

# 2019 Michigan Gaming Control Board Indian Gaming

## Annual Report to the Citizens of Michigan



# **Indian Gaming Section Annual Report to the Citizens of Michigan**

Calendar Year 2019



Michigan Gaming Control Board  
101 East Hillsdale Street  
Lansing, MI 48933

Submitted April 15, 2020

*Please direct inquiries to*  
David Hicks - (517) 241-1659

*This document is also available online at*  
[www.michigan.gov/mgcb](http://www.michigan.gov/mgcb)



**GRETCHEN WHITMER**  
GOVERNOR

STATE OF MICHIGAN  
**MICHIGAN GAMING CONTROL BOARD**  
DETROIT

**RICHARD S. KALM**  
EXECUTIVE DIRECTOR

April 15, 2020

To the Citizens of the Great State of Michigan:

On behalf of the Michigan Gaming Control Board (MGCB), I am pleased to submit to you the Indian Gaming Annual Report for the period of January 1, 2019, through December 31, 2019. The following report includes a summary of significant activities and operations for this time period.

The Indian Gaming and Legal Affairs Division of the Michigan Gaming Control Board continued its oversight efforts of the Tribal-State Class III Gaming Compacts through the conduct of inspections. In fulfilling our duties and responsibilities, the MGCB continues to receive invaluable assistance from the Michigan Attorney General's Office and the Governor's Legal Counsel.

As always, we strive to increase positive communications with all of the tribes and encourage voluntary tribal compliance with the Compacts on a government-to-government basis.

Sincerely,

/S/

Richard S. Kalm  
Executive Director



# Michigan Gaming Control Board

Indian Gaming Annual Report 2019

## **TABLE OF CONTENTS**

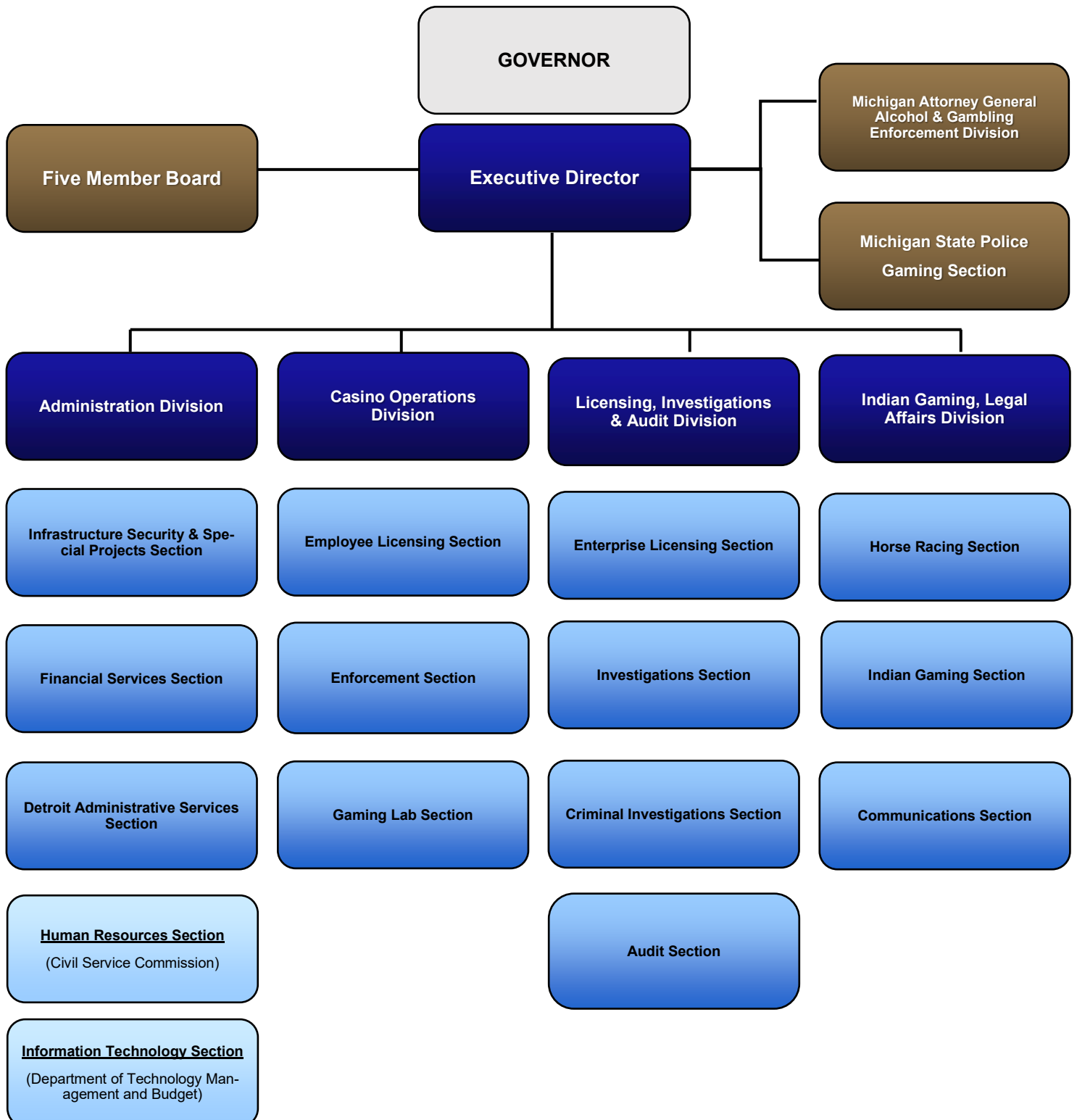
<b>Section:</b>	<b>Page:</b>
Michigan Gaming Control Board Organization Chart	1
Michigan Indian Gaming Regulatory Framework	2
Michigan Indian Gaming Year in Review	3
Indian Gaming Section Mission, Personnel, Source of Funding, and Total Expenditures	4
Payments to Local and State Government	4
Indian Gaming Chart of Revenue Sharing Provisions	5
Indian Gaming Section Oversight Accomplishments	6-7
Michigan's Tribal Class III Casinos - Map	8
Michigan Tribal Class III Casino Information	9



