

State of Michigan



Annual Report to the Governor

Calendar Year 2001



Annual Report
to the
Governor
Calendar Year 2001

Michigan Gaming Control Board
1500 Abbott Road, Suite 400
East Lansing, MI 48823

Submitted April 15, 2002
pursuant to the
Michigan Gaming Control & Revenue Act, as amended
(Public Act 69 of 1997)

Please direct inquiries to
Mr. Eric T. Bush, telephone (517) 241-0136

This document also available online at
www.michigan.gov/mgcb



JOHN ENGLER
GOVERNOR

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
EAST LANSING

NELSON W. WESTRIN
EXECUTIVE DIRECTOR

April 15, 2002

An Open Letter to Governor John M. Engler and the Michigan Legislature:

On behalf of the Michigan Gaming Control Board, I am pleased to present the Board's annual report for calendar year 2001, pursuant to Section 15(1) of the *Michigan Gaming Control and Revenue Act*, as amended, Public Act 69 of 1997 ("the Act").

This annual report of the Board is submitted not only to comply with the Board's statutory reporting requirements under the Act, but to also provide you with a summary of the Board's significant activities and operations in 2001, as well as an updated progress report on the implementation, licensure and regulation of authorized commercial casino gaming in the City of Detroit under the Act.

By approving Proposal E in the November 1996 statewide general election, Michigan voters adopted and enacted the *Michigan Gaming Control and Revenue Act*. The new voter-initiated law created the Michigan Gaming Control Board to implement, administer and enforce its provisions and authorized the Board to license up to three casinos in the City of Detroit. During 2001, the five appointed members of the Board faithfully carried out our charge under the Act, as amended in 1997, by carefully adhering to the Act's guidelines and requirements. In fulfilling our duties and responsibilities under the Act in 2001, the Board continued to receive invaluable assistance from the Michigan State Police, the Attorney General and the Internal Revenue Service throughout the year.

With the licensure of MGM Grand Detroit Casino in July 1999, the MotorCity Casino in December 1999, and the Greektown Casino in November 2000, calendar year 2001 was the first year in which all three authorized Detroit casinos were in operation for the full twelve months of the year. Surpassing market projections, the three casinos collectively produced an impressive 35.4 percent increase in both revenues and state and city wagering taxes in calendar year 2001 over the same period in calendar year 2000.

Although all three authorized casinos are now licensed and operational under the Act, and all other mandated statutory programs have been implemented, the Board's responsibilities and duties under the Act do not diminish. Pursuant to its ongoing licensing and regulatory duties and responsibilities under the Act, the Board will continue to vigorously protect the best interests of the state and its citizens by administering and strictly enforcing the requirements of the Act in a fair, honest, lawful and efficient manner. In fulfilling this obligation and commitment, the Board will also continue to do everything it can to ensure that those registered, licensed or otherwise permitted to own, operate, manage, supply, work or participate in gambling operations in the Detroit casinos are eligible and suitable under the Act and conduct their casino gaming-related activities fairly and honestly, and in compliance with state law.

Sincerely,

A handwritten signature in black ink that reads "Roman S. Gibbs". The signature is written in a cursive style with a large initial 'R'.

ROMAN S. GRIBBS
Chairman



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Mission Statement

It is the mission of the Michigan Gaming Control Board to serve and protect the best interests of the people of the State of Michigan by ensuring that authorized private commercial gaming operations in the City of Detroit are licensed, regulated and conducted in a fair, honest and lawful manner, in strict accordance with the provisions of the Michigan Gaming Control and Revenue Act, as amended, Public Act 69 of 1997.

Introduction

In November 1996, Michigan voters approved Proposal E, authorizing the development of up to three licensed commercial casinos in Detroit. Proposal E subsequently took effect as law on December 5, 1996, as the Michigan Gaming Control & Revenue Act. The voter-initiated act established the Michigan Gaming Control Board (referred to as the "Board" or "MGCB") as a Type I agency within the Michigan Department of Treasury, exclusively responsible for licensing and regulating the three authorized Detroit casinos. In July 1997, the voter-initiated Act was substantially amended by the Michigan Legislature's enactment of Public Act 69 of 1997 (referred to as the "Act"). The amended Act provided for more stringent licensing criteria, substantially strengthened the licensing and regulatory authority of the Board, and provided for a system for collection of wagering taxes and fees for the City of Detroit and the State of Michigan.

The Board is comprised of five Michigan residents appointed by the Governor, with the advice and consent of the Senate. One member is designated by the Governor as the chairperson. Under the Act, no more than three members may belong to the same political party. The Michigan Legislature vested the Board with certain powers and duties specified in the Act, and such other powers necessary and proper to fully and effectively implement, administer and enforce the provisions of the Act relating to the licensing and regulation of authorized private commercial casino gaming in the City of Detroit.

