

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Wednesday, December 12, 2012
9:30 a.m.

MINUTES

On Wednesday, December 12, 2012, 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:

Mr. Robert Anthony, Chairperson
Mr. Pat McQueen
Mr. Mike Watza

Also attending were:

Richard Kalm, Executive Director
Mary Kapp, MSP Lieutenant
Donald McGehee, Assistant Attorney General
Diane Brown, Board Secretary

Board members not in attendance were:

Judge Benjamin Friedman
Mr. Andrew Palms

Business:

Mr. Anthony called the public meeting to order at 9:34 a.m. There was no preliminary business for discussion.

Mr. Anthony stated the first order of business was to approve the minutes from the Board's last regular public meeting held October 23, 2012. Mr. Anthony noted all Board members had previously received copies of the minutes and asked if there were any questions or concerns.

There being no questions, concerns, or changes Mr. Watza moved and Mr. McQueen seconded the minutes of the October 23, 2012, meeting be approved. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting Jan Ellefson was promoted to Secretary 9 in Administrative Services Section, Kevin Nosotti was hired as a Financial Analyst, John Schaufler was hired as a Regulation Officer and Sally Bandemer was hired as a Secretary, all in the Licensing & Regulation Section. There are currently 123 employees working and 16 vacant positions. Mr. Kalm stated the full board roster included the millionaire party enforcement and regulation group.

In regard to the Board's budget, Mr. Kalm reported as of November 30, 2012, total expenditures were \$2,579,182.74, which left an unexpended balance of \$26,003,717.26 in appropriated funding for fiscal year 2013; 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 aggregate revenue for the month ended November 30, 2012, was down 2.0% compared to November 2011. Revenue was up 1.7% compared to October 2012. The total revenue for MGM and Greektown was down 2.4% to \$47.8 million and 6.5% to \$26.6 million, respectively, whereas MotorCity was up 2.1% to \$38.5 million when compared to November 2011.

The market shares for MGM, MotorCity, and Greektown for November 2012 were 42%, 34%, and 24%, respectively.

For the month ended November 30, 2012, gaming taxes for the three Detroit casinos were \$9.1 million compared to \$9.3 million for the same period in 2011.

Aggregate revenue for all three Detroit casinos for the three months ended November 30, 2012, was down 1.9% compared to the same period last year. Gaming revenue for MGM, MotorCity, and Greektown for the three months ended November 2012 was \$146.0 million, \$110.0 million, and \$81.9 million, respectively.

Revenue for the three months ended November 2012 for MotorCity and Greektown was down 3.3% and 3.4% respectively, whereas MGM was up 0.04% compared to the same period last year.

For the three months ended November 2012 gaming taxes for the three Detroit casinos were \$27.4 million compared to \$27.9 million for the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of November 30, 2012, 1,061 active vendor exemptions were registered.

In regard to employee licensing, Mr. Kalm advised the Board as of November 30, 2012, the Board's Employee Licensing Section issued a total of 2,146 occupational licenses to MGM employees, 1,823 occupational licenses to MotorCity employees, and 1,491 occupational licenses to Greektown employees. In addition, through the month of November 2012, 1,509 employees of various licensed casino suppliers have been granted occupational licenses. Mr. Kalm went on to state the number of temporary licenses for casino and supplier employees is currently 53.

Mr. Kalm advised the Board for the month of October and November 2012, the required background investigations for 128 pending Level 1 and 2 licenses had been completed and would be considered for approval by the Board at this meeting and pursuant to Board Resolution No. 2002-02. He previously approved 330 renewal requests and 65 Level 3 requests on behalf of the Board.

Mr. Kalm reported on Michigan State Police (MSP) Board related activity. One detective lieutenant position, two detective sergeant positions, and ten detective specialist positions remain vacant.

Significant MSP activity included the investigation of 101 original complaints and 26 arrests. Mr. Kalm stated 26 of the complaints investigated and 18 of the arrests made were of disassociated persons. Mr. Kalm also noted three additional arrests were made from warrants authorized from previous investigations. There were a total of 30 arrest charges.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing Division's staff regarding the 128 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. Watza and seconded by Mr. McQueen that the Board enter an Order accepting and adopting the recommendations of the Executive Director and the Licensing Division's staff for the pending 128 Level 1 and 2 occupational license applications. A voice vote was taken.

Motion carried.

Next, the Board considered the Executive Director's Report and Licensing Division's staff recommendation regarding the pending Transfers of Interest for Spielo International USA, LLC.

There being no questions from Board members, it was moved by Mr. McQueen and supported by Mr. Watza that the Board enter Orders approving the Transfers of Interest. A voice vote was taken.

Motion carried.

Next, the Board considered the Executive Director's Report and Licensing Division's staff recommendation regarding the pending supplier license applications of Burtco Enterprises, Inc.; ComSource, Inc.; Dumas Construction Services, Inc.; Greg-Mar Building Company, Inc.; International Pre-Cast Solutions, Inc.; Lorio, Ross Entertainment Agency, Inc. d/b/a Lorio, Ross Sterling Entertainment Agency, Inc.; Multimedia Games, Inc.; and Pomponio Construction, Inc.

