

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Wednesday, November 12, 2014
9:30 a.m.

MINUTES

On Wednesday, November 12, 2014, the Michigan Gaming Control Board held a public meeting at the Board office in the Cadillac Place, 3062 W. Grand Boulevard, Suite L-700, Detroit, Michigan.

Present: In attendance were the following Board members:

Mr. Robert Anthony, Chairperson
Mr. Patrick McQueen
Mr. Andrew Palms
Mr. Dennis Beagen
Mr. Michael Watza

Also attending was:

Richard Kalm, Executive Director
Inspector, Phillip Menna, MSP
Donald McGehee, Assistant Attorney General
Diane Brown, Board Secretary

Absent: None

Business:

Mr. Anthony called the public meeting to order at 9:30 a.m. It was noted for the record, all members were present. There was no preliminary business for discussion.

Mr. Anthony stated the first order of business was to approve the minutes from the Board's last regular public meeting held September 9, 2014. Mr. Anthony noted all Board members had previously received copies of the minutes and asked if there were any questions, concerns, or corrections.

There being none, a motion was made by Mr. Watza, which was supported by Mr. Beagen for the Board to accept and approve the minutes of the September 9, 2014, regular public meeting. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting several new employees were hired; Janet Twomey-Daye, Michael Ciucci, Dan Minzey, Mark LaBerge, and Carl Barton were hired as Regulation Officers. Kevin Nosotti was hired as a Financial Analyst, Heather Dery as a Secretary, and Fredericka Dupree as a Departmental Technician. Justin Teel, Liz Rademacher, and Anisa Alagna resigned their positions. There are currently 126 employees and 24 vacant positions. The full Board roster includes the millionaire party enforcement and regulation group.

In regard to the Board's budget, as of October 31, 2014, total expenditures were \$459,500 leaving an unexpended balance of \$26,721,300 in appropriated funding for fiscal year 2015; which includes funds for anticipated expenditures to the Attorney General's Office and the Michigan State Police.

Mr. Kalm next reported aggregate revenue for the three Detroit casinos for the month ending September 30, 2014, was down 3.0% compared to September 30, 2013. Revenue was down 8.5% compared to August 2014. Year-to-date through September 30, 2014, aggregate revenue was down 2.9% compared to the same period last year.

Mr. Kalm next reported aggregate revenue for the three Detroit casinos for the month ending October 31, 2014, was up 6.6% compared to August 2013. Revenue was up 10% compared to September 2014. Year-to-date through October 31, 2014, aggregate revenue was down 2% compared to the same period last year.

Revenue for MGM was up 1.6%, MotorCity was up 7.4%, and Greektown was up 15%, when compared with October 2013.

The market shares for MGM, MotorCity, and Greektown for October 2014 were 42%, 33%, and 25%, respectively.

For the month ending October 31, 2014, gaming taxes for the three Detroit casinos were \$9.2 million compared to \$8.6 million for the same period in 2013.

For the three-month period ending October 31, 2014, aggregate revenue was up 1.1% compared to the same period last year. Gaming revenue for the same three-month period compared to 2013, was MGM \$137.5 million; MotorCity \$108.8 million; and Greektown \$82.8 million.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of October 31, 2014, 973 active vendor exemptions were registered. Vendors with exemptions are authorized to conduct business with the three Detroit casinos without having to go through the full licensure requirement. As of October 31, 2014, 419 casino supplier companies were granted exemptions from supplier licensing requirements. As of October 31, 2014, there were a total of 15 active temporary nongaming-related and two active temporary gaming-related supplier licenses in effect. In addition there are 113 annual supplier licenses in effect.

In regard to employee licensing, Mr. Kalm advised the Board as of October 31, 2014, the Board's Employee Licensing section issued a total of 2,098 occupational licenses to MGM employees; 1,689 occupational licenses to MotorCity employees; and 1,429 occupational

licenses to Greektown employees. In addition, through the month of October 2014, 1,636 employees of various licensed casino suppliers have been granted occupational licenses. There are currently 69 temporary occupational licenses issued.

Mr. Kalm advised the Board since the September meeting; the required background investigations for 162 pending Level 1 and 2 occupational licenses have been completed. Pursuant to Board Resolution No. 2002-02, Mr. Kalm previously approved 534 renewal requests and 118 Level 3 requests on behalf of the Board.

Mr. Kalm reported on Michigan State Police (MSP) Board-related activity. It was noted MSP has several vacancies.

