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# The MICHIGAN GAMING Newsletter



## MGCB SUSPENDS CHARITABLE GAMING ACTIVITIES OF FLINT ESTABLISHMENT DUE TO ALLEGATIONS OF ILLEGAL GAMBLING AND DIVERSION OF CHARITABLE FUNDS

On October 22, 2013, the Michigan Gaming Control Board (“MGCB”) released a statement regarding the suspension of charitable poker and gaming activities at “Pocket Aces Poker Room” located inside Foutch’s Pub and Grill in Flint Township. The investigation involves allegations by the MGCB and the State Attorney General’s office surrounding alleged illegal gambling and fraudulent activities involving licensed charities and the location.

According to the statement, the owner and agents of “Pocket Aces Poker Room” allegedly created a scheme that involved having multiple charitable organizations apply for a millionaire party license and then forwarding the license to the owner or agents of the location. Employees of the location would then independently staff the event without any members of the charity present, as is required under the Traxler-McCauley-Law-Bowman Bingo Act (“Act”), which governs charitable gaming activity in the state. The location would then conduct gaming operations using the charities’ licenses, returning only a portion of the proceeds to the charity.

The MGCB news release states that this is the fifteenth poker room where either the MGCB or agents from the Michigan Lottery have issued enforcement actions and required a location to cease operations of charity gaming activity.

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Notably, MGCB Executive Director Richard Kalm submitted proposed rules regulating millionaire party activity to the Michigan Department of Licensing and Regulatory Affairs on September 18, 2013. In the regulatory impact statement submitted along with the proposed rules, the MGCB noted that “[o]ver 1,200 on-site and post-event inspections of qualified organizations have been conducted since October 2012. These investigations have uncovered hundreds of violations of the [Act], its rules, or other state laws.”

According to the impact statement, the proposed rules seek to create changes to reduce the occurrences of such activities, to increase the clarity of charitable gaming requirements, and to allow for increased efficiency in regulations. In order to become effective, the proposed rules must comply with state law procedures, including time for public comment and state review of the rule language.

## **MICHIGAN SENATE PASSES ATM LEGISLATION FOR HORSE TRACKS**

On Tuesday, October 22, 2013, the Michigan Senate passed [Senate Bill 0554](#), legislation that would require horse race tracks to work with ATM providers to prevent bridge card cash withdrawals onsite. The bill, introduced on September 26, 2013 by Senator Rick Jones (R-Allegan County), passed with a 38-0 unanimous vote and has been referred to the House Committee on Families, Children, and Seniors.

If passed into law, the bill would require horse track licensees to work with the state Department of Human Services and ATM providers to develop a method for preventing cash withdrawals from state assistance payments at race tracks. Notably, the bill contains the same original content as a companion bill in the house, [House Bill 5015](#), which the House Committee on Families, Children, and Seniors will now reconcile with the adopted language of Senate Bill 0554.

The legislation is part of a trio of bills that seek to address ATM withdrawals from state assistance programs at horse tracks, liquor stores, and adult entertainment establishments. Notably, similar legislation was enacted into law during the last legislative session on July 18, 2012 that applies the same standards to commercial casino licensees in the state.

## **NEW JERSEY MOVES CLOSER TO INTERNET GAMING LAUNCH**

On Monday, October 21, 2013, internet gaming regulations promulgated by the New Jersey Division of Gaming Enforcement became effective, while temporary amendments to these regulations will also become effective on Monday, October 28, 2013. These regulations will govern online gaming operations in the State of New Jersey, which are scheduled to go live on November 26, 2013 following a five-day “soft play” trial period that will begin on November 21<sup>st</sup>. Under the New Jersey law authorizing internet gaming, only Atlantic City casino licensees or their affiliates can hold an internet gaming permit. At the current time, the State of New Jersey has issued internet gaming permits to the Borgata Hotel Casino & Spa; Golden Nugget Atlantic City, LLC; Trump Plaza Associates, LLC; Trump Taj Mahal Associates, LLC; and the Tropicana Casino and Resort.

Notably, the New Jersey internet gaming law permits the acceptance of bets from players in other states and countries so long as “...the Division of Gaming Enforcement...determines that such wagering is not inconsistent with federal law or the law of the jurisdiction, including any foreign nation, in which any such person is located, or such wagering is conducted pursuant to a reciprocal agreement to which this State is a party that is not inconsistent with federal law.” N.J.C. 5:12-95.31. However, until there is a change in federal law, only patrons located within the borders of the state of New Jersey will be allowed to wager online.

The states of Nevada and Delaware are among other states to move forward with plans for regulation to permit Internet wagering. As of today, Michigan has not formalized plans for a path to legalize such gaming options nor explored the development of a regulatory structure.

## **MGCB NOTICE OF RESCHEDULED NOVEMBER PUBLIC MEETING**

The Michigan Gaming Control Board (“MGCB”) has recently announced that it has rescheduled its regular public meeting. The regular public meeting to be held Tuesday, November 12, 2013 has been rescheduled to **Tuesday, November 5, 2013** at the MGCB Detroit office, Cadillac Place, 3062 West Grand Blvd., Suite L-700, in Detroit.

The meeting will begin at 9:30 a.m. with the staff briefing, followed immediately by the regular agenda items. The Cadillac Place is in Detroit's New Center Area near the John Lodge Freeway (M-10), between Second Avenue and Cass Avenue. The Fisher Building and the Albert Kahn Building are nearby landmarks.

For more information regarding the MGCB, please visit their website at: [www.michigan.gov/mgcb](http://www.michigan.gov/mgcb)

*The Michigan Gaming Newsletter would like to thank Rachel Misiak for her contributions to this Newsletter.*