Summary of the Michigan Gaming Control and Revenue Act



The Michigan Gaming Control & Revenue Act, as amended (Public Act 69 of 1997):

- Authorizes up to three licensed casinos in the City of Detroit (MGM Grand Detroit Casino was licensed in July 1999; MotorCity Casino was licensed in December 1999; Greektown Casino was licensed in November 2000)
- Creates the Michigan Gaming Control Board (a Type I agency within the Michigan Department of Treasury) and vests the Board with exclusive authority to license, regulate, and control casino gaming in the three authorized Detroit casinos
- Authorizes the Board to promulgate necessary administrative rules to properly implement, administer and enforce the amended Act
- Provides for the licensing, regulation, and control of casino gaming operations, manufacturers and distributors of gaming equipment and other casino suppliers, and casino and supplier employees
- Establishes standards and procedures for the issuance of casino licenses, casino supplier licenses, and occupational licenses, and the approval of gambling games and gaming equipment and devices
- Authorizes civil and criminal penalties for violation of the Act
- Authorizes and imposes certain state and city wagering taxes on casinos and various fees on casino, supplier and occupational licensees
- Requires the deposit of state casino wagering tax revenues in the state school aid fund for K-12 public education in Michigan
- Authorizes the City of Detroit to levy and collect wagering taxes and municipal services fees to defray the cost of hosting casinos and provide funding for police training and public safety programs, local economic development programs, youth development programs, capital improvements, local tax relief, and other programs to improve the quality of life in the City of Detroit
- Creates the state services fee fund to provide funding for the operations of the Board to license, regulate and control casino gaming; and for the state's compulsive gambling prevention program and other casino-related State programs

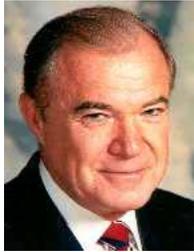
- Requires annual Board registration of local labor organizations that represent casino gaming employees
- Requires certain safeguards by casino licensees to prevent compulsive and underage gambling
- Prohibits political contributions by certain persons with interests in casino and supplier license applicants and licensees to state and local political candidates and certain committees
- Establishes certain requirements and safeguards for members, employees and agents of the Board, license applicants, licensees, and others involved in gaming to prevent conflicts of interest



The Michigan Gaming Control Board – Calendar Year 2001



Thomas Denomme, Chairman



Mr. THOMAS DENOMME, Chairman (one of five original appointees; reappointed in December 2000 to a four-year term expiring December 31, 2004) - Mr. Denomme retired in 1997 as the vice-chairman and chief administrative officer of what is now Daimler Chrysler. Mr. Denomme has served on the Board of Trustees of the University of Detroit Mercy; as a trustee of the Detroit Investment Fund; and as past-chairman of the Michigan Thanksgiving Parade Foundation. He resides in Oakland County in southeast Michigan.

Mr. Rich Davis



Mr. RICH DAVIS (one of five original appointees; reappointed in 1999 to four-year term expiring December 31, 2003) - Mr. Davis is the former director of the Michigan Department of State Police, attaining the rank of Colonel before his retirement in 1991. He began his career in law enforcement in 1958. He is a graduate of the FBI National Academy, FBI National Executive Institute, Michigan State University and Western Michigan University. After retiring from the Michigan Department of State Police, Mr. Davis served as executive director of the Michigan Trucking Association from 1991 until his retirement in January 1999. He resides in northern Michigan.

Hon. Geraldine Bledsoe Ford



Hon. GERALDINE BLEDSOE FORD (originally appointed in March 1999; reappointed in December 2000 to a four-year term expiring December 31, 2004) - Judge Ford retired in December 1998 from the Third Judicial Circuit Court of Michigan after an illustrious 46-year career in law. She is the first African American female judge in Michigan, the first African American woman to serve as an assistant US Attorney General, and the first African American woman to serve as an assistant corporation counsel for the City of Detroit. She was graduated from the University of Michigan and Wayne State University Law School. Judge Ford resides in Detroit.

Michigan Gaming Control Board cont'd.



Hon. Roman S. Gribbs



Hon. ROMAN S. GRIBBS (appointed February 15, 2001 to fill vacancy created by resignation of Ms. Paula Blanchard, for a term expiring December 31, 2003) - Judge Gribbs retired in January 2001 from the Court of Appeals of Michigan. He began his career in public service as an Assistant Wayne County Prosecutor in 1956. Subsequently, he served as the Sheriff of Wayne County, 1968-1969; Mayor of Detroit, 1970-1974; and Judge of the 3rd Judicial Circuit (Wayne County) from 1975 to 1982. Judge Gribbs was elected to the Court of Appeals in 1982, and served until his retirement in January 2001. He was graduated from the University of Detroit in 1952, and from the University of Detroit Law School in 1954. Judge Gribbs resides in Wayne County in southeast Michigan.

