

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

PUBLIC MEETING
Cadillac Place
3062 W. Grand Blvd., Suite L-700
Detroit, Michigan

Tuesday, March 29, 2011
9:30 a.m.

MINUTES

On Tuesday, March 29, 2011, the Michigan Gaming Control Board held a public meeting at the Board office in the Cadillac Place, 3062 W. Grand Boulevard, Suite L-700, Detroit, Michigan.

Present: In attendance were the following Board members:

Ms. Barbara Rom, Chairperson
Mr. Michael Watza
Mr. Robert Anthony
Mr. Jim Plakas
Judge Friedman

Also attending were:

Richard Kalm
Insp. Garth Burnside
Gerald Whalen
Diane Brown

Business:

Ms. Rom called the staff briefing of the public meeting to order at 9:31 a.m. There was no other preliminary business to discuss.

Ms. Rom stated the first order of business was to approve the minutes from the February 23, 2011, regular public meeting. Ms. Rom noted all Board members had previously received the minutes and asked if there were any questions or concerns.

It was then moved by Mr. Anthony and seconded by Mr. Watza that the minutes of the February 23, 2011, meeting be approved. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting, three people resigned their positions with the Board and seven new employees were hired, leaving 15 authorized positions to fill.

In regard to the Board's budget, Mr. Kalm reported as of February 28, 2011, total expenditures were \$7,075,708, which left an unexpended balance of \$18,626,392 in appropriated funding for fiscal year 2011. This included the Horse Racing Budget which was transferred to Gaming and funds for anticipated expenditures to the Attorney General's Office and the Michigan State Police.

Mr. Kalm next reported the casinos continue to operate 24/7 and for the month of February 2011, the aggregate revenue and taxes for all three Detroit casinos were down by less than .04 percent compared to the same month last year. Revenues were also down by less than half a percent .49 compared to the previous month, January 2011. Revenues for MGM Grand Detroit (MGM) and Greektown were down by 3.5 percent to \$46.9 million and 2.7 percent to \$28.9 million, respectively, compared to the same month last year, whereas MotorCity was up by 5.7 percent to \$38.6 million compared to the same month last year. The market shares for MGM, MotorCity, and Greektown for the month of February 2011 were 41 percent, 34 percent, and 25 percent, respectively.

For the month of February 2011, gaming taxes for the three Detroit casinos were \$9.3 million compared to \$10.5 million for the same period last year.

Mr. Kalm further reported for the three months ending February 2011, the aggregate revenue for all three Detroit casinos was up by 1.75 percent compared to the same quarter last year. Revenue for MGM, MotorCity, and Greektown Casinos for the three months ending February 2011 was \$145 million, \$116 million, and \$82 million, respectively. Revenue for the three months ending February 2011 for MGM and MotorCity was up by 1.1 percent and 8.4 percent, respectively, whereas Greektown was down by 5.3 percent compared to the same three months last year.

Mr. Kalm further went on to state the gaming taxes for the three months ending February 2011 for the three Detroit casinos were \$27.7 million compared to \$30.7 million for the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of February 28, 2011, 1,236 active vendor exemptions were registered and 325 casino supplier companies had been granted exemptions from supplier licensing requirements. As of February 28, 2011, there were a total of 15 active temporary non-gaming licenses and six active temporary gaming licenses in effect. In addition, there were 112 full annual supplier licenses granted to date remaining in effect.

In regard to employee licensing, Mr. Kalm advised the Board as of February 28, 2011, the Board's Employee Licensing Section had issued a total of 2,302 occupational licenses to MGM employees; 1,752 occupational licenses to MotorCity employees; and 1,742 occupational licenses to Greektown employees. In addition, for the month of February 2011, 1,157 employees of various licensed casino suppliers had been granted occupational licenses. The number of temporary occupational licenses for casino

suppliers was 52. To date, the Board has authorized the issuance of 18,075 occupational licenses to casino and supplier license employees; renewed 20,854 occupational licenses; and denied 393 occupational license applications.

Mr. Kalm advised the Board for the month of February 2011, the required background investigations for 62 pending Level 1 and 2 licenses had been completed and would be considered for approval by the Board at today's meeting and pursuant to Board Resolution No. 2002-02, he had previously approved 498 renewal requests on behalf of the Board.

