



PRESS RELEASE

Michigan Gaming Control Board

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Michigan Gaming Control Board Suspends Charitable Gaming Due To Illegal Gambling and Diversion of Charitable Funds

The Michigan Gaming Control Board (MGCB) announced the suspension of charitable poker and gaming at “**Pocket Aces Poker Room**” located inside Foutch’s Pub and Grill in Flint Twp., MI. The emergency suspension centers on a pending joint investigation by the MGCB and the Michigan Attorney General’s Office and involves illegal gambling and fraudulent activities involving licensed charities.

This marks the fifteenth poker room where either the Gaming Board or agents from the Michigan Lottery have had to terminate permanent recurring locations or self-described “**Poker Rooms**” from holding charitable millionaire parties since 2010. All were disallowed for violations of multiple state laws and illegal gambling. According to MGCB Executive Director Rick Kalm, “The exposure to the charities and gaming public is real and the integrity of gaming is adversely affected when this occurs.”

According to Kalm the investigation is continuing, but has already revealed many material violations of the Traxler-McCauley-Law-Bowman Bingo Act and possible criminal law violations. This has prompted an emergency order of summary suspension of all licensed charity events at the location in order to protect the welfare and integrity of charitable

gaming. The licensed charities scheduled to hold future events at this location will be redirected to other venues until further notice.

Kalm said the investigation began in April 2013 when regulation officers from his agency responded to complaints of “suspicious gaming activities” being conducted at “**Pocket Aces Poker Room.**” “**Pocket Aces Poker Room**” owner and management had been previously warned by Lottery agents in 2010 and again in 2011 to cease similar illegal activity surrounding their location’s operations.

MGCB investigators found the owner/agents of “**Pocket Aces Poker Room**” had orchestrated a scheme by having multiple charitable organizations apply for a millionaire party license and then forward the license to the owner or agents of the location. “**Pocket Aces Poker Room**” employees would then staff the event without members of the charity present. At least one of the charities was as far away as the Upper Peninsula and mailed their license in, never intending to be present to manage the event or sell and redeem chips. “**Pocket Aces Poker Room**” owner/agent would sell and redeem chips and conduct gaming activities. The licenses were used to cover the activities that were in fact illegal gambling. The charity organizations were given a small portion of the proceeds for the use of their licenses. The preliminary investigation revealed several thousand dollars were diverted from charities. The investigation also determined employees or agents of “**Pocket Aces Poker Room**” regularly participated as players in gaming events and falsified millionaire party game records on behalf of, and with the knowledge of, some charities. Several charities involved are being investigated.

The Gaming Board reports that charities have reported chips sales of over \$530,000,000 statewide since 2010. The current law allows charities to self-report their chip sales to the state. According to Kalm, “The result has been routine underreporting of sales and illegal involvement at numerous locations, many of which call themselves ‘**Poker Rooms**’ and are driven by profits and volume, not in helping local charities as evidenced by our investigations. The large amount of cash running through bars/**Poker Rooms** has many times led to fraud and illegal activities when there is little or no oversight. This is not what the legislature contemplated when it passed the Charitable Bingo Act.” Kalm further stated, “The legislature wanted to allow charitable groups to get a license, run their charitable

games, and keep the profits. What we see here is an illegal casino operation carried out under the banner of charitable gaming.”

Michigan citizens are encouraged to report any suspicious or illegal gambling to the Michigan Gaming Control Board by calling their 24-hour anonymous tip line at 888-314-2682. To contact the Attorneys General’s Alcohol & Gambling Enforcement Division, please call 517-241-0210.

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