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*Editor in Chief*

**David D. Waddell, Esq.**  
Phone: 517.507.3859  
[waddell@rmclegal.com](mailto:waddell@rmclegal.com)

*Senior Gaming Analyst  
& Editor*

**Robert R. Russell, II**  
Phone: 517.507.3858  
[russell@rmclegal.com](mailto:russell@rmclegal.com)

*Associate Editor*

**J.J. Burchman, Esq.**  
Phone: 517.999.5414  
[burchman@rmclegal.com](mailto:burchman@rmclegal.com)

*Features Editor and Reporter*

**Gabrielle Davis, Esq.**  
Phone: 517.999.5416  
[gdavis@rmclegal.com](mailto:gdavis@rmclegal.com)

*Subscription information:*  
[info@michigangaming.com](mailto: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.rmclegal.com](http://www.rmclegal.com)

# The \_\_\_\_\_ MICHIGAN GAMING \_\_\_\_\_ Newsletter



## INTERNET GAMING AND SPORTS BETTING OPERATORS REPORT \$42.7 MILLION IN JANUARY GROSS RECEIPTS

Internet gaming and internet sports betting operators reported \$42.7 million in gross receipts for the first ten days of operation following the initial launch from January 22 to January 31, according to a [press release](#). Internet gaming receipts were \$29.4 million, while internet sports betting receipts were \$13.3 million with a total reported handle of \$115.2 million.

"Internet gaming operators are off to a good start in Michigan," said Rick Kalm, Executive Director of the Michigan Gaming Control Board ("MGCB"). "The taxes and payments from online gaming will provide funding for K-12 students, the city of Detroit and Michigan tribal communities."

In total, internet gaming and sports betting operators reported \$4.4 million in taxes and payments to the State of Michigan during January. Internet gaming operators paid \$4.3 million in taxes and payments, while internet sports betting operators paid \$111,696.

The State receives 70% of the total tax from commercial operators and 80% of the total payment from tribal operators for internet gaming. The tax and payment rate ranges from 20% to 28% depending on annual adjusted gross receipts.

For internet sports betting, commercial operators pay 70% of the 8.4% tax rate to the State of Michigan, and 30% to the City of Detroit. Tribal operators pay 8.4% to the State on adjusted gross sports betting receipts.

The Detroit casinos - MGM Grand Detroit, MotorCity Casino, and Greektown Casino - reported City of Detroit wagering taxes and municipal service fees of \$1,379,073 for the month of January, with internet gaming reporting \$1,315,049

in taxes and fees, and internet sports betting reporting \$64,024. Tribal operators reported \$428,615 of wagering payments to the tribal governing bodies.

A revenue distribution table is available on the MGCB website [here](#).

## **MGCB EXECUTIVE DIRECTOR RICK KALM GIVES INTERNET GAMING AND SPORTS BETTING UPDATE TO SENATE COMMITTEE**

Michigan Gaming Control Board ("MGCB") Executive Director Rick Kalm gave an overview presentation to the Michigan Senate Regulatory Reform Committee on Tuesday, February 16, giving an update of the recent launch of internet gaming and sports betting in the State. He provided an overview of the differences between Michigan law and other states law, discussed the revenue and tax impact information from the first 10 days, and gave a summary of the steps that the MGCB took to get to a successful launch. The presentation also gave a high-level overview of the rulemaking and licensing process, and addressed many of the senators' questions regarding internet gaming and sports betting.

Mr. Kalm noted that Michigan is one of the first states to authorize and license both commercial casino operators and tribal casino operators, and suggested that Michigan is likely to be a model of regulation for others as online gaming and online sports betting expands into other jurisdictions. He provided a thorough breakdown on revenue numbers (see separate story) and noted how the tax revenue will benefit both the state and many local communities.

Mr. Kalm also discussed the path that the MGCB took to get to launch. He explained that the MGCB's launch goal was to move quickly, but also to establish the proper regulatory framework. He noted that the rules were finally approved in early December through the legislative approval process, and the MGCB was able to authorize the

launch by January 22<sup>nd</sup>. "We previously licensed all the people that were involved to make sure we were able to launch not only quickly, but also to launch safely", Mr. Kalm noted. They accomplished getting to launch so quickly by working on the various steps simultaneously. This included all the licensing of entities and individuals, lab approvals (both private and state lab) and getting through the various regulatory steps on a parallel path with getting the rules finalized.

