



Michigan Gaming Control Board

Indian Gaming Annual Report 2015

A light blue silhouette of the state of Michigan serves as a background for the title text.

Indian Gaming Annual Report to the Citizens of Michigan *Calendar Year 2015*



Indian Gaming Annual Report to the Citizens of Michigan

Calendar Year 2015

Michigan Gaming Control Board
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Submitted April 15, 2016

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This document is also available online at
www.michigan.gov/mgcb

April 15, 2016

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, 2015 through December 31, 2015. This Report includes a summary of significant activities and operations for this time period.

From January 1, 2015 through December 31, 2015, the Indian Gaming Section of the Michigan Gaming Control Board continued its oversight efforts of the Tribal-State Class III Gaming Compacts through the conduct of inspections, audits, and observations. In fulfilling our duties and responsibilities, MGCB has continued to receive invaluable assistance from the Michigan Attorney General's Office and the Office of the Governor's Legal Counsel for Native American Affairs.

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

Sincerely,

/S/

Richard Kalm
Executive Director



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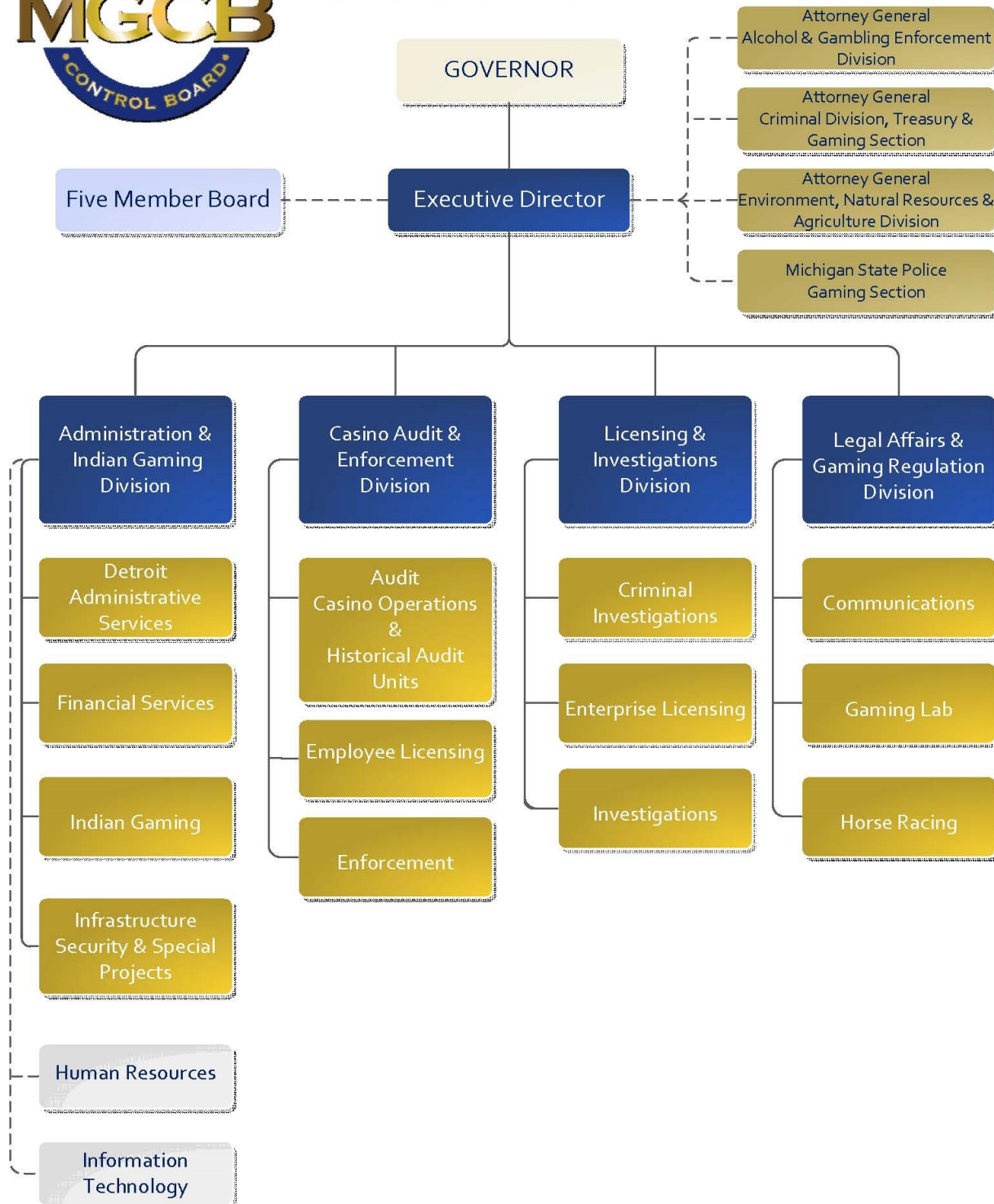