# Michigan Gaming Control Board

Indian Gaming Annual Report 2019

## Michigan Gaming Control Board Organization Chart







# Michigan Gaming Control Board

Indian Gaming Annual Report 2019

## **Michigan Indian Gaming Regulatory Framework**

The federal government passed the Indian Gaming Regulatory Act of 1988 (IGRA), which authorizes Indian tribes to operate casino gaming on their Indian lands. Lawmakers believed IGRA would create economic development and self-sufficiency on Indian tribal lands, meet tribal requests for authorized casino gaming, and ensure that state governments would be involved in the oversight of Class III gaming operations. Under IGRA, Class III gaming activities are lawful on Indian lands only if such activities are conducted in conformance with a Tribal-State Class III Gaming Compact (Compact). Before a Compact becomes effective, IGRA requires the Office of the Secretary, United States Department of the Interior, approve the Compact and publish its approval in the Federal Register.

The State of Michigan has entered into Compacts with 12 Native American tribes. The 12 Compacts have produced 24 Class III tribal casinos located throughout the State. *(Please see the map of Michigan's Tribal Class III Casinos and table of Michigan Tribal Class III Casino Information on pages 8 and 9 of this report.)*

Federally recognized tribes are individual sovereign nations. Under the Compacts, the regulation of Indian casino gaming is the responsibility of the tribes; therefore, Michigan has no regulatory authority over Class III gaming conducted on Indian lands. Although the State of Michigan does not regulate Indian casino gaming, the State does have oversight authority over compliance with the provisions of the Compacts and related Consent Judgments.

The MGCB Executive Director holds the duty and authority to conduct oversight of Tribal Compacts related to Indian gaming. It is MGCB's responsibility to conduct the inspections of Class III gaming facilities and records, pursuant to and in accordance with the provisions of the Compacts. This oversight authority includes conducting inspections of the tribal casinos' operations to determine the extent of their compliance with the Compacts and related Consent Judgments.

Board members of MGCB have no oversight role or authority over the Tribal-State Compacts.



# Michigan Gaming Control Board

Indian Gaming Annual Report 2019

## **Michigan Indian Gaming Year in Review**

### ***Indian Lands Eligible for Class III Gaming***

Since June 2014, the Sault Ste. Marie Tribe of Chippewa Indians has attempted to place land located within Lansing and Huron Charter Township into trust with the intention of conducting gaming activities. A land-into-trust acquisition is mandatory pursuant to the Michigan Indian Land Claims Settlement Act, Public Law 105-143 (MILCSA) if certain conditions are met. In late 2017, the Department of Interior decided the applications, concluding the Tribe failed to demonstrate the acquisition of the parcels would meet the conditions necessary. Later in 2018, the Tribe filed a lawsuit against the former Secretary of Interior, Ryan Zinke, and the Department of Interior.