Mr. Kalm was very appreciative of the hard work of the MGCB staff to process applications and prepare for the launch. He also expressed appreciation for the cooperation of all of the operators and platform providers in giving input on the rules and working with the MGCB to complete the licensing process. "The biggest thing we need to do is assure responsibility and integrity", he noted. Mr. Kalm explained the importance of responsibility, integrity monitoring, geolocation, and know your consumer features to the operation of any form of internet gaming.

Committee Chair Senator Aric Nesbitt asked if there has been anything problematic during the process. Mr. Kalm responded that there was a smooth launch and things have been going very well. He has appreciated the efficiency of the MGCB staff in processing applications, the sophistication of the tribal operators, and the fact that most platform providers have already operated in other jurisdictions. He said that he was more surprised by how well the launch went then by any other aspect of the process.

Senator Nesbitt asked if we can expect multijurisdictional poker any time soon, to which Mr. Kalm said the MGCB has been focusing on getting internet gaming and sports betting launched right now, but that poker is a high priority. He mentioned that there is a compact between the states of New Jersey, Delaware, and Nevada on this topic, and they have obtained a copy of it to review and consider. They have met with New Jersey to discuss the topic (even before passage of the law authorizing it).

Mr. Kalm was asked about the responsible gaming measures that are in place for internet gaming and sports betting. Mr. Kalm noted that money apportioned to the problem gambling fund is directed to the Department of Community Health, who is able to spend the money on problem gambling advertisements or programs as it sees fit. He also noted that the problem gambling helpline is required to be on the mobile apps and websites, and that all of the platforms are required to have time stamps, wager amounts, and features to allow consumers to self-regulate their play. He noted that the disassociated persons list is another option for those struggling with addiction.

Finally, Mr. Kalm was asked about the turnaround time for licensing. He responded that it depends on the size of the company and how many individuals are required to be licensed. It also depends upon whether the company has already been licensed in another jurisdiction, which would allow the MGCB to grant a provisional license first. He expressed appreciation for how quick the MGCB staff has become at processing applications over the last several months.

## **MGCB AUTHORIZES POKAGON BAND FOR INTERNET GAMING AND SPORTS BETTING**

The Michigan Gaming Control Board ("MGCB") announced in a [press release](#) on Monday that the Pokagon Band of Potawatomi Indians and its partner Pala Interactive was authorized to begin offering internet gaming and sports betting on Monday, February 15, at noon under its Four Winds Casinos brand name.

"We welcome the addition of Four Winds Casinos and Pala Interactive to Michigan's growing online gaming and sports wagering market," said Rick Kalm, MGCB Executive Director. "Their participation will generate revenue to support education, economic development and the Pokagon Band's tribal community."

In addition to the Pokagon Band and Pala Interactive operation, internet gaming and sports

betting are now live at the following previously authorized operations:

- Bay Mills Indian Community & DraftKings - Internet Casino Games, Internet Sports Betting
- Grand Traverse Band of Ottawa and Chippewa Indians & William Hill - Internet Casino Games, Internet Sports Betting
- Greektown Casino & Penn Sports Interactive/Barstool Sportsbook - Internet Casino Games, Internet Sports Betting
- Hannahville Indian Community & TwinSpires - Internet Casino Games, Internet Sports Betting
- Keweenaw Bay Indian Community & Golden Nugget Online Gaming - Internet Casino Games, Internet Sports Betting
- Lac Vieux Desert Band of Lake Superior Chippewa Indians & PointsBet - Internet Sports Betting
- Little River Band of Ottawa Indians & Rush Street - Internet Casino Games, Internet Sports Betting
- Little Traverse Bay Band of Odawa Indians & Poker Stars/FoxBet - Internet Casino Games, Internet Sports Betting, Internet Poker
- MGM Grand Detroit & BetMGM/Roar Digital - Internet Casino Games, Internet Sports Betting
- MotorCity Casino & FanDuel - Internet Casino Games, Internet Sports Betting
- Sault Ste. Marie Tribe of Chippewa Indians & WynnBet - Internet Casino Games, Internet Sports Betting

For more information on Michigan internet gaming and sports betting, read the MGCB's FAQs or visit the Four Winds Casino [website](#).

