice physical distancing.

4. Handwashing and Enhanced Sanitization: Prior to property closures in March, MGM Resorts implemented increased and enhanced routine cleaning, based on CDC guidelines, with a focus on high touch surfaces in common areas. We will continue using proven cleaning products in accordance with EPA guidelines for coronaviruses, bacteria and other infectious pathogens. Electrostatic sprayers will be used in many large areas to allow us to apply disinfectant more efficiently.

In addition, custom-built handwashing stations with soap and water, along with hand-sanitizing stations, will be readily available in high traffic areas and with a visible presence. Signage will be installed to guide and remind employees and guests of the importance of proper handwashing protocols.

5. Heating Ventilation and Air Conditioning (HVAC) Controls and Air Quality: MGM

Resorts has always placed a high priority on air quality for our guests and has reviewed the operation of HVAC systems to identify additional opportunities to enhance their effectiveness. Rigorous measures in accordance with established guidelines to help mitigate the risk of virus transmission have been taken throughout our properties.

As scientific information becomes available about the virus, and as additional guidance from state and local authorities and our medical experts evolve, we will continue to review and adjust the operation of our HVAC systems, fully recognizing the important role they have in keeping employees and guests healthy and safe.

6. Incident Response Protocols: MGM

Resorts has protocols in place aimed at reducing the chance infection will spread. In the unfortunate event a guest or employee tests positive for the virus, we will activate incident response protocols to ensure the infected individual has access to medical treatment, exposed areas are thoroughly sanitized and, when possible, notify those who may have come in close, prolonged contact with the infected individual. MGM Resorts has medical and security personnel on staff to respond quickly in the event of an incident.

7. Digital Innovations: MGM Resorts is reimagining several aspects of the guest experience through technology to transition current processes into contactless options for guests that eliminates or reduces the need for waiting in line.

- **Contactless Check-In:** Guests will have the ability to complete the check-in process

entirely themselves through the MGM Resorts mobile app. This includes the ability to process payment, verify identification and obtain a digital room key, all through a mobile device. If preferred, physical keys will be available through self-serve key encoders. Employees will be available for guests who prefer check-in without using their mobile device, while still maintaining a line-reduced environment.

- **Food & Beverage:** Digital menus will be available to view on personal mobile devices via QR code. Virtual queues will be in place for guests when immediate seating is unavailable. Guests will receive a text message notification when their table is ready.

The full report, including detailed protocols, procedures and operational enhancements can be found [HERE](#) .

INDUSTRY LIABILITY LETTER

On May 11, 2020 many organizations in America's hospitality, restaurant, retail, gaming, attractions, and entertainment industries wrote a letter to members of congress to address the concerns of the re-opening guidelines after the nation-wide shut down. In addition to following government health guidelines, these companies are seeking help for themselves, their workers, and their customers against litigation.

The companies writing the letter ask for protection from the potential threat that guests and customers could still contract COVID-19, even though the companies would be doing their part in keeping a safe environment. Legislation will be put in place on the federal, state, and local levels, but until this disease goes away, everyone is at risk. These companies wish to keep their doors open and not have to worry about repercussions. Prior to COVID-19, Congress has protected companies from liability and are once again being asked to help in this time of assistance.

GAMING IN CRISIS WEBINAR HIGHLIGHTS “IGAMING IN THE COVID-19 ERA”

Yesterday, three experts on iGaming issues discussed the evolution of gaming into the online gaming space, and the impact that the COVID-19 virus crisis has had on this evolution. In a panel hosted by Roger Gros, Editor in Chief of Global Gaming Business Magazine, Sue Schneider VP, Growth & Strategy, Americas, Sports Betting Community, Kresimir Spajic, Senior Vice President & Managing Director, Online Gaming and Sports Betting, Hard Rock International; and Dermot Smurfit, CEO of GAN all provided different perspectives on the growth of this segment of the gaming industry.

Sue Schneider of SBC began the discussion with a historical perspective noting that the United States has “come late to the party” when it comes to online gaming. The first online casinos opened in 1996 in Antigua and in 1998 poker trend started. Thereafter, a number of other companies came online. Australia launched online sports betting, and the UK launched online gaming in 2005. The US took another tack with the passage of a prohibition bill (the Unlawful Internet Gambling Enforcement Act), yet online gaming started to proliferate. In 2013 Nevada licensed online poker sites, and New Jersey then later became the first jurisdiction to really open with all sorts of products. Since then we have seen casino games go online, live dealers, fantasy sports and sports betting. Because of the overturning of the Professional and Amateur Sports Betting Protection Act, there are now a number of states getting into the sports betting field (20 plus states plus the District of Columbia).

The growth of online gambling, even before the onset of the current crisis, has been very significant. The crisis has brought on another significant increase in growth, with poker becoming increasingly popular online. She noted that older people were not doing much online gambling before, but the crisis has made them more technologically aware as they have needed

to adapt to be able to communicate with relatives (grandkids, etc.). This has created new users that may not have turned to online gambling before. She noted that it is somewhat ironic that the growth of sports betting has occurred at a time when there are no sports to bet on and observed that the net result has been a greater growth of online gaming and online poker in the recent past.