Similarly, in November 2010, the Bay Mills Indian Community opened a casino in the village of Vanderbilt on land the Tribe claims to have purchased with funds derived from MILCSA. Following years of litigation, the State and Tribe agreed to proceed with the Tribe's lawsuit against former Governor Rick Snyder. In September 2018, the district court granted the State's motion for summary judgment, ruling that the lands are not eligible for gaming. In December 2019, the 6th Circuit Court of Appeals vacated the ruling and sent the case back to the lower court for more proceedings.

MGCB will continue to monitor for any future developments.

### ***State of Michigan Gaming Acts of 2019***

In December 2019, the Lawful Internet Gaming Act, Fantasy Contests Consumer Protection Act and Lawful Sports Betting Act (Acts) were passed in the State of Michigan. These three Acts will allow commercial gaming facilities and Indian tribes that operate Class III casinos in Michigan the option to conduct internet gaming, online sports betting and fantasy contests. Michigan's federally recognized Indian tribes will be eligible to apply to MGCB for internet gaming and internet sports betting operator licenses and will be subject to MGCB regulation as prescribed in the Acts. Rules to implement the new Acts will have unique implications relative to tribes and the application of federal and state law.

### ***Onsite Tribal Sports Betting***

The Lawful Sports Betting Act contains provisions that essentially require the governor to authorize sports betting under section 3(b) of the compacts. Several of Michigan's federally recognized Indian tribes have discussed plans publicly to open sportsbooks in their casinos. Sports betting conducted in a tribal casino is not subject to state law (except as provided for in federal law). Instead, it is subject to federal law and the compacts. MGCB will have oversight authority over any provisions of a compact that apply to onsite tribal sports betting in Michigan.



# Michigan Gaming Control Board

Indian Gaming Annual Report 2019

## **Indian Gaming Section Mission, Personnel, Source of Funding, and Total Expenditures**

Located at the MGCB Lansing office, the Indian Gaming Section is comprised of one manager, five audit staff, and one student assistant. The section conducts inspections of tribal casinos to verify compliance with the Tribal-State Class III Gaming Compacts and related Consent Judgments. The Indian Gaming Section reports to the Deputy Director of the Indian Gaming & Legal Affairs Division of MGCB. *(Please see Michigan Gaming Control Board Organization Chart on page 1).*

The Compacts provide that the tribes shall make annual payments to the State to be applied toward the costs incurred in carrying out functions authorized by their terms. Some tribes, subject to certain exclusivity provisions, are required by the Compacts and related Consent Judgments to remit a percentage of their annual net win, derived from all Class III electronic games of chance, to the Michigan Strategic Fund (MSF) or Michigan Economic Development Corporation (MEDC). The MEDC provides funding to the Indian Gaming Section for oversight related to these payments.

All funds are placed into MGCB's Native American Casino Fund, which recorded expenditures and transfers of \$858,388 during calendar year 2019.

## **Payments to Local and State Government**

Under provisions of the Compacts and related Consent Judgments, all tribes are required to remit 2 percent of their respective net win to local units of state government or local revenue sharing boards. For the reporting period 2019, tribes collectively remitted \$30.4 million to local units of state government/local revenue sharing boards in 2 percent payments. *(Please see the table on page 5 for the 2 percent payments by tribe for 2019.)*

In addition, the Compacts and Consent Judgments require some tribes, based on exclusivity provisions, to remit payments to the MEDC or MSF. The percentage of net win paid to the MEDC or MSF ranges from 2 percent to 12 percent, depending on the exclusivity provision contained in the Compact or related Consent Judgment. For reporting period 2019, tribes remitted \$54.6 million in payments to the MEDC and MSF. *(Please see the table on page 5 for the MEDC/MSF payments by tribe for 2019.)*





