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Michigan's Gray Market Crackdown

This fall, the Michigan Gaming Control Board ("MGCB") has been making strides towards its goal of cracking down on illegal gaming. Unregulated gaming sites don't pay taxes like their peers. There are also very little protections in place for players of these illegal gaming products. These motivating factors make this cause a priority in Michigan for the MGCB.

On [September 12](#) of this year, Michigan Attorney General, Dana Nessel, issued a [notice](#) regarding the shut-down of the illegal operator Golden Hearts Games. Golden Hearts was a Massachusetts-based, unlicensed distributor of online gambling games offered to Michigan consumers. Online gaming products that were offered by the site employed the use of elements from sweepstake casinos and charitable gaming to users across the United States, with Michigan users having to be over the age of 18. The investigation process, facilitated by Attorney General's Office's Alcohol and Gambling Enforcement Division ("AGED") in conjunction with the MGCB, began in 2021. A cease-and-desist was issued to Golden Hearts in 2022. The results of the investigation concluded that Golden Hearts was operating illegal gambling activity.

In that notice, Nessel commented on the dangers of illegal gambling that has been hiding in the Gray Zone. "Unlicensed gaming robs our schools and our government of essential funding and leaves consumers unprotected," Nessel said. "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."

Two months later, now in November, another operator of sweepstake casino brands will be exiting the Michigan market as a result of the statewide

crackdown, as referred to in a [Covers article](#) earlier this week. Virtual Gaming Worlds (“VGW”), an Australian-based company, will be completely leaving the market by February 2024. These brands utilize digital currencies while allowing real money to be used to pay for enhancements. Users will be allowed to play their existing balances through to the end of the month, and all pending prizes must be claimed before February 1, 2024.

These efforts demonstrate the progress of the gray market crackdown efforts in Michigan by the MGCB. The MGCB urges Michigan residents to report illegal or suspicious gambling activity anonymously by calling the 24-hour tipline at 1-888-314-2682 or by sending an email (not anonymous) to MIGamblingTip@michigan.gov.

Michigan Internet Gaming, Sports Betting Operators Report \$210.4 Million in September Revenue

As [reported](#) by the Michigan Gaming Control Board (“MGCB”), Michigan commercial and tribal internet gaming (“iGaming”) and sports betting operators reported a combined \$210.4 million total gross receipts in September. September receipts increased 20% when compared to last month’s results.

September iGaming gross receipts were \$166.4 million. Gross sports betting receipts totaled \$44.0 million. In August 2023, iGaming gross receipts were \$152.2 million and gross sports betting receipts were \$23.2 million.

Combined total adjusted gross receipts of \$168.5 million were reported for September, including \$149.8 million from iGaming and \$18.7 million for internet sports betting – representing a 9.2% and 17.8% increase, respectively, compared to August 2023. When compared to September 2022 iGaming was up 29.3% and sports betting decreased by 31.1%.

Total internet sports betting handle was \$457.7 million, an increase of \$239.2 million from the \$218.5 million result in August 2023.

The operators delivered \$32.6 million in taxes and payments to the State of Michigan during September, with iGaming taxes and fees contributing \$31.3 million and internet sports betting taxes and fees contributing \$1.3 million.

The three Detroit Casinos – MotorCity Casino, MGM Grand Detroit, and Greektown Casino – reported city wagering taxes and municipal service fees of \$7.97 million, with iGaming taxes and fees contributing \$7.5 million and internet sports betting taxes and fees contributing \$470,071 for the month of September.

Tribal operators reported making total payments of \$4.0 million of wagering payments to the tribes’ governing bodies according to the MGCB.

An online gaming and sports betting revenue distribution [table](#) is available on the agency’s website.

During September, a total of 14 commercial and tribal operators offered internet sports betting and 15 commercial and tribal operators offered iGaming. Details for each operator’s internet gaming and internet sports betting [results](#) are available and published on the MGCB website.

Detroit Casinos Report \$101.6 Million in September Aggregate Revenue

According to the September [revenues](#) released by the Michigan Gaming Control Board (“MGCB”), the three Detroit casinos reported \$101.6 million in monthly aggregate revenue in September. Table games and slots generated \$100 million in revenue, and retail sports betting yielded \$1.6 million.

The September market shares were:

- MGM, 44%
- MotorCity, 31%
- Hollywood Casino at Greektown, 25%

Monthly revenue for table games and slots decreased 0.8% when compared to September 2022 results and decreased 4.4% when compared to August 2023 results.

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

- MGM, \$44.7 million, decrease of 7.6%
- MotorCity, \$31 million, decrease of 1.1%
- Hollywood Casino at Greektown, \$24.3 million, increase of 15.1%

The three Detroit casinos paid \$8.1 million in gaming taxes to the State of Michigan in September, compared to \$8.2 million for the same month last year. The casinos also reported submitting \$12.3 million in wagering taxes and development agreement payments to the City of Detroit in September.

The three Detroit casinos reported \$18.1 million in total sports betting handle and total gross receipts were \$1.6 million. Retail sports betting qualified adjusted gross receipts (“QAGR”) reported for September were down by 39.4% compared to September 2022. Monthly QAGR increased by \$1.3 million when compared to August 2023.

September QAGR by property were:

- MGM, \$43,528
- MotorCity, \$875,616
- Hollywood Casino at Greektown, \$655,816

The three Detroit casinos reported submitting taxes on retail sports betting in the amounts of \$59,533 to the State of Michigan, and \$72,763 to the City of Detroit for September 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 \$1.3 million and paid taxes of \$110,903 during August 2023.

Top revenue generators were:

- PrizePicks, \$543,987.24
- DraftKings, \$338,742.76
- FFPC, LLC, \$296,882.30

For the first 8 months of 2023 fantasy contest operators reported \$14.7 million in aggregate fantasy contest adjusted revenues and paid \$1.2 million in taxes.

MGCB Public Meeting Scheduled for Tuesday, November 14

The Michigan Gaming Control Board (“MGCB”) will hold a regular public meeting on Tuesday, November 14, 2023, at the MGCB’s Cadillac Place Office, 3062 W. Grand Boulevard, Suite L-700, Detroit, 48202-6062. The meeting will begin at 9:30 AM and will also be accessible via [Zoom](#).

The meeting is open to the public, and comments from the public are welcomed and encouraged during the public comment portion of the meeting. The MGCB asks that you [submit this form](#) to MGCBweb@michigan.gov by 9:30 AM, Tuesday, November 14, to notify them if you plan to address the Board during public comment. Please include your telephone number on the form. You also may use the Q&A in the Zoom meeting to indicate you wish to speak during public comment. Please provide your name and telephone number, and you will receive a call placing you in the queue.

The [meeting](#) will also be accessible to the public via Zoom at this [link](#).