Hon. Michael Stacey



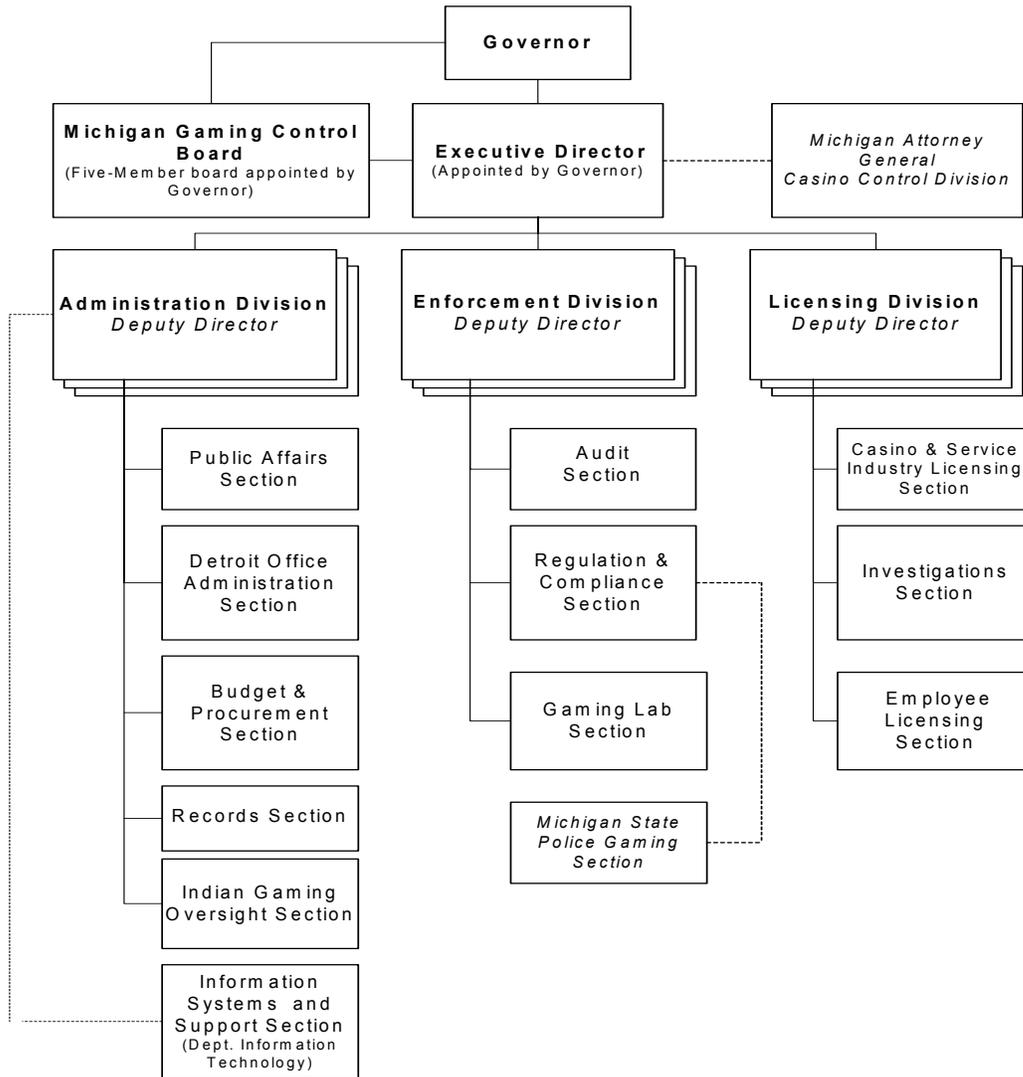
Hon. MICHAEL STACEY (one of five original appointees; reappointed in 1998 to four-year term expiring December 31, 2002) - Retired from Wayne County Circuit Court in 1994, Judge Stacey has remained active in the legal profession, by assisting with alternative dispute resolution and serving as a visiting judge. He resides in Oakland County in southeast Michigan.



Organizational Chart



Michigan Department of Treasury Michigan Gaming Control Board



MGCB Staff – Calendar Year 2001



Executive Director
Executive Assistant

Mr. Nelson Westrin
Ms. Patty James

Administration Division

Deputy Director
Executive Assistant
Accountant
Budget Officer
Departmental Analyst
Departmental Specialist
Detroit Departmental Supervisor
Detroit Office Administrator
Detroit Office Secretaries:

Ms. Nancy Horton
Ms. Laurie Lander
Mr. Robert Simon
Ms. LeAnn Droste
Ms. Tammy Tubbs
Ms. Pam Aungst
Ms. Sandra Johnson
Mr. Larry Smith

Ms. Donna Davis
Ms. Khristine Dyer

Ms. "Stina" Lyles
Ms. Simona Richardson

Document & Records Analyst
Documents & Records Technician
Documents & Records Technician
Information Systems Analysts:

Mr. Thomas Wilson
Ms. Sophia Griffin
Ms. Sharise Johnson-Smith

Mr. Greg Campbell
Mr. Charlie Marengo

Ms. Jane Rademacher

Information Systems Program Manager
Information Systems Programmer
Native American Gaming Oversight Staff Auditor
Network Administrator
Procurement Analyst
Public Affairs Director
Receptionist
Receptionist
Documents & Records Specialist
Regulation Officer

Mr. Tom Barker
Mr. Joe Welz
Mr. Richard Sheaffer
Mr. Philip DuLong
Ms. Marina Kotsifis
Mr. Eric Bush
Ms. GERALYN Fedewa
Ms. Janet Sudac
Mr. Dan Ostrom
Mr. Pat Devlin

