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The MICHIGAN GAMING Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR NOVEMBER, 2012

The Michigan Gaming Control Board (“MGCB” or “Board”) released the November, 2012 total adjusted revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino. Overall, revenue for the Detroit Market was down 2.0% in November, 2012 from the same reporting period last year. Specifically, revenue for MGM Grand Detroit Casino and Greektown Casino was down by 2.4% and 6.5%, while revenue for MotorCity Casino was up by 2.1% respectively during November, 2012 in comparison to the same month last year.

Month in 2012	Total Adjusted Revenue 2012		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$47,869,082.24	\$36,708,630.10	\$29,607,452.04
February	\$53,443,696.53	\$42,922,456.88	\$32,560,470.47
March	\$57,181,553.70	\$43,543,183.32	\$34,602,503.13
April	\$52,125,745.86	\$39,350,932.55	\$31,868,439.41
May	\$51,719,743.97	\$36,964,111.37	\$29,720,467.91
June	\$47,326,715.28	\$36,905,378.50	\$27,259,606.31
July	\$48,820,780.88	\$34,988,360.07	\$28,194,024.07
August	\$49,759,221.09	\$38,102,330.20	\$29,065,619.31
September	\$50,767,759.78	\$35,529,881.05	\$27,778,700.13
October	\$47,362,969.55	\$36,027,461.33	\$27,558,265.08
November	\$47,835,292.66	\$38,465,663.52	\$26,560,576.41
Total	\$554,212,561.55	\$419,508,388.89	\$324,776,124.27

Month in 2012	Total Adjusted Revenue 2012		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$114,185,164.38	\$9,248,998.32	\$12,446,182.92
February	\$128,926,623.88	\$10,443,056.60	\$14,053,002.00
March	\$135,327,240.15	\$10,961,506.45	\$14,750,669.18
April	\$123,345,117.82	\$9,990,954.54	\$13,444,617.84
May	\$118,404,323.25	\$9,590,750.18	\$12,906,071.23
June	\$111,491,700.09	\$9,030,827.71	\$12,152,595.31
July	\$112,003,165.02	\$9,072,256.37	\$12,208,344.99
August	\$116,927,170.60	\$9,471,100.82	\$12,745,061.60
September	\$114,076,340.96	\$9,240,183.62	\$12,434,321.16
October	\$110,948,695.96	\$8,986,844.37	\$12,093,407.86
November	\$112,861,532.59	\$9,141,784.14	\$12,301,907.05
Total	\$1,298,497,074.70	\$105,178,263.05	\$141,536,181.14

All three casinos are subject to a wagering tax of 19%, with 10.9% of this levy to go to the City of Detroit, and 8.1% to be paid to the State of Michigan.

The market shares for MGM Grand Detroit, MotorCity Casino, and Greektown Casino for November 2012 were 42%, 34%, and 24% respectfully.

The figures released by the Michigan Gaming Control Board are the gross receipts less winnings paid to wagerers. The figures do not include: 1) any fees or other relevant city, state or federal taxes; 2) wages and benefits paid to casino employees; 3) payments to suppliers, service providers or vendors; and 4) other normal business expenses.

HORSE RACING BILL PASSES MICHIGAN SENATE

On Friday, December 14, 2012, the Michigan Senate passed House Bill 5546 (“HB 5546”), a bill that would revise several aspects of the state’s horse racing laws and permit the operation of electronic machines at tracks utilizing historic races, by a vote of 24-11. The vote followed the bill’s passage in the House, which occurred on November 8, 2012. HB 5546 will now be ordered to be sent to the Governor’s office for consideration.

The bill, introduced this April by Rep. Kevin Daley (R–Lum), seeks to amend the Horse Racing Law of 1995 and to expand the type and form of wagering that occurs at tracks to allow wagering on historic races via electronic machines. If the bill is approved, there is still a substantial legal question with regard to whether a statewide and local voter approval is required to comply with the Article IV, Sec. 41 of the Michigan Constitution (as amended by Proposal 1 of 2004).

