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Attorney General Nessel Shuts Down Internet Gambling Corporation's Illegal Michigan Operations

Michigan Attorney General Dana Nessel, through her office's Alcohol and Gambling Enforcement Division ("AGED"), secured an Assurance of Discontinuance on September 1st, 2023, effectively shutting down the illegal Michigan operations of Massachusetts-based Golden Hearts Games, Inc. According to the [press release](#), the Department of Attorney General, working with the Michigan Gaming Control Board (MGCB"), informed the out of state corporation that it was operating in violation of the law by offering their online gambling games to Michigan consumers without the requisite licensure.

State gaming regulators began investigating Golden Hearts Games in August 2021 and found Golden Hearts' activity constituted illegal gaming, as it did not hold a license to offer gaming in the state of Michigan. Despite receiving a cease-and-desist letter issued by the Department of Attorney General in 2022, Golden Hearts continued to offer its gaming products to Michigan residents. The Department subsequently sent notice under the Michigan Consumer Protection Act of its intent to file an action in state court. Golden Hearts thereafter agreed to halt its activity, signing an Assurance of Discontinuance stating that it would no longer offer its games in Michigan. The Assurance of Discontinuance was filed in the Ingham County Circuit Court on September 1, 2023. The complaint also alleged that Golden Hearts' conduct violated the Michigan Consumer Protection Act by deceiving Michiganders into thinking that they were participating in legal gaming.

"Unlicensed gaming robs our schools and our government of essential funding and leaves consumers unprotected. When companies like Golden Hearts attempt to circumvent Michigan's gaming laws, they create the false impression that their games are legal and safe for consumers. My office is committed to ensuring that our gaming laws are strictly enforced and those who violate those

laws are held accountable.” said Michigan Attorney General Dana Nessel.

Golden Hearts’ decision to sign an Assurance of Discontinuance is the culmination of the Department of Attorney General’s collaboration with MGCB to hold accountable individuals who try to take advantage of Michigan consumers. Michigan’s Lawful Internet Gaming Act imposes stringent standards on those who are both eligible and suitable for licensure. The highly regulated industry ensures that Michigan residents are offered fair and honest gaming.

Detroit Casinos Report \$104.9 Million in August Aggregate Revenue

According to the August [revenues](#) released by the Michigan Gaming Control Board (“MGCB”), the three Detroit casinos reported \$104.9 million in monthly aggregate revenue in August. Table games and slots generated \$104.6 million in revenue, and retail sports betting yielded \$322,186.

The August market shares were:

- MGM, 47%
- MotorCity, 30%
- Hollywood Casino at Greektown, 23%

Monthly revenue for table games and slots decreased 2.0% when compared to July 2023 results and increased 0.1% when compared to August 2022 results.

When compared with August 2022, monthly gaming revenue results were:

- MGM, \$49.5 million, decrease of 1.7%
- MotorCity, \$30.7 million, decrease of 5.0%
- Hollywood Casino at Greektown, \$24.4 million, increase of 11.7%

The three Detroit casinos paid \$8.47 million in gaming taxes to the State of Michigan, compared to \$8.46 million for the same month last year. The casinos also reported submitting \$16.5 million

in wagering taxes and development agreement payments to the City of Detroit in August.

The three Detroit casinos reported \$10.0 million in total sports betting handle and total gross receipts were \$327,291. Retail sports betting qualified adjusted gross receipts (“QAGR”) reported for August were down by 80.6% compared to August 2022. Monthly QAGR fell by 32.5% when compared to July 2023.

August QAGR by property were:

- MGM, \$85,644
- MotorCity, \$195,955
- Hollywood Casino at Greektown, \$40,587

The three Detroit casinos reported submitting taxes on retail sports betting in the amounts of \$12,179 to the State of Michigan, and \$14,885 to the City of Detroit for August 2023.

In addition to reporting revenue from the three Detroit casinos the MGCB released revenue numbers from fantasy contest operators.

Fantasy contest operators reported total adjusted revenues of \$1.2 million and paid taxes of \$101,324 during July 2023.

Top revenue generators were:

- PrizePicks, \$591,222.67
- DraftKings, \$384,192.39
- FFPC, LLC, \$125,003.42

For the first 7 months of 2023 fantasy contest operators reported \$13.4 million in aggregate fantasy contest adjusted revenues and paid \$1.1 million in taxes

Michigan Gaming Control Board Executive Director Meets with Flint City Officials to Discuss Ways to Combat Illegal Gaming

The Michigan Gaming Control Board (“MGCB”) [released](#) a public statement on Friday, September

15 on ways to combat illegal gambling and some of the actions that are being taken by regulators to accomplish this goal. The American Gaming Association (“AGA”) designated September 11-17 as “Legal Regulated Gaming Protects Players” week. Illegal gambling constitutes forms of wagering that are not regulated by the MGCB. The MGCB has seized 1,195 machines and more than \$470,000 associated with illegal gambling investigations since January 2015.

On August 29th of this year, MGCB Executive Director Henry Williams met with the Mayor of Flint, Sheldon Neeley, and Michigan State House Representative Cynthia Neeley. This conversation took place only a week following the MGCB’s seizure of 50 gambling devices and over \$13,000 in suspected gambling proceeds from The Flint Arcade, where alleged illegal gambling activity took place in the storefront. Mayor Neeley commented on the impact operations of this nature have on the surrounding community, noting they “threaten public safety by creating environments where other criminal activity can thrive,” and stressed that “it is important to protect the Flint community from predatory illegal gaming operations, and I thank Director Williams for his continued partnership in this effort.”

Furthermore, Representative Neeley assured that “by working together to implement comprehensive measures — from strengthening laws and regulatory frameworks to raising awareness about the issue of illegal gaming machines — we can help reduce the prevalence of illegal gaming in our communities.” The collaboration of multiple entities to combat illegal gambling may be the key to success. Director Williams added, “I appreciated the opportunity to meet with Mayor Neeley and Rep. Neeley in Flint and to share information with him about how the MGCB can assist with investigations and raids on alleged illegal gaming operations...Illegal gaming is a widespread problem that is not unique to Michigan, but we are prepared to act and will hold bad actors accountable who are caught breaking the law.”

For Michigan residents to anonymously report illegal or suspicious gambling activity, call 1-888-314-2682 or submit an online form to the MGCB linked under “Report Illegal or Suspicious Gambling Activity” of the “Resources” section on the homepage of the agency’s website at Michigan.gov/MGCB. Residents can also send a message to MIGamblingTip@michigan.gov with their identity attached.