



# The Licensing Process Begins

## Annual Report to the Governor for Calendar Year 1998

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

Submitted April 15, 1999, pursuant to the  
*Michigan Gaming Control & Revenue Act*, as amended  
(Public Act 69 of 1997)

*Please direct inquiries to*  
Mr. Robert Nelson, phone 517/324-8219

**[www.state.mi.us/mgcb/](http://www.state.mi.us/mgcb/)**



It is the mission of the Michigan Gaming Control Board to license and regulate the conduct of private commercial casino gaming activities in Michigan in accordance with the *Michigan Gaming Control & Revenue Act*, as amended (Public Act 69 of 1997), and to monitor the compliance of Native American casino operations in the state with applicable Tribal-State Gaming Compacts, in a fair, honest, and efficient manner, in order to ensure that casino gaming activities and operations are conducted in a lawful manner and thereby protect the best interests of the people of the State of Michigan.

## INTRODUCTION

In November 1996, Michigan voters approved Proposal E, authorizing the development of up to three licensed 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 (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 (the “Act”). The amended Act provided for more stringent licensing criteria; substantially strengthened the licensing and regulatory authority of the Board; and generally corrected a number of other shortcomings and weaknesses in the original voter-initiated law.

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. The initial five Board members serve staggered terms: one member is appointed to a two-year term, two are appointed to three-year terms, and two to four-year terms. As each initial term expires, a subsequent Board member will be appointed to a four-year term. 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 execute, administer and enforce the provisions of the Act relating to the licensing and regulation of casino gaming in Michigan.

## ACTIVITIES OF THE BOARD

In calendar year 1998, the five-member Board was comprised of the following gubernatorial appointees:

- **Mr. Thomas Denomme, Chairman** (term expires December 2000) - Mr. Denomme retired in December 1997 as Vice-Chairman and Chief Administrative Officer of the Chrysler Corporation.
- **Ms. Paula Blanchard** (term expires December 1999) - Ms. Blanchard is the former Michigan First Lady. She has extensive experience in business, public relations and politics.
- **Mr. Rich Davis** (term expires December 1999) - Mr. Davis is a former Director of the Michigan Department of State Police, and is currently Project Director for the Michigan Truck Safety Commission.
  - **Ms. Karen Batchelor Farmer** (term expires December 2000) - Ms. Farmer was appointed in February 1987 to fill a vacancy created by the resignation of **Mr. Taylor Segue III** in January 1987. Ms. Farmer is manager of Civic and Governmental Affairs at Michigan Consolidated Gas Company. She resigned from the Board in February 1998.
  - **Dr. Jim Holley** (term expires December 2000) was appointed in May 1998 to fill a vacancy created by the resignation of **Ms. Karen Batchelor Farmer**. Dr. Holley is pastor of Detroit's Historic Little Rock Baptist Church. Dr. Holley resigned from the Board in December 1998.
- **Hon. Michael Stacey** (initial term expired December 1998; reappointed by Governor Engler to four-year term expiring December 2002) - Judge Stacey is a former Wayne County Circuit Court Judge who retired in 1994. He has remained active by assisting with alternative dispute resolution and by serving as a visiting judge.

From its inception, the Board has encouraged public input regarding its policies, procedures and activities related to licensing and regulating Detroit casinos. To inform and receive input from the public, the Board held seven public meetings in 1998. 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 ample opportunity to ask questions and offer comment regarding casino gaming issues, and the Board's relevant policies, procedures and activities. In 1998, the Board met on the following dates:

January 22, 1998 ..... Pontchartrain Hotel, Detroit  
 March 17, 1998 ..... Detroit Public Library, Detroit  
 May 21, 1998 ..... Detroit Public Library, Detroit  
 July 21, 1998..... Wayne State University, Detroit  
 September 22, 1998..... MGCB Offices, East Lansing  
 October 20, 1998..... Pontchartrain Hotel, Detroit  
 November 17, 1998 \* ..... Pontchartrain Hotel, Detroit  
 December 15, 1998 \*\*..... Pontchartrain Hotel, Detroit

\* Entire meeting held in Closed Session

\*\* After public meeting, Board adjourned to Closed Session

Closed Sessions were held on November 17 and December 15, 1998, during which the Board reviewed confidential materials that were part of Casino License applications, and thus protected from public review and disclosure under the *Michigan Gaming Control & Revenue Act*, as amended (Public Act 69 of 1997; MCL 432.201, Section 4c). 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*.

