

March 13, 2020

Volume 26, Issue 11

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A publication of
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The _____ MICHIGAN GAMING _____ Newsletter



AGA TAKING PROACTIVE ROLE ON COVID-19

This week, the American Gaming Association President and CEO Bill Miller informed the industry that the AGA is in communication with the administration, the Center for Disease Control, and the office of Vice President and Congressional leaders with regard to the impact of COVID-19. The AGA has communicated the steps that AGA members are taking to ensure employee and customer health and safety to policy makers, and is acting as resource for the gaming industry on the topic.

The AGA has also engaged with other industry associations as the evolving health crisis continues to impact the broader hospitality industry. The AGA joined 150 travel related organizations in issuing the following statement to the general public:

For the travel and hospitality industry, the safety of the traveling public, our guests and our employees is of the utmost importance. We are in daily contact with public health authorities and are acting on the most up-to-date information on the evolving coronavirus situation.

Health and government officials have continually assured the public that healthy Americans can 'confidently travel in this country.' While it's critically important to remain vigilant and take useful precautions in times like these, it's equally important to make calm, rational, and fact-based decisions.

Though the headlines may be worrisome, experts continue to say the overall coronavirus risk in the U.S. remains low. At-risk groups are older individuals and those with underlying health conditions, who should take extra precautions.

The latest expert guidance indicates that for the overwhelming majority, it's OK to live, work, play and travel in the U.S. By seeking and heeding the latest expert guidance—which includes vigorous use of good health practices, similar to the preventive steps recommended for the seasonal flu—America's communities will stay strong and continue to thrive. The decision to cancel travel and events has a trickle-down effect that threatens to harm the U.S. economy, from locally owned hotels, restaurants, travel advisors and tour operators to the service and frontline employees who make up the backbone of the travel industry and the American economy.

We are mindful of a guiding principle that long predates this current public health situation: without the safety and security of travelers, there can be no travel. The travel industry will maintain lines of contact with the Centers for Disease Control and Prevention, the U.S. Departments of Homeland Security and Health and Human Services, and will remain vigilant for any changes. Collectively, we are taking enhanced steps to ensure both the safety of travelers, guests and our own employees.

Mr. Miller also made it clear that the AGA is in communication with policy-makers about the need for the inclusion of the gaming industry in any economic stimulus package that addresses the crisis.

MGCB APPROVES LAUNCH OF RETAIL SPORTS WAGERING AT THREE DETROIT CASINOS

At its March meeting this week, the Michigan Gaming Control Board adopted a resolution 4-0 approving the launch of retail sports wagering at all three of the Detroit casinos. Each of the three casino operators made presentations to the full Board explaining their plans. Details on each casino are below:

MotorCity Casino

- Launched its sportsbook at 10:00 a.m. on March 12.
- FanDuel will be the platform provider.
- Will be working with the Sports Wagering Monitoring Association (“SWIMA”) to ensure integrity.
- Will only be receiving a fixed fee for wagers on the NHL or MLB games given the Ilitch family ownership of teams in those leagues.
- Will have 54 Kiosks, and 6 ticket stations.

MGM Grand Detroit

- Launched its sportsbook at 1:00 p.m. on March 11.
- GVC to provide platform. Don Best and Sportradar will be other service providers.
- Will be working with SWIMA to ensure integrity.
- Will have 16 Kiosks throughout the property, and 6 live windows.

Greektown Casino

- Launched its sportsbook at 1:00 p.m. on March 11.
- Kambi and Penn Sports Interactive will be the key service providers.
- Kambi is a member of SWIMA.
- Will have 28 Kiosks and 4 betting counters.

MGCB Chair Robert Anthony noted that he will be particularly interested in gaining an understanding of the internal controls and how the software and algorithms work to assure integrity. He noted that the ultimate responsibility will be on the casinos for ensuring integrity.