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Article IV, Section 41, in pertinent part, provides:

“...No law enacted after January 1, 2004, that authorizes any form of gambling shall be effective, nor after January 1, 2004, shall any new state lottery games utilizing table games or player operated mechanical or electronic devices be established, without the approval of a majority of electors voting in a statewide general election and a majority of electors voting in the township or city where gambling will take place. This section shall not apply to gambling in up to three casinos in the City of Detroit or to Indian tribal gaming.”

The original draft of the bill included language that would have allowed for wagering on any form of pari-mutuel games or activities through electronic machines. An amendment was added in November stating that all electronic wagering allowed under the bill would be “limited to wagering on the results of horse races, but include all technology and innovations related to horse races and wagering on the results of horse races that may exist now or in the future.”

FIREKEEPERS OPENS HOTEL

On Wednesday, December 12, 2012, FireKeepers Casino Hotel near Battle Creek held a ribbon cutting ceremony for the opening of its new hotel expansion. At approximately 12:12 p.m., the Nottawaseppi Huron Band of Potawatomi Indians (NHBP), owners of the FireKeepers Casino, opened the eight-story, 242 room hotel expansion, which tribal leaders described as a “dream that finally came to fruition.”

“Our future burns bright,” stated Homer A. Mandoka, NHBP Tribal Council Chairman. “This journey started with a spark and the opening of our resort-style hotel is a significant moment for our Tribal Elders and our Tribal Membership. As Potawatomi we are ‘Keepers of the Fire’ and we are proud to keep the fire burning strong with FireKeepers Casino Hotel.”

The complex also includes an indoor pool, exercise facility, a business center, and a 17,500 square-foot event center. Notably, Homer A. Mandoka, tribal council chairman, reported that the new hotel will create approximately 300 new

jobs, bringing the total number of employees at FireKeepers to about 1,800.

For more information about FireKeepers, please visit www.firekeeperscasino.com.

MACPA HOLDS GAMING INDUSTRY FORUM

Yesterday, December 13, 2012, the Michigan Association of Certified Public Accountants (“MACPA”) hosted its annual Gaming Industry Forum at the Suburban Collection Showplace in Novi. The conference focused on legal, regulatory and financial issues facing the Michigan gaming industry, and included a number of presentations on topics ranging from casino operation audits to an update on Indian gaming law issues.

The event was moderated by Bruce Dall, the Senior Vice President of Finance & Administration/CFO at MotorCity Casino Hotel, who also presented a primer on reviewing casino financial statements and further reflected on some of the lessons that he has learned during the maturation of the Michigan gaming market. Donald McGehee, Division Chief of the Alcohol & Gaming Enforcement Division of the Michigan Attorney General’s Office, noted that the Michigan Gaming Control Board (MGCB) has sought to take a number of positive steps to improve the regulatory environment as the industry has evolved in Michigan. He indicated that steps have been taken by the MGCB Board on a proactive basis to raise thresholds for nongaming suppliers and to work on the constant improvement of the system of regulation. During a separate presentation, Erik Pedersen, the Deputy Director of the Gaming and Horse Racing Regulation Division of the MGCB, noted that the MGCB continues to strive for improvements and has been monitoring the recent recommendations made by the AGA Whitepaper on Regulatory Reform in evaluating its approach to licensing and regulation.

The event’s keynote presentation featured Roger Gros, the publisher of *Global Gaming Business Magazine*, who discussed the current state of the national gaming industry and explained the

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important role that the Michigan market has in the industry. Mr. Gros noted that the Detroit casino operators have done a wonderful job of developing first-rate properties in an increasingly competitive market place.

David Waddell of Regulatory Management Counselors, P.C. focused his presentation on the unique financing issues facing commercial and Native American casino properties. In his discussion, Mr. Waddell pointed out that, as casinos are mainstream businesses, they should be entitled to the same predictable system of taxation as any other industry, and that, even though the gaming industry is highly regulated, an open dialogue between the casino operators and gaming regulators can nonetheless allow a casino to efficiently access the capital markets. He also pointed out that the gaming industry is unique with respect to the number of jobs it creates, the level of capital investment it brings to the community, and the significant extra tax burden that casinos are subjected to when compared to other forms of entertainment venues and businesses.

Additional details regarding the MACPA's Gaming Industry Forum can be found at the following link: <http://www.michcpa.org/Aptify/Meetings/Meeting.aspx?ID=19211>