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The MICHIGAN GAMING Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES YEAR END DETROIT CASINO REVENUES FOR 2014

The Michigan Gaming Control Board (“MGCB” or “Board”) released the December, 2014 total adjusted revenue figures for the three Detroit casinos—MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino. Overall, the 2014 aggregate revenues for the Detroit casino market were down 1.2% to \$1.33 billion, when compared to total revenues from

Month in 2014	Total Adjusted Revenue 2014		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$41,231,507.57	\$31,710,276.19	\$23,106,523.77
February	\$47,575,032.11	\$37,245,026.02	\$25,788,555.32
March	\$50,756,665.25	\$42,961,184.96	\$31,218,833.96
April	\$46,974,038.53	\$38,240,494.81	\$27,058,910.49
May	\$47,385,946.12	\$39,070,816.47	\$28,051,733.40
June	\$49,682,916.37	\$34,026,664.62	\$25,298,039.91
July	\$46,343,669.19	\$36,460,812.42	\$28,531,147.02
August	\$47,205,939.88	\$37,911,812.76	\$27,545,154.13
September	\$43,262,784.01	\$33,252,420.87	\$26,596,444.33
October	\$47,044,684.28	\$37,675,876.39	\$28,654,577.50
November	\$43,547,041.66	\$36,833,928.99	\$26,398,768.90
December	\$50,116,541.20	\$39,615,094.24	\$28,402,705.96
Total	\$561,126,766.17	\$445,004,408.74	\$326,651,394.69

Month in 2014	Total Adjusted Revenue and Taxes 2014		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$96,048,307.53	\$7,779,912.91	\$10,469,265.52
February	\$110,608,613.45	\$8,959,297.69	\$12,056,338.87
March	\$124,936,684.17	\$10,119,871.42	\$13,618,098.57
April	\$112,273,443.83	\$9,094,148.95	\$12,237,805.38
May	\$114,508,495.99	\$9,275,188.18	\$12,481,426.06
June	\$109,007,620.90	\$8,829,617.29	\$11,881,830.68
July	\$111,335,628.63	\$9,018,185.92	\$12,135,583.52
August	\$112,662,906.77	\$9,125,695.45	\$12,280,256.84
September	\$103,111,649.21	\$8,352,043.59	\$11,239,169.76
October	\$113,375,138.17	\$9,183,386.19	\$12,357,890.06
November	\$106,779,739.55	\$8,649,158.90	\$11,638,991.61
December	\$118,134,341.40	\$9,568,881.65	\$12,876,643.21
Total	\$1,332,782,569.60	\$107,955,388.14	\$145,273,300.09

2013. Specifically, 2014 aggregate revenues for MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino were down 1%, 2.1%, and 0.5%, respectively in comparison to total revenues from 2013.

For the month of December, revenue for the Detroit Market was up 10.3% from the same reporting period last year. Specifically, revenue for MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino was up 11.5%, 7.6%, and 12%, respectively, in December, 2014 in comparison to the same month last year.

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

The figures released by the Michigan Gaming Control Board are the gross receipts less winnings paid to wagers. 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, service providers or vendors; and 4) other normal business expenses.

MICHIGAN GAMING CONTROL BOARD EXPANDS SUPPLIER LICENSE EXEMPTION PROGRAMS

On Tuesday, January 13, 2015, the Michigan Gaming Control Board (“MGCB”) approved a wide range of supplier licensing changes that will provide non-gaming suppliers with more opportunities

for exemptions from the state's supplier licensing process. These changes include increases in the supplier licensing business volume thresholds for various license categories.

Resolution 2015-01("Resolution"), effective February 1, 2015, rescinds non-gaming supplier licensing requirements that were issued by the MGCB through various resolutions dating back to 1998, the most recent of which occurred in 2012. The Resolution provides guidance for the MGCB's licensing policy for non-gaming suppliers – vendors that provide goods or services that generally do not affect the gambling activity at the casino, such as advertisers, food providers, outdoor maintenance, and other companies – primarily by increasing the business volume thresholds that trigger licensing requirements. The changes include:

- 1. Increase in Automatic Exemption Threshold from \$15,000/year to \$50,000/year:** Those suppliers that provide less than \$50,000 in any 12-month period are now automatically exempt from the licensing process. There are no reporting or approval requirements for these companies. The MGCB previously allowed for automatic exemptions for those companies providing up to \$15,000 worth of goods or services in any 12-month period.
- 2. Increase in Discretionary Exemption Threshold from \$300,000/year to \$400,000/year:** Suppliers that provide \$50,000-\$400,000 worth of goods or services in a 12-month period may apply for a license exemption with the MGCB. The exemption application includes a streamlined filing and review process that greatly reduces the filing burdens placed upon suppliers. The MGCB previously allowed for discretionary exemptions for those companies providing \$15,000-\$300,000 worth of goods or services in any 12-month period.

Under these new requirements, a supplier license will be required for those companies that provide \$400,000 or more in goods or services to a casino licensee. According to a press release from the MGCB, the agency expects the new filing requirements to result in an 80% drop in exemption requests and a 54% drop in license

requests. As of December 31, 2014, the MGCB reported 1,000 active vendor exemptions and 426 discretionary exemptions are in place.

In a statement released from the MGCB, Executive Director Richard Kalm noted that "[t]he MGCB is making the regulatory process less cumbersome for the Detroit casinos and their non-gaming suppliers, which often are Michigan small businesses. We will continue to maintain the integrity of gaming."

In addition to the changes noted above, the Resolution also reestablishes licensing exemptions for certain fields of commerce, such as professional legal services, media outlets, and workplace training providers, which were included with past MGCB resolutions related to non-gaming suppliers.

[Click here for the full text of the Resolution.](#)

KEWADIN CASINOS HIRE TEMPORARY CEO

On December 19, 2014, the Sault Ste. Marie Tribe of Chippewa Indians ("Tribe") reported in the *Win Awenen Nisitotung* that Mr. Fred Buro has been hired as the temporary Chief Executive Officer for the Tribe's Kewadin casinos. He will oversee the five Kewadin casino properties and will report to the Kewadin Casinos Gaming Authority.

Mr. Buro is the former Chief Marketing Officer of MTR Gaming Group, which owns and operates horse racing tracks across the Midwest. He has over 24 years of experience in the gaming industry, including senior management positions with properties operated by Trump Hotels and Casino Resorts, Penn National Gaming, and Tropicana. Mr. Buro has also served as a gaming industry consultant focusing on marketing and internet gaming initiatives.

The Tribe owns and operates five casino resorts in the state, located in Sault Ste. Marie, St. Ignace, Christmas, Hessel, and Manistique. In addition, the Tribe has been working to acquire land in downtown Lansing to build a sixth gaming location.