The role of the Board is to implement, administer and enforce the Act, not promote casino gaming in the state. Clearly, the choice to bring casino gaming to Detroit had already been made by Michigan voters in November 1996. It is the Board's responsibility to assure that such activity be conducted in the best interest of the citizens, in accordance with Michigan law, and with the least possibility for organized crime and corruption to gain any significant foothold in this new industry.

Opponents of casino gaming continued their efforts to repeal the Act in 1998 (see the Chronology section of this report beginning on page 6). All such repeal efforts were unsuccessful in 1998.

The Board found it necessary to adopt Resolutions in order to establish and publish various policies for conducting its day-to-day duties and responsibilities under the Act. In calendar year 1998, the Board adopted the following Resolutions:

- **Resolution No. 1998-01** (adopted 1/22/98) - Rescinded and vacated the Interim Code of Ethics passed by earlier Resolution No. 1997-07, because of its preemption by the amended Act in July 1997.
- **Resolution No. 1998-02** (adopted 3/17/98) - Approved and adopted the prescribed license application forms and related personal and business disclosure forms to be utilized by applicants making application to the Board for casino and supplier licenses

- **Resolution No. 1998-03** (adopted 3/17/98... later rescinded by Resolution No. 1998-05) - Approved and adopted the proposed Administrative Rules of the Board for submission to the Michigan Legislature's Joint Committee on Administrative Rules for review and formal promulgation under the Michigan Administrative Procedures Act.
- **Resolution No. 1998-04** (adopted 3/17/98) - Acknowledged the contributions and accomplishments of former Board member Karen Batchelor Farmer, and commended her for her service to the Board and the people of the State of Michigan
- **Resolution No. 1998-05** (adopted 5/21/98) - Approved and formally adopted a revised draft of Administrative Rules of the Board for promulgation under the Michigan Administrative Procedures Act, and rescinded previous Board Resolution No. 1998-03
- **Resolution No. 1998-06** (adopted 7/21/98) - Stated the Board's policy regarding issuance of licenses to conduct casino gaming operations in temporary casino facilities pending development and completion of agreed permanent casino facilities under the Act and licensee's certified development agreement with the City of Detroit
- **Amended Resolution No. 1998-07** (adopted 7/21/98... amended 10/20/98) - Stated the Board's policy regarding licensing of casino construction suppliers and other suppliers of goods and services to casinos
- **Resolution No. 1998-08** (adopted 7/21/98) - Affirmed the need for prospective casino suppliers to have an agreement or a statement of intent from a casino licensee, casino license applicant, or holder of certificate of suitability before the Board will accept and process their license application
- **Resolution No. 1998-09** (adopted 7/21/98... also see Executive Director Order No. 1998-01) Delegated authority to the MGCB Executive Director to grant exemptions from supplier licensing requirements pursuant to Rule 322(4)
- **Resolution No. 1998-10** (adopted 10/20/98) - Affirmed MGCB Executive Director Order No. 1998-01 exempting certain fields of commerce from casino supplier licensing requirements

The *Michigan Gaming Control & Revenue Act* and Administrative Rules of the Board empower the Executive Director to issue certain orders as needed to efficiently and effectively carry out the day-to-day operations of the Board. In calendar year 1998, the following Executive Director Orders were issued:

- **Executive Director Order No. 1998-01** (issued 10/20/98) - Exempted certain fields of commerce from the MGCB supplier licensing requirements pursuant to Rule 322(4) of the Board's Administrative Rules and Board Resolution No. 1998-09

- **Executive Director Order No. 1998-02** (issued 10/20/98) - Designated and authorized Ms. Patricia S. James to serve and act as Executive Secretary and Clerk of the Michigan Gaming Control Board
- **Executive Director Order No. 1998-03** (issued 10/26/98) - Designated and authorized Deputy Directors Nancy Horton, Ben McMakin and Thomas Nelson and Detroit Office Administrator Larry Smith to issue subpoenas and to administer oaths and affirmations on behalf of the Board, and also authorized certified court stenographers or reporters or notary publics to administer oaths on behalf of the Board under the Act and the Board's Administrative Rules.

