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

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The MICHIGAN GAMING Newsletter



MICHIGAN GROUPS SEEK EXPANDED CASINO GAMING IN MICHIGAN

On Monday, January 23, 2012, the Sault Ste. Marie Tribe of Chippewa Indians ("Tribe") announced its intent to move forward with a plan to develop a casino in the city of Lansing, Michigan. The anticipated project is supported by Lansing Mayor Virg Bernero. The project requires state and federal legal approval. Opposition has been raised by certain Michigan tribes and commercial casinos. In addition, on Thursday, January 26, 2012, Oakland County Executive L. Brooks Patterson stated in an interview on WXYT 1270 AM that a statewide petition drive is currently underway in an effort to bring an additional nine to 11 casinos throughout the state. A separate ballot initiative, which would allow for an additional seven casinos throughout the state, has also been approved for the group Michigan Is Yours.

Lansing Proposal

The Tribe announced that it is seeking to create a facility with the capacity for up to 3,000 slot machines and 48 table games. The new facility would be located next to the existing Lansing Center, a meeting and conference facility located in downtown Lansing that has faced financial difficulties in recent years. The Tribe expects to commit \$245 Million to the construction of the new casino. Mayor Bernero has stated that the project is likely to create approximately 1,500 new jobs in the area and that revenue sharing from the facility could contribute between \$5 Million to \$6 Million to a special scholarship fund for local students.

The proposed project, however, faces opposition from a number of parties. On Friday, January 20, in anticipation of the official announcement, the Saginaw Chippewa Indian Tribe of Michigan sent a letter to Michigan Governor Rick Snyder and the Michigan Attorney General's Office stating its opposition to any future off-reservation gaming in the state. In addition, a coalition of nearby commercial and tribal casinos has voiced its opposition

to the plan, indicating that future litigation may be filed should the casino plans violate state or federal law.

In order for the project to proceed, the Tribe must have the proposed casino site taken into trust by the federal government.

Statewide Commercial Casino Initiative

On Thursday, Oakland County Executive L. Brooks Patterson stated in an interview that a petition drive was currently underway. The interview aired Thursday morning and was conducted by Charlie Langton on Talk Radio 1270. According to the interview, the approval would seek to allow for an additional nine to 11 casinos to be operated in various communities across the state. Mr. Patterson noted that a statewide constitutional amendment referendum that involved multiple communities is more likely to succeed because it would benefit a wider audience and have the resources to handle a statewide advocacy campaign. Following his statements, Mr. Patterson noted that he did not officially speak for the group, but merely was aware of its existence and current efforts.

MICHIGAN LOTTERY PLANS TO EXPLORE ONLINE LOTTERY SALES

On Wednesday, January 25, 2012, Michigan Lottery Commissioner M. Scott Bowen went before the Michigan House of Representatives Regulatory Reform Standing Committee and presented the idea of offering online lottery sales to Michigan residents.

Commissioner Bowen indicated that the introduction of internet lottery sales could increase Michigan Lottery revenues by up to 25 percent. Other states such as Illinois and New York are also currently exploring offering internet lottery sales to their residents.

The Lottery's new initiative comes on the heels of the United States Department of Justice's ("Department") official memorandum opinion released in late December, 2011, which states that the Department no longer considers non-sports related wagers over wire communications to be prohibited under the Wire Act. Prior

interpretations by the Department considered all forms of interstate wagering occurring over wire communications as being prohibited by the Wire Act. The Department now considers the language of the Wire Act to apply only to wire communications that cross state lines in connection to placing a wager on "any sporting event or contest" and not to other forms of wagering. 18 U.S.C. § 1084(a). Thus, the proposed stance by the Department seemingly allows for intrastate wire communications wagering.

"As a result of the Department of Justice memorandum, the Michigan Lottery is actively reviewing the possibility of Internet sales," stated Commissioner Bowen. "It is clear to all of us, not only at the Michigan Lottery, but to all other lotteries as well, that in order to remain a viable business in today's retail environment, that this is a step we must take."

Commissioner Bowen assured the Committee that if the plan were to come to fruition, the internet lottery sales would be offered with strict and comprehensive safeguards in place to prevent such issues of underage gaming, out-of-state wagering, daily betting limits, and would also provide opt-out options for players.

Furthermore, Commissioner Bowen stated that the potential negative impact on local lottery retailers would be minimal as bettors would still be required to visit retailers to redeem prizes below a specified dollar threshold. He pointed to Canada, Europe and Australia as examples of jurisdictions where internet lottery sales did not dramatically impact local businesses.

The Michigan House of Representatives Regulatory Reform Committee is composed of Committee Chair, Rep. [Hugh D. Crawford](#) (R-Novi); Majority Vice-Chair, Rep. [Ken Yonker](#) (R-Caledonia); Rep. Minority Vice-Chair, Rep. [Harold L. Haugh](#) (D-Roseville); Rep. [Paul E. Opsommer](#) (R-DeWitt); Rep. [Kevin Daley](#) (R-Lum); Rep. [Tom McMillin](#) (R-Auburn Hills); Rep. [Jim Stamas](#) (R-Midland); Rep. [Michael Shirkey](#) (R-Clark Lake); Rep. [Ray A. Franz](#) (R-Onekama); Rep. [Ed McBroom](#) (R-Vulcan); Rep. [Bruce R. Rendon](#) (R-Lake City); Rep. [Barb Byrum](#) (D-Onondaga); Rep. [Dian Slavens](#) (D-Canton); Rep.

