

STATE OF MICHIGAN  
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, August 10, 2010  
9:30 a.m.

**MINUTES**

On Tuesday, August 10, 2010, 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  
Judge Benjamin Friedman  
Mr. Michael Watza  
Mr. Jim Plakas

Also attending were:

Richard Kalm  
Fred Cleland  
Robert Simon  
Insp. Garth Burnside  
Don McGehee  
Diane Brown

**Business:**

Ms. Rom called the staff briefing of the public meeting to order at 9:36 a.m. There was no preliminary business to discuss.

Ms. Rom stated the first order of business was to approve the minutes from the June 28, 2010, special public meeting. Ms. Rom noted that all Board members had previously received the minutes and asked if there were any questions or concerns. Ms. Rom pointed out two typographical errors and asked Board Secretary, Diane Brown, to make corrections.

It was noted for the record; Mr. Watza arrived at 9:40.

It was then moved by Ms. Rom and seconded by Judge Friedman that corrections be made to the

minutes of June 28, 2010. A voice vote was taken.

Motion carried.

Next, Mr. Kalm presented the Executive Director's report. Mr. Kalm reported that since the last Board meeting, Tom Barker, Deputy Director of Administration, Regulation Officers, Eric Cullum, Gretchen Mink and Stacy Johnson, along with Departmental Technicians, Latasha Cohen and Ann Poirier have resigned their positions. Kimberly Todd has been hired as Licensing SEMA, Roman Worobkevich has been hired as an Auditor and Michael Passage and Jack Garrett have been hired as Regulation Officers, leaving 13 authorized positions to fill.

In regard to the Board's budget, Mr. Kalm reported that as of July 31, 2010, total expenditures were \$15,643,228, which leaves an unexpended balance of \$7,397,4236 in appropriated funding for fiscal year 2010, which includes 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 that the casinos continue to operate 24/7 and for the month of June, 2010, the aggregate revenue and taxes for all 3 Detroit casinos were up .27% compared to the same month last year, however, were down 6.1% compared to the previous month, May, 2010. Revenue for MGM Grand Detroit (MGM) was up by 5.6% to \$46.2 million, whereas MotorCity and Greektown (GTC) were down .9% to 36.5 million and 6.3% to \$27 million respectively. It was noted MotorCity's revenue is down for the sixth straight month. The market shares for MGM Grand Detroit, MotorCity and Greektown for the month of June 2010 were 42%, 33% and 25% respectively.

For the month ending June 30, 2010, gaming taxes for the three Detroit casinos were \$6.7 million compared to \$10.2 million for the same period last year. It was also noted this was primarily due to Greektown Casino being granted a tax rollback of \$14.97 million, effective March 9, 2010, which is being offset against future wagering tax payments to the State and is anticipated to last through July 2010. The unused portion of the rollback was \$5,742,885.

Mr. Kalm further reported for the second quarter ending June 2010 the aggregate revenue and taxes for all three Detroit casinos were up by 2% compared to the same period last year. Revenue for MGM Grand Detroit, MotorCity and Greektown Casinos were \$145 Million, \$112 Million and \$88 Million respectively. Revenues for the quarter ending June 30, 2010, for MGM and Greektown were up by 7.0 percent and 1.3 percent for those three months respectively, whereas MotorCity was down by 3.1% compared to that same quarter last year.

For the quarter ending June 30, 2010, gaming taxes for the three Detroit casinos were \$20.8 million compared to \$30.9 million for the same period last year (due to GTC not remitting any gaming taxes while using up the tax rollback credits).

Mr. Kalm further went on to speak regarding the revenues for the three Detroit casinos for the month of July 2010.

Mr. Kalm reported the casinos continue to operate 24/7 and for the month of July 2010, the aggregate revenue and taxes for all three Detroit casinos were up by 3% compared to the same month last year. Also, revenues were up by 8.2% compared to the previous month, June 2010. Revenue for MGM Grand Detroit was up by 5.5% to \$50.4 million, and MotorCity was up by 5.5% to \$37.7 million, whereas, Greektown was down by 3.5% to \$30.6 million compared to the same month last year. The market shares for MGM, MotorCity and Greektown for the month of July 2010 were 42%, 32% and 26% respectively.

For the month of July 2010, gaming taxes for the three Detroit casinos were \$7.1 million compared to \$10.6 million for the same period last year, also primarily due to the GTC rollback.

Mr. Kalm further reported aggregate revenue for the three months ending July 2010 were up by 1%

compared to the same three month period the previous year. Revenue for the three month period ending July 2010 for MGM was up by 5%, whereas MotorCity and Greektown were down by .04% and 3.7% respectively compared to last year. Gaming taxes for the three months ending July 2010 were \$20.9 million compared to \$31.4 million for the same period last year. The unused portion of the Greektown rollback as of July 31, 2010 is \$3,261,586.47.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board that as of July 31, 2010, 1,664 active vendor exemptions are registered, 234 casino supplier companies have been granted exemptions from supplier licensing requirements, 19 active temporary nongaming-related supplier licenses and 4 active temporary gaming-related supplier licenses are in effect. In addition, a total of 122 full annual supplier licenses have been granted by the Board and to date, remain in effect.

In regard to employee licensing, Mr. Kalm advised the Board as of July 31, 2010, the Board's Employee Licensing Section had issued a total of 2,298 occupational licenses to MGM Grand Detroit Casino employees; 1,752 occupational licenses to MotorCity Casino employees; and 1,708 occupational licenses to Greektown Casino employees. In addition, for the months of June and July 2010, 1,208 employees of various licensed casino suppliers had been granted occupational licenses. To date, the Board has authorized the issuance of 17,217 occupational licenses to casino and supplier license employees; renewed 19,279 occupational licenses and denied 393 occupational license applications.