Enforcement Division

Deputy Director
Executive Assistant
Casino Audit Section Manager
Gaming Lab Manager
Casino Auditors:

Mr. Tom Nelson
Ms. Kara Kabia
Mr. John Page
Mr. Pat Leen

Mr. Stratford Johnson
Mr. Cedric Knott

Mr. Abdul Mutahr
Ms. Theresa Willis

Information Systems Auditor

Mr. Rajesh Dharia

Gaming Laboratory Departmental Technician

Mr. Aaron Pongracz

Gaming Laboratory Engineer
Gaming Laboratory Engineer
Gaming Laboratory Secretary
Gaming Specialist
Regulation Officers:

Mr. Jim Bridgewater
Mr. Nader Jadallah
Ms. Beverly Kimbrough
Mr. Tom Bucia

Ms. Tina Calamita
Ms. April Edmonds
Mr. Paul Flaherty
Ms. Cheryl Freeman
Ms. Mildred Holmes
Ms. Stacey Johnson
Mr. Donald Kalminski
Ms. Ginger Lewis
Ms. Laura McDonald
Ms. Gretchen Mink

Ms. LaTonya Morgan
Mr. Greg Nagel
Mr. Tom Novak
Mr. Randell Schnotala
Mr. Edward Thomson
Mr. John Trafelet
Mr. Joshua Travis
Mr. Henry Williams
Mr. Doug Zavorski

Licensing Division

Deputy Director
Executive Assistant
Casino & Service Industry Licensing Section Manager
Casino Employee Licensing Section Manager
Departmental Technicians:

Mr. Ben McMakin
Vacant
Ms. Carol Flores
Mr. Nick Alagna

Mr. Charles Benson
Ms. Charlotte Davidson
Ms. Sharon Henderson

Ms. Marcia Kibby
Ms. Denise Reece
Mr. Gary Washington

Financial Analyst
Financial Analyst
Financial Specialist
Licensing Section Secretary
Regulation Officers:

Ms. Joanne Chamberlain
Mr. Robert Peltier
Mr. Rae Jim Burnett
Ms. Melissa Goodnoe

Ms. Lisa Badalamenti
Mr. Barry Beck
Mr. Robert Braner, Jr.
Ms. Celesta Clarkson
Ms. Pam Duke

Mr. Gary Elliott
Mr. Dan Fields
Mr. Warren Lamb
Mr. Dale Thibodeau
Mr. Scott Thomas

The Michigan Attorney General and Michigan Department of State Police assigned specialized units to assist the MGCB in carrying out its statutory duties under the amended Act. The MGCB acknowledges the cooperation and assistance of these agencies and their respective staff members.

Michigan Attorney General, Casino Control Division

Assistant Attorney General in Charge
Division Head Secretary
First Assistant Attorney General
Assistant Attorneys General

Mr. Eric Eggan
Ms. Randalyn Jegla
Mr. John M. "Jack" Cahill

Ms. Rhondi Keller
Ms. Bethany Scheib

Ms. Kandy C. Ronayne

Legal Secretary

Ms. Scheryl Brooks

Michigan Department of State Police, Gaming Section

Inspector

Dewayne Brantley

Detective First Lieutenant

Darwin Scott

Detective Lieutenants

Robert Honey

Harvie Jarriell

John Lessnau

Secretaries:

Ms. Joy Curry

Ms. Latanya Davis

Computer Technician

Mr. Ken Scroi

Detective Sergeants:

Art Andrews

Frank McCrary

Robin Coppens

Marva Moore

Kelly Goynes

Eric Old

Joe Hanley

Detective Specialists:

Mark Castillo

Theresa Maylone

Sue Cato

Mark Miller

Emerson Cox

Charles Morehead

Jason Davenport

David Morikawa

Stephen Ford

Margie Richardson

John Keating

Debra Stone

Mark Kellar

Tracey Walton

Frank Little

Brad Washburn



Activities of the Board



In calendar year 2001, the five-member Board was comprised of the following gubernatorial appointees:

- **Mr. Thomas Denomme**, Chairman (reappointed in December 2000 to a four-year term expiring December 31, 2004).
- **Hon. Roman Gribbs** (appointed February 15, 2001 to fill vacancy created by resignation of Ms. Paula Blanchard, for a term expiring December 31, 2003)
- **Mr. Rich Davis** (reappointed on December 31, 1999, to a four-year term expiring December 31, 2003).
- **Hon. Geraldine Bledsoe Ford** (reappointed in December 2000, to a four-year term expiring December 31, 2004).
- **Hon. Michael Stacey** (reappointed in December 1998, to a four-year term expiring December 31, 2002).

BOARD MEETINGS

From its inception, the Board has encouraged public input regarding its policies, procedures, and activities related to licensing and regulating the three authorized Detroit casinos. To conduct Board business and inform and receive input from the public, the Board held nine public meetings in 2001. The meetings were held during evening hours to facilitate public attendance and participation. At its public meetings, the Board not only conducted its official business, but also provided the public and news media with opportunities to ask questions and offer comment regarding casino gaming issues, and the Board's relevant policies, procedures and activities.