## **NOTABLE BOARD ACCOMPLISHMENTS**

In calendar year 1998, the Board achieved the following notable accomplishments (listed in chronological order):

- Moved into permanent offices at 1500 Abbott Road, Suite 400, East Lansing
- Adopted prescribed Casino License and Supplier License application forms, and Business Disclosure and Personal Disclosure forms, pursuant to the Act
- Received Casino License applications from Detroit Entertainment, LLC; Greektown Casino, LLC; and MGM Grand Detroit, LLC.
- Began and completed "Intake Phase" for processing the Casino License applications (MGCB staff reviewed application for completeness and proper form; advised applicant of errors/omissions; gave applicant opportunity to make corrections); also began and completed "Planning Phase" for processing and investigating the Casino License applications (investigators planned investigative strategy; determined need for additional documents, interviews, etc); and began the statutorily required background investigations of each Casino License applicant and their key investors and managers, in accordance with the Act.
- Developed and promulgated necessary Administrative Rules to properly implement and administer the Act, pursuant to the Michigan Administrative Procedures Act
- Exempted eight specified fields of commerce from the Supplier licensing process pursuant to Rule 322(4) of the Board's Administrative Rules and Board Resolution No. 1998-09
- Issued first temporary Supplier Licenses to four separate applicants, authorizing them to provide goods/services to the casino license applicants while background investigations of their Supplier License applications continue, pursuant to the Act, the Board's Administrative Rules, and Board Resolution No. 1998-07

- Registered 75 unlicensed Suppliers as Vendors under the Act, authorizing them to provide goods and services to the casino license applicants for development and construction of their proposed temporary and permanent casino operations, in accordance with the Act and the Board's Resolution No. 1998-07
- Reimbursed all operational costs of the Michigan State Police Gaming Section and the Attorney General Casino Control Division for investigative and legal assistance provided to the MGCB in 1998

## **CHRONOLOGY OF SIGNIFICANT EVENTS Related to Board Operations and Development of Detroit Casinos**

(Activities of the Board and its staff are indicated in **bold type**)

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### *January*

**Board moved into permanent offices in East Lansing (1500 Abbott Rd, Suite 400)**

**Board launched Internet website at [www.state.mi.us/mgcb/](http://www.state.mi.us/mgcb/)**

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### *February*

Detroit Mayor Dennis Archer announced his decision to allow all three casinos to be located near east riverfront (2/16/98)

**Board member Karen Batchelor Farmer resigned (2/20/98)**

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### *March*

Detroit Mayor Dennis Archer signed Development Agreements with three proposed casino developers (Detroit Entertainment, LLC; Greektown Casino, LLC; and MGM Grand Detroit, LLC) (3/12/98), and presented Development Agreements to the Detroit City Council for approval and certification

**Board adopted prescribed Casino License and Supplier License application forms, and prescribed Business Disclosure and Personal Disclosure forms (3/17/98).**

## *April*

Detroit City Council approved and certified Mayor Archer's three proposed casino Development Agreements (4/9/98). **Board received certified Development Agreements from City (4/17/98), enabling Board to accept and begin processing Casino and Supplier License applications (4/17/98).** *Note: A casino developer must have a casino license to operate a casino. Only the MGCB can issue a Casino License. A casino developer must have a certified Development Agreement with the City to be eligible to apply to the MGCB for casino license.*

**Board received Casino License application from MGM Grand Detroit, LLC (4/20/98); Board began "Intake Phase" for processing the MGM Grand Detroit application (MGCB staff reviewed application for completeness and proper form; advised applicant of errors/omissions; gave applicant opportunity to make corrections).**

**Board delivered 1997 Annual Report to Governor and Legislature, as required by law (4/15/98).**

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## *May*

Gov. Engler appointed Dr. Jim Holley to the Board, filling vacancy created by the resignation of Karen Batchelor Farmer (5/6/98). (See February 1998)