Kresimir Spajic, of Hard Rock International, discussed the history and future of online gaming. Although Nevada authorized the first online gaming in 2013, it took until 2019 until another state (Pennsylvania) regulated online casino gaming and poker. In comparison, in the past two years, 18 states have moved forward with operational sports betting either online or retail, and many other states that are pending launch. Historically, the most successful brands in the gaming field were brands associated with bricks and mortar casinos. Yet, since the introduction of sports betting, this has changed. He noted that both FanDuel and DraftKings are now top three performers in the space as a result of their ability to leverage their database from sports related operations to bring players into casino gambling. In addition, a number of the bricks and mortar brands are successfully cross promoting and leveraging their database to get players to expand into new forms of gaming. He noted that there are four “X factors” for casinos:

1. Brand—either earned through legacy or by spending money to build a brand.
2. Database—either from bricks and mortar casino operations or by acquiring a database by spending money;
3. Product—a casino only channel product which means connecting your loyalty program with brick and mortar and online operations; and
4. Marketing—a willingness to spend money to wait for a return on investment.

Dermot Smurfit, CEO of GAN discussed the growth of “Simulated Gaming” noting that his company has moved 14 different operators online in the past two years. He noted that simulated

gaming is a way of extending the relationship between the casino and its retail patrons. By having the casinos own relationship, it positions the casinos for the eventual authorization of online platforms with real online wagering (once it is approved). He noted that there has been a significant and immediate increase in the number of participants during the past two months as retail operations have tragically had to shut down. “The momentum shift of retail gambling into online gambling, and even online social casinos or simulated gaming has been widely reported in the industry”, he noted. “We have seen similar increases in real money online casino gaming throughout the month of March and in April, and continuing into May. It is a tragic consequence of the retail casinos shuttering, and I think it is something that going forward the industry needs to generally accept ---that this is a real risk -- and that having an Internet gaming experience whether it is simulated or real money is probably a new and essential part of your strategy going forward,” he further stated. He indicated that there is a true value to a casino operator offering online gaming. “You will see that you will greatly reduce your patron’s promiscuity in the online channel, you will actually see your highest value gamblers come back and visit you on property more often as a consequence of engagement online. . . . By extending your brand reach and your relationship with your carded patrons through the online channel you have the exceptional opportunity to retain them and to make them more loyal when they come back to the property more often” he said.

During the Question and Answer portion of the discussion, Mr. Smurfit also discussed state Lotteries getting into the online gaming business. “I think some of the operators, including some of our clients, are rightfully furious and there is a degree of legitimacy in their fury because the definition of online lottery ticket sales is being stretched to an extremity and if you just experience some of these online scratch cards they are eerily and spookily similar to the entertainment experience offered by traditional online slots or traditional slots in the retail casino properties.”

Regulatory Management Counselors, P.C., Global Gaming Business Magazine, and The Innovation Group continue to join forces to present timely and informative webinars designed to help gaming companies, casino operator, manufacturers and suppliers, executives, employees, investors and customers navigate the “new normal” as the World struggles through and emerges from the effects of the coronavirus pandemic. The series now includes four webinars which have all been recorded and are available at www.casinowebinar.com, along with information on upcoming webinars and registration details.

MICHIGAN STATE REPRESENTATIVE INTRODUCES RESOLUTION REAFFIRMING TRIBAL SOVEREIGNTY

State Rep. Beau LaFave (R-Iron Mountain) introduced a resolution on Wednesday, May 20, reaffirming tribal sovereignty. The resolution was introduced in response to actions taken by Attorney General Dana Nessel regarding the previously announced planned opening of Island Resort and Casino in northern Michigan, operated by the Hannahville Indian Community. Island Resort had announced they planned to open on May 6. In a letter sent to the Hannahville Indian Community on May 5, while Ms. Nessel acknowledged that tribal authorities have sovereignty, she also threatened to issue civil and criminal penalties to casino employees and patrons who worked or visited the casino. As a result of the letter, Island Resorts scrapped plans to reopen. The action highlighted the growing tension between the administration and tribal operators.

HR 257, which can be found [here](#), resolved “That we reaffirm the sovereignty of tribal nations and encourage the Michigan Attorney General to not infringe on that sovereignty.” In a press release announcing the introduction of the resolution, Rep. LaFave indicated: ““While an argument can be made to prohibit certain business operations that cannot be executed safely in light of COVID-19, the state of Michigan does not have the

authority to dictate the actions of tribal nations – pandemic or not. Tribal nations have the right to self-governance, and these rights cannot be infringed upon. The attorney general’s threatening remarks are not how diplomatic relations with Michigan’s tribal nations should be conducted.” The resolution has yet to pass the House.