The MGCB has dedicated a portion of its website

to the issue of Sports Betting. The [website](#) has a list of Frequently Asked Questions with Answers, a Media Contact, a Rulemaking Timetable, and a Discussion of the Rulemaking Process that will be involved as the sportsbooks go from being strictly retail (now) to offering online wagering (early next year).

THOROUGHBRED TRACK APPLICANT WITHDRAWS FOR THIS YEAR, HOPES TO MOVE FORWARD IN 2021

AmRace & Sports, LLC (“AmRace”) made a request to the Michigan Gaming Control Board (“MGCB”) to voluntarily withdraw from 2020 race meet licensing. Despite the withdrawal, it is clear that AmRace intends to continue to pursue a thoroughbred track license for the Sports Creek facility in Swartz Creek, Michigan.

The two principals involved in AmRace, Dan Schafer and Nelson Clemmens, bought the Sports Creek facility in 2018, and began a legislative effort to: (1) approve Advanced Deposit Wagering at tracks (which was enacted last year); and (2) seek to authorize Historic Horse Racing (“HHR”) Machines. The HHR legislation — Senate Bill 661 — passed the Senate in December, and currently is being considered by the Ways and Means Committee of the Michigan House of Representatives.

The AmRace track license had been issued subject to several conditions, including provisions requiring the build out of a thoroughbred track at the facility. AmRace has indicated that the investment needed to complete this process depends upon the passage of the HHR bill. In a statement provided to this newsletter, AmRace stated the following in relevant part:

With the significant investment involved in completing the rebuilding of the track and the renovation of the facility, backside and other areas, it has been understood by all concerned that AmRace must have HHR Gaming to become law to assure the viability of Sports Creek Race Track and

Michigan Thoroughbred Racing.

AmRace was granted a track and a race meet license for 2020 conditioned upon completing a number of improvements. AmRace has been clear to all concerned parties that the key legislation would have to be in place by the end of February in order for AmRace to complete the work. HHR Gaming has not moved forward yet. Therefore, AmRace, voluntarily surrendered its 2020 Thoroughbred race meet license because there is not enough time to for HHR Gaming to become law and then improve the track for a 2020 Thoroughbred meet. AmRace will continue to work with the MGCB so that AmRace may obtain a race track license in anticipation of a 2021 Thoroughbred racing season.

Nelson Clemmens separately stated that his team remains “fully vested” in its commitment and resolve to bring thoroughbred racing back to Michigan and Sports Creek.

The MGCB confirmed that it was notified on Thursday, March 5, that AmRace & Sports wished to withdraw its request for a 2020 Thoroughbred race meeting license and simulcast permit. On Friday, March 6, the MGCB Executive Director (who oversees horse racing in the state) issued an order accepting the withdrawal. The MGCB has stated that it “will be happy to work with the Sports Creek Raceway track’s owners on any future licensing requests.”

DETROIT CASINOS REPORT 6.3 PERCENT YEAR-OVER-YEAR REVENUE INCREASE DURING FEBRUARY

The three Detroit casinos – MGM Grand Detroit, MotorCity, and Greektown – reported \$121.7 million in aggregate revenue in February for a 6.3% increase in revenue from February 2019. February revenue increased 1.5% from January’s revenue, while revenue from the first two months

of 2020 showed a 6.7% increase from the first two months of 2019.

MGM Grand Detroit saw a 6.4% increase in year-over-year revenue in February, reporting \$52.6 million. MotorCity reported \$40.5 million, which was an increase of 4.7% from February 2019. Greektown revenue increased 8.3% from February 2019 to \$28.6 million.

The February market shares were:

- MGM Grand Detroit – 43%
- MotorCity Casino – 33%
- Greektown Casino – 24%

The three Detroit casinos paid \$9.9 million in gaming taxes to the State of Michigan in February, compared with \$9.3 million in February 2019. During February, the three casinos reported \$14.5 million in wagering taxes and development agreement payments to the City of Detroit during February.