

February 6, 2015

Volume 21, Issue 4

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The MICHIGAN GAMING Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR JANUARY, 2015

The Michigan Gaming Control Board (“MGCB” or “Board”) released the January, 2015 total adjusted revenue figures for the three Detroit casinos—MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino. Overall, the revenue for the Detroit market was up 15.6% compared to the same reporting period last year. Specifically, revenue for MGM Grand Detroit Casino, MotorCity Casino, and Greektown Casino was up by 12.1%, 20%, and 15.7%, respectively, during January 2015 when compared to the same month last year.

Month in 2015	Total Adjusted Revenue 2015		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$46,227,016.63	\$38,061,452.27	\$26,733,375.86
Total	\$42,227,016.63	\$38,061,452.27	\$26,733,375.86

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

Month in 2015	Total Adjusted Revenue and Taxes 2015		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$111,021,844.76	\$8,992,769.43	\$13,211,599.53
Total	\$111,021,844.76	\$8,992,769.43	\$13,211,599.53

Michigan.

The market shares for MGM Grand Detroit, MotorCity Casino, and Greektown Casino for January 2015 were 42%, 34%, and 24%, respectively.

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; and 4) other normal business expenses.

MICHIGAN GAMING CONTROL BOARD RELEASES UPDATED SUPPLIER EXEMPTION FORMS

On January 30, 2015, the Michigan Gaming Control Board (“MGCB”) issued a revised set of supplier license exemption forms to coincide with MGCB Resolution 2015-01, which became effective February 1, 2015. The new forms are now available on the MGCB’s website at: <http://www.michigan.gov/mgcb/>.

Resolution 2015-01 provides guidance on the MGCB’s supplier licensing exemption processes and policies. Under the new requirements, suppliers of non-gaming goods or services to a Detroit casino may apply for a licensing exemption if the supplier provides less than \$400,000 in a 12-month period to a single casino licensee. In addition, those companies providing up to \$50,000 per 12-month period in non-gaming goods or services are automatically exempt. These business volume thresholds have been increased from \$300,000 (single casino)/\$600,000 (two or more casinos) and \$5,000 per 12-month period, for discretionary and automatic exemptions, respectively.

The forms contain a number of changes to remove redundancies and make the process more simple for applicants. These changes include combining the initial and renewal supplier exemption forms into one new document. In addition, the ownership disclosure thresholds have been increased from fifteen percent to twenty five percent. The new forms also remove certain questions related to past

business addresses, contractors for the vendor, and certain additional questions related to ownership.

For more details on Resolution 2015-01, please see the *Michigan Gaming Newsletter’s* prior coverage here: <http://www.michigangaming.com/publications/newsletter-archive/114-newsletters/volume-21/issue-2/447-michigan-gaming-control-board-expands-supplier-license-exemption-programs>.

KEWEENAW BAY INDIAN COMMUNITY APPROVES CASINO FEASIBILITY STUDY TO BE UNDERTAKEN

On January 10, 2015, the Keweenaw Bay Indian Community (“Tribe”) voted 10-1 in favor of a proposal for two feasibility studies to be performed by Global Market Advisors (“Advisors”), regarding the Tribe’s two casinos located in Baraga and Marquette, Michigan.

The Advisor group will conduct the study to assist the Tribe with a casino and hotel market assessment for potential expansion. The cost for both studies is \$38,000.

According to *Casino City*, Ojibwa Casino Marquette’s 13,500 square foot gaming space features 293 gaming machines and 11 table games. The Ojibwa Casino Baraga’s 17,000 square foot gaming space includes 316 gaming machines and 9 table games.

For more information, please visit: www.ojibwacasino.com.

FEDERAL BILL TO BAN ONLINE WAGERING REINTRODUCED

On Wednesday, February 4, 2015, Representative Jason Chaffetz (R-UT) reintroduced legislation that, if passed, would amend federal law to prohibit the expansion of Internet wagering. House Resolution 707 (“HR 707”), currently titled “To restore long-standing United States policy that the Wire Act prohibits all

forms of Internet gambling, and for other purposes,” is aimed to rollback changes in the Attorney General’s interpretation of the Interstate Wire Act of 1961 (“Wire Act”) which has allowed states to permit intra-state, online wagering activity.

HR 707 was initially introduced in March of 2014 by Rep. Chaffetz, along with a companion bill in the Senate introduced by Senator Lindsey Graham (R-SC). The key language of the bill would amend the Wire Act so that it applies to “any transmission over the Internet carried interstate or in foreign commerce, incidentally or otherwise.” At this time, a Senate bill has not been reintroduced.

The legislation is in response to the Department of Justice’s (“DOJ”) Memorandum Opinion issued on September 20, 2011 that concludes that the Wire Act does not prohibit state lotteries from processing online lottery ticket transactions that are purchased in-state, but cross state lines during the transaction (i.e., when the data is processed on a server in another state). The opinion states that “we conclude that interstate transmissions of wire communications that do not relate to a ‘sporting event or contest,’ 18 USC §1084(a), fall outside of the reach of the Wire Act.” This interpretation reversed a long-standing view of the DOJ that the Wire Act applied to any gaming activity, not just sporting events, as to restrict any online gambling activity where the gambling information crossed state lines, even if only in transit to a destination in the same state. Since this interpretation, several states, including Michigan, have begun offering online lottery sales and some states, such as Nevada, New Jersey, and Delaware, have permitted intra-state online gaming operations.

In a statement made with the initial legislation last year, Rep. Chaffetz stated that “[t]he DOJ opened the door for massive change in policy without significant public input. These fundamental changes need to go through Congress. By restoring the original interpretation of the *Wire Act*, we are putting the genie back in the bottle and allowing for an open debate to take place.” (Emphasis in original).

The bill has been referred to the House Committee on the Judiciary. For more information, please visit the THOMAS federal legislation database, here: <http://thomas.loc.gov/home/thomas.php>

AMERICAN GAMING ASSOCIATION ADVOCATES FOR CONGRESSIONAL BUDGET TO INCLUDE FUNDING TO COMBAT ILLEGAL GAMBLING OPERATIONS

On February 2, 2015, the American Gaming Association (“AGA”) announced that it is advocating for a congressional budget for 2016 that provides the Department of Justice funding to fight illegal gambling operations. According to AGA figures, legal gaming is a highly regulated, \$240 billion U.S. industry that supports 1.7 million jobs in 40 states and works closely with law enforcement to identify illegal activity.

“Illegal gambling operations attract illicit activities, such as money laundering and other serious crimes, while siphoning critical tax revenues from state and local governments across the country,” said Geoff Freeman, president and CEO of the AGA. “We look forward to working with Congress and the Administration on a final 2016 budget that includes much-needed funding to enforce laws against illegal gambling operations across the country.”

The day before Loretta Lynch’s attorney general nomination hearings began, the AGA sent a letter to Senator Charles Grassley (R-Iowa), chairman of the Senate Judiciary Committee, and Senator Patrick Leahy (D-Vermont), ranking member, urging them to ensure the next attorney general will work to thwart illegal gambling activities that are prevalent across the United States.

Last month at a speech before mayors from across the country, the AGA estimated that Americans would make \$3.8 billion worth of illegal bets on this year’s Super Bowl between the New England Patriots and Seattle Seahawks. That figure stands in stark contrast to the approximately \$100 million bet legally on the Super Bowl.