## **SPORTS BETTING HAS A STRONG DEBUT IN MICHIGAN, TRIGGERING INCREASED MEDIA INTEREST AND HOPEFULLY REDUCING ILLEGAL WAGERING**

Revenue figures released by the Michigan Gaming

Control Board this week show that both online casino gaming and online sports betting are proving to be very popular in the state of Michigan. Gross receipts from both new forms of gaming totaled \$42.7 million in the first 10 days of operation, with \$29.4 million from Internet gaming and \$13.3 million from internet sports betting. The initial figures demonstrate the strong interest within the state of Michigan for betting on all forms of sports and suggest that this new economic activity is having a positive effect in generating media interest and allowing for people isolated at home due to COVID-19 shutdowns to socialize more through online outlets. Additionally, based on national studies, online sports betting will hopefully have a positive impact on reducing the amount of wagering on illegal offshore accounts that are unregulated.

The total handle for internet sports betting for just these 10 days was \$115 million. The state of Michigan has always been regarded as a big sports-oriented region that puts a ton of local media focus on all types of sports. With the COVID-19 related lockdowns that have been ongoing, sports betting has proven to be a way for people to engage socially, albeit remotely over the Internet. This has triggered growth and further excitement for local sports media outlets and for their content creators.

Greg Waddell and Carter Elliott, the local sports personalities behind "[Sleepers Media](#)", are not surprised that sports betting has proven to be so popular. For the past several years The Sleepers have had popular Michigan-based sports focused [podcasts](#) and programming that is featured through numerous different outlets, including YouTube, Twitter, and a newly launched live sports chat platform, the [LockerRoom app](#). Sports betting has long been a staple of their conversations, but they have noticed a massive increase in interactions with fans and listeners with the debut of online sports betting in Michigan. When asked whether Michigan's legalization of sports betting has enhanced interest in their content, Mr. Waddell stated the following: "Engagement with our listeners has quadrupled since the day sports betting was legalized in Michigan. And we have tailored our

content to people who are learning to love betting online. We give out [Daily Picks](#) on Twitter and have seen a massive increase in views each day and the participation level of followers has risen tremendously. Part of the fun of betting on games for sports fans is the social element - people like knowing what their friends are winning/losing on, and they like the camaraderie of gambling together. We have found success by steering the conversation into a place where an online community of sports fans can come together and win (or lose) together every day."

Mr. Elliott added a further observation, "there are two types of sports fans - ones that have always been interested in betting lines and point spreads, and ones that are just now learning and getting excited about them. Betting on sports has gone from something that ten years ago had a niche audience to something that is now an integral part of the way both diehard fans and recreational watchers consume the games they enjoy."

Legalized sports betting will also hopefully have a positive impact on the reduction of spending on illegal off shore wagering sites. In its 2020 Survey of American Sports Bettors, the American Gaming Association ("AGA") observed that "average spending with illegal bookies fell 25 percent in legal sports betting states last year, while legal online and mobile betting spend increased 12 percent." The AGA Survey further notes that 74 percent of sports bettors believe it is important to only wager on legal and regulated sites. Even though the introduction of legal sports wagering has this positive effect, the AGA's CEO Bill Miller notes that education of consumers remains important: "Illegal, offshore operators continue to take advantage of unknowing consumers. This only worsened during the [COVID-19] sports shutdown, with unregulated bookmakers offering odds on everything from the weather and shark migration patterns to whether your friends' marriage will survive the pandemic. The AGA is focused on educating customers on how to wager legally and about the dangers of the illegal market."

Although the revenue numbers in Michigan only cover a 10-day period, they suggest that legalized online sports betting is having positive effects in generating increased interest for local media outlets that focus on the topic and in reducing the flow of money to illegal off-shore betting sites.