**Board received Casino License application from Detroit Entertainment, LLC (5/8/98) and Greektown Casino, LLC (5/20/98); Board began "Intake Phase" for these two applications (MGCB staff reviewed application for completeness and proper form; advised applicant of errors/omissions; gave applicant opportunity to make corrections).**

**Board adopted amended draft of Administrative Rules for formal promulgation under the Michigan Administrative Procedures Act (5/21/98).**

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## *June*

The US Circuit Court of Appeals upheld the District Court's rejection of claims by Native American tribes that their 8% casino revenue sharing payments to the State are no longer legally required under 1993 Consent Judgment in Sault Ste. Marie Tribe of Chippewa Indians, et al v. John M. Engler (USDC, WD). The court ruled that the tribes do not lose their exclusive right to operate electronic gaming devices until the MGCB issues a Casino License under the Act; and, therefore, are obligated to continue making their 8% revenue sharing payments to the State until that event occurs (6/5/98).

**Board began "Planning Phase" for background investigations of casino license applications (investigators planned investigative strategy; determined need for additional documents, interviews, etc).**

The Governor's Office of Regulatory Reform filed the adopted MGCB Administrative Rules with the Secretary of State Office of the Great Seal (6/8/98). The Rules took effect (6/24/98).

The Detroit City Council enacted the Casino Gaming Authorization & Casino Development Agreement Certification & Compliance Ordinance (6/17/98), amending the Detroit City Code to legalize casino gaming within City. The ordinance established the City's process for assuring that the three Casino License applicants comply with their Development Agreements. (Note: The Act required enactment of this ordinance before the Board could begin its required background investigations of the filed casino license applications.) (See April 1998)

Detroit Mayor Dennis Archer approved proposals from the three Casino License applicants for development and operation of temporary casino facilities; requested Detroit City Council to approve and certify first amendments to certified Development Agreements, establishing the City's conditions for development and operation of temporary casino facilities (6/26/98).

### *July*

The Detroit City Council approved first amendments to the certified casino Development Agreements (7/15/98) (also see June 1998).

**The Board issued Resolution No. 1998-06 asserting its statutory authority to issue licenses to conduct casino gaming operations in temporary casino facilities, pending completion of permanent casino hotel complexes, as provided in the applicants' casino Development Agreements; and stating its policy for issuance of such licenses (7/21/98).**

**The Board began "Investigation Phase" for background investigations of casino license applications. (Also see "Intake Phase" in May 1998, and "Planning Phase" in June 1998)**

The Coalition to Repeal Proposal E submitted a petition to the Secretary of State to put the question of repealing Michigan's casino law on the November 1998 general election ballot (7/2/98). The Secretary of State's Bureau of Elections subsequently ruled that the Coalition's filing deadline was 5/27/98, and that there was no longer adequate time to validate petition signatures for the November 3 ballot (7/3/98). (Also see May 1997)

Casino Windsor opened its permanent casino facilities (7/29/98); Casino Windsor's temporary casino facility and Northern Belle Riverboat cease operations.

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### *August*

Detroit voters adopted Proposal Two, supporting Mayor Dennis Archer's selection of three Casino License applicants; voters also rejected Proposal One which would have required the City to negotiate Development Agreement with another specified local entity in lieu of MGM Grand Detroit, LLC (8/4/98).

The Coalition to Repeal Proposal E filed a petition with the Michigan Court of Appeals asking the court to direct the Secretary of State and Board of State Canvassers to place the question of repealing Michigan's casino law on the November 3 general election ballot (8/4/98). The Court of Appeals dismissed the petition (8/10/98). The Supreme Court denied application for review of the Court of Appeals decision (8/14/98). The Coalition filed a motion with Supreme Court for reconsideration (8/18/98). The Supreme Court upheld dismissal by Court of Appeals (8/26/98). (See July 1998)

The Construction Association of Michigan filed suit in US District Court, challenging provisions in the Act which prohibit and criminalize political contributions by Supplier License applicants and their immediate family members (MCL 432.207b) (8/28/98).

