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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

Associate Editor

J.J. Burchman, Esq.
Phone: 517.999.5414
burchman@rmclegal.com

Production Coordinator

Christina Morris
cmorris@rmclegal.com

Subscription information:
info@michigangaming.com

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RMC Ventures, LLC

Asher Court
321 W. Lake Lansing Rd.
East Lansing, MI 48823
Phone: 517.507.3860
Fax: 517.908.0235
www.rmlegal.com

The _____ MICHIGAN GAMING _____ Newsletter



Internet Gaming and Sports Betting Operators Report \$127.4 Million in March Gross Receipts

According to a [press release](#), Michigan internet gaming and sports betting operators reported \$127.4 million in gross receipts for March 2021. Twelve operators conducted licensed internet gaming, and/or internet betting operation during the month of March.

In total, internet gaming gross receipts were \$95.1 million. Internet sports betting operators received \$32.3 million in total gross sports betting receipts, with a total handle of \$359.5 million for March. The full report of internet gaming revenue broken down by operator may be found [here](#). Internet sports betting broken down by operator may be found [here](#).

“It looks like March Madness added a bounce to the sports betting handle, which jumped 19.1 percent from February, and internet gaming seemed to increase in popularity with monthly adjusted gross receipts going up 18 percent from February,” said Richard S. Kalm, Executive Director of The Michigan Gaming Control Board (“MGCB”). “This led to increases in taxes and payments, which means more funding for the City of Detroit, K-12 education, economic development and tribal communities.”

The operators paid a total of \$17.8 million in taxes and payments to the State of Michigan for the month of March, with Internet gaming contributing \$17.3 million and internet sports betting contributing \$535,930.

For internet gaming, the state receives 70% of the total tax from the commercial operators and 80% of the total payment from tribal operators. The tax and payment rate ranges from 20% to 28% based on yearly adjusted gross receipts.

For internet sports betting, commercial operators pay 70% of the 8.4% tax to the state and 30% to the city of Detroit. Tribal operators make an 8.4% payment on adjusted gross receipts to the State of Michigan.

The three Detroit Casinos – MotorCity Casino, MGM Grand Detroit, and Greektown Casino – reported paying wagering taxes and municipal service fees of \$5.2 million to the City of Detroit during March:

- Internet gaming taxes and fees: \$4.9 million
- Internet sports betting taxes and fees: \$326,462

Tribal operators reported making total payments of \$1.8 million to the tribes' governing bodies, according to the MGCB.

An online gaming and sports betting [revenue distribution table](#) is available on the agency's website.

MGCB Executive Director Rick Kalm to Speak at Upcoming Webinar on Combating Unregulated Gambling Machines

Rick Kalm, the executive director of the Michigan Gaming Control Board ("MGCB"), will join a panel in speaking at an upcoming webinar hosted by Global Gaming Expo, the American Gaming Association ("AGA") and the Association of Gaming Equipment Manufacturers ("AGEM") on tools in dealing with illegal unregulated gaming machines. The seminar will occur on Thursday, April 22 at 2:00 p.m. eastern time and will consist of Mr. Kalm and additional panelists Ed Davis and Kevin Mullally, with Jess Feil of the AGA moderating the event. Mr. Davis is the CEO of Edward Davis LLC Security and Management Consulting and a former Boston Police Commissioner, while Mr. Mullally is the Senior Vice President of Government Relations & General Counsel of GLI. Ms. Feil is Vice President, Government Relations and Gaming Policy Counsel of the AGA. The webinar will focus on effective ways to collaborate with law enforcement, policymakers and regulators on the topic of

unregulated gambling machines, along with educating consumers on how to identify and protect themselves from these illegal machines. Interested parties can register [here](#).

The seminar coincides with the AGA's release of a whitepaper that is covered in more detail in this newsletter and is intended to address concerns raised from the recent growth of unregulated machines, including lack of testing, consumer protections, responsible gaming measures, and ultimately deprivation of legitimate gaming operations and economic impacts. In an earlier press release announcing the partnership between AGEM and the AGA, Marcus Prater, the executive director of AGEM, stated: "The spread of these machines represents a serious threat to the overall regulated market that has invested billions in infrastructure while also creating thousands of jobs and substantial tax benefits in the communities they serve. Moreover, unregulated machines prey on confused players who see slot machine symbols and think they're getting a fair chance when they absolutely are not."