The Board met at the Detroit Office located on the third floor of the Albert Kahn Building, 7430 Second Avenue, on the following dates:

February 13, 2001
March 27, 2001
April 24, 2001
May 8, 2001
June 12, 2001
August 8, 2001
October 9, 2001
November 13, 2001
December 11, 2001

With the exception of the April meeting, the Board adjourned to Closed Session after each public meeting, to review confidential materials that were part of casino license applications and applications for placement on the Board's Disassociated Persons List, and thus protected from public review and disclosure under Sections 4c and 25 of the Michigan Gaming Control & Revenue Act, as amended, Public Act 69 of 1997, MCL 432.204c and MCL 432.225(4)(c). Closed Sessions are not open to the public, nor are minutes of such sessions available to the public, under Michigan's Open Meetings Act, as amended, Public Act 267 of 1976. All Board meetings, whether open or closed, are held in accordance with Michigan's Open Meetings Act.

BOARD RESOLUTIONS

The Board adopted six resolutions in calendar year 2001:

Resolution No. 2001-01 (Adopted 2-13-01) - A Board Resolution to acknowledge the contributions and accomplishments of former Board member Paula L. Blanchard and commend her for her service to the Michigan Gaming Control Board and the people of the State of Michigan.

Resolution No. 2001-02 (Adopted 2-13-01) - A Board Resolution stating the Board's policy regarding waiver of eligibility and suitability requirements for passive institutional investors, pursuant to Section 6c of the Act, MCL 432.206c.

Resolution No. 2001-03 (Adopted 8-14-01) - A Board Resolution waiving and modifying the 14-day time limit in Rule 338(2), MR 432.1338(2), for payment of the required biennial occupational licensing fee by a license applicant previously found eligible and suitable for licensure by the Board.

Resolution No. 2001-04 (Adopted 8-14-01) - A Board Resolution authorizing the Executive Director to grant and deny level 3 occupational license applications, for and on behalf of the Board, pursuant to Section 8 of the Act, MCL 432.208 *et seq.*, and Part 3 of the Board's Administrative Rules, MR 432.1301 *et seq.*

Resolution No. 2001-05 (Adopted 11-13-01) - A Board Resolution delegating authority to the Executive Director to consider and decide requests for Board approval of transfers of ownership interest of less than 1% in a casino or supplier license applicant or licensee, pursuant to Part 5 of the Board's Administrative Rules, MR 432.1501 *et seq.*

Resolution No. 2001-06 (Adopted 12-11-01) - A Board Resolution delegating authority to the Executive Director to consider and decide applications for placement on the List of Disassociated Persons, for and on behalf of the Board, pursuant to Section 25 of the Act, MCL 432.225.

Notable Board Accomplishments



In calendar year 2001, the Board and its staff achieved many notable accomplishments.

- Issued 3 new temporary supplier licenses, pending completion of required background investigations of the applications, pursuant to the Act, the Board's Administrative Rules, and Board Resolution No. 1998-07
- Registered 172 unlicensed casino vendors, authorizing them to provide goods and services to casino license applicants and licensees for development, construction and operation of their temporary casino operations, in accordance with the Act and Board Resolution No. 1998-07
- Exempted 28 additional business entities from supplier licensing requirements, pursuant to the Act and Administrative Rules and Resolutions of the Board, after the Board determined that licensing of these business entities was not necessary to protect the public interest or accomplish the policies and purposes of the Act
- Renewed the annual casino license of MGM Grand Detroit, L.L.C., pursuant to the Act and Administrative Rules of the Board
- Processed over 2100 temporary occupational license applications and issued over 1900 temporary licenses, in accordance with the Act and Board rules, permitting the applicants to work in licensed occupations as employees of casino or supplier license applicants or licensees, pending completion of their required background investigations and issuance of a full two-year occupational license
- Granted 1627 full two-year occupational licenses and denied a total of 127 occupational license applications, after completion of the required background investigations of the license applicants
- Conducted and decided a total of 25 contested case hearings on appeals from preliminary orders denying occupational license applications
- Concluded and resolved major disciplinary actions against WMS Gaming, Inc., Case No. DA-2001-01; and Detroit Entertainment, L.L.C., Case No. DA-2001-02, as follows:
 - Supplier licensee WMS Gaming, Inc. was fined \$100,000 and ordered to pay \$10,000 in investigative costs for violating certain Board administrative rules by providing gaming devices with defective software to licensed Detroit casinos, which failed to properly detect game corruption and cease operation; and by also

failing to adequately notify the Board regarding the nature of the game software defects and certain related settlements between WMS Gaming and the casino licensees regarding revenue losses incurred by the casinos, as a result of player manipulation of the defective game software