Next, Mr. Kalm reported on the MSP Board related activity. Since the February 23, 2011, report, Detective Sergeant Frank McCrary retired leaving two Detective/Specialist positions vacant. During the months of February 2011, the MSP Gaming Section investigated 75 criminal complaints and made 20 arrests.

Ms. Rom asked about Mr. Kalm's report stating aggregate revenue for all three casinos for the three months ending February 28, 2011 was up 1.75 percent where the last sentence of the same section stated taxes were down almost \$3 million. Ms. Rom asked Mr. Kalm, if the revenue is up, why were taxes down. Mr. Kalm explained the tax rate had been changed and there has not been a full year since the Greektown Tax Rollback and during the beginning of the year Greektown not paying any taxes until the rebate they had been given was caught up. Mr. Kalm further went on to explain the comparison is from the same period last year when the Rollback was not done until February 2010 and this is the best rendition of the three month capture compared to the three months previously. Even though the Rollback was authorized in February, it was not given to them until some months later making it retroactive.

Next, the Board considered the Executive Director's Reports and Licensing Division's staff recommendation regarding the pending Transfer of Interest for VSR Industries Inc.

It was moved by Mr. Watza and seconded by Judge Friedman the Board enter an order approving the Transfer of Interest in VSR Industries, Inc. A voice vote was taken.

Motion carried.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing Division's staff regarding the 62 Level 1 and 2 occupational license applications.

It was moved by Judge Friedman and supported by Mr. Anthony, the Board enter an order accepting and adopting the recommendations of the Executive Director and the Licensing Division's staff for the pending 62 Level 1 and 2 occupational license applications. A voice vote was taken.

Motion carried.

Next, the Board considered the Executive Director's Reports and Licensing Division's staff recommendations regarding the pending supplier license renewal applications of Atlantic City Coin & Slot Service Co., Inc.; Eagle Star, Inc.; Paltronics, Inc.; Pointe Dairy Services Inc.; The Right Productions, Inc.; VSR Industries, Inc.; and WMS Gaming, Inc.

There being no questions from Board members, it was moved by Mr. Anthony and seconded by Mr. Watzka that the Board enter orders finding and concluding Atlantic City Coin & Slot Service Co., Inc.; Eagle Star, Inc.; Paltronics, Inc.; Pointe Dairy Services Inc.; The Right Productions, Inc., VSR Industries, Inc., and WMS Gaming, Inc. and their qualifiers are eligible and suitable for licensure under the licensing standards and requirements of the Act and Rules of the Board. And accordingly, grant these requests for a one-year period beginning March 29, 2011. A voice vote was taken.

Motion carried.

Ms. Rom stated the next item on the agenda was the eligibility of Benjamin Cecil Duster, Jr. to be a key person of Greektown Casino.

Mr. Duster was present to answer any questions from Board members as well as Mr. Stocker, his attorney. Mr. Anthony stated to Mr. Duster, the materials presented to the Board by Board staff indicated there were some tax filing issues. Specifically, he had not filed on a timely basis, both his Federal and State income tax return extensions for two or three years and asked Mr. Duster to please explain this. Mr. Duster began by saying the primary year in question was 2007 and the proper and timely extensions were filed through the normal extension period which is October. Mr. Duster explained there were extenuating circumstances where, "I had the returns prepared by a three partner firm and the combination of the death of one of the partners as well as the incapacitation of the key and senior partner which prepares all of my returns due to a major illness and surgery resulted in extensive delay." Mr. Duster stated they did maintain contact throughout the period with the revenue authorities. Mr. Duster went on to say, "as soon as the amounts were calculated and confirmed by the regulatory authorities – the delay in payment was the result of a lockup where the stock which I was using basically to sell to pay the taxes during this intervening period became subject to a merger." Mr. Duster also stated the lockup was not released until August and immediately upon the release, the money was forwarded to the authorities and the taxes were paid. Mr. Anthony asked if the extensions were through August and Mr. Duster replied they were through October. Mr. Anthony asked Mr. Duster if he requested another extension in October and Mr. Duster answered affirmatively. Mr. Duster further stated it was verbally approved by the IRS who also made it clear they would not allay or waive any penalties. Mr. Anthony expressed he was not concerned with the payment of the taxes but the use of professional advice to file timely extension requests. Mr. Duster explained the formal requests are the ones from August to October and from that point on it was based on conversations with the agents. Mr. Anthony stated the procedure would require filing a request since it is not automatic and asked Mr. Duster when the return was filed. Mr. Duster answered the return was filed in 2010. Mr. Anthony also asked Mr. Duster about 2008 taxes and Mr. Duster stated they were filed at the same time once they completed the tax returns. Mr. Duster stated the money was there and the delay was based on the individual preparing the return.