# Michigan Gaming Control Board

Indian Gaming Annual Report 2019

## Indian Gaming Chart of Revenue Sharing Provisions

Tribe	Compact Year	Percentage of Net Win to Local Gov't	2019 Amount <sup>(5)</sup>	Percentage of Net Win to MEDC/MSF	2019 Amount <sup>(5)</sup>
Bay Mills Indian Community	1993	2%	\$ 429,302	0%	\$ -
Grand Traverse Band of Ottawa and Chippewa Indians	1993	2%	\$ 1,538,689	0%	\$ -
Hannahville Indian Community	1993	2%	\$ 1,054,439	2-7%	\$ 1,136,097 <sup>(1)</sup>
Keweenaw Bay Indian Community	1993	2%	\$ 546,395	8%	\$ 2,309,579
Lac Vieux Desert Band of Lake Superior Chippewa Indians	1993	2%	\$ 258,885	0%	\$ -
Saginaw Chippewa Indian Tribe	1993	2%	\$ 6,120,314	0%	\$ -
Sault Ste. Marie Tribe of Chippewa Indians	1993	2%	\$ 1,385,022	0%	\$ -
Little River Band of Ottawa Indians	1998	2%	\$ 1,742,356	6%	\$ 5,227,067
Little Traverse Bay Bands of Odawa Indians	1998	2%	\$ 1,104,567	6-10%	N/A <sup>(2)</sup>
Nottawaseppi Huron Band of the Potawatomi	1998	2%	\$ 5,855,558	4-8%	\$ 18,922,234
Pokagon Band of Potawatomi Indians	1998	2%	\$ 5,731,527	6-8%	\$ 16,873,262
Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians	2007	2%	\$ 4,686,816	8-12%	\$ 10,217,016 <sup>(4)</sup>
<b>Total<sup>(5)</sup></b>			<b>\$ 30,453,870</b>		<b>\$ 54,685,255</b>

(1) Amount does not include payments made to an interest-bearing escrow account designated for Bark River-Harris School District, as required for payments beginning in fiscal year 2017 in the Hannahville Agreement and Stipulation for Entry of a Consent Judgment, dated March 14, 2017. Amount does include payments made to Travel Michigan and the Michigan Strategic Fund as required for payments beginning in fiscal year 2017 in the Hannahville Agreement and Stipulation for Entry of a Consent Judgment, dated March 14, 2017.

(2) The Little Traverse Bay Bands of Odawa Indians began to withhold payments to the MEDC/MSF starting in the 2018 payment period.

(3) Amount includes payments remitted to the Michigan Strategic Fund and Michigan Native American Heritage Fund, as required pursuant to the 2016 amendment to the Tribal-State Compact between the Nottawaseppi Huron Band of the Potawatomi and the State of Michigan.

(4) Pursuant to a partial settlement agreement between the Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians and the State of Michigan, amounts due to the MEDC/MSF are to be disbursed as follows: (1) 50% to the MSF; (2) 15% to GLIMI, LLC ; and (3) 35% retained by the Tribe. The 2019 total (above) includes only those amounts remitted to the MSF.

(5) Totals are based on the tribes' payment period. In addition, the totals may differ from totals presented on MGCB website due to rounding.



# Michigan Gaming Control Board

Indian Gaming Annual Report 2019

## Indian Gaming Section Oversight Accomplishments

### ***Net Win Inspections***

MGCB's oversight authority includes performing financial inspections to ensure the net win totals are stated accurately and the related payments to local units of state government or local revenue sharing boards and the Michigan Economic Development Corporation or Michigan Strategic Fund are remitted properly in accordance with the relevant Compacts and related Consent Judgments.

In calendar year 2019, the Indian Gaming Section presented five final net win inspection reports to five tribes, which encompassed 12 fiscal years, as follows:

<b>Tribe</b>	<b>Fiscal Year</b>
Pokagon Band of Potawatomi Indians	2016
Pokagon Band of Potawatomi Indians	2017
Nottawaseppi Huron Band of the Potawatomi Indians	2016
Nottawaseppi Huron Band of the Potawatomi Indians	2017
Sault Ste. Marie Tribe of Chippewa Indians	2016
Sault Ste. Marie Tribe of Chippewa Indians	2017
Bay Mills Indian Community	2016
Bay Mills Indian Community	2017
Bay Mills Indian Community	2018
Hannahville Indian Community	2016
Hannahville Indian Community	2017
Hannahville Indian Community	2018

In addition, fieldwork and write-up were performed for three tribes covering six fiscal years. The final reports from these inspections are forthcoming.



## **Indian Gaming Section Oversight Accomplishments (Continued)**

### ***Compliance Inspections***

The Compacts contain several provisions which require compliance oversight. MGCB's Indian Gaming Section performs inspections to ensure compliance with Compact provisions pertaining to authorized Class III games, regulation of Class III gaming, employee benefits, Bank Secrecy Act, providers of Class III gaming equipment and supplies, notice to patrons, and the sale of alcoholic beverages.