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[James Womack](#) (D-Detroit); and Rep. [David Rutledge](#) (D-Ypsilanti).

IGAMING NORTH AMERICA 2012 CONFERENCE—MARCH 4-6

The second annual iGaming North America Conference will be held May 4-6, 2012 at the Planet Hollywood Resort & Casino in Las Vegas, Nevada. The show is designed to introduce the land-based gaming businesses of North America to the global iGaming industry.

The goal of the conference is to educate and increase understanding regarding the potential regulatory impacts of internet gambling in the U.S. and Canada, and to provide critical information regarding the players, resources, legislative framework and topics that are important to the commercial gaming segment. Last year's conference had 300 delegates from many of the major land based and Internet gaming companies.

Conference organizers feel that regulation in the U.S. and Canadian markets appears imminent as several bills for regulation are pending in various jurisdictions. Other focus points of the conference include commercial success, technology and geolocation issues, and opportunities surrounding iGaming that are not well understood by many of those in the traditional gaming industry in North America.

"With the surge in activity at both the state/provincial as well as federal levels, the time is right for all of the operators, consultants, vendors and suppliers focused on the North American audience to come together for this important informational event," stated Anthony Cabot, Partner at Lewis and Roca.

Organizers BolaVerde Media Group, Lewis & Roca, and The Innovation Group have taken a new approach in designing the curriculum as a "boot camp" for entrants into the North American iGaming markets. The event will provide education and training to prospective participants in the regulated U.S. and Canadian Internet gaming market. The aim of the program is to provide attendees a roadmap and the tools necessary to get from Point A (regulatory

approval) to Point B (launch) with a firm handle on capital, staffing, marketing and operational needs.

Those who should consider attending include:

- Existing land-based (commercial and Native American/First Nation) operators
- iGaming operators and associations
- Lottery, racing, sports betting and skill game representatives
- Government entities and regulators
- Industry vendors and suppliers
- Law firms
- Financial institutions
- Accountants and consulting firms
- I.T. and software providers
- Marketing, media and communications firms
- Other individuals and organizations interested in learning about the potential for legalized iGaming in North America

A list of the speakers and sessions can be found at: <http://igamingnorthamerica.com>.

For more information, visit: www.igamingnorthamerica.com.

OHIO GAMING UPDATE

Commercial Casinos

Progress continues toward the opening of four new commercial casinos in Ohio. This week, both the Horseshoe Casino Cleveland, which will be owned by Rock Ohio Caesars, LLC, and the Hollywood Casino in Toledo, which will be owned by Penn National Gaming, stated that construction at their respective facilities is nearly complete. Rock Ohio Caesars is investing approximately \$480 Million to renovate four floors of the Higbee Building in downtown Cleveland into its casino facility, which when completed, is expected to offer 2,100 slot machines, a 30-table poker room and 63 table games. Penn National is spending approximately \$300 Million in building a new casino facility in Toledo on a 44-acre site adjacent to Interstate 75 just outside of downtown. When complete, the

(Continued on page 4)

Hollywood Casino will have a 120,000 square foot gaming floor with up to 2,000 slot machines, 60 table games, and 20 live poker tables.

At its latest public meeting on January 18, 2012, the Ohio Casino Control Commission (OCCC), the agency charged with the regulatory oversight of commercial gaming in Ohio, gave preliminary approval to 43 new administrative rules, focusing on table game play at the casinos (Admin. Rule Chapter 3772-11), casino advertising and promotions (Chapter 3772-13), and unclaimed winnings (Chapter 3772-10-25). Though these rules have been given preliminary approval by the OCCC, they will go through the remainder of the administrative rulemaking process and be subject to public comment before becoming final.

Moving forward, the OCCC will continue a bi-weekly meeting schedule to handle all of the regulatory and licensing issues associated with the opening of four new commercial casinos. The OCCC has announced that future meetings will be held on February 1, February 15, March 7 and March 21, 2012.

VLT Update

On Wednesday, January 25, 2012, MTR Gaming Group, Inc. (“MTR Gaming”) announced that it has received a license issued by the Ohio Lottery Commission (“Commission”) to operate video lottery terminals (“VLTs”) at its Scioto Downs horse racetrack outside of Columbus, Ohio, and had further submitted its initial \$10 Million license fee to the Commission. In a press release, MTR Gaming President and Chief Executive Officer, Jeffrey Dahl stated, “[w]e are very excited to be granted our Ohio license and have already started construction on a first-class facility that will drive significant long-term stockholder value for the Company and over 800 new jobs for Columbus. We would like to thank the Ohio Lottery Commission for their professionalism and diligence, and look forward to working hand-in-hand with the Lottery and Racing Commissions and the people of Columbus as we prepare for the grand opening of the new facility. It will be something of which Columbus can be very proud.”

The license issued to MTR Gaming this week is only a temporary license and the facility will have to obtain its permanent license before it can offer

VLT wagering. In addition, MTR Gaming will have to pay an additional \$15 Million toward its license fee once its VLT’s are up and running, along with a final payment of \$25 Million one year thereafter (for a total license fee of \$50 Million).

Construction crews have been at work building an expansion to the Scioto Downs race track facility since December, 2011. Once completed, it is anticipated that the track will offer 2,125 VLTs, a 300-seat buffet, a 100-seat casual dining restaurant and a bar/lounge area. MTR Gaming has stated that it hopes to open its expanded facility during the second quarter of 2012.