

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Monday, October 11, 2011
9:30 a.m.

MINUTES

On Tuesday, October 11, 2011, the Michigan Gaming Control Board held a public meeting at the Board office in the Cadillac Place, 3062 W. Grand Boulevard, Suite L-700, Detroit, Michigan.

Present: In attendance were the following Board members:

Ms. Barbara Rom, Chairperson
Judge Benjamin Friedman
Mr. Michael Watza

Also attending were:

Richard Kalm
Mary Kapp
Donald McGehee
Diane Brown

Business:

Ms. Rom called the staff briefing of the public meeting to order at 9:41 a.m. There was no preliminary business to discuss.

Ms. Rom stated the first order of business was to approve the minutes from the September 12, 2011, regular public meeting. Ms. Rom noted that all Board members had previously received the minutes and asked if there were any questions or concerns.

It was then moved by Mr. Watza and seconded by Judge Friedman that the minutes of the September 12, 2011, meeting be approved. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting Janine Rayford has been hired as a Department Tech in Employee Licensing. There are currently 102 employees working and 18 vacant positions.

In regard to the Board's budget, Mr. Kalm reported as of September 30, 2011, total expenditures were \$21,313,434.61, which left an unexpended balance of \$4,388,665.39 in appropriated funding for fiscal year 2011; this included the Horse Racing Budget which was transferred to Gaming and funds for anticipated expenditures to the Attorney General's Office and the Michigan State Police. Transactions for Fiscal Year 2011 will continue to be processed through November 17, 2011. At that time an actual unexpended balance for FY 2011 will be available.

Mr. Kalm next reported revenue for September 2011. For the month of September 2011, the aggregate revenue for all three Detroit casinos was up 4.1 percent compared to the same month last year. However, revenue was down by 1.1 percent compared to August 2011. Revenue for MGM Grand Detroit (MGM), and MotorCity was up by 4.5 percent to \$48.6 million, and 10.5 percent to \$38.4 million respectively; while Greektown was down by 4.4 percent to \$26.9 million compared to the same month last year. The market shares for MGM, MotorCity, and Greektown for the month of September 2011 were 43 percent, 34 percent, and 23 percent, respectively.

For the month ending September 30, 2011, gaming taxes for the three Detroit casinos were \$9.2 million compared to \$8.0 million for the same period last year.

For the month three months ending September 30, 2011, aggregate revenue for all three casinos was up by 2.3 percent compared to the same period last year. Revenue for MGM, Motorcity and Greektown for the three months ending September 2011 was \$149.1 million, \$116.5 million and \$83.4 million respectively. Revenue for the three months ending September 2011 for MGM and MotorCity was up by 2.9 percent and 8.4 percent respectively; whereas Greektown was down by 5.9 percent compared to the same three month period last year. Gaming taxes for the three months ending September 2011 were \$28.3 million compared to \$21.9 for the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of September 30, 2011; 1,181 active vendor exemptions were registered and 365 casino supplier companies had been granted exemptions from supplier licensing requirements. As of September 30, 2011, there were a total of 17 active temporary non-gaming licenses and six active temporary gaming licenses in effect. In addition, there were 113 annual supplier licenses granted to date and in effect.

In regard to employee licensing, Mr. Kalm advised the Board as of September 30, 2011, the Board's Employee Licensing Section issued a total of 2,261 occupational licenses to MGM employees, 1,838 occupational licenses to MotorCity employees, and 1,680 occupational licenses to Greektown employees. In addition, for the month of September 2011; 1,305 employees of various licensed casino suppliers had been granted occupational licenses. Mr. Kalm went on to state the number of temporary licenses for casino and supplier employees is currently 31. To date, the Board has authorized the issuance of 18,796 occupational licenses to casino and supplier license employees, renewed 22,519, and denied 393 application requests.

Mr. Kalm advised the Board for the month of September the required background investigations for 82 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 385 renewal requests, and 33 Level 3 requests on behalf of the Board.

Mr. Kalm reported on MSP Board related activity. Since the September 2011 meeting there are three D/Sgt. positions and four D/Spl. positions vacant. Another D/Spl. position is expected to be vacant on October 30, 2011. Significant MSP activity included the investigation of 64 original complaints and 12 arrests. Mr. Kalm also noted an additional four arrests were made from warrants that were authorized from previous incidents by MSP. There were 25 total arrest counts (charges).

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing Division's staff regarding the 82 Level 1 and 2 occupational license applications.

It was moved by Mr. Watza and seconded by Judge Friedman that the Board enter an order accepting and adopting the recommendations of the Executive Director and the Licensing Division's staff for the pending 82 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 applications of Black Ties Staffing, LLC; G.W.Sweis Investments, LLC; Global Cash Access, Inc.; Ideal Gifts Company; and SMS Staffing Solutions, Inc.

There being no questions from Board members, it was moved by Judge Friedman and seconded by Mr. Watza that the Board enter orders finding and concluding Black Ties Staffing, LLC; G.W.Sweis Investments, LLC; Global Cash Access, Inc.; Ideal Gifts Company; and SMS Staffing Solutions, Inc. and their qualifiers are eligible and suitable for licensure under the licensing standards and requirements of the Act and Rules of the Board, and accordingly, grant their supplier license applications. A voice vote was taken.

Motion carried.

Ms. Rom stated the next item on the agenda was the pending supplier license renewal of Ainsworth Game Technology, Ltd., Del Bene Produce, Inc., Enterprise Cap & Gowns, Inc., Heldon Shoe Company, LaBelle Electric Services, Inc., Lavdas Enterprises, Inc., Master Craft Carpet Services, Inc., Midwest Pro Painting, Inc., Midwest Steel, Inc., and The Mina Group.