There being no questions from Board members, it was moved by Mr. Watza and seconded by Mr. McQueen that the Board enter orders finding and concluding Burtco Enterprises, Inc.; ComSource, Inc.; Dumas Construction Services, Inc.; Greg-Mar Building Company, Inc.; International Pre-Cast Solutions, Inc.; Lorio, Ross Entertainment Agency, Inc. d/b/a Lorio, Ross Sterling Entertainment Agency, Inc.; Multimedia Games, Inc.; and Pomponio Construction, Inc. are eligible and suitable for licensure under the licensing standards and

requirements of the Act and Rules of the Board, and accordingly, grant their supplier license applications. A voice vote was taken.

Motion carried.

The next item on the agenda was the pending supplier license renewals of American Gaming & Electronics, Inc.; Guideline Mechanical, Inc.; IGT; J.S.S.V. Enterprises, Inc. d/b/a Pizzapapalis Taverna; Master Craft Carpet Service, Inc.; Wing Construction, Inc.; and Women's Economic Empowerment Group, Inc. d/b/a WEEG.

There being no questions from Board members, it was moved by Mr. McQueen and seconded by Mr. Watza that the Board enter Orders finding and concluding the above listed suppliers 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 the requests for a new one-year period. A voice vote was taken.

Motion carried.

Next item was the consideration of the Licensing Division's recommendation regarding the suitability of Blu Acquario Prima, S.p.A. as a key qualifier of Spielo International USA, LLC.

There being no questions from Board members, it was moved by Mr. Watza and supported by Mr. McQueen that the Board approve and submit an Order finding Blu Acquario Prima, S.p.A. suitable as a key qualifier of Spielo International USA, LLC. A voice vote was taken.

Motion carried.

Next was the consideration of the Licensing Division's recommendation regarding the suitability of David Benjamin John Lopez as a key person of supplier licensee Global Cash Access.

There being no questions from Board members, it was moved by Mr. Watza and supported by Mr. McQueen that the Board members approve and submit an Order finding David Benjamin John Lopez suitable as a key person for Global Cash Access. A voice vote was taken.

Motion carried.

Mr. Anthony then stated the next item on the agenda was to consider the acceptance of an Acknowledgement of Violation of supplier licensee, Aristocrat Technologies, Inc.

Assistant Attorney General, Jason Geissler explained the violation to Board members. Mr. Geissler stated Aristocrat shipped software which was not approved for use in Michigan. Once Aristocrat discovered the error, they immediately emailed MotorCity Casino informing them of the discrepancy. Mr. Geissler informed the Board there were two different versions of software listed under the same name, BIOS version 2.0, 2.01, but there was a modified version of that had not been approved yet for use in Michigan. The modified version was the version sent to MotorCity Casino. This was Aristocrat's third violation regarding this particular Rules violation therefore \$15,000 of the \$60,000 will be held in abeyance for two years. This violation also triggered a previous abeyance of \$15,000.

Mr. David Waddell spoke on behalf of Aristocrat and stated that Mr. Geissler accurately presented the issue to the Board.

There being no questions from Board members, it was moved by Mr. Watza and supported by Mr. McQueen to adopt, accept and incorporate the acknowledgement of violation as the Board's final decision. A voice vote was taken.

Motion carried.

Next, Mr. Anthony asked if there were any members of the public who wished to address the Board. Mr. Chase from Fair Gaming Consultants and his associate, Phil Augustine, approached the podium. Mr. Augustine addressed the Board by stating it was his understanding the Board had recently taken over millionaire party licensing. At that time, Mr. Anthony corrected him by stating the Executive Director of the Gaming Board has those responsibilities and the Board is available only as consultants should the Executive Director request their assistance. Mr. Augustine then said he would speak with Mr. Kalm directly. Mr. Anthony asked Mr. Augustine to tell the Board about his company. Mr. Augustine informed the Board that he has witnessed a lot of "very interesting things" within the Michigan charity poker rooms. It is his suggestion that the same rules applying to casinos be implemented within the charity poker rooms. He also explained that he has been trained in the ways of collusion. Mr. Augustine stated he has spent over a year consulting with charities regarding his findings.

There was one other person who had requested to address the Board, but stated that the matter they wished to address was taken care of.

There being no other requests, Mr. Anthony then stated the Board's next regular public meeting is scheduled for Tuesday, February 12, 2013, at 9:30 a.m.

Mr. Anthony asked for a motion to adjourn the meeting. Mr. Watza moved the meeting be adjourned and Mr. McQueen supported the motion. A voice vote was taken.

Motion carried.

There was no closed session due to the fact that there were not four Board members present.

Motion carried.

Meeting adjourned at 10:07 a.m.

Diane Brown, Board Secretary