Ms. Rom then asked Mr. Cleland about the report stating something different and did not disclose what Mr. Duster had just said. Mr. Cleland explained the staff's report did not necessarily disagree with what Mr. Duster said, but perhaps he said it in a different way. The staff's report stated Mr. Duster said the reason he did not file on time was "he had not gotten around to it." Mr. Cleland verified that was what Mr. Duster told the Regulation Officer who was doing the investigation. Ms. Rom also wanted clarification that Mr. Duster's net worth took into account all the outstanding liabilities on the real estate but after deductions. Mr. Cleland deferred to Mr. Pedersen who affirmed. Ms. Rom asked Mr. Stocker why this particular person was suited to be a director of Greektown Casino. Mr. Stocker responded by telling the Board Mr. Duster has extensive background, financial background and investment background. Mr. Stocker further went on to state Mr. Duster serves on a number of boards where his financial background and expertise has been highly sought after. Ms. Rom asked Mr. Duster if he had any background in the gaming industry and he stated he did not have any direct background but did do work as an investment banker for Resorts International in Atlantic City early in his tenure as an investment banker.

Mr. Duster wanted to explain his statement to the Regulation Officer about his "not getting around to it." He explained when he communicated with the Regulation Officer he did not want to make an excuse and he clearly realizes the importance of being timely. Mr. Anthony inquired as to the name of Mr. Duster's professional tax firm. Mr. Duster told Mr. Anthony the firm he uses is EE Anderson & Associates out of Illinois.

Ms. Rom asked Mr. Duster who contacted him to serve on the Board of Greektown. Although Mr. Duster could not recall the name of the fund he stated it was Brigade, a New York based investment fund. Mr. Duster confirmed he did not have any professional relationship with them. Mr. Watza asked Mr. Duster what kind of a fund this was and Mr. Duster replied, a hedge fund.

There being no other questions from Board members, it was moved by Mr. Plakas and seconded by Judge Friedman the Board enter an order finding Benjamin Cecil Duster, Jr. suitable as a key person of the casino licensee Greektown Casino LLC. When asked if there was any discussion regarding the motion, Mr. Anthony stated he would be abstaining in this case because he was not sure the Board's background investigation focused on the extension and the difficulties with getting the returns filed by the advisor firm. Mr. Watza asked Mr. Anthony if that meant a no vote and Mr. Anthony replied by saying he was not in a position to vote no because he was not sure he had the facts that would cause him to question it at that level. After some discussion by the Board about tabling the matter to the next meeting, Mr. Whalen stated there was a motion on the table already that needed to be decided. A roll call vote was taken. Votes were: three ayes, two nos. Mr. Watza and Mr. Anthony voted no.

Motion carried.

Ms. Rom clarified that although the motion passed, suitability is always an issue so if anything is discovered that would lead to a different conclusion, the matter could be revisited. Mr. Kalm confirmed that even though Mr. Duster can be seated on the

Greektown Board, it does not stop the Board staff from inquiring about additional information which comes forward and suitability can change at any time. Mr. Kalm expressed the Board staff will continue with the background investigation and have a report ready for the Board by the next meeting.

Ms. Rom then stated the Board needed to consider a motion to go into closed session immediately following public comment for the purpose of receiving legal advice and counsel from the Board's attorney regarding pending Board litigation and receiving confidential notification regarding the names of the individuals placed on the Board's Disassociated Persons List since the Board's last public meeting on February 23, 2011, as required by the Act.

Therefore, it was moved by Mr. Watza and seconded by Judge Friedman the Board consider a motion to go into closed session immediately following this portion of today's public meeting for the purpose of discussing pending Board litigation with the Board's attorney, discussing background investigations, and receiving confidential notification of persons placed on the Board's Disassociated Persons list since the Board's public meeting on May 10, 2011. A roll call vote was taken.

Ms. Rom	Aye
Mr. Watza	Aye
Mr. Anthony	Aye
Judge Freidman	Aye
Mr. Plakas	Aye

Motion Carried.

After the closed session the public meeting was reconvened and there being no other business, Ms. Rom adjourned the meeting at 10:47 a.m.

Diane Brown, Board Secretary