

September 11, 2009

Volume 15, Issue 27

For more information on Michigan's gaming industry, please visit www.michigangaming.com

Editor in Chief:

David D. Waddell, Esq.

Phone: 517.507.3859

waddell@rmclegal.com

Senior Gaming Analyst

& Editor:

Robert R. Russell, II

Phone: 517.507.3858

russell@rmclegal.com

Reporter

Douglas L. Minke

Phone: 313.221.9380

minke@rmclegal.com

Reporter

Blaine R. DeGracia

Phone: 517.507.3857

degracia@rmclegal.com

Subscription information:

info@michigangaming.com

A publication of

RMC Ventures, LLC

University Place Center
333 Albert Ave, Suite 450
East Lansing, MI 48823
Phone: 517.507.3860
Fax: 517.908.0235
www.rmclegal.com

The _____ MICHIGAN GAMING _____ Newsletter



MICHIGAN GAMING CONTROL BOARD REVISES SUPPLIER LICENSING REQUIREMENTS

On Tuesday, September 8, 2009 the Michigan Gaming Control Board ("MGCB") adopted Board Resolution 2009-01, which modifies certain provisions relating to Vendor Exemption and Waivers for Supplier Licensing Requirements in connection with businesses that work with the three Detroit casinos. The MGCB has updated its website with an overview of the new policies based on the adoption of Resolution 2009-01. Below is an excerpt from the MGCB website:

The MGCB requires anyone providing non-gaming related goods or services in excess of \$5,000 in any 12-month period to obtain a vendor exemption from the MGCB. Each casino licensee is required to notify the MGCB that a supplier has agreed to provide goods/services.

The MGCB reserves the right to require any person or entity to apply for a Supplier's License (even if monetary thresholds have not been met) if it is deemed necessary by the MGCB in order to protect the public interest, or to accomplish the policies and purposes of Michigan's casino law and MGCB Administrative Rules.

An exemption is granted based on the type of good or services a person or entity will provide to a casino licensee and the monetary threshold is not met. This exemption permits the exempt person or entity to provide only the goods or services encompassed by that exemption.

A MGCB vendor exemption allows a person or entity to conduct business with the Detroit casinos until any of the following monetary thresholds are met:

(Continued on page 2)

\$300,000 with one casino in any 12-month period
\$600,000 with 2 or more casinos in any 12-month period

Once a vendor exemption has been granted, the MGCB will notify the exemptee and begin monitoring the total sales of goods or services provided to the casino licensee(s).

Note - A supplier may begin providing goods/services to the casino licensee(s) as soon as a vendor exemption has been granted by the MGCB. A supplier may not conduct business with any casino licensee unless the supplier is listed on the MGCB website.

Application

A completed vendor exemption form must be submitted to the MGCB by the casino licensee, not by the person or entity. After an agreement is reached to conduct business, the casino licensee will assist the person or entity to complete the required forms for submission to the MGCB.

These forms can be downloaded from the website at www.mich.gov/mgcb, select "Forms", Nongaming Vendor Application form.

Timeframe

The MGCB will make every effort to issue a vendor exemption within 14 days from the date the vendor exemption information is received from the casino. However, the MGCB will take whatever time is necessary to conduct a thorough review of the vendor exemption information.

Monetary Thresholds

It is the affirmative duty of the exemptee to monitor the total dollar amount of its business with a casino licensee. If, at any time, a person or entity meets one of the above-referenced monetary thresholds, an application for a supplier's license must be submitted within 7 days of meeting the monetary threshold or the supplier must cease doing business with the Detroit casinos

Exceeding Monetary Thresholds

If the person or entity knows prior to conducting business with a casino licensee it will exceed the monetary thresholds for a vendor exemption, then they are required to file an application for a non-gaming supplier license or an application for supplier exemption.

The Michigan Gaming Control Board's Administrative Rule 432.1322(3) requires a person to hold a Supplier's License if non-gaming related business transactions with a casino licensee exceed certain monetary thresholds.

A person or entity must submit to the MGCB an application for a Supplier License if any of the following conditions exist: Has a direct contract with a casino licensee that exceeds \$300,000 in any 12-month period. Has a contract with more than one casino licensees that will exceed \$600,000 in any 12-month period.

Fees

The MGCB does require an application fee to cover the cost of the background check.

Nongaming Vendor Application: Each applicant for an exemption from the supplier-licensing requirements must include a \$200 application fee with this application to cover the cost of the background check authorized by MCL 432.204a (1)(s).