- Casino licensee Detroit Entertainment, L.L.C., d/b/a MotorCity Casino, was fined a total of \$100,000 and also ordered to pay \$160,000, as reimbursement for Board investigative and administrative costs, and \$96,250, in additional state and city wagering taxes and fees, for failing to ensure that its employees were following required internal control procedures for hand-pay slot machine gaming transactions and, thereby, providing opportunity for employee embezzlement, with resulting loss of wagering tax revenues to the State of Michigan and City of Detroit; for also failing to follow all required accounting controls and procedures that could have detected employee embezzlement; and for failing to properly report an incident of suspected employee embezzlement, all in violation of its own internal control standards and the Board's administrative rules
- Worked closely with the Michigan Department of State Police Gaming Section in the regulation and daily monitoring of casino gaming operations at all three licensed Detroit casinos, in accordance with the requirements of the Act and the Board's administrative rules
- Reimbursed all operational costs of the Michigan State Police Gaming Section and the Attorney General Casino Control Division for requested investigative and legal assistance provided to the Board in 2001, pursuant to the Act
- Conducted the Board's official business at nine (9) public meetings within the City of Detroit, providing the public with ample opportunity to observe and offer comment in regard to the Board's official actions and other casino gaming related issues
- Implemented the Board's toll free 1-888-223-3044 Disassociated Persons List Application Request Telephone Line in April 2001, to increase public access to the application process for placement on the list as treatment for problem gambling
- Approved 56 applications for voluntary placement on the Board's Disassociated Persons List, thereby banning the applicants for life from all three licensed Detroit casinos, as treatment for problem gambling
- Provided timely and accurate information to thousands of visitors to the Michigan Gaming Control Board Internet website (www.michigan.gov/mgcb)

Minors and Compulsive Gambling



ANNUAL UNDERAGE AND COMPULSIVE GAMBLING STUDIES

Section 15(2) of the Act, MCL 432.215(2) requires that each casino licensee conduct an annual study on minors and compulsive gaming. Section 15(1) of the Act further requires that the Board include certain information regarding minors on casino premises, which each licensee must compile as part of their annual study. Following is a summary chart of the required information compiled and reported by each of the three Detroit casino licensees in their respective annual studies on minors and compulsive gaming for calendar year 2001.

Casino Licensees' Reported Contacts with Minors on Licensed Casino Premises During Calendar Year 2001

	MGM Grand 1/1/01 - 12/31/01	MotorCity 1/1/01 - 12/31/01	Greektown 1/1/01 - 12/31/01
1. The number of minors who were denied entry into the casino.	1,231	6,723	977
2. The number of minors who were physically escorted from the casino premises.	12	10	18
3. The number of minors who were detected participating in gambling games other than slot machines.	3	4	4
4. The number of minors who were detected using slot machines.	2	1	3
5. The number of minors who were taken into custody by a law enforcement agency on the casino premises.	12	10	0
6. The number of minors who were detected illegally consuming alcohol on the casino premises.	2	1	2

Board Revenues and Expenditures



State Services Fee Fund

Section 12a of the Act, MCL 432.212a, provides that all casino-related regulatory and enforcement costs, compulsive gambling programs, and other casino-related programs, activities and services conducted by the Board, the Michigan Department of State Police, the Michigan Department of Attorney General, the Michigan Department of Community Health and other state agencies shall be paid from annual State Services Fees assessed on the three Detroit casino licensees. Under the Act, each casino licensee is required to pay its annual State Services Fee assessment on or before the date on which the licensee first began operating its casino and each year, thereafter, on that date. The amount of each licensee's annual State Services Fee assessment is equal to 1/3 of \$25,000,000.00 adjusted annually by multiplying the previous year's assessment by the Detroit consumer price index, as defined and reported by the United States Department of Labor, Bureau of Labor Statistics. Based on this formula, each of the three Detroit casino licensees was assessed and paid a State Services Fee in the amount of \$8,788,753.00, or a combined total of \$26,366,199.00, in calendar year 2001.

From the State Services Fees paid each year by the licensees, \$2,000,000.00 must be deposited in the state's Compulsive Gaming Prevention Fund, to be used exclusively for the treatment, prevention, education, training, research and evaluation of pathological gamblers and their families, as determined by the director of the Michigan Department of Community Health. All of the remaining State Services Fees paid by the licensees must be deposited in the State Services Fee Fund, which was created within, and is administered by the Michigan Department of Treasury, under the Act.

Distributions from the State Services Fee Fund may only be made by the Legislature through the appropriations process. The Board's annual budget for operations under the Act, including reimbursement of necessary related services provided to the Board by the Departments of Attorney General and State Police, is appropriated by the Legislature from the State Services Fee Fund.

Application and License Fees, Fines and Costs

The Board is also authorized by the Act to assess and collect various license application fees to cover the Board's cost of conducting required background investigations of applicants for casino, supplier and occupational licenses under the Act. After an applicant is determined eligible and suitable for licensure, the Act also authorizes the Board to assess and collect license fees for both the initial issuance and subsequent renewal of casino, supplier and occupational licenses. In addition to application and license fees, the Act also authorizes the Board to impose fines and order reimbursement

of investigative and enforcement costs as disciplinary actions to penalize violators of the Act or administrative rules of the Board.

In calendar year 2001, the Board collected application and license fees and other authorized fees, fines and reimbursement costs totaling \$1,447,300.00. All of these fees, fines and reimbursed costs assessed and collected by the Board in calendar year 2001 were deposited in the State Casino Gaming Fund, which was created within, and is administered by the Department of Treasury, in accordance with the Act.