During calendar year 2019, the Indian Gaming Section presented five final compliance inspection reports to five Tribes, which provide detail on the extent of compliance with various sections of the Compacts. These are:

<b>Tribe</b>	<b>Fieldwork Year</b>
Pokagon Band of Potawatomi Indians	2018
Nottawaseppi Huron Band of the Potawatomi Indians	2018
Sault Ste. Marie Tribe of Chippewa Indians	2018
Bay Mills Indian Community	2019
Hannahville Indian Community	2019

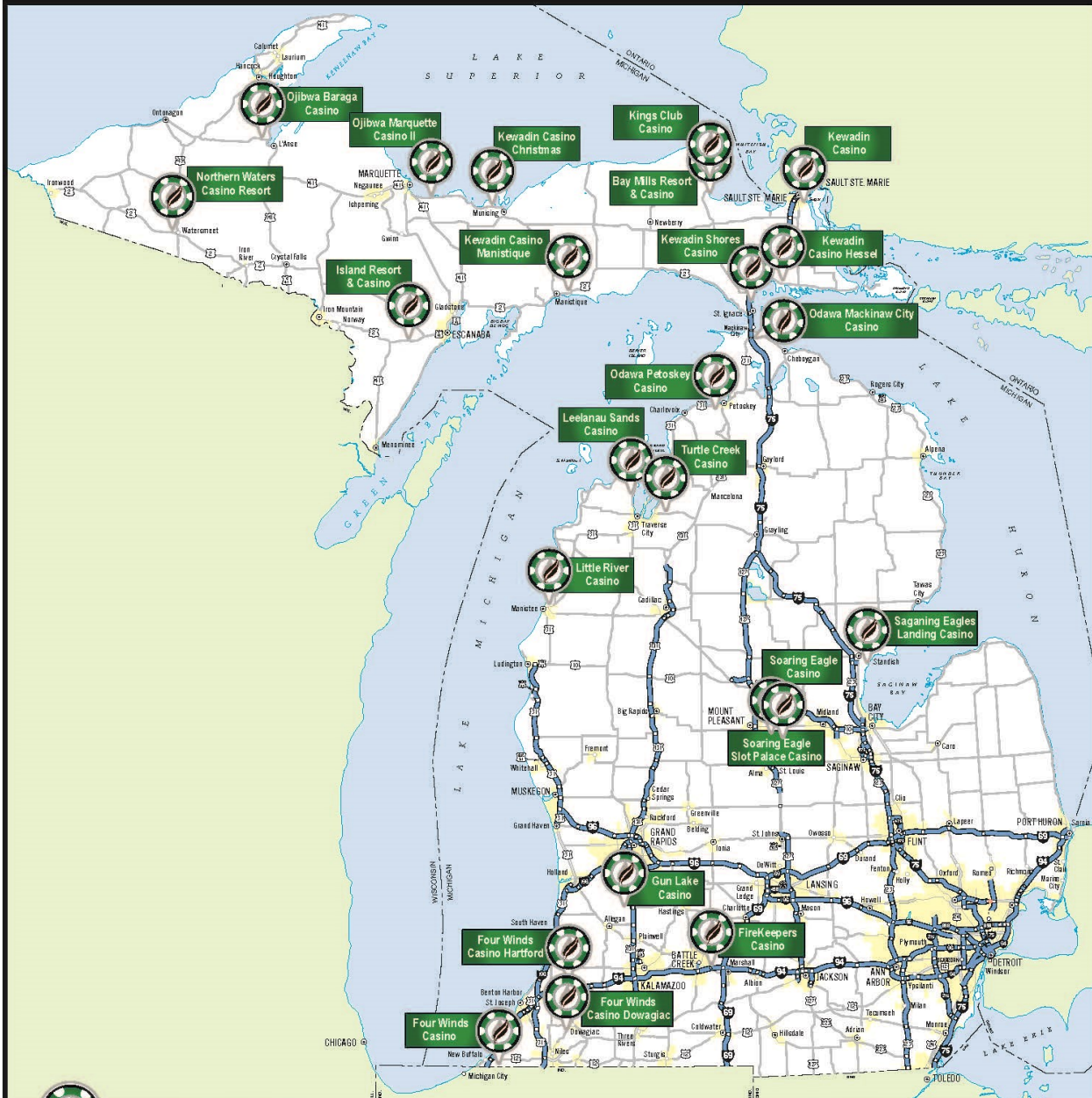
In addition, fieldwork and write-up were performed for three tribes representing three compliance inspections. The final reports from these inspections are forthcoming.