Mr. Kalm informed the Board of several noted MSP activities for the months of June through August, which were not available in the public forum but for Board information only.

Next, the Board considered for approval, the recommendations of the Executive Director and the Licensing & Regulation Division's staff regarding the 162 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. Beagen and supported by Mr. Palms that the Board enter an Order accepting and adopting the recommendations of the Executive Director and the Licensing & Regulation Division's staff for the pending 162 Level 1 and 2 occupational license applications. A voice vote was taken.

Motion carried.

The next agenda item was consideration of the pending supplier license application of Milano Bakery, Inc.

There being no questions from Board members a motion was made by Mr. Palms and supported by Mr. Watza that the Board enter an Order finding and concluding the applicant is eligible and suitable for licensure and accordingly, grant the request. A voice vote was taken.

Motion carried.

Next agenda item was consideration of the pending supplier license renewal applications of Absolute Imaging Professionals, Inc. d/b/a Absolute Images; Brainstorm Logistics, LLC; CP Procurement Services, Inc.; Del Bene Produce, Inc.; Duffey, Petrosky & Company, LLC; E-Gads, LLC; Gold Star Equipment, Inc. d/b/a Gold Star Products; Halifax Security, Inc. d/b/a North American Video; International Market Place, Inc. d/b/a Fishbone's Rhythm Kitchen Café; NRT Technology Corp.; Renaissance Man Food Services, LLC; Suburban Motors Company, Inc. d/b/a Suburban Cadillac Buick; Turner-Brooks, Inc.; Unique Linen Services, Inc.; and Wing Construction, Inc.,

There being no questions from Board members a motion was made by Mr. Watza and supported by Mr. Beagen that the Board enter Orders finding the above-listed suppliers and their qualifiers eligible and suitable for license renewal and, accordingly, grant the requests for a new one-year period. A voice vote was taken.

Motion carried.

Next was the consideration of the suitability of Kathleen Marie Conlon as new key person of supplier licensee Aristocrat Technologies. There were no questions from Board members. A motion was made by Mr. McQueen and supported by Mr. Palms that the Board enter an Order finding and concluding Kathleen Marie Conlon is suitable as a new key person of Aristocrat Technologies, Inc. A voice vote was taken.

Motion carried.

Next was the consideration of the suitability of Georgia Worldwide PLC as a new key person of supplier licensee GTECH USA, LLC. There being no questions from Board members it was moved by Mr. Beagen and supported by Mr. Palms that the Board enter an Order finding and concluding Georgia Worldwide PLC is suitable as a new key person of GTECH USA, LLC. A voice vote was taken.

Motion carried.

Next was the consideration of the suitability of Anton David Nikodemus as new key person of casino licensee MGM Grand Detroit. There being no questions from Board members it was moved by Mr. Palms and supported by Mr. Watza that the Board enter an Order finding and concluding Anton David Nikodemus is suitable as a new key person of MGM Grand Detroit. A voice vote was taken.

Motion carried.

The next agenda item was the consideration for approval of the Transfers of Interest for Bally Gaming, Inc. d/b/a Bally Technologies; Duffey, Petroskey & Company, LLC; GTECH USA, LLC; Multimedia Games, Inc.; and Turner-Brooks, Inc. There being no questions from Board members, a motion was made by Mr. Watza and supported by Mr. Beagen and Mr. Palms that the Board approve the Transfers. A voice vote was taken.

Motion carried.

Next on the agenda was to consider the Acknowledgement of Violation (AOV) for MGM Grand Detroit Casino. Assistant Attorney General Jason Geissler summarized the violations for the Board. Mr. Geissler stated the AOV involved a series of incidents which were consolidated into one AOV for administrative purposes. One matter involved an employee and credit processing violations by engaging in fraudulent activity and opening false files, issuing markers when they should not have been issued, writing off certain debts that should not have been written off, all totaling approximately \$700,000. The casino agreed to a fine of \$150,000 with \$25,000 held in abeyance. The remaining violations involved supplier licenses, minors in the casino, W2G tax reporting, and disassociated persons. The total amount of fines imposed was \$350,000 with \$50,000 of that being held in abeyance.

Mr. Anthony questioned the amount of time it has taken to resolve these matters and Mr. McGehee, Mr. Geissler, and Peter Ellsworth, the MGM Representative, explained these matters wrapped up some old issues going back six or seven years. Any other matters in discussion are more current. With no other questions by Board members, Mr. McQueen put forth a motion to accept the violation which was supported by Mr. Watza. A voice vote was taken.