Mr. Kalm advised the Board for the months of June and July 2010, the required background investigations for 108 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 has approved 343 renewal requests on behalf of the Board.

Next, Mr. Kalm reported on the MSP Board related activity. Since the June 8, 2010 report, Detective Specialist, Scott Singleton has transferred to MSP Mortgage Fraud Unit creating two vacancy positions in the MSP Gaming Section. During the months of June and July 2010, the MSP Gaming Section investigated 127 criminal complaints and made 41 arrests. Twenty-one (21) of the complaints investigated and 19 of the arrests made were of Disassociated Persons.

Mr. Kalm announced a change in command at MSP. Inspector Ellis Stafford has been moved to a different area and Inspector Garth Burnside has been appointed to fill Insp. Stafford's position. Mr. Kalm presented Ellis Stafford with a certificate of appreciation for his years of service to the Board, May 2002 to June 2010.

Mr. Kalm informed the Board that the Board's staff had taken a pro-active approach to check the ATMs located in the casinos to inquire if they would dispense cash to customers using the State Public Assistance Debit Cards. The Board's staff discovered the ATMs would and informed DHS. Board staff has been assisting DHS with identifying the ATMs so they could work with the banks to reset them so they would not dispense cash using public assistance cards.

Next the Board considered for approval the recommendations of the Executive Director and the Licensing Division's staff regarding the 108 Level 1 and 2 occupational license applications.

It was moved by Judge Friedman and seconded by Mr. Plakas, that the Board enter an order accepting and adopting the recommendations of the Executive Director and the Licensing Division's staff for the pending 108 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 Baratta Brothers, Inc., Midwest Game Supply Company, MIG East, LLC, Paltronics Incorporated, VSR Industries and Wrightway Group, LLC.

Ms. Rom had a question regarding Paltronics' renewal due to an Acknowledgement of Violation (AOV) going before the Board at this meeting. Ms. Rom's concern was Paltronics having non-compliance issues with a variety of jurisdictions. Mr. Cleland told Ms. Rom the renewal was with conditions that must be met. Ms. Cooper, the CFO from Paltronics, spoke to the Board regarding the condition of their renewal approval, stating all payments for delinquent taxes in other jurisdictions would be made in a timely manner and proof would be provided to MGCB of those payments being made.

There being no other questions from Board members, it was moved by Mr. Plakas and seconded by Mr. Watza that the Board enter orders finding and concluding Baratta Brothers, Inc., Midwest Game Supply Company, MIG East, LLC, Paltronics Incorporated, VSR Industries and Wrightway Group, LLC., 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 August 10, 2010. A voice vote was taken.

Motion carried.

Next, Ms. Rom stated the next three items on the agenda were the renewals of the three casino licenses. Ms. Rom proposed due to the large quantity of information the Board was presented with prior to the meeting, particularly with regard to Detroit Entertainment, and MGM, they did not have the proper amount of time to review everything and therefore would like to table those two renewals for next month and take up only Greektown's renewal at this time. Mr. Watza seconded. Mr. Kalm made a statement, for the benefit of the two entities whose license renewal applications were being tabled, that the questions surround technical financial issues because of the investigators having expanded what is addressed in the renewals. He reiterated the questions are not of a regulatory nature or any specific violations or anything of that nature and is more of a technical financial nature, in order to alleviate any concerns with the renewals being tabled.

There being no other questions or comments, Ms. Rom called for a voice vote.

Motion carried.

The next item to be discussed was the Greektown casino renewal. Mr. Stocker gave a brief synopsis of what has transpired since the Board's June 28, 2010, special public meeting with regard to the transfer of interest. Mr. Stocker reported the closings did occur on a timely basis on June 30, 2010, and all funds have been made available. Mr. Stocker stated the new three member board has met and is fully operational. The other pending board members' applications are still being processed and would expect the report for Freman Hendrix to be presented at the September 14<sup>th</sup> meeting.

Next, Ms. Rom stated the Board needed to consider a motion to issue an order and notice of renewal of casino license to Greektown Casino. Motion was made by Mr. Watza and seconded by Judge Friedman. Ms. Rom asked for a roll call vote. All board members voted "aye".

Motion carried.

The next item on the agenda was the AOV of supplier licensee, Paltronics, Inc. Jason Geissler of the AG's office explained the violation as stemming from an incident which occurred on February 25, 2009. An audit was conducted by the MGCB and it was discovered several machines contained unapproved software. As a result, a violation was drafted and the parties met for a compliance conference on April 28, 2010. Paltronics agreed to acknowledge all the factual paragraphs in the proposed complaints and as a result, agreed to pay a fine in the amount of \$30,000; \$15,000 of which would be held in abeyance for one year providing they do not distribute unapproved software in Michigan again. The payments will be made over 5 months in the amount of \$3,000 each month.

Next, Ms. Rom stated the Board needed to consider a motion to approve the proposed Acknowledgement of Violation of supplier licensee, Paltronics, Inc. and issue an order adopting, accepting, and incorporating

the Acknowledgement of Violation as the Board's final decision.

It was moved by Judge Friedman and seconded by Mr. Watza that the Board enter the order for the proposed Acknowledgement of Violation for Paltronics, Inc. A voice vote was taken.

Motion carried.

Ms. Rom next asked if there were any members of the public who wished to address the Board. There were none.

Next, Ms. Rom 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 as required by the Act.

Therefore, it was moved by Mr. Plakas and seconded by Mr. Watza that 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 June 8, 2010. A roll call vote was taken.

Ms. Rom	Aye	
Judge Friedman		Aye
Mr. Watza	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 10:52 p.m.

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Diane Brown, Board Secretary