

May 26, 2016

Volume 22 Issue 17

For more information on Michigan's gaming industry, please visit [www.michigangaming.com](http://www.michigangaming.com)

*Editor in Chief*

**David D. Waddell, Esq.**  
Phone: 517.507.3859  
[waddell@rmclegal.com](mailto:waddell@rmclegal.com)

*Senior Gaming Analyst & Editor*

**Robert R. Russell, II**  
Phone: 517.507.3858  
[russell@rmclegal.com](mailto:russell@rmclegal.com)

*Reporter and Associate Editor*

**Blaine R. DeGracia**  
Phone: 517.507.3857  
[degracia@rmclegal.com](mailto:degracia@rmclegal.com)

*Reporter*

**JJ Burchman**  
Phone: 517.999.5414  
[burchman@rmclegal.com](mailto:burchman@rmclegal.com)

*Subscription information:*  
[info@michigangaming.com](mailto:info@michigangaming.com)

A publication of  
**RMC Ventures, LLC**

Asher Court  
321 W. Lake Lansing Rd.  
East Lansing, MI 48823  
Phone: 517.507.3860  
Fax: 517.908.0235  
[www.rmclegal.com](http://www.rmclegal.com)

# The \_\_\_\_\_ MICHIGAN GAMING \_\_\_\_\_ Newsletter



## HOUSE STANDING COMMITTEE ADOPTS AMENDED BILL TO REVISE MICHIGAN HORSE RACING ACT

Yesterday, May 25, 2016, the House Standing Committee on Agriculture adopted and provided its recommendation to House Substitute ("H-3") to SB 504, which seeks to amend and revise Michigan's Horse Racing Law of 1995. The bill, among other things, proposes the establishment of the 'Horse Racing Advisory Commission' within the Michigan Department of Agriculture and Rural Development, and provides for the possibility of racetracks to conduct simulcast-only operations under certain conditions.

At the Committee hearing, both Hazel Park and Northville Downs indicated their support of the bill. In addition, various horse racing associations/groups submitted cards in support of the bill. The Michigan Gaming Control Board ("MGCB"), which has overseen the operation of horse racing in Michigan since 2010, remained neutral on bill. The MGCB noted that although Governor Rick Snyder supports the bill, he has significant concerns with the imposition of a Horse Racing Advisory Commission as well as the possibility for simulcast-only operations at tracks.

The proposed Advisory Commission would be vested to do the following:

- Establish for the Commission procedures governing the operation and promotion of horse racing in Michigan;
- Make recommendations to the legislature on amendments to the Horse Racing Act that would improve the regulatory structure of horse racing in Michigan; and
- Submit an annual report to detailing its recommendations to both the MGCB and the

legislature.

The bill will now go back to the House floor for a second reading and vote, and should it pass, will be sent back to the Senate for consideration.

[Click here to access the current version of SB504.](#)

## **PENNSYLVANIA GAMING CONTROL BOARD RELEASES REPORT ON DFS INDUSTRY**

In January of this year, the Michigan Gaming Control Board (MGCB) asked the Executive Director to prepare a report on the topic of Daily Fantasy Sports (DFS). The Executive Director has been working on this report in cooperation with the Attorney General's office, and a report is expected to be released within the next few months. The State of Michigan is not alone in this regard, as numerous state governments have been actively involved in examining the issue and taking positions with regard to DFS.

Most recently, the Pennsylvania Gaming Control Board ("PGCB") released a report on the DFS industry. This was done in response to the passage of a law in February of this year which mandated the completion of a report by the PGCB and required DFS to be examined as a "gambling product."

The report issued by the PGCB included a recommendation that the same licensing and oversight applied to the casinos of Pennsylvania should also be applied to the DFS industry. If given the responsibility and oversight of the industry, the PGCB suggested that existing casino licensees be the exclusive providers of DFS. The report suggested that providers of DFS gaming, such as DraftKings and FanDuel, should contract with casino licensees under regulations to be put in place by the PGCB. The PGCB saw "several significant advantages" of such a system, including DFS operators teaming up with "established entities" who show "regard for Pennsylvania's regulatory environment."

Although the report suggested having casino licensees operate DFS in Pennsylvania, the PGCB

conceded that this is not the only way to regulate the industry and it appears that DFS may end up being tied to already pending legislation which would regulate online poker and casino games, as well as provide for a number of other gambling expansions in Pennsylvania.

Notably, the PGCB appeared to side-step the question of whether DFS operations in Pennsylvania are a form of illegal gambling. The report addressed this by stating the following:

*Pennsylvania law defines gambling as an activity involving consideration (a bet or wager), an outcome predominated by chance, and a reward or prize for winning the contest. The determination of whether DFS constitutes gambling and hence is illegal in Pennsylvania depends on whether chance or skill is the predominant factor in determining the winner of the contest. While there undoubtedly are elements of both chance and skill involved in the DFS contest, no Pennsylvania court or other body has issued an authoritative pronouncement relative to this issue.*

Although the board did not officially opine on the legality of DFS, the PGCB suggested the need to create consumer protections such as prohibiting the use of scripts or algorithms to set lineups, a minimum age requirement of 21, and especially the implementation of help for potential problem gamblers.

Industry leaders DraftKings, FanDuel, and Fantasy Sports Trade Association have not commented directly on the report yet.

The PGCB will present the report to Pennsylvania House Gaming Oversight Committee. Tentatively, it appears that daily fantasy sports will be the subject of a June 1 committee hearing.

## **REGISTER TODAY: FREE TITLE 31 WEBINAR TO BE HELD JUNE 16, 2016**

The *Michigan Gaming Newsletter* has partnered with the State Gaming Associations in Colorado, Indiana, Illinois, Iowa, Louisiana, Mississippi, Missouri and Nevada to sponsor a Title 31 Compliance Webinar assembled by experts in Anti-Money Laundering on June 16, 2016. The webinar seeks to enhance the casino industry's awareness of the Federal Anti-Money Laundering ("AML") regulations.

Content of the webinar will feature information on Know Your Customer Investigations/Customer Due Diligence, Common Regulatory and Internal Control Violations, Culpability of Executives and Management Teams, Data Mining for Suspicious Activities, Chip Walking, General Currency Transaction Report (CTR) and Suspicious Activity Report (SAR) Compliance Advice, as well as relevant regulatory changes in policies and regulations.

Whether involved with government affairs, the legal environment, or directly with compliance, this webinar will be advantageous to you in helping provide comprehensive solutions to common AML compliance issues along with the knowledge to keep your casino free of violations. Submit your questions to be included in the Q/A session of the webinar to [Info@casinowebinar.com](mailto:Info@casinowebinar.com).

To register, or for more information, please visit [www.casinowebinar.com](http://www.casinowebinar.com).