Motion carried.

The next agenda item was the AOV for supplier licensee, International Gaming Technologies (IGT). Mr. Geissler also summarized the facts involved in this violation. Mr. Geissler explained there had been a power outage at MototCity Casino which caused a bank of IGT electronic gaming devices to experience some problems and require software updates. The software which was used to address the issue was unapproved or previously revoked. When the error was discovered, IGT replaced the unapproved software with the correct software. Using unapproved software is a violation of Administrative Rules and therefore resulted in a fine of \$10,000.

Mr. Waddell, IGT's representative, addressed the board and outlined IGT's plan and the steps in place to insure this will not happen again. There being no questions from Board members, Mr. Beagen put forth a motion to accept the violation which was supported by Mr. Palms. A voice vote was taken.

Motion carried.

Next on the agenda was the AOV for occupational licensee, Yvonne Purifoy. Ms. Purifoy worked as a bartender at Greektown Casino. Mr. Thomas Nafso the Assistant Attorney General, summarized the facts and the violation. The violation involved the renewal of Ms. Purifoy's occupational license. In May 2013, Ms. Purifoy was sent a notice that her license would expire in July of the same year. The board did not receive a renewal application from Ms. Purifoy and in February 2014 Ms. Purifoy went to the Board office and inquired about the status of her renewal application. She was informed her application had not been received and upon further investigation by Board staff, it was discovered she had been working without a license for eight months. Ms. Purifoy subsequently completed a renewal application and was granted a temporary license. Ms. Purifoy entered into an AOV for the amount of \$250 paid over five months at \$50 per month. Neither Ms. Purifoy nor her representative was present at the meeting. There being no questions from Board members, Mr. Palms made a motion which was supported by Mr. Beagen that the Board accept the violation. A voice vote was taken.

Motion carried.

The next agenda item also involved an occupational licensee, Ebony Cash. Ms. Cash worked as a security officer at MotorCity Casino. Ms. Cash was arrested in September 2014 for home invasion; however this is unrelated to facts of the violation but triggered an investigation into Ms. Cash's residence address and uncovered other questions regarding this address and benefits Ms. Cash applied for with the Department of Human Services. Ms. Cash applied for a Bridge Card while not disclosing that she lived with her child's father in the same home, which would decrease her benefits if disclosed. She also submitted a false lease agreement in the name of a landlord who she admitted did not exist for a rental reimbursement request of \$550 a month. Ms. Cash's license was summarily suspended on September 26, 2014. An Administrative hearing was held on October 8, 2014. The Administrative Law Judge issued a Proposal for Decision upholding the summary suspension but leaving the question of revoking her license to the Board. As it relates to Ms. Cash's suitability for licensure, her false statements, and her applications to the Department of

Human Services for benefits she may not be entitled to, Board staff and the Assistant Attorney General's office requested Ms. Cash's license be revoked.

Ms. Cash addressed the Board stating that while she understands suspending her license, she does not understand revoking it. Mr. Anthony asked if she could reapply for a license and Mr. Nafson confirmed she could reapply after one year.

There was discussion on how to state the motion and it was ultimately put forth by Mr. Watza that the Board uphold the Administrative Judge's decision enforcing the suspension. Mr. Beagen supported the motion. During a discussion there were questions regarding her suitability, Mr. Watza withdrew his original motion, which was agreed to by Mr. Beagen. Ultimately Mr. Anthony put forth a motion that the Board enter a final decision and order in the matter of suspension of Ms. Cash's occupational license while not revoking it. The motion was supported by Mr. Watza. A voice vote was taken.

Motion carried.

There were no requests for public comment.

Mr. Anthony then stated the Board's next regular public meeting is scheduled for Tuesday, January 13, 2015 at 9:30 a.m.

Mr. Anthony then announced the Board would entertain a motion to go into closed session. A motion was made by Mr. Palms and supported by Mr. Beagen. A roll call vote was taken.

Motion carried.

Following the closed session, Mr. Anthony asked for a motion to approve the minutes from the Board's last closed session on September 9, 2014. Mr. Beagen made the motion which was supported by Mr. McQueen. A voice vote was taken.

Motion carried.

Next, Mr. Anthony asked for a motion to adjourn the public meeting. It was moved by Mr. Palms and supported by Mr. Beagen to adjourn the meeting. A voice vote was taken.

Motion carried.

Meeting adjourned at 10:50 a.m.

/s/

Diane Brown, Board Secretary