There being no questions from Board members, it was moved by Mr. Watza and seconded by Judge Friedman that the Board enter orders finding and concluding that Ainsworth Game Technology, Ltd., Del Bene Produce, Inc., Enterprise Cap & Gowns,

Inc., Heldon Shoe Company, LaBelle Electric Services, Inc., Lavdas Enterprises, Inc., Master Craft Carpet Services, Inc., Midwest Pro Painting, Inc., Midwest Steel, Inc., and The Mina Group, 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 October 11, 2011. A voice vote was taken.

Motion carried.

Ms. Rom stated the next item on the agenda was the eligibility of Greektown Casino, LLC Key person, Mr. Glen Tomaszewski.

There being no questions from Board members regarding Mr. Tomaszewski's eligibility, it was moved by Judge Freidman and seconded by Mr. Watzka the Board enter an order finding and concluding Mr. Glen Tomaszewski is eligible for licensure under the licensing standards and requirements of the Act and Rules of the Board. And accordingly, grant the request. A voice vote was taken.

Motion carried.

Ms. Rom stated the next item on the agenda was the approval of the proposed Acknowledgement of Violation of supplier licensee Aristocrat Technologies, Inc.

Melinda Leonard, Assistant Attorney General explained that Aristocrat Technologies shipped unapproved software for electronic gaming devices to MGM in violation of Rule 432.1842(1). Aristocrat acknowledged sending the devices that contained a revoked version of its Deviled Eggs game and also a version of its Golden Goose game which had been approved in Tribal jurisdictions in Michigan but not by the MGCBB regulated casinos. Aristocrat agreed to pay a \$30,000 fine with \$15,000 of that held in abeyance provided that there is no further violation of the same rule within one year of the approval of Acknowledgement of Violation. Mr. Stocker spoke and confirmed what Ms. Leonard told the board and stated that to correct this type of error Aristocrat has installed the Manage 2000 automated system for ordering. The Manage 2000 system will double check to confirm whether or not a particular game has been approved by a particular jurisdiction. Ms. Rom asked how the violation was discovered and Mr. Stocker stated that the Golden Goose matter was self-reported and the Deviled Egg matter was discovered by Board staff during a routine inspection of machines on the gaming floor.

It was then moved by Mr. Watzka and seconded by Judge Friedman that the Board accept the proposed Acknowledgement of Violation as agreed to by the Michigan Gaming Control Board and issue an order adopting, accepting and incorporating the Acknowledgement of Violation as the Board's final decision. A voice vote was taken.

Motion carried.

The next item on the agenda was the approval of the proposed Acknowledgement of Violation of supplier licensee Shuffle Master Inc. Mr. McGehee explained the fine which was assessed at \$25,000 was the result of Shuffle Master having an employee who was

conducting training on the floor of MotorCity Casino on or about September 1, 2010, who did not have a gaming license. The employee, Patrick Huff, was asked by an MCC security officer if he had a license and he stated that he did not have it on him and would bring it the next day. Mr. Huff also told the security officer that he did not need a license because he would be conducting training in a training room. Mr. Huff was issued a visitor's pass. Subsequently MCC Vice-President of Operations, Claudette Holmes, asked Mr. Huff to conduct the training on the gaming floor because the training rooms were full. After observing Mr. Huff on surveillance, the Board regulation officer approached Mr. Huff who admitted to not having a license. Since there was a previous violation by Shuffle Master in 2007 where another employee who was doing training or working on a table game was in a gaming area of the casino without a license. Mr. Stocker spoke on behalf of Shuffle Master and stated that the individual involved has been terminated by Shuffle Master and there have been significant changes in Shuffle Master's senior management. Shuffle Master has implemented a system in their intranet site that identifies each individual and the jurisdictions in which they are licensed. Before travel for an employee is approved this system is checked as to whether or not they are licensed in that jurisdiction.

Ms. Rom asked the question regarding the statement made by the trainer that he did not need a license if he is in a training room off the floor. Mr. McGehee disagreed with the trainer's statement saying if he is in the business of the gambling operation, related to it or involved in it, then he should have a license.

There being no other questions it was then moved by Judge Friedman and seconded by Mr. Watza that the Board accept the proposed Acknowledgement of Violation as agreed to by the Michigan Gaming Control Board and issue an order adopting, accepting and incorporating the Acknowledgement of Violation as the Board's final decision. A voice vote was taken.

Motion carried.

Next, Ms. Rom asked if there were any members of the public who wished to address the Board. There being none, Ms. Rom then stated the Board needed to consider a motion to go into closed session immediately following public comment for the purpose of receiving legal advice and counsel from the Board's attorney regarding pending Board litigation and receiving confidential notification regarding the names of the individuals placed on the Board's Disassociated Persons List since the Board's last public meeting on September 12, 2011, as required by the Act.

Ms. Rom also stated that the Board's next regular public meeting was scheduled for November 8, 2011 at 9:30 a.m.

Therefore, it was moved by Mr. Watza and seconded by Judge Friedman the Board consider a motion to go into closed session immediately following the first portion of the 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 September 12, 2011. A roll call vote was taken.

Ms. Rom	Aye
Judge Friedman	Aye
Mr. Watza	Aye

Motion Carried.

After the closed session the public meeting was reconvened and there being no other business, Ms. Rom adjourned the meeting at 10:48 a.m.

Diane Brown, Board Secretary