Board Financial Statement

Section 15(1) of the Act, MCL 432.215(1), requires that the Board's Annual Report include an account of the Board's financial position and results of operation under the Act, during the period covered by the report. While the Board, like other state agencies, operates on a fiscal year (October 1 - September 30) basis, the Act requires that the Board's Annual Report be based on the calendar year. To give a more comprehensive account of the Board's financial position and results of operation under the Act, the following financial statement of the Board reports the Board's revenues and expenditures for both calendar year 2001 and fiscal year 2001 (with the figures rounded to the nearest thousand).



Michigan Gaming Control Board Financial Statement

Revenues

	<u>Fiscal Year</u> <u>2001</u>	<u>Calendar</u> <u>Year 2001</u>
State Casino Gaming Fund		
Casino/supplier fees and fines	200.0	200.0
Other	21.1	21.3
State Services Fee Fund		
Annual Assessments	25,758.1	26,366.2
<u>Application Fees:</u>		
Casinos	184.5	184.5
Suppliers	283.6	287.9
Occupational	321.5	267.9
<u>License Fees:</u>		
Casinos	75.0	75.0
Suppliers	10.0	10.0
Occupational	64.8	77.3
Other fees	22.6	22.4
Native American Casino Fund		
Oversight Fees	147.3	243.1
Lab Fund		
Testing Fees	178.6	301.0
Total Revenue	27,267.2	28,056.5

EXPENDITURES

State Services Fee Fund		
Board	38.3	37.3
Administration	11,407.3	11,556.4
Background investigations	543.5	568.6
Interest payment to General Fund	325.0	325.0
Prior year work projects	183.4	182.7
Native American Casino Fund		
	147.3	155.4
Lab Fund		
	179.1	203.2
Total Expenditures	12,823.8	13,028.6

OPERATING TRANSFERS

State Services Fee Fund

Community Health (Compulsive Gaming Prevention Fund)	2,000.0	2,000.0
Grant to the Department of Agriculture	0.0	1,300.0
Department of Agriculture appropriation - P. A. 53 of 2001	0.0	3,555.8
Other	135.2	135.2
Total Operating Transfers	2,135.2	6,991.0
Gross Expenditure	14,959.0	20,019.5

Footnotes:

1. Department of Management and Budget - Office of Financial Management, reviewed and approved data as published.
2. Beginning in fiscal year 1996-97, the Michigan Gaming Control Board operating expenditures were recorded in fund 0078 - Casino Gaming Fund. Beginning in fiscal year 1998-99, operating expenditures were recorded in fund 0079 - State Services Fee Fund. Fiscal year 2000-01 closing entries were made to fund the operating expenditures recorded in the Casino Gaming Fund. Prior year amounts have not been re-stated.
3. Governmental fund types are accounted for using the modified accrual basis of accounting.



Casino Revenues & State Wagering Taxes



STATE CASINO WAGERING TAX

Section 12 of the Act, MCL 432.212, imposes an 8.1% State Wagering Tax on the adjusted gross receipts received by each Detroit casino licensee from casino gaming authorized by the Act. The Act defines “adjusted gross receipts” as being the licensee’s gross gaming receipts less winnings paid to wagers.

The 8.1% State Wagering Tax paid by the Detroit casino licensees is deposited in the State School Aid Fund to provide additional funds for K-12 public classroom education. In calendar year 2001, the combined 8.1% State Wagering Taxes paid by the three Detroit casino licensees and deposited in the State School Aid Fund totaled \$81,536,470.76. Since the first casino was licensed and began operations in July 1999, the State School Aid Fund has received a total of \$157,034,276.06 in State Wagering Taxes paid by the three Detroit casino licensees through the end of calendar year 2001.

Following is a monthly and annual summary of the adjusted gross receipts and State Wagering Tax payments for the three Detroit casino licensees from July 1999 through the end of calendar year 2001:

Casino Revenues & Wagering Taxes 1999

Month	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Receipts	Total State Wagering Tax (8.10%)
July	\$4,818,554.11	\$390,302.88	-	-	-	-	\$4,818,554.11	\$390,302.88
August	\$35,206,963.97	\$2,851,764.08	-	-	-	-	\$35,206,963.97	\$2,851,764.08
September	\$33,951,508.55	\$2,750,072.19	-	-	-	-	\$33,951,508.55	\$2,750,072.19
October	\$34,457,655.34	\$2,791,070.08	-	-	-	-	\$34,457,655.34	\$2,791,070.08
November	\$33,753,191.20	\$2,734,008.49	-	-	-	-	\$33,753,191.20	\$2,734,008.49
December	\$31,491,239.05	\$2,550,790.36	\$14,759,589.25	\$1,195,526.73	-	-	\$46,250,828.30	\$3,746,317.09
Total	\$173,679,112.22	\$14,068,008.09	\$14,759,589.25	\$1,195,526.73	-	-	\$188,438,701.47	\$15,263,534.82