Renewal Application: Each applicant for renewal of an exemption from the supplier-licensing requirements must include a \$100 application fee with the renewal application to cover the cost of an updated background investigation.

A complete copy of Resolution 2009-01 can be obtained at: http://www.michigan.gov/mgcb/0,1607,7-120-1395_1466_1467-221455--00.html

(Continued on page 3)

MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR AUGUST 2009

The Michigan Gaming Control Board (MGCB) released the August, 2009 total adjusted revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino. Overall, revenue was down 5.4% from the same reporting period last year. Specifically, revenue for Greektown casino was up by 14.14%, while revenue for MGM Grand and MotorCity Casino was down by 12.08% and 10.08% respectively, in comparison to the same month last year.

Month in 2009	Total Adjusted Revenue 2009			Total Tax Revenue 2009		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino	All Detroit Casinos		
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$45,760,680.80	\$36,824,138.17	\$24,331,489.11	\$106,916,307.76	\$9,633,480.49	\$11,897,192.47
February	\$49,452,574.79	\$40,001,069.14	\$27,507,991.91	\$116,961,635.84	\$10,574,212.18	\$13,023,898.23
March	\$48,417,844.13	\$41,632,619.57	\$29,974,562.14	\$120,025,025.84	\$10,921,009.58	\$13,382,473.44
April	\$44,249,852.45	\$38,539,338.93	\$28,589,866.54	\$111,379,057.92	\$10,165,298.35	\$12,426,215.98
May	\$47,216,927.68	\$40,457,965.75	\$30,153,069.06	\$117,827,962.49	\$10,750,187.72	\$13,144,778.60
June	\$43,772,027.46	\$36,881,519.22	\$28,849,029.46	\$109,502,576.14	\$10,023,669.85	\$12,224,271.09
July	\$47,805,123.70	\$35,770,492.65	\$31,736,529.31	\$115,312,145.66	\$10,609,744.97	\$12,886,389.17
August	\$44,031,292.35	\$36,926,854.50	\$30,615,372.25	\$111,573,519.10	\$10,262,069.94	\$12,467,667.31
Total	\$370,706,323.04	\$307,033,997.93	\$231,757,909.78	\$909,498,230.75	\$82,939,673.08	\$101,452,886.29

The figures above do not include: 1) wages and benefits paid to casino employees; and 2) payments to suppliers, service providers or vendors.

For Greektown Casino, the State of Michigan’s share of the wagering tax reflected in the numbers released by the MGCB is 12.1% and the City of Detroit’s share is 11.9%, for a total tax of 24%. This 24% tax historically applied to all three Detroit casinos. Greektown Casino has applied for a tax reduction effective as of the opening of its permanent facility earlier this year.

MGM Grand Detroit and MotorCity Casino have received a tax base reduction certification as a result of their facilities being declared “fully operational” by the MGCB. These properties are now subject to a wagering tax of 19%, with a 10.9% of this levy to go to the City of Detroit and 8.1% to be paid to the State of Michigan.

METRO AIRPORT TO INTRODUCE KENO AND LOTTERY

According to the *Detroit Free Press*, Detroit Metro Airport officials revealed Tuesday that they are planning to install lottery and Club Keno terminals inside the airport, in efforts to increase revenues for both the airport and the state.

Under the proposed plan, an estimated 22 lottery and Keno machines would be installed, generating

(Continued on page 4)

nearly \$300,000 annually for the airport and \$5 million to \$10 million for the state of Michigan.

The Michigan Lottery Bureau introduced Club Keno games in October 2003. Club Keno games allow Class C liquor license holders in the state to sell keno game tickets in their establishment for games that are played every five minutes via a closed network system that is televised across the state at participating locations.

Placement of the terminals, as well as when they would be implemented at Metro Airport, is still unclear.

According to the report, the airport authority may soon be forced to lay off over 100 employees in order to save \$5.1 million annually.

MGM GRAND DETROIT NO LONGER FOR SALE

According to *The Detroit News*, the casino MGM Grand Detroit is no longer being offered for sale after potential buyers showed a lack of interest.

According to the report, Lorenzo Creighton, chief executive officer of MGM Grand Detroit stated, “While every casino in America is for sale for the right price, we haven’t had any buyers actively courting us for a while.”

In April, parent company MGM Mirage hired investment banking firm Morgan Stanley to assist it in the potential sale of two properties, the MGM Grand Detroit Casino and the Beau Rivage in Biloxi, Mississippi. Both casinos are among the company’s most profitable, with MGM Grand leading the Detroit commercial casino market. The offerings were an attempt by the casino giant to reduce its debt load and meet impending debt obligations to lenders.