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MICHIGAN GAMING CONTROL BOARD ORGANIZATION CHART





Michigan Gaming Control Board

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Michigan Indian Gaming Overview

“Net win” is defined as the total amount wagered on electronic games of chance less the total amount paid to players for winning wagers. Based on analysis of the 2015 two percent payments to local units of state government, Indian gaming in Michigan recorded slot machine net win of approximately \$1.4 billion.

In terms of potential future development, the Little Traverse Bay Bands of Odawa Indians has begun the process of constructing a second facility in Mackinaw City. The Tribe is authorized to operate a second Class III gaming facility under the terms of its Tribal-State Compact, as amended, contingent on the approval of the affected local unit of government. In October 2015, the Mackinaw City Village Council rejected the Tribe’s request to conduct Class III gaming at the Mackinaw City site. As such, the Tribe has announced that the Mackinaw City facility will operate Class II games of chance, which will not be subject to the requirements of the Tribal-State Compact or the oversight authority of the MGCB.

In addition, the Little River Band of Ottawa Indians has submitted an application to the Bureau of Indian Affairs (BIA) to obtain approval for a proposed casino and land development project located in Fruitport Township, near Muskegon. The BIA has announced its intent to gather information for the purpose of preparing an Environmental Impact Statement on the project. As part of that process, the BIA held a public scoping meeting in October 2015.

Several other tribes have acquired new land, or have contemplated acquiring new land, for the purpose of conducting Class III gaming activities. Two of these tribes have purchased land with funds derived from the Michigan Indian Land Claims Settlement Act, Public Law 105-143. Whether those lands are eligible for Class III gaming will be determined through the BIA’s fee-to-trust approval process and/or federal court proceedings.

The Indian Gaming Section will continue to monitor all potential future developments to assess their impact on MGCB and Section operations.



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 tribal lands. The justification for the passage of IGRA was that it 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 that 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 twelve Native American tribes. These twelve Compacts have produced 23 tribal casinos located throughout the State. *Please see the map of Michigan's Tribal Casinos and listing of Michigan Tribes with Casinos and Number of Slot Machines located at the end of this report.*

The Compacts provide that the regulation of Indian casino gaming is the responsibility of the tribes. Michigan recognized the tribes as individual sovereign nations, and therefore 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 Executive Director of MGCB 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 financial and compliance audits and 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 Compacts.



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

The Indian Gaming Section is located at the MGCB Lansing office and is comprised of one audit manager, five audit staff, and one student assistant. The Section is responsible for conducting audits/inspections of tribal casinos to verify their compliance with the Tribal-State Class III Gaming Compacts and related Consent Judgments. The Indian Gaming Section reports to the Deputy Director of the Administration and Indian Gaming 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 towards the costs incurred in carrying out functions authorized by the terms thereof.

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 \$732,594 during calendar year 2015.