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### *September*

The Board of State Canvassers issued a ruling declaring the ballot petition submitted by the Coalition to Repeal Proposal E invalid (9/18/98). (See July 1998)

The Community Coalition filed petition with City of Detroit, effectively asking that City Council's zoning approval for the proposed site of MGM Grand Detroit's temporary casino be repealed. (Note: Due to "tie bar" provision in the Development Agreements, denial of zoning approval for one temporary casino facility would effectively prevent all three proposed temporary casinos from opening) (9/11/98).

The Construction Association of Michigan dismissed its lawsuit against MGCB which challenged the constitutionality of provisions in the Act prohibiting and criminalizing political contributions by Supplier License applicants and their immediate family members (MCL 432.207b) (9/24/98). (See August 1998)

Curtis Hertel, Speaker of the Michigan House of Representatives, formally requested the Attorney General for an opinion on the constitutionality of the political contribution restrictions in Section 7b of the Act (9/30/98). (See December 1998)

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### *October*

The Detroit City Council repealed the zoning ordinance for MGM Grand Detroit LLC, then adopted new zoning ordinances for all three casino applicants. The new ordinances tie zoning approval of the temporary casino sites to City appropriations for related infrastructure improvements on and around the sites. This action effectively prevented further local referendum efforts to repeal zoning approval for temporary casino locations because ordinances that provide appropriations are not subject to local referendum under the Detroit City Charter (10/15/98). (See September 1998)

The Pontiac City Council authorized Mayor Walter Moore to begin investigating feasibility of having casino gaming in Pontiac (10/16/98). (Also see December 1998)

**During its October 16 public meeting, the Board approved Executive Director Order No. 1998-01 exempting certain specified fields of commerce from Supplier licensing requirements, pursuant to Board Rule 322(4). Following the public meeting, the Board met for the first time in Closed Session to begin its statutory review of confidential information provided in the pending casino license applications (10/20/98).**

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*November*

The Community Coalition filed a second ballot petition with the City of Detroit, asking that the City Council's 10/15/98 zoning approval of MGM Grand Detroit's proposed temporary casino site be repealed or decided by local referendum (11/13/98). The City Clerk ruled that the new zoning approval was not subject to local referendum under the City Charter, and rejected the Coalition's petition (11/20/98). (See October 1998)

MGM Grand Detroit, LLC, filed suit against the Community Coalition in Wayne County Circuit Court, asking for a declaratory judgment that the new zoning ordinance for its proposed temporary casino facility is valid and not subject to repeal by local referendum (11/19/98).

Demolition work began on the old IRS Building, the site of MGM Grand Detroit's proposed temporary casino facility (11/20/98).

Casino Windsor (Ontario, Canada) reported average daily attendance of 27,800 and an average daily revenue of \$2.3 million (in Canadian funds) (11/19/98).

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*December*

**The MGCB Executive Director issued the Board's first temporary Supplier Licenses to four different supplier companies authorizing them to provide goods/services to casino license applicants while background investigations of their Supplier License applications continue (12/10/98)**

The Oakland County Commission approved a motion to ask Gov. Engler and state legislators to oppose any efforts to establish casinos in Oakland County (12/10/98). Also see October 1998.

The Michigan Senate and House of Representatives approved Tribal-State Gaming Compacts signed by Gov. John Engler, authorizing the following four additional tribes to operate casinos on tribal land in Michigan (12/11/98):

- Little River Band of Ottawa Indians - *One casino within Manistee or Mason county*
- Little Traverse Bay Band of Odawa Indians - *One casino within Emmet or Charlevoix county*
- Nottawaseppi Huron Band of Potawatomi Indians - *One casino within Calhoun county*
- Pokagon Band of Potawatomi Indians - *One casino within Allegan, Berrien, Cass or Van Buren county*

These four new Tribal-State Gaming Compacts bring the total number of tribes authorized to operate tribal casinos to 11.