Casino Revenues & Wagering Taxes 2000

Month	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Revenues	Total State Wagering Tax (8.10%)
January	\$32,458,134.63	\$2,629,108.91	\$22,742,714.82	\$1,842,159.90	-	-	\$55,200,849.45	\$4,471,268.81
February	\$30,953,211.30	\$2,507,210.12	\$23,033,091.15	\$1,865,680.38	-	-	\$53,986,302.45	\$4,372,890.50
March	\$37,511,192.05	\$3,038,406.56	\$25,177,767.41	\$2,039,399.16	-	-	\$62,688,959.46	\$5,077,805.72
April	\$34,198,920.36	\$2,770,112.55	\$25,988,688.06	\$2,105,083.73	-	-	\$60,187,608.42	\$4,875,196.28
May	\$33,765,674.10	\$2,735,019.60	\$26,550,564.81	\$2,150,595.75	-	-	\$60,316,238.91	\$4,885,615.35
June	\$31,422,116.80	\$2,545,191.46	\$27,390,357.23	\$2,218,618.94	-	-	\$58,812,474.03	\$4,763,810.40
July	\$36,528,965.25	\$2,958,846.19	\$29,794,583.93	\$2,413,361.30	-	-	\$66,323,549.18	\$5,372,207.48
August	\$33,160,279.83	\$2,685,982.67	\$28,565,714.45	\$2,313,822.87	-	-	\$61,725,994.28	\$4,999,805.54
September	\$34,396,641.93	\$2,786,128.00	\$28,003,948.71	\$2,268,319.85	-	-	\$62,400,590.64	\$5,054,447.84
October	\$34,143,474.63	\$2,765,621.45	\$29,011,313.79	\$2,349,916.42	-	-	\$63,154,788.42	\$5,115,537.86
November	\$28,945,346.53	\$2,344,573.07	\$26,729,451.67	\$2,165,085.59	\$13,636,392.00	\$1,104,547.75	\$69,311,190.20	\$5,614,206.41
December	\$29,751,377.52	\$2,409,861.58	\$22,758,778.35	\$1,843,461.05	\$17,014,267.55	\$1,378,155.67	\$69,524,423.42	\$5,631,478.30
Total	\$397,235,334.93	\$32,176,062.13	\$315,746,974.38	\$25,575,504.92	\$30,650,659.55	\$2,482,703.42	\$743,632,968.86	\$60,234,270.48

Casino Revenues & Wagering Taxes 2001

Month	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Revenues	Total State Wagering Tax (8.10%)
January	\$27,531,158.35	\$2,230,023.83	\$27,734,835.66	\$2,246,521.69	\$18,326,007.55	\$1,484,406.61	\$73,592,001.56	\$5,960,952.13
February	\$28,032,821.35	\$2,270,658.53	\$27,995,759.75	\$2,267,656.54	\$19,718,880.98	\$1,597,229.36	\$75,747,462.08	\$6,135,544.43
March	\$31,969,009.25	\$2,589,489.75	\$31,890,473.71	\$2,583,128.37	\$22,403,377.25	\$1,814,673.56	\$86,262,860.21	\$6,987,291.68
April	\$28,147,244.28	\$2,279,926.79	\$29,744,000.27	\$2,409,264.02	\$20,203,624.10	\$1,636,493.55	\$78,094,868.65	\$6,325,684.36
May	\$29,620,962.68	\$2,399,297.98	\$28,892,271.27	\$2,340,273.97	\$21,460,104.51	\$1,738,268.47	\$79,973,338.46	\$6,477,840.42
June	\$29,953,124.70	\$2,426,203.10	\$28,141,924.64	\$2,279,495.90	\$21,977,862.01	\$1,780,206.82	\$80,072,911.35	\$6,485,905.82
July	\$30,140,278.83	\$2,441,362.59	\$28,612,706.18	\$2,317,629.20	\$22,743,923.66	\$1,842,257.82	\$81,496,908.67	\$6,601,249.60
August	\$30,357,105.65	\$2,458,925.56	\$31,100,472.73	\$2,519,138.29	\$26,254,526.30	\$2,126,616.63	\$87,712,104.68	\$7,104,680.48
September	\$30,951,206.57	\$2,507,047.73	\$29,743,520.53	\$2,409,225.16	\$24,500,227.89	\$1,984,518.46	\$85,194,954.99	\$6,900,791.35
October	\$33,169,099.85	\$2,686,697.09	\$32,587,938.80	\$2,639,623.05	\$27,252,501.23	\$2,207,452.60	\$93,009,539.88	\$7,533,772.73
November	\$32,630,501.70	\$2,643,070.64	\$31,541,904.91	\$2,554,894.30	\$27,261,309.56	\$2,208,166.07	\$91,433,716.17	\$7,406,131.01
December	\$33,633,346.75	\$2,724,301.09	\$33,048,959.46	\$2,676,965.72	\$27,720,493.14	\$2,245,359.94	\$94,402,799.35	\$7,646,626.75
Total	\$366,135,859.96	\$29,657,004.68	\$361,034,767.91	\$29,243,816.21	\$279,822,838.18	\$22,665,649.89	\$1,006,993,466.05	\$81,536,470.76





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