Payments to Local and State Government

Under provisions of the Compacts and related Consent Judgments, all tribes are required to remit two percent of their respective net win to local units of state government or local revenue sharing boards. For reporting period 2015, tribes collectively remitted \$28.6 million to local units of state government/local revenue sharing boards in two percent payments. *Please see the table on page 5 for the two percent payments by tribe for 2015.*

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 MEDC and MSF ranges from 4% to 12%, depending on the exclusivity provision contained in the Compact or related Consent Judgment. For reporting period 2015, tribes remitted \$43.9 million in payments to the MEDC and MSF. *Please see the table on page 5 for the MEDC/MSF payments by tribe for 2015.*



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Indian Gaming Chart of Revenue Sharing Provisions

Tribe	Compact Year	Percentage of Net Win to Local Gov't	2015 Amount	Percentage of Net Win to MEDC/MSF	2015 Amount
Bay Mills Indian Community	1993	2%	\$ 471,908	0%	\$ -
Grand Traverse Band of Ottawa and Chippewa Indians	1993	2%	\$ 1,608,356	0%	\$ -
Hannahville Indian Community	1993	2%	\$ 1,147,169	0%	\$ -
Keweenaw Bay Indian Community	1993	2%	\$ 599,500	8%	\$ 2,435,062
Lac Vieux Desert Band of Lake Superior Chippewa Indians	1993	2%	\$ 367,176	0%	\$ -
Saginaw Chippewa Indian Tribe	1993	2%	\$ 5,684,432	0%	\$ -
Sault Ste. Marie Tribe of Chippewa Indians	1993	2%	\$ 1,441,561	0%	\$ -
Little River Band of Ottawa Indians	1998	2%	\$ 1,617,529	6%	\$ 4,852,588
Little Traverse Bay Bands of Odawa Indians	1998	2%	\$ 1,002,619	6%	\$ 2,683,074
Nottawaseppi Huron Band of Potawatomi Indians	1998	2%	\$ 5,270,916	4-8%	\$ 16,583,665
Pokagon Band of Potawatomi Indians	1998	2%	\$ 5,911,756	6-8%	\$ 17,328,957
Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians (Gun Lake Tribe)	2007	2%	\$ 3,481,066	8-12%*	\$ -
Total			\$ 28,603,988		\$ 43,883,346

* For reporting period 2015, the Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians (Gun Lake Tribe) withheld revenue sharing payments due to the MEDC/MSF.



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Indian Gaming Section Oversight Accomplishments

Net Win Audits / Inspections

MGCB's oversight authority includes performing financial audits to ensure the net win totals are accurately stated 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 properly remitted in accordance with the relevant Compacts and related Consent Judgments.

In calendar year 2015, the Indian Gaming Section presented six final net win audit reports to five tribes, as follows:

Tribe	Fiscal Year
Grand Traverse Band	2013
Hannahville Indian Community	2012
Hannahville Indian Community	2013
Little River Band	2013
Little River Band	2014
Nottawaseppi Huron Band	2013
Nottawaseppi Huron Band	2014
Pokagon Band	2012
Pokagon Band	2013

In addition, fieldwork and write-up was performed for four tribes. The final reports from these audits/inspections are anticipated to be completed in 2016.



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Compliance Audits/Inspections

The Compacts contain several provisions which require compliance oversight. MGCB's Indian Gaming Section performs audits/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 2015, the Indian Gaming Section presented six final compliance audit reports to five tribes, which provide detail on the extent of compliance with various sections of the Compacts. These are as follows:

Tribe	Fieldwork Year
Grand Traverse Band	2014
Hannahville Indian Community	2014
Keweenaw Bay Indian Community	2015
Lac Vieux Desert Band	2015
Little River Band	2014
Little River Band	2015

In addition, fieldwork and write-up was performed for two tribes, representing two compliance audits/inspections. The final reports from these audits/inspections are anticipated to be completed in 2016.