**The Board announced the registration of 75 unlicensed supplier companies as approved Vendors, duly authorized to provide goods and services to casino license applicants without a Supplier License, pursuant to the Act and Board Resolution No. 1998-07 (12/15/98).**

Attorney General Frank Kelley issued a written opinion on the constitutionality of the political contribution restrictions in the Act (12/17/98) (also see September 1998). In part, Attorney General Kelley concluded that:

- The Act's prohibition of political contributions by a spouse, parent, child or spouse of a child of casino or supplier license applicants and licensees is unconstitutional because it restricts political expression too broadly, in violation of First Amendment of US Constitution.
- The Act's prohibition of political contributions by casino or supplier license applicants or licensees to local and state candidates for elective office or candidate committees is not unconstitutional.
- The Act's retroactive prohibition of political contributions to local and state candidates and committees by casino and supplier licenses applicants and licensees for one year prior to applying for such licenses is unconstitutionally overbroad and in violation of First Amendment as it applies to supplier license applicants and licensees, but not as it applies to casino license applicants and licensees.

**Gov. Engler reappointed Judge Michael Stacey to the Board for a full four-year term expiring December 31, 2002 (12/21/98).**

**Board member Dr. Jim Holley resigned (12/24/98).**

## **FUTURE ACTIVITIES**

It is impossible to predict with certainty what lies ahead for casino gaming in Michigan. However, it is tentatively projected that the MGCB will complete its background investigations of one or more of the three Casino License applicants (Detroit Entertainment, LLC; Greektown Casino, LLC; and MGM Grand Detroit, LLC) by June 1999; that the Board could issue its first Casino License shortly thereafter; that one or more temporary casino facilities could open in the summer of 1999; and that permanent casino facilities could open in 2002 or 2003. The most accurate and up-to-date information regarding future activities may be found on the MGCB website at [www.state.mi.us/mgcb/](http://www.state.mi.us/mgcb/) .

## MINORS AND COMPULSIVE GAMBLING

The *Michigan Gaming Control & Revenue Act* requires that the Board include in its Annual Report certain information that each casino licensee must compile annually regarding minors and compulsive gambling. Since no casino had yet been licensed by the MGCB through calendar year 1998, no such information has been compiled.



## **MGCB STAFF**

By the end of calendar year 1998, the MGCB staff was comprised of the following:

### **Mr. Nelson Westrin, Executive Director**

Ms. Patty James, Executive Assistant

### **Administrative Services Division**

#### **Ms. Nancy Horton, Deputy Director**

Ms. Tammy Tubbs, Executive Assistant

Mr. Tom Barker, Information Systems Program Manager

\*Ms. Jeri Burley, Executive Secretary, Detroit Office

Mr. Eric Bush, Director of Governmental Affairs

\*Mr. Greg Campbell, Information Systems Analyst

Ms. LeAnn Droste, Budget Officer

\*Mr. Philip DuLong, Network Administrator

\*Ms. Marina Kotsifis, Receptionist

Mr. Robert Nelson, Director of Communications

\*Mr. Dan Ostrom, Document & Records Specialist

\*Mr. Larry Smith, Detroit Office Administrator

\*Mr. Joe Welz, Information Systems Programmer

### **Audit & Financial Services Division**

#### **Mr. Ben McMakin, Deputy Director**

Ms. Laurie Lander, Executive Assistant

\*Mr. Rae Jim Burnett, Financial Specialist

\*Mr. Rajesh Dharia, Information Systems Auditor

\*Mr. Stratford Johnson, Casino Auditor

Mr. John Page, Audit Manager

### **Licensing & Compliance Division**

#### **Mr. Tom Nelson, Deputy Director**

Ms. Pam Duke, Executive Assistant

Mr. Nick Alagna, Casino Employee Licensing Section Manager

\*Ms. Pam Aungst, Regulation Officer

\*Ms. Myra H. Brown, Regulation Officer

\*Mr. Tom Bucia, Gaming Specialist

\*Ms. Tina Calamita, Regulation Officer

Ms. Lisa Haubrick, Regulation Officer

Mr. Pat Leen, Casino Compliance Section Manager

Ms. Carol Poshedly, Casino & Service Industry Licensing Section Manager

\*Ms. Kathy Stambaugh, Licensing Section Secretary

Mr. Dale Thibodeau, Regulation Officer

Mr. John Trafelet, Compliance Officer

\* Joined MGCB staff in 1998

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 gratefully acknowledges the excellent cooperation and assistance of these agencies and their respective staff members.