# Michigan Gaming Control Board

Indian Gaming Annual Report 2019

## MICHIGAN'S TRIBAL CLASS III CASINOS



### TRIBAL CASINOS

Bay Mills Resort & Casino	Gun Lake Casino	Kewadin Casino Manistique	Northern Waters Casino Resort	Saginaw Eagles Landing Casino
FireKeepers Casino	Island Resort and Casino	Kewadin Shores Casino	Odawa Mackinaw City Casino	Soaring Eagle Casino
Four Winds Casino	Kewadin Casino	Kings Club Casino	Odawa Petoskey Casino	Soaring Eagle Slot Palace Casino
Four Winds Casino Dowagiac	Kewadin Casino Christmas	Leelanau Sands Casino	Ojibwa Baraga Casino	Turtle Creek Casino
Four Winds Casino Hartford	Kewadin Casino Hessel	Little River Casino	Ojibwa Marquette Casino II	





# Michigan Gaming Control Board

Indian Gaming Annual Report 2019

## Michigan Tribal Class III Casino Information

Locations	Tribal Casino	Approximate # of Class III Machines
<b>2</b>	<b>Bay Mills Indian Community</b>	
	Bay Mills Resort & Casino - Brimley, MI	<b>900</b>
	Kings Club Casino - Brimley, MI	<b>280</b>
<b>2</b>	<b>Grand Traverse Band of Ottawa and Chippewa Indians</b>	
	Leelanau Sands Casino - Peshawbestown, MI	<b>350</b>
	Turtle Creek Casino - Williamsburg, MI	<b>1,300</b>
<b>1</b>	<b>Hannahville Indian Community</b>	
	Island Resort & Casino - Harris, MI	<b>1,200</b>
<b>2</b>	<b>Keweenaw Bay Indian Community</b>	
	Ojibwa Casino Resort - Baraga, MI	<b>350</b>
	Ojibwa Casino - Marquette, MI	<b>500</b>
<b>1</b>	<b>Lac Vieux Desert Band of Lake Superior Chippewa Indians</b>	
	Northern Waters Casino Resort - Watersmeet, MI	<b>510</b>
<b>1</b>	<b>Little River Band of Ottawa Indians</b>	
	Little River Casino Resort - Manistee, MI	<b>1,400</b>
<b>2</b>	<b>Little Traverse Bay Bands of Odawa Indians</b>	
	Odawa Casino Resort - Petoskey, MI	<b>1,000</b>
	Odawa Casino - Mackinaw City, MI	<b>200</b>
<b>1</b>	<b>Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians (Gun Lake)</b>	
	Gun Lake Casino - Wayland, MI	<b>2,000</b>
<b>1</b>	<b>Nottawaseppi Huron Band of the Potawatomi</b>	
	FireKeepers Casino - Battle Creek, MI	<b>2,700</b>
<b>3</b>	<b>Pokagon Band of Potawatomi Indians</b>	
	Four Winds Casino Resort - New Buffalo, MI	<b>2,600</b>
	Four Winds Casino Hartford - Hartford, MI	<b>500</b>
	Four Winds Casino Dowagiac - Dowagiac, MI	<b>400</b>
<b>3</b>	<b>Saginaw Chippewa Indian Tribe</b>	
	Soaring Eagle Casino & Resort - Mount Pleasant, MI	<b>4,000</b>
	Soaring Eagle Slot Palace - Mount Pleasant, MI (included in Resort total above)	
	Saganing Eagles Landing Casino - Standish, MI	<b>800</b>
<b>5</b>	<b>Sault Ste. Marie Tribe of Chippewa Indians</b>	
	Kewadin Casino - Christmas, MI	<b>250</b>
	Kewadin Casino - Hessel, MI	<b>150</b>
	Kewadin Casino - Manistique, MI	<b>250</b>
	Kewadin Casino - Sault Ste. Marie, MI	<b>800</b>
	Kewadin Casino - St. Ignace, MI	<b>700</b>
<b>24</b>	<b>Total</b>	<b>22,280</b>