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GOVERNOR

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
DETROIT

RICHARD S. KALM
EXECUTIVE DIRECTOR

A Message for Charities about Millionaire Parties – September 16, 2014

The Executive Director of the Michigan Gaming Control Board (MGCB) took steps this year to put control of millionaire parties back into your hands. Here's a review of the state of millionaire parties and information on how your qualified organization can obtain a license to hold a successful event.

Charitable gaming at risk

Before the emergency rules were issued in July, millionaire parties (often referred to as charitable poker games) faced problems that threatened their future and put charities at risk for financial, criminal and reputational damage. The emergency rules helped preserve this aspect of charitable gaming as a fund-raising option for qualified Michigan nonprofit groups.

In recent years, so-called poker rooms assumed control of much of the millionaire party activity, and the gaming that occurred often went beyond what the law allowed. Additionally, the Bingo Act, which permits charities to conduct millionaire parties, never authorized poker rooms. Many problems ensued: pay-for-play schemes, diversion of funds and falsifying game records.

The so-called poker rooms often reaped enormous profits, and charities, in many cases, did not receive their fair share of the proceeds. Some charities actually reported losing money from charitable gaming and were forced to issue IOUs to the poker rooms.

Changes and progress

The situation could not continue because some of these charitable gaming practices were contrary to the law, compromised the integrity of gaming, and posed a threat to the public. We took a new approach that places charities, or qualified organizations, in control. Our state's public policy has been that the public interest and effective enforcement can be served best when charities manage their event either on their own or while supervising a licensed gaming supplier. Locations such as bars still may host -- but may not run or supply -- millionaire parties.

We're seeing good results as charities and suppliers gain familiarity with the rules. Since the new rules went into effect, the State of Michigan has issued 266 millionaire party licenses which equates to more than 800 event days and more than \$13.2 million in potential chip sales. We continue to receive and process applications and expect to issue more licenses.

How to schedule an event

Many new gaming suppliers have been licensed recently, offering charities even more options for conducting events. The MGCB millionaire party page of our website (<http://michigan.gov/mgcb>) offers links to help players find a millionaire party or charities locate licensed gaming suppliers. You also will find a simple millionaire party application form under the forms tab on the same web page. When you apply for the license, tell us where you would like to host your event so we can check for any issues and keep your application moving.

Please feel free to call our office at (313) 456-4940 for any additional questions or assistance.

Sincerely,

/s/

Richard Kalm
Executive Director