**Michigan Attorney General, Casino Control Division** (located at 1500 Abbott Road, Suite 300, East Lansing)

**Mr. Eric Eggan, Assistant Attorney General in Charge**

Mr. Jack Cahill, First Assistant Attorney General

Ms. Musette Michael, Assistant Attorney General

Mr. Peter Plummer, Assistant Attorney General

Ms. Diane Pittman, Division Head Secretary

Ms. Randalyn Jegla, Legal Secretary

**Michigan Department of State Police, Gaming Section** (located at 1355 Brewery Park Boulevard, Detroit)

**Inspector Dewayne Brantley, Commanding Officer**

Detective First Lieutenant Morris Brown

Detective Lieutenant Thomas Trombley

**Detective Sergeants:**

Timothy Fifer

Vicki Johnson

Allan Reed

Harrold Reid

Ellis Stafford

Wynonia Sturdivant

Edward Viverette

**Detective Specialists:**

Arthur Andrews

Timothy Coolidge

Robin Coppens

Kenneth Ducker

John Ely

Sean Furlong

Dwayne Gill

Kelly Goynes

John Grimshaw

Moya Hughes

David Kelly

Victor Latimore

Daniel Pizana

Paul Pummill

Paul Rambo

Emmanuel Riopelle

John Sholtz

David Weigand

Dawn Zonca

**Secretaries:**

Ms. Rebecca Blanton

Ms. Joy Curry

Ms. Patricia Zambardi

## BOARD REVENUES AND EXPENDITURES

The *Michigan Gaming Control & Revenue Act* requires that the Board include in its Annual Report information regarding the Board's financial position and results of operation under the Act. While State agencies operate on a Fiscal Year (October 1 - September 30), the Act requires that the MGCB's Annual Report be based on a Calendar Year. For the reader's convenience, both reporting years are shown here (figures rounded to nearest Thousand):

	<b>Calendar Year 1998</b> (1/1/98 - 12/31/98)	<b>Fiscal Year 1998</b> (10/1/97 - 9/30/98)
Revenue *	\$1,892.9	\$1,462.0
Expenditures & Transfers		
MGCB	\$4,775.3	\$4,220.2
Attorney General	380.6	460.0
State Police	<u>2,138.1</u>	<u>2,317.8</u>
Total Expenditures & Transfers	\$7,294.0	\$6,998.0

\* Revenue consisted of application fees for casino, supplier, and occupational licenses, and was disbursed exclusively to support expenditures incurred for conducting background investigations. Revenue generated from casino gaming will not be received from three Detroit casinos until casinos are licensed and operational. 1998 MGCB expenditures financed from General Fund advances approved by Department of Management and Budget. General Fund advances will be reimbursed with interest from State Services Fee Fund in amount and manner consistent with operating practices of State's Common Cash Fund.

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Footnote:

Fiscal Year 1998 figure for expenditures and transfers represents operating transfers, equity transfers, and expenditures. These items shown separately in State of Michigan Comprehensive Annual Financial Report (SOMCAFR). Department of Management and Budget, Office of Financial Management, reviewed and approved data as published.

Calendar Year 1998 figures not included in SOMCAFR.

## **SUMMARY OF PUBLIC ACT 69 OF 1997**

As previously noted, Proposal E, as approved by Michigan voters in the November 1996 statewide general election, was substantially amended by the Michigan Legislature in July 1997. In summary, the amended Act (Public Act 69 of 1997):

- Authorized up to three licensed casinos in the City of Detroit
- Vests the Michigan Gaming Control Board exclusive authority to license, regulate, and control the three authorized Detroit casinos
- Authorizes the MGCB 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 supplies, casino employees, and those who participate in gaming
- Establishes licensing standards and procedures for issuance of casino licenses, casino supplier licenses, and casino employee licenses
- Imposes civil and criminal penalties for violation of the Act
- Authorizes and imposes certain taxes and fees on casinos and others involved in casino gaming
- Provides for the distribution of casino tax revenue for K-12 public education in Michigan, and for capital improvement, youth programs, and tax relief in the City of Detroit
- Creates certain funds for the operation of the Board to license, regulate and control casino gaming; and funds for compulsive gambling prevention programs and other casino-related State programs
- 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 committees
- Establishes a Code of Ethics for members, employees and agents of the Board, license applicants, licensees, and others involved in gaming