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Additional Accomplishments

In addition to the audits and inspections conducted, we noted the following additional accomplishments for calendar year 2015:

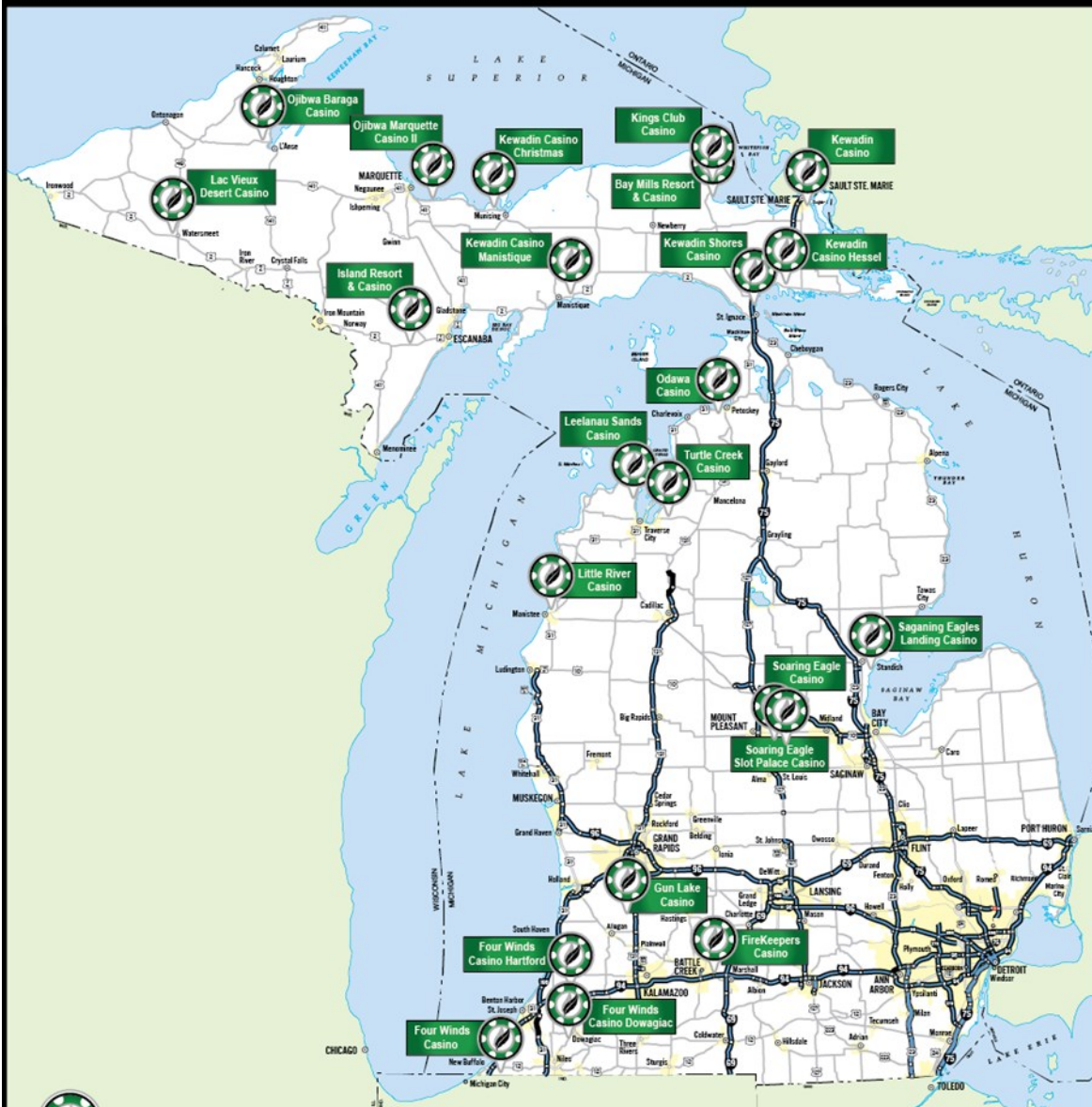
- Compiled data on tribal casino revenue sharing payments and prepared various reports, including an annual report to the MEDC/MSF and a report to the Michigan Legislature on Receipts and Distribution of Indian Casino Revenue by Local Revenue Sharing Boards for 2014.
- Researched and analyzed online gaming legislation throughout the United States, including 14 bills and five amendments.
- Assisted MGCB with completion of its biennial internal control evaluation.
- Participated in a committee that performed peer reviews of MGCB's Indian Gaming, Detroit Audit, and Millionaire Party functions.
- Had four staff members successfully complete the inaugural MGCB Mentoring Program.