New American Gaming Association White Paper Urges Action Against Unregulated Gaming

On April 12, 2021, the American Gaming Association issued a [press release](#) announces the publication of a new white paper that discusses the detriment and danger caused by unregulated gaming machines. The [paper](#) highlights the substantial benefits to consumers and communities that are jeopardized by unregulated gaming devices along with significant threats posed that mitigate many of the societal benefits produced by the regulated gaming industry.

Among several harms, the AGA notes unregulated gaming machines:

- circumvent the stringent licensing requirements that make the regulated casino industry safe.
- lack continual compliance and reporting

requirements that should accompany consumers at all times in gaming environments.

- do not offer responsible gaming programs that protect consumers.
- do not offer the economic benefits that flow from the regulated gaming industry due to their failure to generate tax revenues.
- promote criminal activity such as money laundering, violent crime, and drug trafficking, often associated with illegal gaming devices.

To mitigate the detrimental effects of unregulated gaming, the AGA urges that the fight against illegal gaming machines “must remain a priority to protect consumer safety and promote the essential tax revenue and economic development provided by licensed gaming operations.”

Accordingly, the AGA recommends three steps to combat unregulated gaming: 1, policymakers “must prioritize robust enforcement of laws to root out illegal and unregulated gaming machines”; 2, states and communities must not simply authorize unregulated machines as a new revenue source, for allowing these machines to continue operating will reward bad behavior and erode investment made by regulated entities; and 3, other industries must “understand their responsibility to eliminate illegal gaming machines at their businesses” that put their customers at risk.

The AGA’s paper expresses the importance of a robust regulated gaming industry that promotes consumer safety and community well-being. “Only through cooperation with policymakers and law enforcement to protect against unregulated gaming machines,” the AGA believes, “will gaming continue to be an economic driver and entertainment innovator that protects consumers.”

DOJ Hosts Training Seminar for Identifying Human Trafficking in Casinos

The Department of Justice and the Department of Treasury recently announced that they will be

hosting a training webinar focused on assisting casino employees in identifying and reporting human trafficking in casinos. The webinar will take place on Tuesday, April 27 from 1:00-3:00 p.m. eastern time. The seminar is intended to benefit employees whose job duties include monitoring of gaming activity, conducting transactions with customers, and monitoring and reporting AML compliance. Topics covered will include identifying potential victims of trafficking as well as understanding how networks utilize casinos and online gambling to launder the proceeds of their criminal operations. Interested persons can register [here](#).

NCLGS Announces Upcoming Webinar on Continued Expansion of Land Based Gaming

The National Council of Legislators from Gaming States (“NCLGS”) recently announced a free webinar on Thursday, May 6th at 1:00 p.m. entitled “Land Based Gaming: Still Expanding”. The webinar will discuss which states are in process of and looking at expanding land-based casinos and how the recent expansion trend has evolved over the years. The panel will be moderated by Nevada Senator Keith Pickard, the President of NCLGS, and will consist of Andy Abboud, Senior Vice President of Government Affairs of Las Vegas Sands, Geoff Atkinson, Senior Data Analyst at Management Science Associates, Howard Glaser, Global Head of Government Affairs and Special Initiatives at Scientific Games, and Joe Weinberg, CEO of Cordish Gaming and Cordish Global Cities Entertainment. Juliann Barreto, CFO of Spectrum Gaming Group, will lead the Q & A portion of the webinar. The webinar is sponsored by Scientific Games and IGT. Interested persons can register [here](#).

Gun Lake Announces Expansion

In a press release dated April 19, 2021, the Gun Lake Tribe and Gun Lake Casino announced a \$300 million expansion plan that will transform the current property into a hotel resort with expanded amenities. The expansion will add

250,000 square feet to extend the property footprint west towards US-131 and will include the development of a 4-diamond hotel, spa and restaurant. Construction is slated to begin at the end of this summer current expansion, and the next phase of expansion will begin immediately follow its completion.

“It is with great pride that we reveal the largest expansion in Gun Lake Casino’s history. Today’s announcement demonstrates our commitment to maintaining the reputation as a leading entertainment and gaming destination in Michigan,” said Sal Semola, president and chief operating officer of Gun Lake Casino. “As a vital business in Allegan County, we recognize our ability to invest in our local community. The elevation of our offered amenities drives our economy through tourism and directly impacts the livelihood of local citizens through the development of new job opportunities.”