

Charity poker regulations face next hurdle

Lauren Abdel-Razzaq, The Detroit News 11:34 p.m. EST March 3, 2015

Lansing — Big screen TVs. Professional card shufflers. Back rubs.

These are some of the amenities poker rooms would charge for while running charity games, and one reason the Michigan Gaming Control Board says it tried to enact new rules last year to regulate the popular fundraiser.

“Some of these guys have made millions from casino gambling without having to get a license or having to report their revenues,” said David Murley, deputy director of the Michigan Gaming Control Board. “It’s fair to say millions of dollars weren’t reported.”

Plenty of people oppose the new rules regulating Millionaire Party licensing, including many of the same charities that the gaming board says it was trying to protect.

Dane Nickols works with the Laingsburg Wolfpack Sports Boosters and the Laingsburg Lions, local charities operating in the small town outside Lansing. He says he’d rather work with the poker rooms because, even with funds being skimmed off the top, the returns are so much higher than if the charities were to run their own games.

“I don’t mind giving them half of what I bring in, because my half is 400 to 800 percent more than I was making on my own,” said Nickols.

“Please don’t overregulate me to the point where I can’t operate anymore.”

At stake is a sizable chunk of money.

Over the last decade, revenues from Millionaire Party licenses increased 24-fold, from \$7.9 million in 2004, the first year Texas Hold ‘em Poker was allowed, to \$197 million in 2011. Along with the increased cash came an influx of charity poker lounges, which popped up and began to manage gaming for charities.

“What really spurred it was when Texas Hold ‘em became popular,” said Rick Kalm, director of the Michigan Gaming Control Board.

“Some ingenious operators and licensed suppliers thought it would be good to expand these games.”

The court battle over Millionaire Party rules continued Tuesday as attorneys for the state of Michigan and the Michigan Charitable Gaming Association presented oral arguments before the state Court of Appeals. Both sides basically argued over a technicality in procedure for instituting the rules.

The court appearance was the latest in a year-and-a-half long saga over rules that place greater restrictions on how charity poker games must be conducted. What the lawsuit doesn’t address is the situation prior to enacting regulations, said Rick Kalm, executive director of the Michigan Gaming Control Board.

“The law did not mean for there to be charity poker rooms,” said Kalm. “The law was never set up to allow that kind of gaming.”

Last summer, the Michigan Court of Claims invalidated the new rules, saying the gaming board didn’t follow the proper process for instituting them.

Emergency rules have been in place to govern ongoing licenses, which have shut down the poker rooms.

Nickols, whose charities are represented in the lawsuit via the charitable gaming association, says the gaming board is being overzealous and taking away money-making opportunities for charities.

"We're not saying we don't want to be regulated, he said. "But we're at a point where they are over-regulating and shutting these poker rooms down. The poker rooms are good for the charities."

While the case makes its way through the courts, in many ways, little has changed under the emergency rules. Charities can still apply for up to four gaming night licenses a year, each one good for four days of gaming. This amounts to 16 gaming events per year.

There is still a \$15,000 cap on how many chips can be sold. And charities can still work with licensed suppliers to put on the event.

But now, at least three representatives from the charity must be present, and the gaming must take place in an approved location, such as the organization's own building, a government building or civic center or a bar, provided the gaming area is roped off and patrolled to make sure minors don't get in.

When the emergency rules expire in July, Kalm says the gaming control board has no intention of shutting down licensing.

"This idea that we are killing it and shutting it down is completely false," he said. "You just have to keep it (within the right) size and scope so charities don't get ripped off."

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