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MICHIGAN'S TRIBAL CASINOS



TRIBAL CASINOS

Bay Mills Resort & Casino	Gun Lake Casino	Kewadin Casino Manistique	Little River Casino	Soaring Eagle Casino
FireKeepers Casino	Island Resort and Casino	Kewadin Shores Casino	Odawa Casino	Soaring Eagle Slot Palace Casino
Four Winds Casino	Kewadin Casino	Kings Club Casino	Ojibwa Baraga Casino	Turtle Creek Casino
Four Winds Casino Dowagiac	Kewadin Casino Christmas	Lac Vieux Desert Casino	Ojibwa Marquette Casino II	
Four Winds Casino Hartford	Kewadin Casino Hessel	Leelanau Sands Casino	Saganing Eagles Landing Casino	



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Michigan Tribes with Casinos and Number of Slot Machines

Michigan Tribal Casino Information		
Locations	Tribal Casino	Approximate # of Slot Machines
2	Bay Mills Indian Community	
	Bay Mills Resort & Casino - Brimley, MI	700
	Kings Club Casino - Brimley, MI	250
2	Grand Traverse Band of Ottawa and Chippewa Indians	
	Leelanau Sands Casino - Peshawbestown, MI	400
	Turtle Creek Casino - Williamsburg, MI	1,200
1	Hannahville Indian Community	
	Island Resort & Casino - Harris, MI	1,200
2	Keweenaw Bay Indian Community	
	Ojibwa Casino - Baraga, MI	350
	Ojibwa Casino - Marquette, MI	300
1	Lac Vieux Desert Band of Lake Superior Chippewa Indians	
	Lac Vieux Desert Resort Casino - Watersmeet, MI	600
1	Little River Band of Ottawa Indians	
	Little River Casino Resort - Manistee, MI	1,500
1	Little Traverse Bay Bands of Odawa Indians	
	Odawa Casino Resort - Petoskey, MI	1,200
1	Match-E-Be-Nash-She Wish Band of Pottawatomi Indians (Gun Lake Tribe)	
	Gun Lake Casino - Wayland, MI	1,600
1	Nottawaseppi Huron Band of Potawatomi Indians	
	FireKeepers Casino - Battle Creek, MI	2,900
3	Pokagon Band of Potawatomi Indians	
	Four Winds Casino Resort - New Buffalo, MI	3,000
	Four Winds Casino Hartford - Hartford, MI	550
	Four Winds Casino Dowagiac - Dowagiac, MI	350
3	Saginaw Chippewa Indian Tribe	
	Soaring Eagle Casino & Resort - Mount Pleasant, MI	3,350
	Soaring Eagle Slot Palace - Mount Pleasant, MI	
	Saganing Eagles Landing Casino - Standish, MI	800
5	Sault Ste. Marie Tribe of Chippewa Indians	
	Kewadin Casino - Christmas, MI	250
	Kewadin Casino - Hessel, MI	150
	Kewadin Casino - Manistique, MI	250
	Kewadin Casino - Sault Ste. Marie, MI	800
	Kewadin Casino - St. Ignace, MI	750
23	Total	22,450